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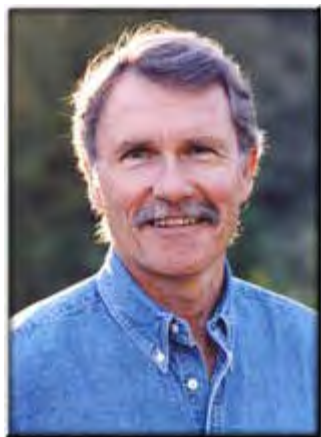
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JOHN A. KITZHABER, MD



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CONTACT THE GOVERNOR

The Governor's Office welcomes citizen comments:

1. Telephone by calling:

- Governor's Citizen Representative Office at (503) 378-4582, 24 hours

2. Mail by writing to:

- Governor John Kitzhaber
State Capitol Building
900 Court Street NE
Salem, OR 97301-4047

3. [Electronic Correspondence](#)

Other Resources:

- Information on the [State of Oregon](#)
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GOVERNOR'S POLICY STAFF

State Capitol Building, 900 Court Street NE, Salem, OR 97301-4047
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Tom Towslee	Press Secretary
Pat Egan	Intergovernmental Relations Director and Legislative Director
Louise Solliday	Senior Policy Advisor
Neal Coenen	Salmon Advisor
Pam Curtis	Policy Analyst for Health Human Services, and Labor
Julia Doermann	Federal Coordinator for Natural Resource
Pat Egan	Economic Development Policy Advisor
Mark Gibson	Health, Human Services and Labor
Peter Green	Forestry Advisor

Lisa Howard	Executive Appointments Director
Liz Kiren	Citizens' Representative
Releigh Lewis	Affirmative Action Director
Steve Marks	Chief of Staff
Robin McArthur-Phillips	Community Development and Transportation Advisor
Lydia Muniz	Minority/Women Business Advocate
Danny Santos	Legal Counsel/Education Policy Coordinator
Peter Green	Natural Resource Advisor
Jean Thorne	Policy Advisor, Education and Workforce Policy
Annette Talbott	Workforce Policy Coordinator
Roger Hamilton	Watershed and Energy Advisor
Tom Byler	Water Policy Advisor

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SHARON KITZHABER



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Members of Oregon state boards and commissions are vital participants in policy making, regulation, advisory and advocacy efforts for a wide variety of issues affecting all Oregonians. Governor Kitzhaber makes direct appointments to approximately 200 boards and continuously recruits qualified applicants.

At all levels of state government, contributions by members of boards increase efficiency, innovation and responsiveness of governmental decision making. Most major state agencies and departments are headed by policy making boards appointed by the Governor. Many additional committees, councils, boards and commissions establish policy in given areas or serve in advisory roles.

With boards functioning at all levels, dedicated citizens have the opportunity to participate in developing a wide variety of governmental policies. Major issues range from consumer protection to economic development, education, conservation, personal rehabilitation and criminal justice.

The board system contributes to the success of Oregon state government and is key to bringing local citizens talent and interest to the state level. Governor Kitzhaber encourages all Oregonians to become actively involved in the administration of their state government.

How To Apply

On this site you will find information regarding state boards and

commissions. The [Boards & Commissions Book](#) describes all boards to which the governor makes appointments, the [Expiration List](#)* and [Vacancy List](#)* indicate when openings will occur, and the [Interest Form](#) serves as an application for one or more boards. The [Membership Handbook](#) is a general guide to board service.

Please review this material to see if any particular boards pique your interest. If you wish to apply, simply complete the [Interest Form](#) and return it to our office. You may apply at any time, regardless of whether there is a current opening, as resignations occur throughout the year.

We appreciate your interest in serving the State of Oregon.

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JUDICIAL APPOINTMENTS AND EXECUTIVE ORDERS

Office of the Legal Counsel to the Governor

Daniel P. Santos	Legal Counsel
Sean O'Day	Deputy Legal Counsel
Lorna Hobbs	Assistant to Legal Counsel

Duties of the Counsel to the Governor

Appointed by the Governor, the members of the Office of Legal Counsel serve as the legal advisors to the Governor and his staff and monitors legal issues related to the Governor, his staff, and all related State agency matters. The duties include assisting in matters such as:

- **Judicial Appointments**
- Executive Orders**
- Government-to-Government Relations and Indian Gaming**
- Clemency**
- Extraditions**
- Policy Advisor On Legal Issues Affecting the State**

Judicial Appointments

Under Article IV of the Oregon Constitution, The Governor appoints vacancies in Circuit Court Judges, Court of Appeals Judges, Supreme Court Justices, Justice of the Peace, and District Attorneys. The Office of Legal Counsel reviews applications for vacant positions, conducts first-round interviews, and makes recommendations to the Governor for final interviews and selection.

[Judicial Appointment Applications](#) *

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Executive Orders

Under Article 4 of the Oregon Constitution, the Governor has the power to issue Executive Orders. An Executive Order is a directive by the Governor. Typical orders include those that reorganize executive agencies, reassigns functions among executive agencies, establishes advisory bodies, study body, or task force, adopts guidelines, rules of conduct, or rules of procedure for State employees

or units of State government, or proclaims or ends a state of emergency

Executive orders are published on the Governor's website. Executive orders are numbered by year and chronological number, i.e., 01-01, 01-02. The first number (01) represents the year (2001), the second number, or dash numbers, represents the executive order's chronological order.

[Executive Orders Issued by Governor Kitzhaber](#)

Government to Government Relations and Indian Gaming

Oregon has nine federally recognized tribes: including Burns Paiute, Coos, Coquille, Cow Creek, Grand Ronde, Klamath, Siletz, Umatilla, and Warm Springs. In May of 1996, Governor Kitzhaber signed Executive Order 96-30 which formalizes the relationship between the nine tribes and the State of Oregon. The Office of Legal Counsel addresses all tribal issues regarding economic development, education, human services, natural resources, public safety, and cultural development.

In addition, the Legal Counsel negotiates the federally recognized tribal gaming compacts and handles such issues as: gaming, land eligibility, site facilities, security, effects on the environment, transportation and roads, and community relations.

Clemency

The Governor has the authority to grant commutations and pardons. However, the Governor believes that he should use his authority sparingly and only in the most extraordinary of circumstances. The Office of Legal Counsel Criteria considered includes: the rationale for request; the crime and period of time since the crime; input from the District Attorney, the victim, the supporters, and the community; and the convicted has used all other options, including expungement. Governor Kitzhaber has granted four applications for executive clemency since Oregonians elected him to office in 1995.

Extraditions

Extraditions are a gubernatorial function by statute. Under Oregon law, extraditions are administered and funded by the state under the Arrest and Return Program. Guidelines for the Arrest & Return Program are established by the governor's office which administers the program for Oregon's 36 counties, Department of Corrections, Parole Board, Psychiatric Security Review Board and local supervisory authority boards. In order for an extradition to be funded by the Arrest & Return Program, it must comply with the guidelines and be approved by the governor's office.

Policy Advisor – liaison to agencies, stakeholders, and the community

The Legal Counsel is the liaison between the Governor and many agencies, including:

" The Department of Justice

- " The Judicial Department
- " Public Defender
- " Oregon Lottery
- " Oregon Liquor Control Commission
- " Government Standards and Practices Commission
- " Racing Commission

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[State of Oregon 1999-2001 Budget in Brief](#) (PDF 92k)*

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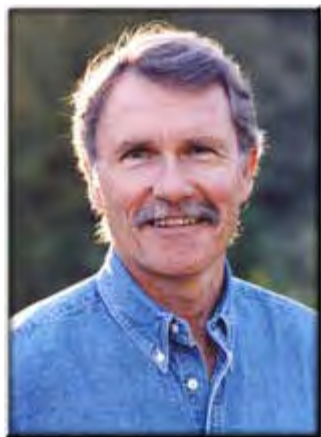
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FOR IMMEDIATE RELEASE

December 11, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169

Brenda Rocklin Named Interim Lottery Director

Governor John Kitzhaber today named Brenda Rocklin, an attorney with the Oregon Department of Justice, as interim director of the Oregon Lottery, effective immediately.

“As interim director, I am asking Brenda to bring the agency in line with the issues raised by the recent Secretary of State audit of the Lottery,” the governor said. “I am also asking her to work with the Lottery Commission in assessing the Lottery’s current administration, its policies and the need for public accountability at a time when all state agencies need to control costs.”

Rocklin, who begins work at the Lottery tomorrow (December 12, 2002), will serve as interim director until a permanent director is nominated by the incoming governor and confirmed by the Oregon Senate. Rocklin replaces Chris Lyons, who retired on November 30, 2002.

Rocklin is currently the attorney-in-charge of the District Attorney Assistance Section of the Department of Justice, a position she has held since July 1999. She joined the Department of Justice in 1985. She has work experience in the Appellate Division, the Criminal Justice Division, the Civil Enforcement Division and Administration.

Rocklin, 47, is a graduate of Idaho State University and Willamette University College of Law. She lives in Portland.

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FOR IMMEDIATE RELEASE

December 4, 2002

Contact:

Tom Towslee

(503) 378-6496

Tom Nelson

Oregon Mentors

(503) 450-0890

Barbara Fuller

OCCF

(503) 373-1283

Governor Urges State Employees to Participate in Mentoring Program

Governor John Kitzhaber joined with officials from Oregon Mentors, Portland State University and Legacy Health Systems today to announce a partnership that encourages state employees to participate in mentoring programs for children and families.

“Budget reductions have hampered our ability to help at-risk children,” the governor said. “It is time to stop turning our heads and looking away. Mentoring provides an excellent opportunity for these at-risk children to establish positive, supportive relationships with adults at a time when they need it the most.”

Under a new state policy, state employees are permitted to use flexible work schedules, job sharing, personal leave, vacation leave or leave without pay -- subject to applicable collective bargaining agreements -- to schedule regular time to participate in approved mentoring programs at no additional cost to the state.

The Oregon Commission on Children and Families will be the lead agency to work with state agencies to recruit state employees to become mentors.

The governor said studies have shown that children with mentors are less likely to begin using illegal drugs and alcohol and are less likely to engage in violence. Studies also show that young people with mentors feel more competent about their ability to do well in school, report more positive relationships with friends and parents, and have better attitudes toward school, their family and communities.

The new policy is in partnership with Oregon Mentors, a business-led, non-profit organization founded in 2001 by business, community and state government leaders to expand youth mentoring throughout the state of Oregon. Oregon Mentors is affiliated with the Portland Business Alliance.

“Today’s announcement is a milestone in the ongoing partnership between Oregon Mentors, the governor, state employees and Portland State University,” said Tom Nelson, executive director of Oregon Mentors. “This action enables more state employees to become directly involved in the lives of young people who need positive adult role models to help them succeed in school, and avoid drugs, alcohol and criminal activity.”

Nelson says state employees can connect with more than 125 certified programs providing mentors for kids in all 36 Oregon counties by logging on to www.orientors.org

Ken Thrasher, CEO of Compli, and co-chair of Oregon Mentors commended several companies whose leaders have or will soon issue corporate “calls to action” to get their employees involved in mentoring youth. Those companies include PGE, Wells Fargo, Intel, U.S. Bank, Providence Health System, Washington Mutual, Regence BlueCross Blue Shield, PacifiCorp, Asante Health System (Medford), Oregon Association of Minority Entrepreneurs, and Legacy Health System.

Robert Pallari, president and CEO of Legacy Health Systems and a founding member of the Leadership Council of Oregon Mentors, said his company provides 1½ hours per week, paid time off to every employee to mentor or tutor a young person and provides \$100 gifts to each school or program in which its employees volunteer.

“Our communities are the real beneficiaries of business-sponsored mentoring,” Pallari said. “We all benefit when young people have hopes and dreams, when they know they can succeed because they have someone by their side that believes in them. Our communities are healthier and safer when kids are successful in school and not involved in drugs, alcohol or criminal activity.”

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Governor John Kitzhaber

Proclamation of Human Rights Day, and apology for Oregon's forced sterilization of institutionalized patients

Salem, Oregon

December 2, 2002

Today, I am here to acknowledge a great wrong done to more than 2,600 Oregonians over a period of about 60 years—forced sterilization in accordance with a doctrine called eugenics. Most of these Oregonians were patients in state-run institutions. The majority of them suffered from mental disorders and disabilities. Others were criminal offenders, sufferers of epilepsy or other conditions that required institutional care. Many were children. Virtually all of them were vulnerable, helpless citizens entrusted to the care of the State of Oregon by their families or by courts.

In a few minutes, I will also issue a proclamation that designates December 10 as Human Rights Day in Oregon, a day on which Oregonians will hereafter celebrate our state's commitment to human decency and personal freedom.

1. Background.

During the early decades of the last century, the doctrine of eugenics gained widespread support in scientific circles, philosophy and government. First expressed by a British scientist named Francis Galton in the 1800's, the doctrine sought to improve the human condition by simply breeding better human beings. The method was to encourage reproduction by people with "good" genes, while discouraging reproduction by those with "bad" genes. At various times, supporters of eugenics urged passage of laws to keep ethnic groups separate from one another, to restrict immigration to America by people from eastern and southern Europe, and to impose sterilization on those considered "unfit."

Between 1900 and 1925, Oregon was one of 33 states that enacted laws to provide forced sterilization. The Oregon law established a state Board of Eugenics, later to become the Board of Social Protection, which included the superintendents of the state institutions. The Board's job was to decide which people should undergo involuntary sterilization in the interest of promoting a higher quality of human beings in succeeding generations.

2. Abolishment of the Board of Social Protection and other reforms.

In 1983, I was a young state senator from Roseburg. I served on the subcommittee that gained the abolishment of the Board of Social Protection. That important legislation was not the final word, however, in reforming the policies and procedures that govern the treatment of people under the state's care—particularly those with developmental disabilities and mental disorders. Since the late 1970's, Oregon has undergone a steady sea-change in policies that affect care, therapy and protection of rights for people who have such conditions. These changes reflect the growing awareness of the need to safeguard human dignity and to ensure that the state relegates no one to second-class citizenship because of illness or affliction. They include:

Compensation of residents in institutions. Before the late 1970's, peonage was a common practice in our institutions—a practice that denied compensation to patients and residents for their work. We've ended that practice. For the past quarter-century, the state has compensated residents for the common labor tasks they perform.

Physical restraints, drugs and isolation. Until the mid-1980's, staff in the institutions commonly used inhumane devices to restrain and control patients—devices such as leather cuffs, helmets, straightjackets, and inappropriately high dosage of sedatives and psychotropic medications. Isolation for long periods was also common. Advances in professional

knowledge and new legal requirements have dramatically reduced or eliminated such practices in Oregon.

Patients' privacy. Oregon has discontinued the practice of housing institutional residents in large, open dormitories, in favor of smaller, more personal quarters that protect individual privacy. The state also ensures protection of their personal mail, their personal possessions, and access to telephones on a regular basis.

Transition to community care. Like the rest of the nation, Oregon has sought to maximize the benefits of integrating vulnerable Oregonians into the community and the family, rather than warehouse them in institutions. In the past ten years, the state has progressed to a point at which we actually devote more resources to community care than to institutions—which illustrates how far we've come. We have replaced the traditional old rambling institutions with smaller facilities and a vast array of options for community housing and employment for those who suffer mental disorders and disabilities. In the past 25 years, we've closed the Columbia Park Hospital in the Dalles, Eastern Oregon Hospital in Pendleton, Dammasch in Wilsonville, and Fairview in Salem, meaning that the patients who lived in those institutions now live in the friendlier, more therapeutic environments of our communities.

Conclusion. Oregon has made remarkable progress in treating citizens who suffer mental illness or disabilities. But even as we celebrate the progress we've made, we must also acknowledge the realities that darken the history of our state institutions. The time has come to apologize for misdeeds that resulted from widespread misconceptions, ignorance and bigotry. It's the right thing to do, the just thing to do. The time has come to apologize for public policies that labeled people as "defective" simply because they were ill, and declared them unworthy to have children of their own.

To those who suffered, I say, The people of Oregon are sorry. Our hearts are heavy for the pain you endured. And, it is in honor of you that I declare December 10 hereafter to be Human Rights Day in Oregon—a day on which we will affirm our commitment to the value of every human being in Oregon. On this day, we will renew our determination to protect the rights of all people, regardless of their color, their religious or philosophical beliefs, their sexual preference, their economic status, their illnesses or disabilities. We value them all, for they are our brothers and sisters. Thank you.

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Governor John A. Kitzhaber, M.D. - Biography

Oregon Governor John Kitzhaber was born in 1947 in Colfax, Washington. He grew up in Oregon and graduated from South Eugene High School in 1965. After graduating from Dartmouth College in 1969, he attended the University of Oregon Medical School, earning a medical degree in 1973. He practiced emergency medicine in Roseburg, Oregon for 13 years. Kitzhaber is married to the former Sharon LaCroix of Saskatchewan, Canada. They have one son, Logan, born in October 1997.

Kitzhaber first ran for public office in 1978 and was elected to the Oregon House of Representatives. In 1980 he was elected to the first of three terms in the Oregon Senate representing Douglas County and parts of Jackson County. He was elected Senate President in 1985 and served in that position until 1993. Kitzhaber was elected governor November 8, 1994, and was sworn into office January 9, 1995. He was re-elected on November 3, 1998 and inaugurated for a second term on January 11, 1999.

As Senate President, Kitzhaber was recognized nationally for authoring the ground-breaking Oregon Health Plan. He is credited both with crafting the plan itself and for bringing together diverse interest groups to pass the law, which took effect in February 1994. Kitzhaber also received recognition for his many accomplishments in the field of environmental stewardship, including the prestigious Neuberger Award given by the Oregon Environmental Council.

During his first term as governor, Kitzhaber oversaw the expansion of the Oregon Health Plan, which reduced the rate of uninsured Oregon children from 21 percent to eight percent. In addition, Kitzhaber's welfare reform plan, known as the Oregon Option, has reduced the number of welfare caseloads more than 50 percent, saved more than \$200 million in the state budget, and helped nearly 20,000 Oregonians find work.

Preserving Oregon's environment remains a priority for Kitzhaber, and during his first term he developed and implemented the Oregon Plan for Salmon and Watersheds. This is a collaborative plan that encourages federal, state and local government agencies to work with private landowners to restore watershed health and recover endangered salmon species.

Education and opportunity for Oregon's children also has been a centerpiece of Kitzhaber's administration. He has fought for stable education funding, implementing the Education Act for the 21st Century, increasing investment in Oregon's colleges and universities, including freezing tuition, and juvenile crime prevention.

Kitzhaber is an accomplished fly fisherman and enjoys Oregon's wild rivers.



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Welcome to the Oregon Governor's Office Web Site. As Governor, I am proud that valuable information about our state is available to Web users from around the world.

The Governor's Office web site is a resource from which to gather information about activity in the Executive Branch of Oregon government. Please feel free to browse recent Press Releases, Text from Speeches, my Weekly Public Schedule, as well as other topics.

This page is also linked to numerous state offices and agencies through Oregon OnLine. I urge you to take a look at what Oregon OnLine has to offer. I hope you find that the information posted there gives you a unique view of our great state.

Oregon is an innovative state as shown by our strong presence on the World Wide Web. If you are a resident of Oregon, I hope the information posted here will help you better understand your state government. If you are exploring Oregon from outside our state, I hope this web site serves as a warm welcome.

John A. Kitzhaber, M.D.

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Dear Fellow Oregonians:

The financial condition of our state continues to worsen. According to the official September Forecast, the revenue expected in the current budget cycle will drop by another \$482 million. The total revenue expected during this two-year biennium has dropped by \$1.7 billion since the cycle began. This growing shortfall will require either \$482 million in additional cuts to state expenditures (on top of the \$560 million already cut) or additional revenue to fill the hole. There are only two responsible ways to avoid additional cuts -- the Legislature can raise additional revenue or they can allow the taxpayers themselves to vote on raising additional revenue.

The serious nature of these developments is well illustrated by the cuts that have already been taken in state programs. Examples are:

- Over 900 children who need mental health services will not receive them.
- 2700 high-risk young children will not receive services they need to grow up healthy and enter school ready to learn.
- At least 1,100 low income Oregonians will not receive needed substance abuse treatment.
- The Portland public school system now has the shortest school year in the nation. Condon has gone to four days per week. And there are school closures in Portland, Baker City, Pendleton, Eugene and Fernridge.
- 25,000 full time students will not be able to attend a community college.

We are faced with a difficult choice. Do we want to continue to fund schools, law enforcement, and critical preventive services like mental health care and substance abuse treatment at these currently reduced levels, or do we want to cut them even further? If we want to maintain these services at their current levels, then we must be willing to pay for them with real sustainable revenue -- without borrowing from future budgets, without accounting tricks, without leaving the difficult political decisions to someone else and without making the 03-05 projected deficit of \$1.5 billion worse. If we are not willing to pay for them with real sustainable revenue, they will be cut.

I have already begun the process of cutting \$482 million in state funded services. Let me be clear: I do not endorse or support these cuts. I think they are an irresponsible means of balancing the budget. But the longer we wait, the more irresponsible the cuts will be to the citizens who receive the services they represent. With only nine months left in the biennium, a \$482 million cut is the same as taking a \$1.2 billion cut over a full biennium -- or about a 20% reduction in the services that remain. A service cut of this magnitude would mean, among other things:

- Reducing the school year, on average, by almost three weeks.
- Closing four of our five regional Juvenile Correctional Facilities.
- A substantial reduction in the number of those eligible for the Oregon Health Plan and other programs serving frail and vulnerable citizens.
- Laying off more than 100 Oregon State Police troopers.

A full description of these cuts can be found by clicking the "Cuts in State Services" button.

The only way that these cuts can be avoided is through legislative action. The Legislature is currently meeting in special session. I do not know what the Legislature will decide to do in this its 5th special session, but I can tell you what I must do if the Legislature fails to act with a real solution to the budget crisis in this state. If they fail to act I will be forced to balance the budget through across the board cuts described here.

Cutting important services is a legitimate path to a balanced budget. It is not the path I have supported in the past, nor is it the path I support now. It is, in fact, a path to a different kind of Oregon than we know today – with a different quality of life, and a different definition of civic responsibility. But, it is a path that we will be forced to take unless the citizens of Oregon can make their legislative representatives understand the need for a different course.

That is where you come in. Unless the Legislature takes a more constructive path than it has to this point, the cuts described here will stand. The legislative leadership must hear from the citizens of Oregon in clear and unambiguous terms, whether you are willing to support new revenue to prevent these additional cuts from taking place.

Your elected representative and senator also need to know your opinion. You can find your legislator by clicking www.leg.state.or.us

Cuts in State Services

Education

Human Services

Public Safety

DEQ

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Governor's September 11 Ceremony at the State Capitol Building

[Photos from the September 11th Ceremony](#)

[An Oregon Commemoration: Remembering September 11, 2001](#)

[Statement from Senator Wyden](#) *

[Statement from Oregon Congressman Greg Walden](#) *

[Press Packet with Ceremony Details](#) *

[Printed Program of Ceremony Events](#) *

[Governor to Lead September 11 Commemoration](#)

[Core Planning Team](#) *

[Proclamation](#) *

*Note: These files require the [Adobe Acrobat Reader](#), available free.

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Welcome to the web page for the Oregon Children's Plan. Materials relating to the Plan will be posted here as they become available, so please check back often.

■ [Introduction](#)

■ [House Bill 3659](#) (includes summaries of bill and legislatively-approved budget, plus link to complete bill text)

■ [OCP WorkPlan](#)

■ [Governor's Testimony](#)

■ [Press Releases](#)

■ [Governor's Proposed Budget](#)

■ [Performance Measures and Benchmarks](#)

Did you know ... ?

One in every ten children suffers from a mental health disorder severe enough to cause some level of impairment

The Children's Plan provides for early childhood mental health intervention.

■ [OCP - FAQs](#)

■ [The OCP: Helping Our Children Succeed](#)

- The Beginnings
- Oregon's Children and Families:
The Numbers Behind the Faces
- Helping Our Children Succeed
- Invest In What Works:
Research Based Practices
- Who Will Benefit:
One Family's Story
- Measuring Success:
Benchmarks & Shared Outcomes

■ [The Oregon Children's Plan: Why Treat Parents for Drug and Alcohol Abuse?](#)

■ [Effectiveness of the Oregon Children's Plan](#)

■ We invite your comments on the Oregon Children's Plan. Please contact us at: HHL.GOV@state.or.us

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Oregon Emergency Preparedness

"In honor of the memory of those who have died, we must ensure that our response to their death not only changes the world but changes the world for the better."

Governor John A. Kitzhaber, M.D.

September 14, 2001



*Oregon State
Police*

*Oregon
Department of
Human Services,
Health Division*

*Oregon Military
Department*

*Oregon
Department of
Justice & Oregon
Attorney General*

*Oregon
Emergency
Management*

*State Agency
Emergency, Security
& Health Information*

Governor's Actions

Related Links

HEADLINES

[The National Security Strategy of the United States of America](#)

[September 24, 2002](#)

Current Security Alert Level = Elevated

[November 25, 2002](#)

DEPARTMENT OF HOMELAND SECURITY REORGANIZATION PLAN

OFFICE OF HOMELAND SECURITY UNVEILS NATIONWIDE ALERT SYSTEM

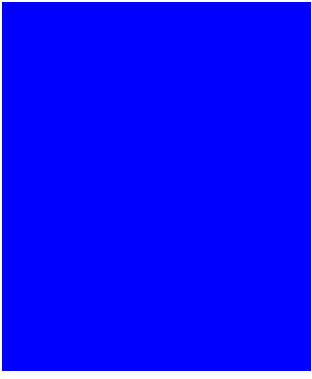
March 12, 2002

Threat Conditions Color-Coded Chart

MEMORIAL CEREMONY REMARKS

**Oregon State Capitol Building
Salem, Oregon**

September 14, 2001



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NATURAL RESOURCES

[Eastside Forest Advisory Panel Final Report to the Governor](#) *

[Oregon Agreement Progress Report](#) *

[The Oregon Agreement](#) *

[An 11-Point Strategy For Restoring Eastern Oregon Forests,
Watersheds And Communities](#) *

[Governor's Eastside Forest Action Plan](#) (PDF 9.47k) *

[Governor's 11-point Strategy for Restoring Ecosystem Health in
Eastern Oregon](#) (PDF 4.19k) *

[Healthy Streams Agreement Text](#)

[Oregon Plan: Supplement on Steelhead](#)

[Drought Emergency Information](#)

*Note: These files require the [Adobe Acrobat Reader](#), available free.

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CITIZEN'S REPRESENTATIVE OFFICE

The Governor's Office welcomes citizen comments:

1. Telephone by calling:

- Governor's Citizen Representative Office at (503) 378-4582, 24 hours

2. Mail by writing to:

- Governor John Kitzhaber
State Capitol Building
Salem, OR 97301-4047

3. [Electronic Correspondence](#)

Other Resources:

- Information on the [State of Oregon](#)
Information on [Oregon State Agencies and Departments](#)
Contacting my [State Legislator](#)
Contact my U.S. [Senators](#) and [Representatives](#)

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OFFICE OF THE GOVERNOR



GOVERNOR'S OFFICE OF EDUCATION AND WORKFORCE POLICY



Mission Statement and Statutory Authority

This Office supports the Governor's mission to be proactive in addressing important education and workforce issues that have a major impact on the state, and formulate policy choices that better align state efforts and local needs. It facilitates communication and feedback with education and workforce stakeholders regarding state policies and investments. The Office requires and provides the state with the opportunity to advocate a strong position where federal actions or policies are involved.

The Governor's Office of Education and Workforce Policy was created pursuant to Chapter 652, Oregon Laws 1997. It was established in July 1997 to assist the Governor in examining education and workforce efforts with a view to supporting and strengthening what is working well. The Governor believes we must determine Oregon's current and future education and workforce needs and implement plans to address them. The goal is to have Oregonians prepared to meet the education and workforce needs of Oregon businesses rather than having to recruit from outside the state to fill quality jobs — giving more Oregonians an opportunity to become productive citizens. The Office provides statewide policy direction on education and workforce issues and offers stakeholders a direct link to the Governor.

State-Level Direction

The role of the Governor's Office of Education and Workforce Policy includes:

- Guiding the development of state-level strategic planning to address education and workforce issues;
- Providing general direction and liaison to local efforts in education and workforce development;
- Acting as a conduit for concerns of various stakeholders, including businesses with significant current and/or future

- workforce needs; and
- Establishing accountability by state agencies involved in education and workforce to the Governor for coordination and performance.

The office carries out these functions with the collective involvement of agencies and stakeholders that support education, workforce and economic development. These stakeholders include business, labor, local government, community-based organizations, and representatives of local workforce development efforts. The office leads or staffs various committees dealing with a wide variety of education and workforce issues, including school transformation, financial aid, implementation of the Federal Workforce Investment Act and other workforce activities.

Strategies

- Provide advisory and technical services for education and workforce policy under the executive direction of the Governor;
- Continue the development and implementation of an investment strategy for the education continuum;
- Integrate education and workforce development by coordinating the contributions of participating private and public partners;
- Involve interested stakeholders in the development and implementation of education and workforce policy;
- Achieve and maintain excellence in education, training and employment;
- Connect education and workforce to social and economic commitments; and
- Coordinate the continued growth and linkage of workforce and economic development strategies at the regional level.

Additional Resources

For more information on Oregon Workforce Policy, Partners, and Investment Areas, check out the Workforce website at <http://www.workforce.state.or.us/>.

Governor's Office of Education and Workforce Policy
 255 Capitol Street NE * Public Service Building * Suite 126 * Salem
 * Oregon * 97310-1338
 Telephone: 503.378.3921 * Facsimile: 503.378.4789

Annette Talbott, Workforce Policy Coordinator Telephone: (503) 378-3921 x24 E-mail: annette.talbott@state.or.us	Danny Santos, Education Policy Coordinator Telephone: (503) 378-3132 (Assistant Lorna Hobbs, 503-378-6246) E-mail: danny.santos@state.or.us
Mari Anne Gest, Policy Analyst and Workforce Board Staff	

Telephone: (503) 378-3921 x
23

E-mail:

mari.anne.gest@state.or.us

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- [Fall 2002](#) *
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Links To Our Partners



The Oregon Commission on Children and Families

[Oregon Health Plan](#)

- [Oregon's Practitioner-Managed Prescription Drug Plan](#)

For information about the Oregon Practitioner-Managed Prescription Drug Plan SB 819, please go to The Office for [Oregon Health Policy & Research](#)

Dept. of Consumer and Business Services

[PERS Task Force](#)

- [Agenda](#)*
- [Work Plan](#)*
- [Pension](#)*

Dept. of Education

[Oregon Children's Plan](#) * (Frequent Updates)

- [Legislation To Support Children](#)*



Oregon's Economic Wellbeing Website

[Successful Citizens](#)*

[Governor's Juvenile Crime Prevention Strategy](#)

Employment Dept., Child Care Division

- [Governor's speech at the 2002 Minority Over-representation Summit](#)

[Governor's 2002 Minority Over-representation Summit](#) *New*

- For additional information about about the Summit, click on www.oregon.gov/summit

[Governor's 2001 Minority Over-representation Report](#) *New*

[Governor's speech at the 2001 Minority Over-representation Summit](#)

[The Oregon Strategy for Social Support](#) *

- [Adult & Family Services](#)

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[Services for Children & families](#)

[Vocational Rehabilitation](#)

[Oregon Health Policy & Research](#)

[Oregon Youth Authority](#)

- [The Oregon Strategy for Social Support Initiative: Making Connections, A Review of the Work - July 2002](#) *
- [Report to Governor Kitzhaber: Investing in Independence, Productivity and Self-Sufficiency for Oregonians, April 1997](#) *
- [Brief Summary of The Oregon Strategy](#) *
- [The Oregon Strategy Workgroups \(formerly SSIWG\)](#)
- [Mental Health Alignment Work Group](#)

[Oregon's Teen Pregnancy Prevention](#)

- [Teen Pregnancy Prevention Action Agenda](#)

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Please write your message. *(Space is limited to 800 characters - Detailed issues or concerns should be directed by telephone, fax, or U.S. Mail)*

After you send your message to me, you will receive an electronic acknowledgement. If your message requires additional follow-up, my staff will contact you by electronic means, telephone, or U.S. Mail

Thank you for contacting my office with your ideas and concerns. Your comments are very important to me and are a valuable tool in my administration.

[Governor Kitzhaber's Home Page](#)

[Oregon OnLine](#)



Oregon
Secretary of State
Dennis Richardson



That Trail's Gone Cold!

Sorry, friend. We've lost the page you're seeking.

Did you follow a link? Use a bookmark?

Type in the Web address?

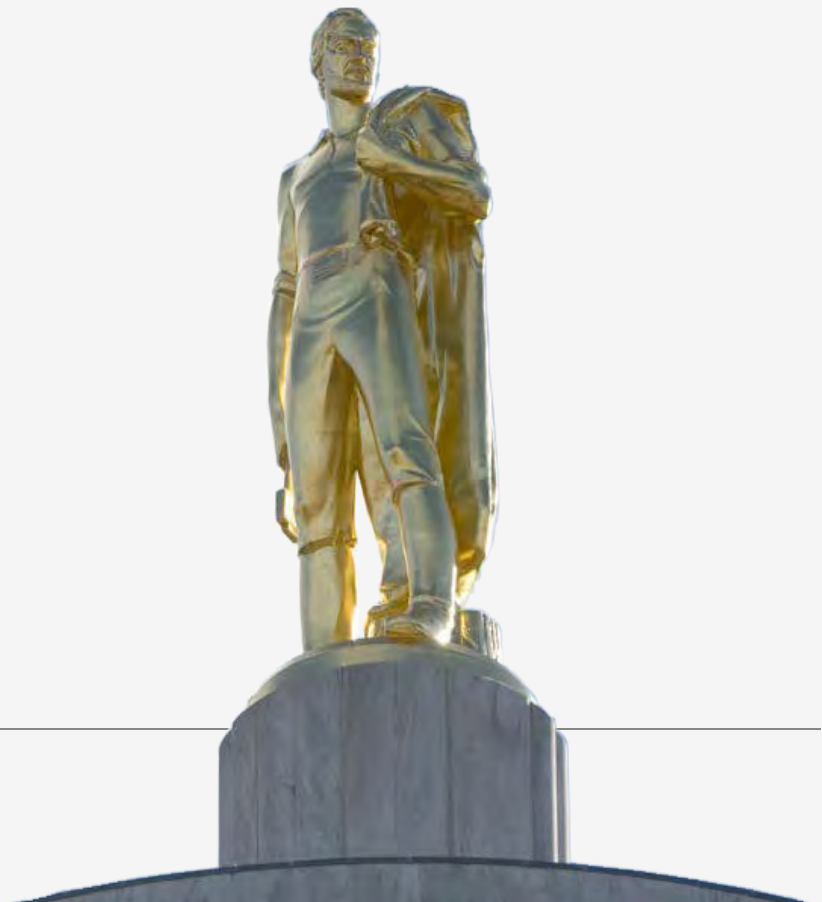
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To get back on course:

- Give our site search at the top right a whirl.
- Start over on the [Home](#) page.
- [Give us a holler](#) and we'll try and point you in the right direction.

Did you follow a link from within the Secretary of State website?

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Help us improve! Was this page helpful?



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SHARON KITZHABER - BIOGRAPHY

Sharon Kitzhaber grew up in Saskatchewan, Canada and graduated in physical therapy from the University of Saskatchewan in 1977.

Sharon first worked in Hawaii as a physical therapist in 1977, then worked for a year in Geneva, Switzerland. She traveled Europe, the Middle and Far East, and the Mediterranean before returning to Maui in 1981. Sharon opened her first private physical therapy practice in 1984, and over the next eight years, she developed, managed and sold a three-clinic physical therapy practice on Maui, Hawaii.

As the wife of Governor John Kitzhaber, Sharon has dedicated herself to working on behalf of Oregon's children and youth. She is a founder and the honorary chairperson for the Oregon Safe Kids Coalition, which is part of a national organization aimed at reducing preventable childhood injury. She is also deeply involved in the prevention of teen pregnancy through an abstinence-based peer mentorship program called "STARS" (Students Today Aren't Ready for Sex). Sharon is also a co-chair of a national initiative "Leadership To Keep Children Alcohol Free" aimed at reducing underage drinking.

Sharon is on the board of the Multiple Sclerosis Society of Oregon and also is a board member of the Oregon Ballet Theatre and the Oregon Health Sciences Foundation, and she serves on the Giving in Oregon Council. She is an outspoken advocate for the arts and is committed to enhancing young people's access and experiences with the arts throughout the state.

In her private life, Sharon is an instrument-rated private pilot and the delighted mother of a son, Logan.

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STARS

Sharon Kitzhaber is Founder and Board Member of the STARS Foundation. The Foundation was established in 1995 to promote the STARS program in Oregon. STARS stands for Students Today Aren't Ready For Sex. The program's mission is to help reduce teenage pregnancies by postponing teenage sexual involvement.

STARS receives wide public, private and school support. It is an abstinence-based teen pregnancy prevention program that uses a tested and proven curriculum developed at the Grady Memorial Hospital in Atlanta, Georgia. Older teens deliver the skill-based curriculum to their sixth and seventh grade peers. STARS reached over 30,000 young Oregonians in the 1999-2000 school year.

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SAFE KIDS

Soon after becoming Oregon's First Lady in 1995, Sharon Kitzhaber established an Oregon Chapter of the National SAFE KIDS Coalition. The National SAFE KIDS Campaign is the first and only national organization dedicated solely to the prevention of unintentional childhood injury - the number one killer of children ages 14 and under.

The Oregon Chapter of SAFE KIDS raises awareness, builds long-term grassroots coalitions for childhood injury prevention strategies statewide and in local communities, and works to change adult and child behavior, products and the environment to reduce childhood injury.

Mrs. Kitzhaber serves as Honorary Chair of the Oregon SAFE KIDS Coalition.

- Link to SAFE KIDS Web Site:
<http://www.osp.state.or.us/safekids/index.html>

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Press Releases

- [Governor Kitzhaber Appoints Multnomah and Clackamas County Circuit Court Judges - December 13, 2002](#)
- [Brenda Rocklin Named Interim Lottery Director - December 11, 2002](#)
- [Governor Urges State Employees to Participate in Mentoring Program - December 4, 2002](#)
- [Governor Accepts Resignation of Lottery Director - December 2, 2002](#)
- [Flags at half staff in honor of Coos Bay firefighters - November 26, 2002](#)
- [Governor to Proclaim Human Rights Day, Acknowledge Past Eugenic Practices - November 14, 2002](#)
- [Governor's Statement On Lottery Audit - November 12, 2002](#)
- [Governor Implements Amber Alert System - October 28, 2002](#)
- [Governor Vetoes Inheritance Tax Bill - October 25, 2002](#)
- [Governor Allows Measure 28 Ballot Title To Become Law Without His Signature - October 24, 2002](#)
- [Governor Allows Borrowing Bill to Become Law Without His Signature - October 22, 2002](#)
- [Oregon Receives Okay to Expand Oregon Health Plan at no Additional Cost to State - October 15, 2002](#)
- [Governor Signs House Bill 5100 - October 15, 2002](#)
- [Governor to Host Prescription Drug Conference - October 8, 2002](#)
- [West Coast Governors Call for Resolution of Labor Dispute at West Coast Ports - October 4, 2002](#)
- [Statement By Governor John Kitzhaber Negotiations Between Shippers And ILWU - September 27, 2002](#)
- [Governor Kitzhaber Announces Union County District Attorney Vacancy - September 27, 2002](#)
- [Governor Approves Funds To Promote Oregon - September 26, 2002](#)
- [Governor Releases List of Potential Vetoes - September 24, 2002](#)
- [Governor Announces Sixth Annual Over-Representation of Minorities In The Juvenile Justice System Summit - September 17, 2002](#)
- [Governor Criticizes President's Forest Proposal - September 11, 2002](#)
- [Governor Names Council to Study Public Safety Communications Interoperability - September 9, 2002](#)
- [Statement By Governor John Kitzhaber - September 3, 2002](#)
- [Letter to Speaker, Senate President - August 30, 2002](#)
- [Fifth Special Session Proclamation - August 28, 2002](#)
- [Governor to Hold State Agency Budget Hearing - August 28, 2002](#)
- [Statement By Governor John Kitzhaber - August 27, 2002](#)
- [Response to Governor's Speech "Overwhelming" - August 13, 2002](#)
- [Governor appoints Jim Hill to Board of Higher Education - August 12, 2002](#)
- [Fourth Special Session Proclamation - August 8, 2002](#)
- [Governor Kitzhaber Appoints Lane County Circuit Court Judge - August 8, 2002](#)
- [Governor Appoints Melinda Eden to Northwest Power Planning Council - August 8, 2002](#)
- [Governor to Lead September 11 Commemoration - August 8, 2002](#)
- [Oregon to See Expansion of Georgia-Pacific Operations and New Jobs - August 8, 2002](#)
- [Details For Governor's Live Address - August 7, 2002](#)
- [Governor to Announce Expansion Of Georgia-Pacific Facility In Oregon - August 7, 2002](#)
- [Governor Vetoes Cigarette Tax Sunset Bill - August 6, 2002](#)
- [Governor To Give Live Television, Radio Address - August 6, 2002](#)
- [Governor To Hold Public Hearing - July 29, 2002](#)

- [Katy Coba Appointed Interim Director of Economic and Community Development Department - July 25, 2002](#)
- [Partners for Disaster Resistance Releases Household Survey Findings - July 24, 2002](#)
- [Governor Names Task Force On Medical Professional Liability Insurance - July 19, 2002](#)
- [Governor Announces Potential Line-Item Veto, Public Hearing On Budget Bills - July 17, 2002](#)
- [Governor Releases List of Potential Vetoes - July 11, 2002](#)
- [Statement - July 10, 2002](#)
- [Bill Scott To Step Down As Director of Oregon Economic and Community Development Department - July 8, 2002](#)
- [Governor's Office Announces Staff Changes - July 1, 2002](#)
- [American Bridge Breaks Ground In Reedsport - June 25, 2002](#)
- [Statement By Governor John Kitzhaber - June 24, 2002](#)
- [Governor Certifies Preparedness Plan For Disposal Of Chemical Weapons At Umatilla - June 12, 2002](#)
- [Governor Announces Hiring Freeze And Travel Reduction - June 10, 2002](#)
- [Governor Announces Special Session - June 10, 2002](#)
- [Governor Kitzhaber Appoints Multnomah County Circuit Court Judge - May 29, 2002](#)
- [Governor Opens Blue Cross/Blue Shield Call Center In Medford - May 28, 2002](#)
- [Governor Announces PERS Task Force - May 24, 2002](#)
- [Governor Issues Statement On Budget Forecast - May 17, 2002](#)
- [Governor Kitzhaber Appoints Jackson County Circuit Court Judge - April 30, 2002](#)
- [Governor Issues Health Plan Waiver Terms - April 26, 2002](#)
- [Governor Announces He Will Not Submit Oregon Health Plan Waiver - April 23, 2002](#)
- [Governor Expands Lewis and Clark Bicentennial Board of Directors - April 16, 2002](#)
- [Governor Vetoes Farm Labor Bill - April 11, 2002](#)
- [Governor Announces Opposition To Dept. of Interior's Land Designation - April 9, 2002](#)
- [Governor Issues Veto - March 26, 2002](#)
- [Oregon Joins Nationwide Emergency Management Assistance Compact - March 22, 2002](#)
- [Governor Announces Reductions To Responsibly Balance Republican Budget - March 13, 2002](#)
- [Five Oregon Counties Will Get Federal Disaster Aid - March 12, 2002](#)
- [Governor Issues Vetoes - March 12, 2002](#)
- [Governor Kitzhaber Appoints Gilliam County District Attorney - March 8, 2002](#)
- [Governor Vetoes Legislative Ballot Titles, Allows Attorney General To Follow Standard Procedures In Explaining Measures - March 8, 2002](#)
- [Governor Kitzhaber Allows Vacant Grant County District Attorney Position to Stand for Election - March 8, 2002](#)
- [Governor Kitzhaber Appoints Multnomah County Circuit Court Judge - March 5, 2002](#)
- [Governor Announces Actions On Special Session Rebalance Plan - March 4, 2002](#)
- [Governor's Statement - March 1, 2002](#)
- [Governor Kitzhaber Appoints Washington County Circuit Court Judge - February 28, 2002](#)
- [Governor Issues Vetoes - February 27, 2002](#)
- [Governor Kitzhaber Appoints Benton County Circuit Court Judge - February 27, 2002](#)
- [Governor Proposes Next Step In Balancing State Budget, Suggests Improvements To School Stabilization Fund Proposal - February 19, 2002](#)
- [Governor Commends Historic PCUN-NORPAC Agreement, Praises All Parties - February 15, 2002](#)
- [Governor Kitzhaber Announces Gilliam County District Attorney Vacancy - February 14, 2002](#)
- [Governor Announces Public Hearing Details - February 13, 2002](#)
- [Governor Kitzhaber Extends Application Deadline For Grant County District Attorney Vacancy - February 13, 2002](#)
- [Governor Releases List Of Potential Vetoes - February 12, 2002](#)
- [Governor Warns Of Further Revenue Decline, Proposes Greater Cuts And Increased Revenue - February 7, 2002](#)
- [Letter to Speaker Simmons on the Statutory Account of the Common School Fund - February 5, 2002](#)
- [Letter to Legislative Leaders on the Oregon Health Plan \(OHP\) Waiver - February 1, 2002](#)
- [Governor, Education Community Express Opposition To Common School Fund Borrowing, School Payment Delay - January 31, 2002](#)
- [Governor Outlines Budget Cuts And Revenue, Calls For Economic Stimulus Package, School Stabilization Fund - January 23, 2002](#)

- [Governor Kitzhaber Announces Grant County District Attorney Vacancy - January 22, 2002](#)
- [Governor Nominates Debbie Lincoln As Director Of Oregon Employment Department - January 10, 2002](#)
- [Governor Releases Potential Budget Cuts - January 7, 2002](#)
- [Governor Submits Appointments - January 4, 2002](#)
- [Governor Appoints Multnomah County Circuit Court Judge - December 28, 2001](#)
- [Governor Announces Elevation Of Oregon Emergency Management To Department Level Status. Appoints Director - December 21, 2001](#)
- [Homeland Security Director Calls For Heightened Alert - December 3, 2001](#)
- [Governor's Statement On December Revenue Forecast - November 30, 2001](#)
- [Governor Says Judge's Salmon Decision Doesn't Diminish Need For Watershed Work - November 9, 2001](#)
- [Governor Appoints Terry Beyer To House District 42 - November 5, 2001](#)
- [Governor Kitzhaber Announces Appointment of Sherman County Justice of the Peace - October 29, 2001](#)
- [Governor's Statement On Latest National Alert - October 29, 2001](#)
- [Governor Outlines Process For Filling Vacant State Representative Seat - October 26, 2001](#)
- [Governor Outlines Federal Agenda - October 25, 2001](#)
- [Report Shows Trouble Ahead For Baby Boom - October 17, 2001](#)
- [Governor Convenes Task Force On The Future Of Services To Seniors And People With Disabilities - October 17, 2001](#)
- [Governor Announces State Measures On Security and Preparedness - October 17, 2001](#)
- [Governor Submits Appointments - October 16, 2001](#)
- [Governor Creates Economic Strategy Advisory Group - October 16, 2001](#)
- [State Issues Procedures For Mail-Handling - October 15, 2001](#)
- [Governor Announces Staff Changes - October 8, 2001](#)
- [Governor Kitzhaber Outlines Steps To Address Budget Shortfall - October 5, 2001](#)
- [Governor's September 20th Announcement - September 20, 2001](#)
- [Governor Names Jean Thorne To Lead Efforts To Expand Oregon Health Plan - September 17, 2001](#)
- [Terrorist Attack Assistance Information Available On Governor's Web Site - September 17, 2001](#)
- [Governor To Hold Memorial Ceremony - September 13, 2001](#)
- [Governor's Statement On Terrorist Attacks - September 11, 2001](#)
- [Governor Announces Appointment Of Oregon Supreme Court Justice - September 7, 2001](#)
- [Governor Applauds Confirmation Of Roger Bassett To Board Of Higher Education - September 6, 2001](#)
- [Statement From Governor Kitzhaber On Loss Of Senior Trooper And Albany Police Officer And Injury Of Sergeant John Burright - September 5, 2001](#)
- [Governor Appoints Fish and Wildlife Commission Chair - August 28, 2001](#)
- [Governor Releases Final Vetoes - August 17, 2001](#)
- [Governor Declares State of Emergency Due To Wildfires - August 13, 2001](#)
- [Governor Releases List of Potential Vetoes - August 10, 2001](#)
- [Governor Signs Economic Development Funding Package - August 9, 2001](#)
- [Governor Signs Bills Advancing Medical Technology Research And Technology Transfer - August 8, 2001](#)
- [Governor Signs Practitioner-Managed Prescription Drug Plan And Oregon Health Plan Waiver Legislation - August 2, 2001](#)
- [Governor Signs Education Bills - August 1, 2001](#)
- [Governor Signs Oregon Children's Plan - July 27, 2001](#)
- [Governor Proposes Klamath Basin Compromise - July 18, 2001](#)
- [Governor Signs HB 3909 Establishing A Task Force On Tire Recycling - June 28, 2001](#)
- [Governor Seeks Help In Klamath Aid - June 28, 2001](#)
- [Governor Vetoes Redistricting Legislation - June 28, 2001](#)
- [Governor's Submitted Testimony to the U.S. Senate Governmental Affairs Committee Regarding Federal Energy Regulatory Commission and Restructuring of Energy Industries. - June 20, 2001](#)
- [Drought Information Available on Governor's Web Site - June 19, 2001](#)
- [Governor Announces Appointment Of Oregon Tax Court Judge - June 15, 2001](#)
- [Legislators And Community Groups Join Governor To Urge Passage Of Oregon Children's Plan - June 6, 2001](#)
- [Governor Submits New Appointments - June 5, 2001](#)
- [Governor Announces State Financial Assistance For Agriculture Drought Disaster - May 31, 2001](#)

- [Governor Signs Consensus Bill On Patient Protection Issues - May 30, 2001](#)
- [Governor Meets With Brush College Elementary School Students - May 16, 2001](#)
- [State of Oregon Participating In Klamath County Drought Emergency Information Open House - May 15, 2001](#)
- [Governor Nominates Jerry Drummond To Oregon Investment Council - May 15, 2001](#)
- [Governor Kitzhaber Announces Appointment of Washington County Circuit Court Judge - May 14, 2001](#)
- [Oregon Children's Plan Testimony Senate Rules and Redistricting Committee - May 8, 2001](#)
- [Governor Applauds Idaho Senator's Salmon Recovery Proposal - May 7, 2001](#)
- [Governor Changes Public Utility Commission Appointments - April 30, 2001](#)
- [Governor Appoints Jay Waldron Port of Portland Commission President - April 30, 2001](#)
- [Oregon's Recommendations for 2001 Operations of the Federal Columbia River Power System - April 27, 2001](#)
- [Governor Announces Prescription Drug Plan Endorsements - April 25, 2001](#)
- [Oregon's Recommendations for 2001 Operations of the Federal Columbia River Power System - April 25, 2001](#)
- [Governor Appoints Bob Mink To Head DHS - April 24, 2001](#)
- [Governor Announces \\$5 Million In Incentive Funds To Local Projects - April 18, 2001](#)
- [Governor Submits New Appointments - April 12, 2001](#)
- [Governor Nominates Sen. Lee Beyer, Roy Hemmingway To Public Utility Commission - April 10, 2001](#)
- [Governor Declares Drought Emergency In Klamath County - March 28, 2001](#)
- [Governor, Legislators Join To Push Energy Package - March 28, 2001](#)
- [Governor Discusses Pending Drought, Considers Emergency Declaration In Klamath County - March 21, 2001](#)
- [Governor Appoints New Minority, Women, Emerging Small Business Advocate - March 20, 2001](#)
- [Governor Releases Re-Balanced Budget - March 16, 2001](#)
- [Governor Submits New Appointments - March 6, 2001](#)
- [Governor Announces Court Of Appeals Appointment - March 6, 2001](#)
- [Governor Announces Appointments Of Multnomah County Circuit Court Judge - March 6, 2001](#)
- [Governor, State Officials To Visit Asia - March 5, 2001](#)
- [Governor Joins Wide Coalition In Introducing Prescription Drug Affordability Act - February 26, 2001](#)
- [Governor Nominates New ODOT Director - February 15, 2001](#)
- [Sustainability Web Site Launched - February 14, 2001](#)
- [Speech Clarification - February 6, 2001](#)
- [Link to the Western Governors' Association to see the results of the energy summit - February 5, 2001](#)
- [Remarks of Governor John Kitzhaber on the Energy Roundtable - February 2, 2001](#)
- [State Energy Conservation To Intensify - January 19, 2001](#)
- [Statement Of Gov. John Kitzhaber On The Resignation Of Oregon Department Of Fish And Wildlife Director Jim Greer - January 15, 2001](#)
- [Kitzhaber, Locke, Davis To Discuss Energy - January 11, 2001](#)
- [Governor Names Bob Mink As DHS Interim Director - January 10, 2001](#)
- [Governors Kitzhaber And Locke Renew Call For Energy Conservation - January 5, 2001](#)
- [Govs. Kitzhaber, Locke To Hold Energy News Conference - January 4, 2001](#)
- [Governor Calls For Energy Summit - December 14, 2000](#)
- [Northwest Governors Call For Energy Conservation During Cold Snap - December 8, 2000](#)
- [Governor Announces Investments In Rural Oregon - November 28, 2000](#)
- [Governor Announces Comprehensive "Oregon Children's Plan" - November 28, 2000](#)
- [Governor's Marketplace 2000 Set For November 9 - October 25, 2000](#)
- [Governor Submits Appointments - October 10, 2000](#)
- [Governor Launches New Web Site - October 5, 2000](#)
- [Changing of the Guard In Natural Resources - October 4, 2000](#)
- [Governor Applauds Delta Airlines Portland-New York Flight - September 19, 2000](#)
- [Governor Responds To Delta Airlines Announcement - September 6, 2000](#)
- [Governor's Statement On Resignation Of Deq Director Langdon Marsh - August 31, 2000](#)
- [Public's Help Needed To Prevent Fires In Oregon - August 18, 2000](#)
- [Governor Calls Up National Guard To Train For Wildfire Duty - August 9, 2000](#)
- [Governor Comments On NMFS Biologic Opinion - July 28, 2000](#)
- [Governors Agree On Key Elements Of Regional Strategy To Fish Recovery - July 25, 2000](#)
- [Kitzhaber, Idaho Gov. Kempthorne, To Unveil Four State Salmon Strategy - July 24, 2000](#)

- [Governor Signs Agreement To Increase Payments For Oregon's Conservation Reserve Enhancement Program - July 11, 2000](#)
- [Governor Supports Steens Agreement - July 11, 2000](#)
- [First Lady Sharon Kitzhaber To Attend Celebration For Stars Latino Outreach Program - July 10, 2000](#)
- [Governor Concurs With Superfund Listing - July 10, 2000](#)
- [Governor Issues Statement On Brandy Stroeder/Oregon Health Plan Issue - June 7, 2000](#)
- [Governor Submits New Appointments - May 23, 2000](#)
- [Governor To Lead Japan Trade Mission - May 18, 2000](#)
- [Governor Nominates Karen Brazeau As Oregon Youth Authority Director - May 15, 2000](#)
- [Governor Nominates Paul Cleary To Head Water Resources Department - May 15, 2000](#)
- [Governor Receives Workers. Compensation System Recommendations - May 11, 2000](#)
- [Governor Urges Speaker To Join Fight Against Sizemore Budget Cut Initiative - May 4, 2000](#)
- [Worker Safety Improvements Needed At Chemical Facility - April 20, 2000](#)
- [Sharon Kitzhaber To Deliver Keynote Address, Visit School In Portland - April 19, 2000](#)
- [Governor's Statement Regarding The Murder Of Kimball Lewis. Dog, Donner - April 14, 2000](#)
- [Governor Supports Senate Version Of Timber Payment Legislation - April 12, 2000](#)
- [Governor Announces Progress On Initiative Campaign - April 11, 2000](#)
- [First Lady Sharon Kitzhaber Joins National Effort To Reduce Underage Drinking - March 21, 2000](#)
- [Governor Appoints Mental Health Work Group - February 3, 2000](#)
- [Governor Condemns Suicide Video Statement of Gov. John Kitzhaber - February 3, 2000](#)
- [Governor Appoints Internet Commission - February 1, 2000](#)
- [Governor Announces Appointments To Racial & Ethnic Health Task Force - January 25, 2000](#)
- [Governor Announces Autism Task Force Appointments - January 25, 2000](#)
- [Governor Directs State Police To Monitor CSEPP Evaluation - January 19, 2000](#)
- [Governor Announces Jon Yunker Retirement: Nomination Of Mike Greenfield As DAS Director - January 19, 2000](#)
- [Appointments To Joint Interim Task Force On Cultural Development Announced - January 13, 2000](#)

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- [Governor Nominates New Oregon State Police Superintendent - December 28, 1999](#)
- [Governor To Interview Three Finalists For State Police Superintendent - December 15, 1999](#)
- [Governor Announces Watershed Infoline - December 6, 1999](#)
- [Governor To Propose Additional Health Care Funds - December 2, 1999](#)
- [Healthy Streams Partnership Members Appointed - November 30, 1999](#)
- [Governor Submits Appointments To Boards And Commissions - November 10, 1999](#)
- [Governor Announces Appointments To Financial Aid Commission - November 9, 1999](#)
- [Governor, Superintendent Of Public Instruction Announce Quality Education Commission - November 8, 1999](#)
- [Governor Denies Cascade Locks Casino Request - November 4, 1999](#)
- [Governor To Lead Trade Mission To Europe - November 3, 1999](#)
- [Candidate Added To Secretary Of State Search - November 2, 1999](#)
- [Governor Grants Executive Clemency To Carrillo-Landeros, Scott - November 1, 1999](#)
- [Governor To Interview Secretary Of State Candidates - October 28, 1999](#)
- [Governor Announces New Members For Oregon Watershed Enhancement Board - October 1, 1999](#)
- [Governor Asks Hunters To Tread Lightly - September 28, 1999](#)
- [State Effort Launched To Eliminate Release Of Hormone-Disrupting Contaminants - September 27, 1999](#)
- [Governor Clarifies Position On Proposed Video Poker Measure - September 22, 1999](#)
- [Governor Selects Day Road Prison Site - September 17, 1999](#)
- [Kitzhaber Calls For New Governance Body For Columbia River Fish And Power - September 17, 1999](#)
- [Governor Outlines Education Proposals - September 9, 1999](#)
- [Governor Issues Vetoes - September 3, 1999](#)
- [Governor Signs Comprehensive Juvenile Crime Prevention Legislation - September 1, 1999](#)
- [Governor Issues Additional Veto Notices - August 23, 1999](#)
- [Governor Announces Natural Resource Appointments - August 23, 1999](#)
- [Governor Releases List of Potential Vetoes - August 17, 1999](#)
- [Works By Salem Resident Logan Grinder On Display In The Governor's Office - August 3, 1999](#)
- [Governor Calls On Federal Government To Release Tobacco Prevention Funds - July 30, 1999](#)
- [Governor Announces Schedule For Decisions On Legislation - July 26, 1999](#)
- [Governor Issues Vetoes - July 22, 1999](#)
- [Governor Vetoes Winery Tax Break, . Smart Jitney. Legislation - July 21, 1999](#)
- [Governor Vetoes Land Use, Acquisition Legislation - July 20, 1999](#)
- [Governor Vetoes Off-Track Wagering, Farmworker Dismissal Legislation - July 19, 1999](#)
- [Governor Vetoes Land Use, Board Of Dentistry Bills - July 15, 1999](#)
- [Governor Vetoes "Eddie Eagle" Legislation - July 14, 1999](#)
- [Governor Vetoes School Uniforms, Water Contaminants Legislation - July 13, 1999](#)
- [Governor To Meet With Oregon Goodwill Ambassadors - July 9, 1999](#)
- [Governor Vetoes Legislation Threatening Oregon's Environment - July 8, 1999](#)
- [Governor Vetoes HB 5060 - July 7, 1999](#)
- [Governor Vetoes HB 2415 - July 2, 1999](#)
- [Governor Vetoes HB 2657 and HB 5055 - July 1, 1999](#)
- [Governor Vetoes Savage Rapids Dam Bill - June 28, 1999](#)
- [Governor Vetoes Federal Retiree Payment Bill - June 28, 1999](#)

- [Governor Submits New Appointments - June 23, 1999](#)
- [Governor Vetoes Commission On Children And Families Budget - June 18, 1999](#)
- [Governor Releases Salmon Progress Report - June 14, 1999](#)
- [Governor Authorizes Spending For 100 New State Troopers - June 7, 1999](#)
- [Governor Signs Pacific Salmon Agreement - June 3, 1999](#)
- [Governor Vetoes Umatilla Prison Site Bill - June 2, 1999](#)
- [Governor Vetoes Higher Ed Budget - June 1, 1999](#)
- [Governor Praises Passage Of Columbia River Gorge Commission Budget - May 25, 1999](#)
- [Governor And Fema Director James Lee Witt Sign Willamette River Agreement - May 25, 1999](#)
- [Governor And Fema Director James Lee Witt To Sign Willamette River Agreement - May 24, 1999](#)
- [Governor Submits New Appointments - May 20, 1999](#)
- [Governor And Sharon Kitzhaber To Honor Outstanding Stars Teen Leaders - May 19, 1999](#)
- [Governor's Letter to Legislative Leadership Regarding the Higher Ed Budget - May 3, 1999](#)
- [Governor's Letter to the Board of Higher Education Regarding the Higher Ed Budget - April 30, 1999](#)
- [Governor Appoints Medford Mayor Lindsay Berryman To Oregon Progress Board - April 30, 1999](#)
- [Governor Submits New Appointments - April 28, 1999](#)
- [Governor Expresses Condolences, Shock In Killing Of State Park Employee - April 27, 1999](#)
- [Governor Creates New Carissa Review Committee - April 22, 1999](#)
- [Governor, Chinese Ambassador Announce Sustainable Development Agreement - April 22, 1999](#)
- [Governor Unveils Schedule, Principles for School Funding; Proposes Accountability Measures - April 16, 1999](#)
- [Governor Issues Statement On Permit Extensions For Water Rights On State-Owned Lands - April 12, 1999](#)
- [Governor Calls On Republican Leadership To Balance Budget - April 9, 1999](#)
- [Governor Vetoes Timber Tax Cut Bill - April 8, 1999](#)
- [Governor John Kitzhaber's Remarks Regarding HB 3197 - March 31, 1999](#)
- [Governor To Speak At School Tour Kick-Off Events In Gresham, Eugene - March 31, 1999](#)
- [New Carissa Owners Support Removal Of Stern - March 30, 1999](#)
- [Governor Calls On Legislative Leadership To Make Budget Decisions - March 22, 1999](#)
- [State Employees Give Tons Of Food To Oregon's Hungry - March 22, 1999](#)
- [State Seeking Nominees For Governor's Task Force On Minority-Health Issues - March 22, 1999](#)
- [Statement of Governor Regarding Recent Endangered Species Act Listings - March 16, 1999](#)
- [Governor Proposes Higher School Budget - March 15, 1999](#)
- [Governor issues New Carissa Proclamation - March 11, 1999](#)
- [Governor Requests Financial Assurance For Removal Of New Carrissa Stern - March 9, 1999](#)
- [Governor Submits New Appointments - March 8, 1999](#)
- [State Land Board Invites Rep. King to Discuss Common School Fund - March 5, 1999](#)
- [Growth Task Force Presents Findings To Governor And Legislature - February 22, 1999](#)
- [Governor Proposes Compromise On Prison Siting - February 3, 1999](#)
- [Governor Urges Revisions to Charter School Bill - February 2, 1999](#)
- [Governor Receives Juvenile Crime Prevention Plans - January 29, 1999](#)
- [Kitzhaber Applauds Presidential Salmon Initiative - January 27, 1999](#)
- [Governor Submits New Appointments - January 22, 1999](#)
- [Governor Announces New General of The Oregon Guard - January 22, 1999](#)
- [Governor Announces Withdrawal From Endangered Species Lawsuit - January 22, 1999](#)
- [Phil Ward Tapped To Be New Agriculture Director - January 19, 1999](#)
- [Governor Cites Need For Stabilization Fund - January 7, 1999](#)
- [New Staff Member Joins Governor's Press Team - December 9, 1998](#)
- [Governor Releases 1999-2001 Budget Proposal - December 1, 1998](#)
- [National Survey Ranks Oregon First In African American Appointments - November 25, 1998](#)
- [Agriculture Director Bruce Andrews To Leave - October 28, 1998](#)
- [Governor Opposes Senate Action On Prison Site - October 23, 1998](#)
- [Coalition Formed To Address Portland Harbor Clean-Up - October 22, 1998](#)
- [Governor Asks Emergency Board Not To Fund Savage Rapids Projects - September 15, 1998](#)
- [Governor Unveils Education Agenda - September 15, 1998](#)
- [Governor Renews Call For Special Session On Prison Siting - September 14, 1998](#)

- [Governor Names Willamette Restoration Initiative Board Members - September 14, 1998](#)
- [Governor Announces Appointment Of Supreme Court Justice - September 9, 1998](#)
- [Governor Appoints Juvenile Crime Prevention Advisory Committee - September 3, 1998](#)
- [Governor To Proclaim September Willamette River Basin Month - September 2, 1998](#)
- [Governor Kitzhaber's letter to Senate President Brady Adams - August 4, 1998](#)
- [Kitzhaber Says Oregon Will Implement Salmon Recovery Despite Federal Listing Of Coastal Coho - August 3, 1998](#)
- [Governor Praises Designation Of Willamette As American Heritage River - July 31, 1998](#)
- [Governor's Statement On Siting The Wilsonville Women's Prison And Intake Center - July 17, 1998](#)
- [Testimony On S. 2111 To The Senate Energy And Natural Resources Committee Water And Power Subcommittee - July 14, 1998](#)
- [Governor's Testimony Before The Subcommittee On The Constitution, Committee On The Judiciary United States House Of Representatives On H.R. 4006 - July 14, 1998](#)
- [Governor Names Second Group on Tax Policy - July 6, 1998](#)
- [Governor Selects Prison Site - June 25, 1998](#)
- [State Will Not Appeal Federal Retiree Ruling - June 23, 1998](#)
- [Governor's Group Releases Tax Study - June 17, 1998](#)
- [Governor Criticizes Legislature's Refusal To Fund Gorge Commission - June 12, 1998](#)
- [Association Of Oregon Counties And Oregon State Sheriffs Association Support Juvenile Crime Prevention Partnership - June 5, 1998](#)
- [Governor Kitzhaber's Statement On Assisted Suicide Decision - June 5, 1998](#)
- [Governor's Statement On Coastal Coho Decision - June 4, 1998](#)
- [Statement By Governor John Kitzhaber On The Thurston High School Shooting - May 20, 1998](#)
- [Governor Releases State Of Salmon Report - May 20, 1998](#)
- [Governor Nominates Mike Greenfield To Head Department Of Consumer And Business Services - May 19, 1998](#)
- [Governor Recovering From Virus, Cancels European Trade Mission - May 15, 1998](#)
- [Governor Creates Dairy Task Force - May 6, 1998](#)
- [Governor Denies Clemency Applications - April 22, 1998](#)
- [Brand Oregon Tool Kit For Oregon Small Businesses Available - April 17, 1998](#)
- [Alternative Wilsonville Prison Site To Receive Additional Review - March 27, 1998](#)
- [Governor Calls For Most Qualified Candidate In Top BPA Job - March 27, 1998](#)
- [Governor Pleased With Steelhead Decision - March 13, 1998](#)
- [Governor, National Marine Fisheries Service Officials To Discuss Steelhead - March 12, 1998](#)
- [Governor Submits New Appointments - March 12, 1998](#)
- [Governor Announces Appointment To Court Of Appeals - February 27, 1998](#)
- [Governor Announces Appointment Of Circuit Court Judges - February 26, 1998](#)
- [Governor Announces Appointment Of Supreme Court Justice - February 26, 1998](#)
- [Governor Appoints Environmental Justice Advisory Board - February 25, 1998](#)
- [Governor Appoints Task Force On Growth - February 17, 1998](#)
- [Governor Signs Executive Order To Cut Auto Use By State Workers - February 12, 1998](#)
- [Governor Announces China Trip - February 10, 1998](#)
- [Governor Accepts Delay On Steelhead Decision - February 9, 1998](#)
- [Governor Supports Administration Position On Forest Roads - January 22, 1998](#)
- [State Enters Case On Salmon Plan - January 20, 1998](#)
- [Governor Appoints Housing Director - January 7, 1998](#)
- [Governor Appoints Cohen As Columbia River Coordinator - January 7, 1998](#)
- [Governor Appoints New Oregon Telecommunications Forum Council Membership - January 7, 1998](#)
- [Governor Expresses Concerns About Union Pacific Rail Service Problems - December 30, 1997](#)
- [Governor Presents Steelhead Plan For Federal Review - December 18, 1997](#)
- [Task Force Says Willamette River At Risk - December 17, 1997](#)
- [Federal Grant Will Help Teach Abstinence Skills To Oregon Children - December 4, 1997](#)
- [Governor Announces 'Right To Know' Task Force On Toxic Substances - December 2, 1997](#)
- [Governor Appoints Dianne Middle As Director Of New Department Of Public Safety Standards And Training - November 18, 1997](#)

- [Legislative Leadership, Governor Concur On Plan To Address Implementation Of Assisted Suicide Law - November 6, 1997](#)
- [Draft Steelhead Restoration Plan Out For Public Review - November 6, 1997](#)
- [Governor's Staff Member Named To National Environmental Justice Panel - October 29, 1997](#)
- [Son Born To Kitzhabers - October 28, 1997](#)
- [Astoria Steelhead Briefing Location Changed - October 23, 1997](#)
- [Governor Announces Boards And Commission Nominations - October 22, 1997](#)
- [Governor Appoints Group To Research State Tax System - October 21, 1997](#)
- [Community Briefings To Be Held On Draft Steelhead Restoration Plan - October 20, 1997](#)
- [Governor Recommends Elimination Of Plans For New Highway Construction - October 15, 1997](#)
- [Governor Responds To Congressman Bob Smith's Forest Health Bill - October 7, 1997](#)
- [Governor Kitzhaber Pledges Support To Grants Pass Irrigation District - August 15, 1997](#)
- [Governor Issues Final Vetoes - August 15, 1997](#)
- [Governor Appoints Members To Interim Workgroup On Economic Development - August 14, 1997](#)
- [Governor Names Seven Potential Vetoes - August 8, 1997](#)
- [Governor Issues Vetoes - August 8, 1997](#)
- [Governor Releases Additional List Of Potential Vetoes - August 1, 1997](#)
- [Governor Signs Youth Suicide Prevention Bill - August 1, 1997](#)
- [Governor Creates Environmental Justice Citizen Advisory Board - August 1, 1997](#)
- [Governor Vetoes Ballot Title Of Assisted Suicide Referral - July 29, 1997](#)
- [Governor Issues List Of Potential Vetoes - July 21, 1997](#)
- [Governor To Be In Metropolitan Area For Transportation Events - July 17, 1997](#)
- [Governor To Focus On Transportation Events - July 16, 1997](#)
- [Oregon Receives Federal Grant To Test Earthquake Building Standards - July 10, 1997](#)
- [Statement Regarding Signing of House Bill 3643, Recriminalizing Marijuana - July 3, 1997](#)
- [News Conference: Governor To Call For Renewed Push On Permanent Funding For Parks - June 13, 1997](#)
- [Governor Congratulates Congresswoman Furse On Amendment That Aids Oregon Health Plan - June 13, 1997](#)
- [Lane And Jackson County Prison Sites - June 9, 1997](#)
- [Governor's Office Announces Student Internship Opportunity - May 21, 1997](#)
- [Governor Urges Oregonians To Vote - May 16, 1997](#)
- [Governor Selects Wilsonville For Women's Correctional Facility And Intake Center - May 15, 1997](#)
- [State Helps Women And Minorities Participate In Prison-Building - May 7, 1997](#)
- [Governor Critical Of Republican Parks Approach - May 7, 1997](#)
- [Governor Applauds Attorney General's Decision To Sue Tobacco Companies - May 5, 1997](#)
- [Governor Appoints Forum To Address Willamette Valley Quality Of Life - May 5, 1997](#)
- [Christopher Burkett Photography Shown In Governor's Office - May 1, 1997](#)
- [Governor Appoints New Revenue Department Director - April 23, 1997](#)
- [Jean Thorne To Join Efforts To Implement Oregon School Improvement - April 16, 1997](#)
- [Governor To Visit Public-Private Program To Promote Computer Donations For Schools - April 14, 1997](#)
- [Governor Details Compromise Budget Cuts - April 2, 1997](#)
- [Governor Announces Campaign to Prevent Teen Pregnancy - March 31, 1997](#)
- [Governor, Sharon Kitzhaber to Kick Off Teen Pregnancy Prevention Campaign - March 25, 1997](#)
- [Governor Signs Oregon Salmon Plan Legislation - March 25, 1997](#)
- [Governor To Discuss School Budget With Salem-Keizer Officials \(Updated\) - March 18, 1997](#)
- [Governor Proposes Compromise Budget Plan - March 14, 1997](#)
- [Statement Of Governor John Kitzhaber On The Proposed Republican Budget - March 6, 1997](#)
- [Governor Releases Recommendations To Address Dangerous Debris Avalanches - March 3, 1997](#)
- [Governor Proposes Additional Forecast Revenue for Schools - February 27, 1997](#)
- [Governor Lauds Speaker, Timber Industry On Salmon Plan Financing Proposal - February 26, 1997](#)
- [Legislature To Review Coho Salmon Plan - February 21, 1997](#)
- [Governor Appoints Verne Duncan To Senate District 12 Seat - February 14, 1997](#)
- [Governor's Oregon Health Plan Expansion Editorial - February 13, 1997](#)
- [Governor Announces Health Plan Expansion - February 13, 1997](#)
- [Governor Outlines Process For Filling Vacant State Senate Seat - January 24, 1997](#)

- [Disaster Assistance Available For Oregon Counties Hit Hard By Floods - January 23, 1997](#)
- [Governor Initiates Outside Review Of Police Board - January 22, 1997](#)
- [Governor Requests Presidential Disaster Declaration For Three Oregon Counties - January 20, 1997](#)
- [Governor Calls For Preserving Oregon's Quality Of Life In State Of State Speech - January 13, 1997](#)
- [State, Grand Ronde Reach Historic Agreement - January 10, 1997](#)
- [Salmon Restoration Plan Comments Available To Public - January 9, 1997](#)
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- [Statement Of Principles For Restructuring The Electric Utility Industry - December 12, 1996](#)
- [Governor Recommends Three Oregon High Schools For Presidential Inaugural Parade - December 11, 1996](#)
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- [Governor Appoints Acting Administrator Of Oregon Health Plan - December 4, 1996](#)
- [Governor Proposes Budget To Invest In Oregon's Future - December 2, 1996](#)
- [Governor's 1997-99 Budget in Brief - December 2, 1996](#)
- [Governor To Release Budget December 2nd - November 27, 1996](#)
- [Governor Orders Flags At Half Staff In Honor Of Air Force Reservists - November 25, 1996](#)
- [Governor Announces Healthy Streams Agreement \(Plus Agreement Text\) - November 18, 1996](#)
- [Kitzhaber, Local Governments Create Group To Consider Measure 47 Implementation - November 12, 1996](#)
- [Governor Supports Extending Deadline For Coastal Coho Listing - October 25, 1996](#)
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- [Governor's Executive Order Regarding Affirmative Action - October 15, 1996](#)
- [Governor Kitzhaber Accepts Health Council Recommendation And Discusses Ballot Measures - October 8, 1996](#)
- [Governor To Extend State Of Emergency Due To Continued Fire Danger - October 7, 1996](#)
- [Governor Outlines Priorities For Election, Upcoming Legislative Session - October 1, 1996](#)
- [Kitzhaber Says Hatfield Bill Significantly Alters Oregon Natural Resource Management - September 27, 1996](#)
- [Community Briefings Scheduled For Draft Coastal Salmon Restoration Plan - September 12, 1996](#)
- [Governor Cites Fire Concerns in Canceling Convention Appearance - August 28, 1996](#)
- [Governor To Visit Warm Springs Fire - August 15, 1996](#)
- [Eight Oregon Counties Eligible For Emergency Farm Assistance - August 15, 1996](#)
- [Governor To Tour Wheeler Point Fire/City Of Spray - August 13, 1996](#)
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- [Governor Kitzhaber's Statement On DMV Records On The Internet - August 7, 1996](#)
- [Foster To Remain On Commission At Governor's Request - July 31, 1996](#)
- [Governor Blasts Smith Campaign Ploy - July 31, 1996](#)
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- [Governor Returns to Work - February 12, 1996](#)
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NEWS ADVISORY

FOR IMMEDIATE RELEASE

January 3, 2003

Contact:

Tom Towslee

(503) 378-6496

Jon Coney

(503) 378-6169

PLEASE NOTE: The following is an expanded calendar of the governor's schedule. Listing a meeting on this schedule does not necessarily mean that it is open to media.

PUBLIC SCHEDULE FOR GOVERNOR JOHN KITZHABER JANUARY 6 - JANUARY 10

MONDAY, JANUARY 6

Remarks to Air National Guard

Noon

Air National Guard Base, **Portland**

Gov. Kitzhaber to have lunch and deliver brief remarks.

TUESDAY, JANUARY 7

Speech to Eugene Rotary

Noon

Hilton Hotel, **Eugene**

Gov. Kitzhaber will give his final address as governor of Oregon. The governor will discuss his eight years in office and talk about Measure 28, the tax measure that goes before voters this month.

WEDNESDAY, JANUARY 8

FRIDAY, JANUARY 10

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- [Proclamation of Human Rights Day, and apology for Oregon's forced sterilization of institutionalized patients - December 2, 2002](#)
- [American College of Physicians - November 15, 2002](#)
- [Oregon Drug Conference - October 11-12, 2002](#)
- [Governor's Summit on the Over-Representation of Minorities in the Juvenile Justice System - October 9, 2002](#)
- [Sustainable Forests Willamette University - September 25, 2002](#)
- [An Oregon Commemoration: Remembering September 11, 2001 - September 11, 2002](#)
- [Governor's Live TV/Radio Veto Address - August 7, 2002](#)
- [Sustaining the Oregon Community, Speech to the Oregon AFL-CIO - June 10, 2002](#)
- [Portland City Club in Portland, Oregon - June 7, 2002](#)
- [Address to the American Wind Energy Association in Portland, Oregon - June 3, 2002](#)
- [Sustaining the Oregon Community, Eugene Rotary Club - May 28, 2002](#)
- [Albertina Kerr Centers - May 15, 2002](#)
- [The American Fisheries Society in Spokane, Washington - April 30, 2002](#)
- [Environmental Summit on the West II in Salt Lake City, UT - April 25, 2002](#)
- [Environmental Design Conference in Seattle, Washington - April 5, 2002](#)
- [State of the State - February 01, 2002](#)
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- ["Investing in Oregon's Children" - Portland City Club - February 9, 2001](#)
- [Speech to Seattle Rotary Club - February 7, 2001](#)
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- [Summit on the Oregon Health Plan - September 13, 2000](#)
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- [McNary High School Graduation Speech - June 11, 1999](#)
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Governor Kitzhaber's Photo Gallery



Governor and Sharon Kitzhaber with son, Logan Kitzhaber.



Gov. Kitzhaber speaking at the memorial ceremony held in front of the Oregon Capitol Building on Wednesday, September 11, 2002.



Gov. John Kitzhaber discusses forest health with the media on August 6 at the Cache Mountain Fire Complex just outside of Sisters, OR. Most severe wildfires are a symptom of poor forest health, however, the U.S. Forest Service had thinned small trees from this particular area, and though it burned, the fire was significantly less hot and damaging than an adjacent untreated area. This also reduced the risk to over 1,200 homes on the nearby Black Butte Ranch.



Gov. Kitzhaber is meeting Sundance, a 9-year-old Red-Tailed Hawk, and Chinook, an 11-year-old Bald Eagle. Sundance was found in the wild in Arizona while she was still in the egg, and is imprinted onto people and is non-releasable. Chinook was found injured in the wild in Alaska; she can fly well enough to do a downhill flight in zoo shows but, because of her injury, she can't fly well enough to be released back into the wild.

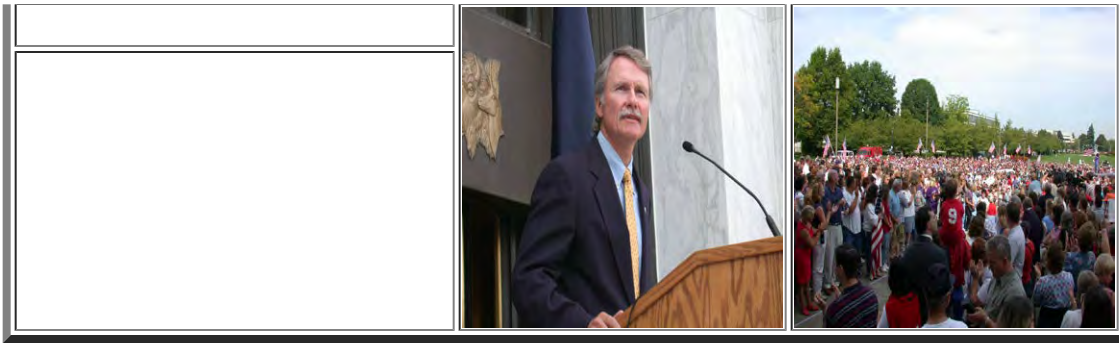


Also on May 30, Gov. Kitzhaber visited David Douglas High School in Portland. While there, the governor drove the inaugural run of the David Douglas Express, a solar and wind-powered rail car that was designed and built entirely by students over the past six years. It will be used to transport students approximately 600 yards from one end of campus to the other.

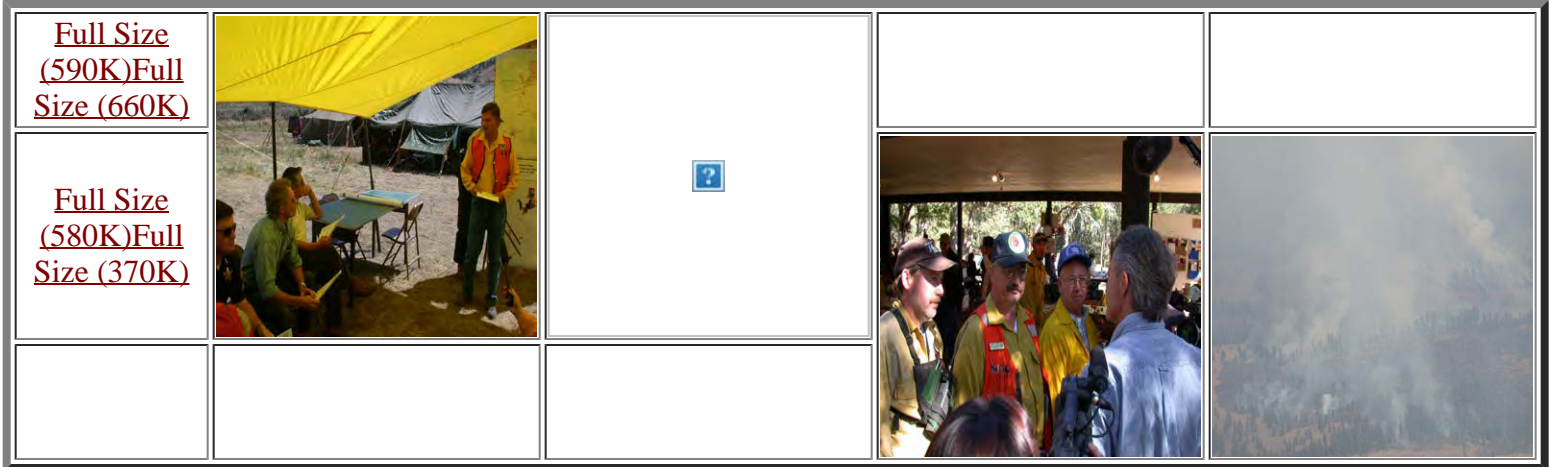


Gov. John Kitzhaber, Adjutant General of the Oregon National Guard Alex Burgin and Oregon State Police Superintendent Ron Ruecker at a news conference outlining Oregon's security and preparedness measures.

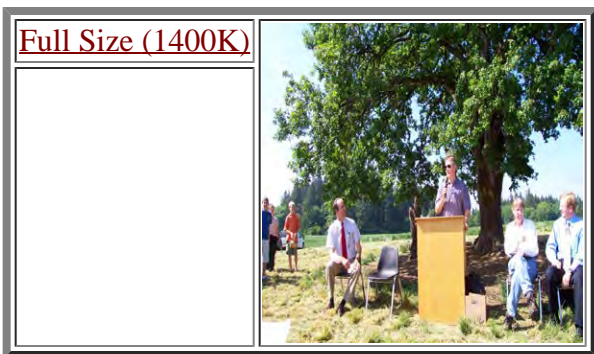




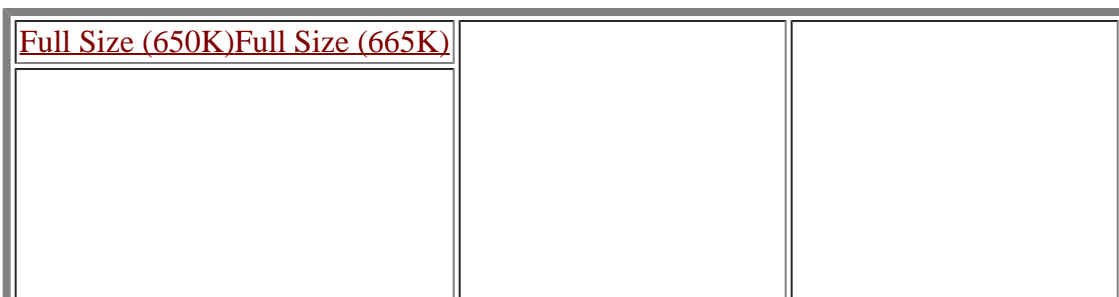
Gov. Kitzhaber speaking at the memorial ceremony held on the front steps of the Oregon Capitol Building on Friday, Sept. 14.



On Sunday, August 19, Gov. John Kitzhaber visited the Quartz Fire in southern Oregon and the Monument Fire in northeast Oregon. The governor received briefings from both Dept. of Forestry officials and members of the Oregon National Guard. The governor also toured both fire camps, met with fire fighting crews and National Guard troops and viewed the fires from the air.



Gov. Kitzhaber speaks at a ceremony dedicating the sale of the Wilsonville Tract property from the State to Metro on May 24.

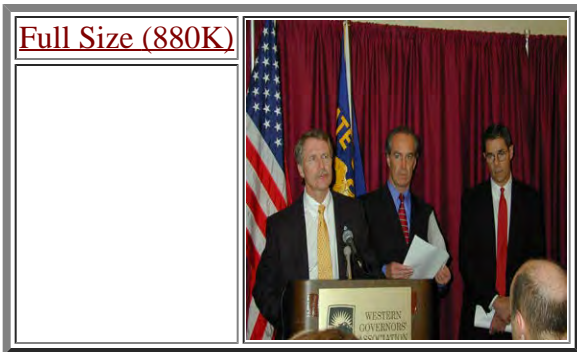




Gov. Kitzhaber serves bread and greets customers at the Great Harvest Bread Company in Salem on Feb. 23. All proceeds from the day's sales will benefit the Governor's Food Drive.



Gov. Kitzhaber and the President of Mexico, Vicente Fox, discuss Oregon-Mexico trade relations at Los Pinos, the official presidential residence in Mexico City on February 12. Kitzhaber is currently on the first-ever official trade mission to Mexico by an Oregon governor. Photo courtesy of the Associated Press.



Gov. John Kitzhaber, Idaho Gov. Dirk Kempthorne and Alaska Gov. Tony Knowles at the Western Governors' Energy Roundtable on February 2, 2001.



Gov. Kitzhaber and Washington Gov. Gary Locke tape a public service announcement and hold press conference.



Governor Kitzhaber Presenting the 2001-2003 Budget



Gov. Kitzhaber, Sen. Peter Courtney and Willamette University President M. Lee Pelton ring bells for the Salvation Army on Friday, December 15 at the Salem Centre Mall.



Gov. Kitzhaber with students at the University of Oregon who built the World's Largest Ballot Box to raise voter participation among young voters

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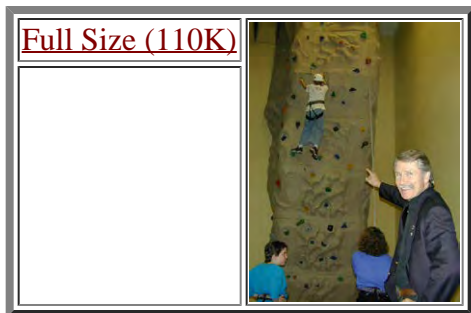
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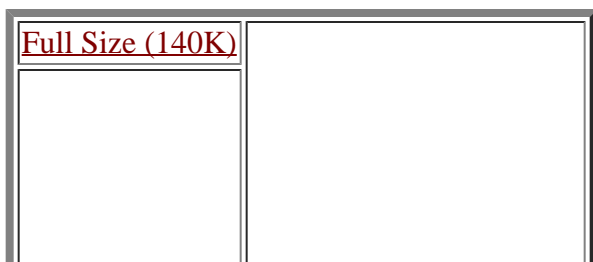
Governor Kitzhaber's Photo Archive Gallery

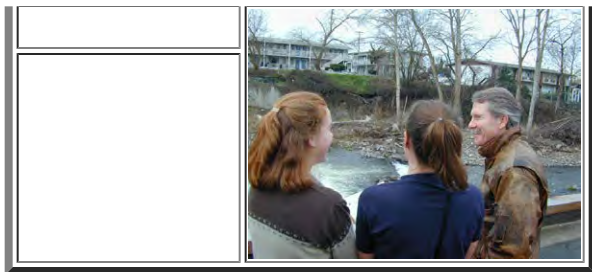


Governor John Kitzhaber views a demonstration of the Oregon National Guard's new Firehawk firefighting equipment over the Willamette River in Salem on July 19. The Firehawk is a rapid-filling 1,000 gallon water tank affixed to the bottom of a Blackhawk helicopter. It can fill-up using a snorkel in 60 seconds and transport water faster and dump it with greater accuracy than traditional helicopter buckets.



Gov. Kitzhaber watching kids at the climbing rock while visiting the recently-opened Boys and Girls Club in December, 1999 in Bend, Oregon.





Gov. Kitzhaber meeting with North Medford High School students at the Bear Creek Watershed project in February, 2000.



Gov. Kitzhaber and Secretary of State Bill Bradbury sign-up the Governor's Residence in Salem for "Salmon-Friendly Power."



Gov. Kitzhaber with a group of local elementary school kids in the Governor's Ceremonial Office in Salem.



Governor Kitzhaber is by trade an emergency room physician. Here he participates in a "well-baby" exam at a Hood River clinic.

[Governor Kitzhaber's Photo Gallery](#)

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EXECUTIVE APPOINTMENTS INTEREST FORM

<i>office use only</i>			
ACK	_____	T	_____
SEC	_____	REV	_____

The purpose of this form is to assist the Governor and staff in evaluating the qualifications of an applicant for appointment to a board or commission. Please complete the entire form and return to:

Executive Appointments, Office of the Governor, 900 Court Street NE Room 160, Salem, OR 97301-4047
Phone (503) 378-3123 Fax (503) 378-6827
www.governor.state.or.us (this form is available on the Web page)

BOARD/COMMISSION APPOINTMENT(S) DESIRED

Board _____	Position Requirements, if any (as listed in Boards & Commissions Book) _____
Board _____	Position Requirements _____
Board _____	Position Requirements _____

PERSONAL DATA

Preferred Mailing Address: Home Business

Preferred Title _____ (e.g. Mr, Mrs, Ms, Dr)

First Name _____ MI _____ Last Name _____

Home Address _____

City _____ State _____ Zip _____ County _____

Spouse's Name (optional) _____

Business Name _____

Business Address _____

City _____ State _____ Zip _____

Occupation _____

Home Phone () _____ Business Phone () _____ ext _____

E-mail address _____

If the information below is unknown see <http://landru.leg.state.or.us/findlegsltr/findset.htm> or call your County Elections Office

Name of your State Senator _____ Senate District # _____

Name of your State Representative _____ House District # _____

Name of your US Representative _____ Congressional District # _____

To assist us in meeting our affirmative action objectives, we would appreciate information about your gender and background. This information is optional. Under state and federal law, this information may not be used to discriminate against you.

Gender	Race/Ethnicity	Disability
<input type="checkbox"/> Male	<input type="checkbox"/> Asian or Pacific Islander	<input type="checkbox"/> Native American _____
<input type="checkbox"/> Female	<input type="checkbox"/> Black	<input type="checkbox"/> White _____
	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Multiracial/Other _____

BACKGROUND INFORMATION

Furnishing the following information is voluntary, but failure to provide the requested data may preclude selection for appointment. *This page will be deemed to have been submitted to the Governor in confidence.* Accordingly, pursuant to ORS 192.502(3), this information will not be made available to public inspection.

The Governor's staff and the Oregon State Police may conduct a background investigation to obtain information about you. Please provide the following information and sign below to permit the investigation to be conducted. For an appointment to a state board or commission you are expected to comply with all income tax laws.

I hereby authorize the State Department of Police and the Governor's Office to obtain any and all records pertaining to me on file with the Department of Revenue, the Motor Vehicles Division, law enforcement agencies, credit references or bureaus, and past and present employers, employees, business associates, and acquaintances.

Signature _____ Date _____

If your answer to any of the following is "yes," please give full details on the back of this page or a separate sheet of paper.

- (a) Have you ever been a defendant in a civil action? Do not include cases in which you were included as a nominal defendant with no potential liability, such as mandamus actions.
Yes No
- (b) Have you ever filed for bankruptcy?
Yes No
- (c) Have you ever been convicted or have you pleaded guilty to any crime or violation? Do not include minor traffic offenses resulting in fines of less than \$100.
Yes No
- (d) Have you ever been the subject of any professional disciplinary proceeding or had any professional license or permit revoked or restricted?
Yes No

Name and Home Address

First Name _____ MI _____ Last Name _____

Street _____

City _____ State _____ Zip _____

Social Security Number - - - _____ Driver's License Number _____ State _____

Date of Birth / / _____ Place of Birth _____
Month Day Year City State

Professional Licenses Held _____

Oregon Resident? Yes No If yes, how long have you lived in Oregon? _____

INTEREST FORM FOR JUDICIAL APPOINTMENTS

Please complete and return this form to: Daniel P. Santos, Legal Counsel, Office of the Governor, 900 Court Street NE, Room 160, Salem, Oregon 97301-4047.

Name of your State Senator: _____

Name of your State Representative: _____

Position for which you are applying: _____

The purpose of this form is to assist the Governor and his staff in evaluating the qualifications of applicants for judicial appointments. If you have a recently prepared resume or biography, please attach it to this form. If you believe other material would be helpful, you are welcome to submit it as well. Please attach additional sheets to the form as necessary.

PERSONAL DATA

NAME _____

(Please type or print last name, first name, and middle initial)

Home Address: _____

Street City State Zip County

Work Address: _____

Street City State Zip County

Home Phone: _____ Work Phone: _____

Birthplace: _____ Spouse's name (optional) _____

To assist us in meeting our affirmative action objectives, you are asked to provide information about your gender and background. This information is optional. Under state and federal law, this information may not be used to discriminate against you.

Gender: _____ Racial/Ethnic Background: _____

EDUCATION

1. Please list the schools you have attended, including high school:

Dates	School	Location	Major/Degree

3. Please describe any current or prior military service and the type of discharge.

EMPLOYMENT

1. Please list all employment since your graduation from law school. Include professional employment before or during law school if you believe it is relevant.

<u>Dates</u>	<u>Employer</u>	<u>Address</u>	<u>Position</u>
a)			
b)			
c)			
d)			
e)			
f)			

2. For applicants who are not presently on the bench. Describe any prior judicial or quasi-judicial experience, including service as a pro tem judge, hearings officer, or arbitrator. Include the dates during which you held the judicial or quasi-judicial position, and describe the caseload and time commitment involved.

3. List the bars to which you are admitted and the dates of your admission:

<u>Date of Admission</u>	<u>Bar</u>
1)	_____
2)	_____
3)	_____

4. List any position you are currently serving as an elected or appointed position, at local, state, and federal levels.

LITIGATION PRACTICE

1. Do you regularly appear in Court?

2. What percentage of your litigation practice in the past five years was:

Federal Court _____ %
State Court _____ %
Administrative Bodies _____ %

3. What percentage of your litigation practice in the past five years was:

Civil _____ %
Criminal _____ %
Domestic Relations _____ %

4. State the approximate number of cases tried to conclusion in courts of record in the following categories:

In the past five years	In your legal career
_____ Civil	_____ Civil
_____ Criminal	_____ Criminal
_____ Domestic Relations	_____ Domestic Relation
_____ Jury Trial	_____ Jury Trial
_____ Trial to the Court	_____ Trial to the Court

5. State the approximate number of matters arbitrated or argued before an administrative body:

In the past five years

In your legal career

_____ Arbitration

_____ Arbitration

_____ Administrative Hearings

_____ Administrative Hearings

6. Describe the general character of your practice.

7. If you have tried cases in the past five years, list the names of the attorneys against whom the case(s) were tried. Include the nature of the case and approximate date of trial. Indicate whether you were sole counsel, associate counsel or chief counsel. Provide the names of judges of whom you tried your cases before. Give citation of any reported cases.

8. List arbitrators, mediators, or administrative hearing officers, whom you have appeared before in the past five years. Include the dates and nature of the matters.

9. List five attorneys with whom you have resolved cases without trial in the past two years. Include the nature of the case and approximate date of conclusion.

10. List any prior judicial experience you may have in any courts and the approximate dates (i.e., judge, pro-tem judge, arbitrator, or administrative hearings officers, court appointed mediator). Include the names of supervisors you had for any of these positions.

11. State the percentage of your judicial or quasi-judicial experience in the following fields:

Civil _____%	Criminal _____%
Domestic Relations _____%	Administrative _____%

12. If you have previously been a pro-tem judge, list any occasions in which you were asked to serve and were unable to do so. Explain the reasons for your unavailability.

PROFESSIONAL ACCOMPLISHMENTS

1. Please list any publications you have authored and any honors or awards you have received. Include academic honors if you believe they are relevant, and please list dates.

2. Describe your civic and community activities, including work on bar committees, major pro bono activities, volunteer positions, and other public service. Please include dates.

I am a citizen of the United States and a resident of this state. If selected by the Governor for this position, I will accept appointment. If appointed, I pledge my best efforts to resolve, before assumption of office, any conflicts of interest that would be inconsistent with my responsibilities in this position.

Signature: _____ Date: _____

The following information is not required by law, and will be deemed to have been submitted to the Governor in confidence. Accordingly, this information will not be made available to public inspection pursuant to ORS 192.502(3).

1. Please list any business organizations or enterprises of which you are presently an officer, director, partner, owner, shareholder, or manager. Indicate the nature of the business, your position or relationship with the organization or enterprise, and whether you intend to resign (or dispose of your interest, if you are an owner or shareholder) if appointed to the bench.

Name	Nature of Business	Your position	Will you resign

2. Are you a member of any professional or business clubs, associations or organizations which discriminate against any person on the basis of race, religion, sexual preference or gender? If so, please list and state whether you intend to resign if appointed to the bench.

Name	Will you resign?

3. If your answer to any of the following questions is “yes,” please give full details on a separate sheet of paper.

- (a) Have you ever been a defendant in a civil action? Do not include cases in which you were included as a nominal defendant with no potential liability, such as mandamus actions.....Yes No
- (b) Have you ever filed for bankruptcy?Yes No
- (c) Have you ever been convicted or have you pleaded guilty of any crime or violation? (Do not include minor traffic offenses resulting in fines of less than \$200)Yes No
- (d) Have you ever been the subject of any professional disciplinary proceeding or had any professional license or permit revoked or restricted?Yes No

- (e) Within the past five years, have you been hospitalized or incapacitated for a period of more than ten days for any reason?.....Yes No
- (f) Are you subject to any condition or handicap that might substantially impair your ability to hold judicial office?.....Yes No

4. Please list the names, addresses and telephone numbers of five people who may be contacted as references.

<u>Name</u>	<u>Address</u>	<u>Telephone</u>
1)		
2)		
3)		
4)		
5)		

Thank you for submitting your judicial interest form to the Office of the Governor. Writing campaigns are strongly discouraged. The Office of the Governor will acknowledge the first ten (10) letters of recommendation. In evaluating candidates for judicial selection, the governor seeks the views of local bar associations, as well as specialty bar associations, such as the Oregon Women Lawyers (OWLS), the Oregon Minority Lawyers Association (OMLA), the Oregon Chapter of the National Bar Association (OC-NBA) and the Oregon Gay and Lesbian Lawyers Association (OGALLA). Candidates can find contact information for these organizations in the State Bar Membership directory.

The Governor's Staff and the Oregon State Police may decide to conduct an in-depth background investigation about you. Please provide the following information and sign below to permit the investigation to be conducted.

Name: _____

Home Address: _____

Oregon Bar No.: _____

Driver's License No.: _____

Social Security No.: _____

Date of Birth: _____

I hereby authorize the Department of State Police and the Governor's Office to conduct an in-depth background investigation and to obtain any and all records pertaining to me on file with the Department of Revenue, the Motor Vehicles Division, law enforcement agencies, the Oregon State Bar, credit references or bureaus, and past and present employers, employees, business associates and acquaintances.

Signature: _____ Date: _____

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



Governor's Executive Orders

*Note: These files require the [Adobe Acrobat Reader](#), available free.

- [EO-02-27](#) DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN COOS COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS
- [EO-02-26](#) DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN CURRY COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS
- [EO-02-25](#) IMPLEMENTING THE PROTOCOL GOVERNING SITING AND PERMITTING OF INTERSTATE ELECTRIC TRANSMISSION LINES
- [EO-02-24](#) OREGON COUNCIL ON DEVELOPMENTAL DISABILITIES (Rescinds Executive Order NO. 88-07 and its Amendments)
- [EO-02-23](#) DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN MALHEUR COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS
- [EO-02-22](#) The Amber Plan, using the Emergency Alert System
- [EO-02-21](#) DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN HARNEY COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS
- [EO-02-20](#) Creating the Task Force on the Alcoholic Beverage Industry
- [EO-02-19](#) DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN GRANT COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS
- [EO-02-18](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Curry County
- [EO-02-17](#) Public safety communication systems
- [EO-02-16](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Josephine County
- [EO-02-15](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Wasco County
- [EO-02-14](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Jackson County
- [EO-02-13](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Wasco County
- [EO-02-12](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Deschutes County
- [EO-02-11](#) SUSPENSION OF OREGON LAW REGARDING MOTOR CARRIER REGULATIONS DUE TO EMERGENCY DECLARATION IN EXECUTIVE ORDER NO. EO 02- 06
- [EO-02-10](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Josephine County
- [EO-02-09](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Grant County
- [EO-02-08](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Jackson County
- [EO-02-07](#) DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES in Lake County
- [EO-02-06](#) Determination of a State of Emergency Due to the Imminent Threat of Wildfire
- [EO-02-05](#) Determination Of Emergency Conflagration Act Due to Fire In Jefferson County
- [EO-02-04](#) Implementation of State Planning Under SB 555
- [EO-02-03](#) Determination of a State of Drought Emergency IN Umatilla County Due To Conditions Caused By

Drought, Low Water Conditions

- [EO-02-02](#) This Executive Order creates the Task Force on the Alcohol Beverage Industry
- [EO-02-01](#) Executive Order No. EO 01 - 08, relating to Oregon's Partnership For Occupational and Career Information
- [EO-01-26](#) Office Of Emergency Management
- [EO-01-25](#) Electronic Government
- [EO-01-24](#) Oregon Emergency Response System
- [EO-01-23](#) Determination Of A State Of Drought Emergency In Morrow County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States.
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- [EO-01-20](#) Determination Of Emergency Conflagration Act Due to fire In Wallowa County
- [EO-01-18](#) AMENDS EXECUTIVE ORDER 00-09
- [EO-01-17](#) Determination Of A State Of Drought Emergency In Deschutes County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States.
- [EO-01-16](#) Suspension Of Oregon Law Regarding Motor Carrier Regulations Due To Emergency Declarations Of Executive Orders NO. EO - 01 - 14 and NO. EO - 01 - 15
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- [EO-01-13](#) Authorization For Access To Law Enforcement Data System
- [EO-01-12](#) Determination Of A State Of Drought Emergency In Harney County And Union County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States
- [EO-01-11](#) Determination Of A State Of Drought Emergency In Jackson County And Josephine County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States
- [EO-01-10](#) Task Force On The Future Of Services To Seniors And People With Disabilities
- [EO-01-09](#) Determination Of A State Of Drought Emergency In Baker County, Sherman County, Wallowa County, And Wheeler County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States
- [EO-01-08](#) Oregon's Partnership For Occupational And Career Information
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- [EO-01-06](#) Determination Of A State Of Drought Emergency In Gilliam County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States
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- [EO-01-04](#) Determination Of A State Of Drought Emergency In Wasco County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States
- [EO-01-03](#) Determination Of A State Of Drought Emergency In Jefferson Klamath County Due To Conditions Caused By Drought, Low Water Conditions, And Energy Shortages In The Western States
- [EO-01-02](#) Oregon Task Force On Brain Injury
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- [EO-95-14](#) This Executive Order Number Was Not Used
- [EO-95-13](#) State Agency Council for Growth Issues
- [EO-95-12](#) Joint Boards Of Education Agenda

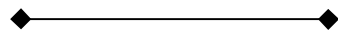
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- [EO-95-01](#) Governor's Technology Council

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State of Oregon
2001-03



Budget in Brief

Successful Children, Sustainable Communities

Notes:

This *Budget in Brief* summarizes key portions of the *Governor's Budget* for 2001-03. This budget is presented to the Legislative Assembly for adoption. See the *Governor's Budget* for details.

The cover photo was provided by the Oregon Tourism Commission.

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Other publications related to the Oregon budget are available:

- *Governor's Budget* 2001-03
- *Tax Expenditure Report* 2001-03
- Economic and Revenue Forecast (Quarterly)
- Oregon Prison Population Forecast (Twice yearly)

For copies of these publications, contact:

Oregon Department of Administrative Services
Budget and Management Division
155 Cottage Street NE
Salem OR 97310-3966
(503) 378-3106
(503) 378-4672 (TTY)
BAM.Info@state.or.us

Much state information can be found on-line at State of Oregon websites:

- Oregon On-line Homepage: <http://www.state.or.us/>
- Governor's Homepage: <http://www.governor.state.or.us/>
- Office of Economic Analysis: <http://www.oea.das.state.or.us/>
- Budget and Management Division: <http://www.bam.das.state.or.us/welcome.htm>

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Summary of the Governor's Budget 2001-03

Governor's Message

To the Citizens of Oregon:

As we enter a new century, we can look back on a hundred years of progress in making and keeping Oregon the best place in the world to live. As I submit this budget for the fiscal years 2001-03, I do so with this great accomplishment in mind; knowing that we are taking the next steps forward in extending our prosperity and maintaining our quality of life.

This budget reflects the growth in our economy, the growth in our population and the growth in the State's responsibility to finance education, health care and public safety. It is a very tight budget and reflects the need to cover unanticipated revenue losses from lawsuits, a reduction in federal matching dollars and a 60 percent increase in prescription drug costs. It reflects the use of revenues from the national tobacco settlement, which, while scheduled to continue for many years, are not as stable as income tax revenues. This budget reflects the \$159 million income tax cut adopted by voters in Measure 88 and the difficult choices we have had to make in public safety and human services as a consequence.



This budget also reflects the growing discrepancy between the state budget and the revenue that supports it. Part of this discrepancy is due to the revenue losses just mentioned. But this discrepancy also reflects the growth in our human services and public safety budgets that is due, in large part, to our failure to invest in the youngest Oregonians—even before they reach school age.

We know that a growing number of Oregon children are exposed to a set of risks that correlate with school failure, school drop-out and subsequent involvement with the social welfare system and/or the criminal justice system. For example, 36 percent of incarcerated adults, 35 percent of incarcerated youth and 14 percent of those receiving public assistance dropped out of school. In addition, 85 percent of incarcerated youth and 77 percent of incarcerated adults suffer from an untreated drug abuse problem.

Therefore, this budget proposes to fund the Oregon Children's Plan, which represents a significant shift in state priorities. Currently, we invest a substantial and growing part of the General Fund budget to address these problems after they have occurred. The Oregon Children's Plan will target resources toward those children with the highest risk of this tragic future before these problems develop. This investment represents a reprioritization of resources from after-the-fact intervention to front-end prevention and treatment.

This new initiative, in conjunction with a major investment in education, reflects an important commitment to better schools, colleges and universities, and a more focused commitment to helping our children succeed. Let me share the highlights of this joint effort.

Education—Last month, the voters approved Ballot Measure 1, which calls on the governor and the Legislature to provide funding adequate to meet the goals of the Education Act for the 21st Century. To implement that charge, I have used the Quality Education Model, a model developed to help determine the resources needed to ensure that our children achieve the high academic standards we have set for them.

Governor's Message . . .

Using this tool as a guide, I have budgeted \$4.994 billion for the K-12 appropriation plus an additional \$220 million targeted to ensuring that 90 percent of 3rd and 5th graders meet or exceed the state reading benchmark within four years (for a total K-12 appropriation of \$5.21 billion). This targeted investment represents the first phase in fully funding the Quality Education Model. For the first time, Oregon will approve a K-12 budget that is built directly around the outcomes expected in the classroom.

In addition to K-12, I have budgeted \$20 million to improve engineering education in Oregon; \$45 million to help cover enrollment growth in our community colleges, and \$7.2 million to expand higher education in Central Oregon and to serve as a model for expanding geographic access to four-year degrees throughout the state. I have also dedicated \$10 million per year from the national tobacco settlement, beginning in 2002-03, to support expanded biotechnology research at the Oregon Health Sciences University. This funding, coupled with private investments, will allow OHSU to become a magnet to attract an estimated \$300 million in out-of-state medical research revenue each year.

The Oregon Children's Plan—The significant investment this budget commits to primary and secondary education cannot be justified unless we also take aggressive steps to reduce the number of children who, because of the conditions to which they have been exposed, enter school unable to fully engage in learning. Toward that end, I have budgeted \$66 million to fund the Oregon Children's Plan – a plan that will allow us to screen all first births in Oregon, on a voluntary basis, and offer those children and families at risk, access to community and in-home services.

By working with first-time mothers and their families—and by learning which of those families face either social or medical risks (such as being a single parent, a teen-age parent, having a history of drug addiction or being unemployed), we will be able to accomplish two important objectives. First, we will be able to help children who need it the most with the services to address their particular problems. Second, we will provide the opportunity for new parents to learn important parenting skills and to receive assistance with their first child.

Statistics show that 60 percent of first-born children face either some social or medical risk. Being able to identify those children early will help them get a healthy start in life, help them be ready to learn when they get to school and help them avoid the increasing problem of school failure, school dropout and subsequent involvement in the criminal justice system. It is estimated that every dollar invested in this kind of early prevention will reduce later costs by \$4.25.

While the Oregon Children's Plan represents an historic beginning for our state, we must not be blind to the fact that our current budget constraints leave this effort woefully underfunded. While we propose to screen all first births, these represent only 18,000 of the over 44,000 births that take place in Oregon each year. We cannot rest until we are able to offer these important services and protections to all of Oregon's children.

It is also important to recognize that in order to afford the initiatives I have been able to include in this budget, I have been forced to propose real cuts in other important services. For example, we will reduce the number of state police sworn officers; we will close 150 beds in the Oregon Youth Authority; we will end Oregon Project Independence which helps senior citizens stay in their homes.

These are very difficult choices that carry with them very real human consequences. It is my hope that, in the course of the legislative session, many of these services can be restored. In the short term, however—and to the extent that fiscal limits make difficult decisions inevitable—I am willing to defend these choices on the basis that putting an emphasis on prevention reflects a higher priority than paying more to mitigate problems after they have developed.

The National Tobacco Settlement—To the greatest extent possible, I wish to see these revenues used for health care-related purposes, including tobacco use prevention. In addition to the \$10 million to support biotechnology research at OHSU, I have recommended two additional expenditures. First, I have proposed using \$22 million to support the Family Health Insurance Assistance Program, which was started with revenue from the tobacco tax increase produced with the passage of Ballot Measure 44 in 1996. Second, I have budgeted \$7 million for tobacco use prevention. I believe that the bulk of the tobacco settlement revenue, however, should be put into a Health Care Trust Fund and I have budgeted \$100 million for that purpose.

In this budget, while I have recommended using \$110 million of the tobacco revenue for primary and secondary schools, I do so with the full knowledge that the settlement should not be viewed as a new long term, stable revenue source. As General Fund revenue grows during the remainder of this biennium, I recommend that a first priority be to replace the tobacco revenue in the K-12 budget with income tax revenue and to move the tobacco revenue into the Health Care Trust Fund. Likewise I recommend that, as income tax revenue becomes available, the \$99.2 million of Tobacco settlement revenue transferred to the General Fund also revert to the trust fund.

I look forward to working with Oregonians and with the Legislative Assembly to debate this budget in the upcoming year and to move forward in the best interest of our state.

Sincerely,

A handwritten signature in black ink, appearing to read "John Kitzhaber". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Kitzhaber".

John A. Kitzhaber, Governor

The Budget Environment

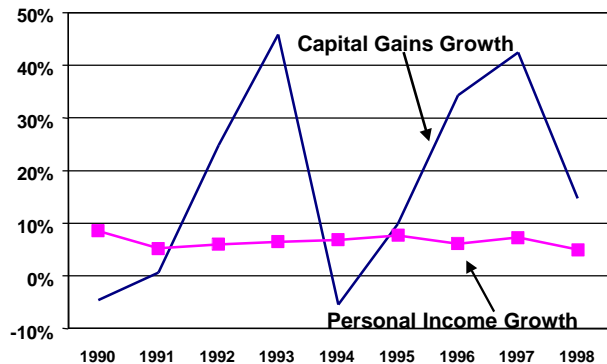
After a decade of rapid growth and diversification in Oregon's economy, the state has now entered a period of stabilized growth.

From Rapid Growth to Modest Gains

During the 1990s, Oregon's economy experienced a period of exceptional growth. After adjusting for inflation, wages grew 18.5 percent and per capita income grew faster than the rest of the nation. The profitability of companies operating in Oregon also rose sharply.

State revenues benefitted directly from this growth. During the last decade, revenues from *personal income taxes* grew an average of nearly 10 percent annually. *Corporate income tax* collection more than doubled from less than \$150 million in 1990 to more than \$400 million in 2000. In addition, *capital gains income*, mostly from the stock market, grew at an incredible rate during the 1990s.

Growth in Capital Gains vs. Personal Income



Oregon's economy diversified substantially during this period. High technology companies, particularly those involved in semiconductor production, helped Oregon become increasingly connected to international markets. Asian markets, in particular, made up six of the top 10 destinations for Oregon products in 1999. At the same time, agricultural, lumber, and wood products continued to play a significant role in Oregon's economy.

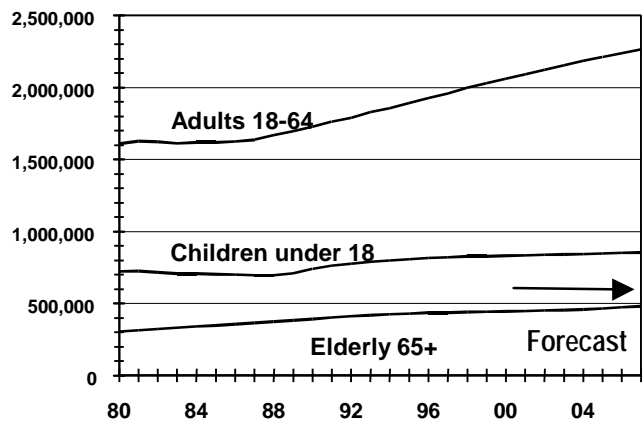
In addition, Oregon's population grew at a faster pace than the national average during the 1990s—16.1 percent compared to 9.6 percent respectively. Some of this growth came from in-migrants, particularly for individuals between the ages of 18-64 years. And while Oregon's population continues to be predominately White (93.4 percent of the total population), its population is slowly becoming more diverse. Oregon's Black, Asian, and Hispanic populations all grew at a significantly faster rate than the majority White, Non-Hispanic population.

However, as we enter a new century the rapid growth in Oregon's economy is beginning to stabilize. Growth in jobs, wages, and profits are all slowing down. This slowdown is expected to reduce Oregon's rate of growth in both personal and corporate income taxes. With the Asian financial crisis

behind us, exports in high technology, timber, and agricultural products should improve. However, factors could hinder Oregon's economy: a recession or inflation; a downturn in global economies, particularly in major export markets like Japan or Korea; a dramatic rise in energy prices; or a stock market crash.

Also, changes in demographics could affect Oregon's public services. Children under the age of five and school age populations are growing more slowly than in the 1990s. Their growth will continue to slow as the baby-boomers children exit this age group. Young adults aged 18-24 years, who comprise the "baby-boom echo," will continue to grow. And while Oregon's elderly population has slowed in recent years, those over age 65 have more than tripled since 1950. In particular, growth for those ages 75 years and older is expected to rise. Each of the populations consume a range of state services—from day care, to educational services, to health care.

Population of Oregon by Age Group, 1980-2007



Economic Factors Linked to the Budget

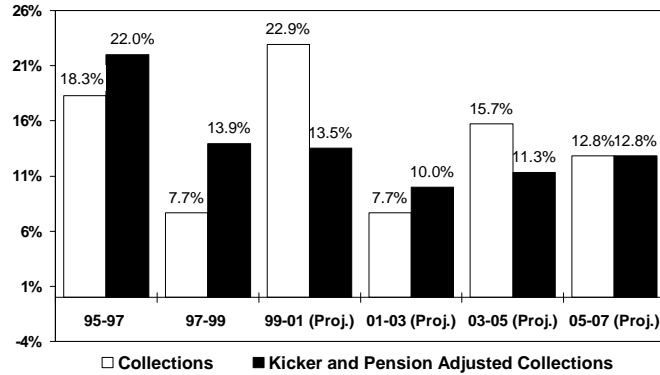
Several factors linked to the economy have the potential to increase or reduce the funds available to the Legislative Assembly for this state budget. Therefore, quarterly economic forecasts made during the legislative session may be especially important to state budgeting. Among the factors in uncertainty are:

- **Our state economy.** In the short run, Oregon's economy will grow slowly through 2001, and is projected to gain strength as it reaches the end of the 2001-03 biennium. The long-term outlook for the next five years calls for slow to moderate growth.
- **Our national economy.** Like Oregon, the U.S. economy is expected to slow significantly in 2001, and then accelerate in 2002 and 2003. While the stock market correction in April of 1999 did not lead to a market crash, the risk of a further correction still exists. This potential correction, along with rising energy prices, are the largest risks to the national economy.
- **Asian economies.** It appears that Asian economies have recovered from the financial crisis of the last decade. Asia's economic well-being is important to Oregon because their economies significantly affect our own. They import a range of products produced in Oregon, including timber, and agricultural, and high technology products.

The Budget Environment . . .

- **Special tax refunds.** A special refund could cause some uncertainty. The current revenue forecast anticipates a two percent surplus Kicker refund for personal income taxpayers to be paid out in 2001 on tax year 2000 liability. Corporate Kicker refunds are anticipated and will be credited in the 2001-03 biennium.
- **Ballot Measure impacts.** Ballot Measure 88 raises the maximum deduction of federal income taxes that may be deducted on Oregon income tax returns. It raises the maximum deduction allowed from \$3,000 to \$5,000 effective January 1, 2002. This change is anticipated to reduce revenue collections by \$159.2 million in the 2001-03 biennium.

**Biennial Growth in General Fund Revenue
1995-97 through 2005-07**

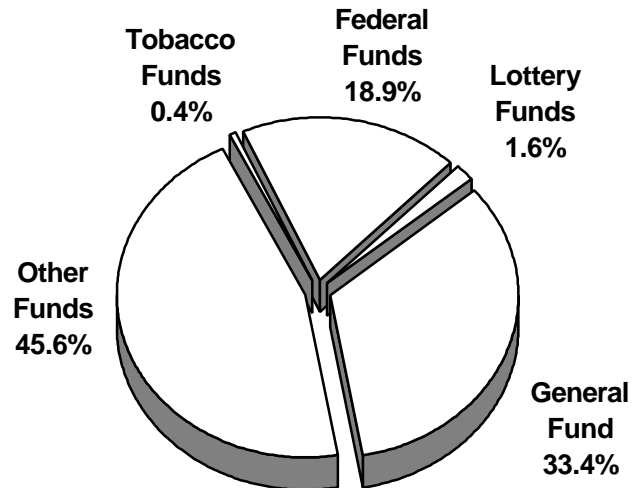


State Resources

The state uses money from five sources to pay for state services. The sources are grouped as General Fund, Other Funds (including Lottery), and Federal Funds. Property taxes are *not* a source that funds the state budget. They are the main source of funding for cities, counties, and some special districts. They are also the second largest source of local school funding.

The General Fund

The General Fund covers only 33 percent of what is spent in the state budget. However, it is the money that the Legislature can apply anywhere it is needed. The General Fund comes largely from our income taxes—about 85 percent from personal income tax and eight percent from corporate income tax. The rest comes from the insurance premium tax, gift and inheritance tax, cigarette tax, liquor tax, other minor sources, and the Fund's investment earnings. General Fund resources are estimated at \$11.1 billion for 2001-03.



Other Funds

Other Funds account for about 46 percent of what is spent in the state budget. Other Funds are mostly monies dedicated to certain purposes. They include some taxes, chiefly those related to highway use, employment, and forests. They include state licensing fees. Other Funds also include the state's business-like incomes. Examples include tuition and other fees for services, inmate workforce products, and many funds related to loans or bonds.

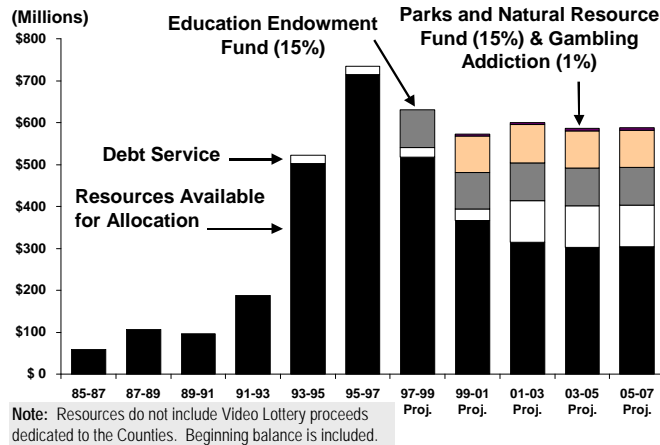
Federal Funds

Federal Funds cover about 19 percent of what is spent in the state budget. The federal government limits the state's choices about where and how Federal Funds may be used. Most federal funding has specific conditions, such as requiring the state to keep certain service levels, or providing matching funds.

The Budget Environment . . .

Lottery Funds

Lottery Funds account for a little less than two percent of total state spending. The forecast for Lottery Funds in the 2001-03 budget period is slightly higher than that for the previous biennium. Several reasons account for this increase. First, the beginning balance for 2001-03 is forecast to be slightly higher than that available for 1999-2001. Second, the Lottery is retaining gaming revenues above the 1999-2001 Close of Session (COS) forecast in a Lottery



Contingency Fund for the purchase of new video terminals. Total transfers to the Economic Development Fund, therefore, will remain at the COS level of \$580.4 million for the 1999-2001 biennium. No such agreement exists for the 2001-03 budget period. Third, Lottery will transfer \$15 million related to administrative actions during the 2001-03 budget period.

Although the total amount of Lottery Funds will increase slightly, the amount available for allocation will be lower. Increasing amounts of Lottery Funds are spent on dedicated distributions. These dedicated distributions include amounts for Sports Action, county economic development, the Education Endowment Fund, the Parks and Natural Resources Fund, as well as funds dedicated for debt service and gambling addiction allocations.

Tobacco Funds

In November of 1998 a national settlement agreement was reached between the tobacco industry and 46 states including Oregon. The November 1998 agreement, known as the Master Settlement Agreement (MSA), represented the largest financial recovery in the nation's history. It requires the tobacco industry to make payments to the states in perpetuity. Oregon's share of the payments through the year 2025 are an estimated \$2.2 billion. Oregon has received \$92.7 million in MSA payments as of November 1, 2000.

The Governor's Recommended Budget for 2001-03 proposes the following uses of Oregon tobacco settlement payments expected to be received through 2001-03:

- \$110.0 million—K-12 School Improvement Fund
- \$ 10.0 million—Bio-science Research Facility at Oregon Health Sciences University
- \$ 22.0 million—Family Health Insurance Assistance Program subsidies
- \$ 7.0 million—Department of Human Resources, Health Division programs
- \$100.0 million—Health Care Trust Account
- \$ 99.2 million—General Fund

The Oregon Children's Plan

"We cannot afford to ignore programs and policies proven to work in reducing juvenile delinquency. The resources for these programs must be found. We must no longer give 'lip service' to making children a priority: we must literally put our money where our mouth is."

—Citizen's Crime Commission KIDS Report, June 2000

Sixty percent of Oregon children are born with risks that can affect their success in life. By identifying these risks early we can give Oregon children the opportunity to succeed in life and in school, thus avoiding future problems such as drug addiction, school failure, delinquency or incarceration. Early investments in our children will benefit Oregon communities, families, and schools.

My budget allocates \$66 million to the Oregon Children's Plan—\$29 million in new revenue and \$37 million redirected from other programs. The Oregon Children's Plan will screen all first births in Oregon for an identifiable set of risks that can negatively affect a child's life. Children who screen positively for one or more risks will be offered in-home and out-of-home services. Although participation in this program is voluntary, in an early pilot model of the Oregon Children's Plan, 93 percent of families elected to participate.

The Oregon Children's Plan represents a significant shift in state priorities. Currently, a substantial and growing part of the General Fund budget is invested in addressing problems after they have occurred—children who have failed in school and who have become mired in the social welfare or the criminal justice systems. The Oregon Children's Plan will target resources toward those children with the highest risk of this tragic future. This investment represents a reprioritization of resources from after-the-fact intervention to front-end prevention and treatment.

The Oregon Children's Plan, which will be available in all 36 counties, proposes to replace the current fragmented system with a comprehensive approach for helping children. The Plan will make Oregon the first state in the nation to systematically screen for risks prenatally and at-birth for the earliest possible identification and treatment of potential problems.

This investment will make an enormous difference in the lives of thousands of Oregon's children and their families. Today, 42 percent of Oregon children show up for their first day of kindergarten unable to fully participate or engage in learning. The Oregon Children's Plan will increase the number of children who come to school ready to learn by identifying risks and then providing children and their parents with the services and supports necessary to address them.

The Oregon Children's Plan . . .

The following services will be provided to children and parents through the Oregon Children's Plan:

- **Prenatal/At-Birth Screening** (*\$4 million in new funds*)
Screen all first born Oregon children as early as possible for medical and psychosocial risks. In Oregon, 18,400 out of the 44,300 births were first births. Screenings will take place during prenatal or follow-up visits at medical clinics, hospitals or doctor's offices.
- **Coordinated Services** (*existing funds*)
Following a positive risk screen, community-based teams (such as doctors, educators and social workers) will match the child's risk with the most appropriate type of support and provider. It is estimated that 60 percent of families will have risks warranting additional support.
- **In-Home Support** (*\$4.1 million in new funds plus \$29.2 million in redirected funds*)
Each community will provide in-home services for children who have developmental disabilities or who are medically fragile, and families who have other medical or significant social risks. These services will be provided by nurses, social workers and other trained professionals.
- **Substance abuse and mental health treatment** (*\$14 million in new funds*)
We will provide communities with the ability to access resources for mental health treatment for children and/or substance abuse treatment for their parents. This budget should be sufficient to serve all children and parents who require these types of services.
- **Pre-school** (*\$5.9 million in new funds plus existing funds*)
We want every child to have the chance to participate in an early learning setting or pre-school, such as Head Start/Oregon Prekindergarten Program. We currently enroll 50 percent of eligible children in these programs. The Oregon Children's Plan will expand the Oregon Prekindergarten Program to serve 60 percent of eligible children in the next biennium. In addition, we will work with the federal Head Start program to identify efficiencies that may lead to a substantially greater enrollment by the end of the next biennium.
- **Community Programs** (*existing funds*)
The Oregon Children's Plan proposes to redirect the Great Start Program so that each county will have flexible funds to choose from a menu of programs that have been proven by research to be effective, such as relief nurseries and parent training among others. These programs will help serve as the connection between home-based programs and entry into school for the youngest, highest risk children.

The Oregon Children's Plan . . .

The success of the Oregon Children's Plan will be measured by the following outcomes:

- Decreased rate of child abuse and neglect
- Increased percent of children entering school ready to learn
- Decreased infant mortality
- Increased percent of children fully immunized at age 2
- Increased percent of women accessing early prenatal care
- Decreased percent of infants whose mothers used alcohol and/or tobacco during pregnancy

The Oregon Children's Plan will save taxpayers future expenditures by improving school performance, increasing access to health care providers and by reducing the cost of school failure, school drop out and involvement in the criminal justice system. A cost-benefit analysis of the early pilot model of the Oregon Children's Plan found that for every dollar invested, \$4.25 of costs were saved in other, more costly services.

Quality Education for Every Oregonian

Public education is the cornerstone of a progressive, democratic society. From grade school to graduate school to life-long learning, it is vital that Oregon's education system prepare all of our citizens for the challenges they will face in the 21st century economy.

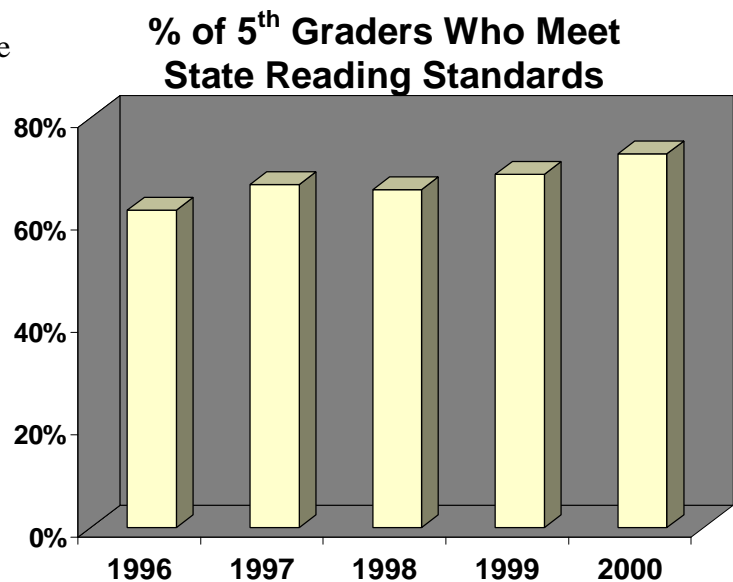
Primary and Secondary Education

No public expenditure is as important or as far-reaching as the dollars we spend on education. Oregonians have set high standards for our students, and our public schools are responding to this challenge. But we must be wise and deliberate about how we budget our education dollars. That is why I put Measure 1 on the ballot this November.

On Election Day, Oregonians approved Ballot Measure 1. The measure directs the Legislature to fund schools sufficiently for students to meet the standards set forth in the Education Act for the 21st century. If legislators decide they are unable to sufficiently fund schools at that level, they must explain why and what impact this will have on student ability of students to meet the standards.

To help determine how much revenue is necessary to meet these standards I established the Quality Education Commission. This Commission created a model for school budgeting known as the Quality Education Model. I have used this model as the basis for my recommended budget. In compliance with the constitutional provisions of Ballot Measure 1, this budget is accompanied by a report that describes the impact of this K-12 appropriation on the ability of Oregon students to meet the standards.

By using the Quality Education Model to formulate this budget we have, for the first time in Oregon, a budget number based on what it actually costs to educate our children. This number, which is based on data that has been collected and tested, gives us the ability to create expectations for performance, based on clear outcomes. By passing Ballot Measure 1, and utilizing the tools of the Quality Education Model, I hope to reduce the contentious school funding debate that has characterized legislative sessions in the past. This budget lays the groundwork for a thoughtful debate based on real numbers—numbers that are grounded in solid research and which have been demonstrated to improve student performance.



Quality Education for Every Oregonian . . .

For the coming biennium, my budget appropriates \$4.994 billion for our kindergarten through high school public schools, plus an additional \$220 million targeted to ensure that 90 percent of 3rd and 5th graders meet or exceed the state reading benchmark within four years (for a total K-12 appropriation of \$5.21 billion). This allocation is in line with the Quality Education Commission's recommendations—to increase the literacy levels of our elementary students. Providing our youngest children with a solid foundation in reading will lead to long-term success in school.

This amount of money, which includes no bonding or other deficit financing, is sufficient for our public schools to both continue their existing level of service and to take the first step in implementing the Quality Education Model. Since there are not sufficient resources available to fund the entire cost of this first investment, I will ask our state's 198 school districts to reallocate approximately \$110 million in spending from the middle and high school levels (about 1.5 percent of their district budgets) to match \$110 million in new funding, for a total of \$220 million to reach this goal.

No other agency in state government, with the exception of community colleges, has received funding that exceeds its current service level. This funding level reflects the importance placed by Oregonians on the value of a quality education and, in particular, on the value of our youngest Oregonians succeeding.

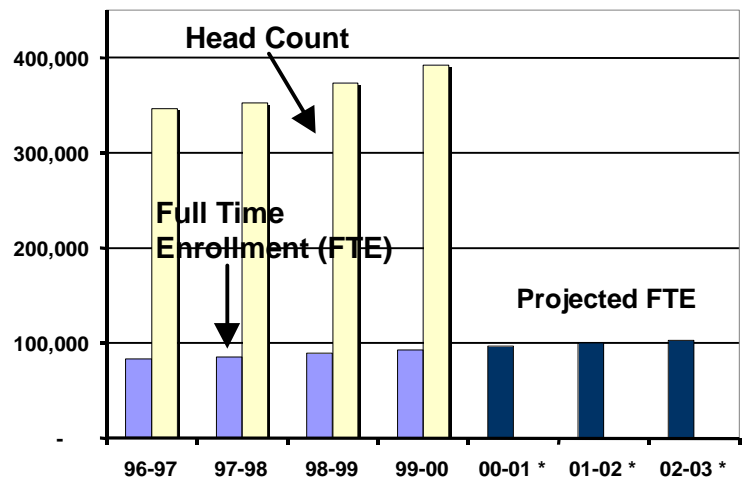
This budget contains other important investments to support our primary and secondary schools. For example, we have included \$8.4 million in the Department of Education to assist low-performing schools, to reduce the student dropout rate and to support new teachers.

But public investments in education cannot end with high school. The success of Oregon's citizens and the expansion of our economy depends, in large part, on the quality of our post-secondary schools. It is critical that Oregon continue to have exemplary universities and community colleges that meet the needs of the 21st century employer and which offer opportunities for life long learning.

Community College Enrollment Growth

Community Colleges

Forty-five million dollars is targeted toward meeting enrollment growth at Oregon's community colleges. For many Oregonians, community colleges are the front door to better jobs and better futures. Last legislative session provided no increase in funding to cover the dramatic enrollment growth faced by our community colleges. As a consequence, community colleges were forced to limit enrollment, turning students away or creating waiting lists.



Quality Education for Every Oregonian . . .

This investment will enable our community colleges to provide accessible, affordable, and comprehensive educational opportunities to more Oregonians.

Higher Education

This budget expands access to four-year degrees in the fastest growing region of our state, central Oregon. \$7.2 million will be provided to the institution selected by the Oregon Board of Higher Education to offer four-year degrees in Bend. By the end of the 2001-03 biennium, it is expected that 400-700 full time students will be served through this branch campus. We expect that this investment will provide a model for increasing geographic access to four-year degrees throughout Oregon.

This budget targets \$20 million to support investments in engineering education in Oregon. In the previous century, Oregon invested heavily in its schools of agriculture and forestry—our economic mainstays. Today, we must make a similar commitment to the economic mainstay of the 21st century—technology. These funds will be distributed to the Board of Higher Education to support the two engineering proposals under consideration: a tier-one engineering school, and the expansion of the number of engineering graduates in Oregon. Additional private sector funding will be dedicated to these proposals.

The budget also includes \$10 million per year, beginning in 2002-03, to support expanded biotechnology research capacity at the Oregon Health Sciences University. This funding, coupled with private investments, will allow OHSU to become a magnet to attract an estimated \$300 million in out-of-state medical research revenues every year.

Sustainable Rural Oregon

We must equally share the benefits of prosperity by ensuring that our great economy is not just an urban phenomenon, but is an Oregon phenomenon.

—Governor John Kitzhaber, Pendleton, Oregon, August 3, 2000

The prosperity of the last six years has not been shared evenly across Oregon. While urban areas have added tens of thousands of well-paying jobs in technology, many parts of rural Oregon have continued to experience low wages, high unemployment, the loss of business opportunities, and the migration of their youth to other communities that offer more career choices. My budget proposal attempts to provide the foundation for a sustainable rural economy.

I want to make it clear that the investments in this budget for rural Oregon in no way diminish or disregard the challenges faced in our urban areas. The resources budgeted for improving engineering education and expanding research in biotechnology, for example, will certainly benefit urban Oregon. The resources budgeted for watershed assessments and for the Willamette Restoration Initiative will help improve water quality in the Willamette River Basin, including the urban components of this important watershed. In addition, many of the resources this budget contains for infrastructure investment can be accessed by urban as well as rural communities. In short, this budget reflects a commitment to preserve a high quality of life in both urban and rural Oregon.

There are three main components to this rural initiative: 1) infrastructure investment; 2) strengthening rural communities; and, 3) stabilizing our natural resource-based industries.

Infrastructure Investment

The last legislative session saw the passage of the Oregon Livability Initiative, which addressed challenges faced by both urban and rural communities. The four goals of the Livability Initiative are:

- to reinvest in rural and distressed urban economies,
- to revitalize downtowns and main streets,
- to reduce sprawl, and
- to provide affordable housing.

The centerpiece of this initiative is the 21st Century Community Fund, which is currently capitalized with \$140 million in lottery-backed and transportation revenue bonds. This budget proposes to build on the Livability Initiative with the following new investments.

Sustainable Rural Oregon . . .

Sewer and Water System Infrastructure—The proposed budget contains \$196 million in lottery-backed bonds issued over a three-year period, which is expected to stimulate more than \$1 billion in state and local investments in community infrastructure.

Because these funds are only in part need-based—and are also backed by charges to pay for infrastructure—our state revolving fund will accumulate a powerful base of capital for future investments in community infrastructure. At the end of a 10-year period, Oregon will be able to make infrastructure investments of \$75 million a biennium on a sustainable basis. This infrastructure investment is expected to generate thousands of new jobs in Oregon's smaller communities, increasing personal income and General Fund revenue by many millions of dollars; more than offsetting the \$20 million in annual debt service on these bonds.

Internet and Advanced Telecommunications—This budget reinforces our commitment to ensure that no Oregonian is left behind in the information age. It continues to support the \$120 million investment to bring broadband voice, data, and video services to rural and disadvantaged communities and businesses across Oregon through Senate Bill 622, which the 1999 Legislature passed. To date, hundreds of schools have gained high speed Internet connections. More than 40 communities are slated to receive high speed Internet service in the next 18 months. The Oregon Economic and Community Development Department (OECDD) will provide hands-on technical assistance and training to rural communities and businesses to encourage the use of this technology.

The State of Oregon will continue to leverage state investments through the Enterprise to bring this technology to even more communities. In addition, the State will encourage competition in local services to stimulate the use of technology. The OECDD will aggressively pursue the location (and relocation) to rural Oregon of businesses that need high speed Internet access but are not location-dependent.

Lastly, we look forward to a thorough discussion of the recommendations of the Oregon Internet Commission report (which will be issued this month) and its implications for rural Oregon.

The Community Solutions Network—This budget provides \$3.5 million to take full advantage of the infrastructure investments mentioned above through the Community Solutions Network. This network has three components. The first component is comprised of nine Regional Community Solutions Teams, each of which includes a representative from the five agencies that affect how communities develop physically: Transportation, Housing, Economic Development, Land Use and Environmental Quality. The second component is comprised of five Regional Coordinators, who will work with the Regional Teams. The final component is the continuation of the Community Development Office. This office, in conjunction with the regional teams and their coordinators, will continue its efforts to encourage state agencies to work collaboratively in a problem-solving mode, and will provide technical support and on-the-ground assistance to local communities throughout Oregon.

Strengthening Rural Communities

This budget maintains and enhances resources available to improve the quality of life in rural communities.

The Community Incentive Fund—This fund is a \$35 million sub-account in the 21st Century Community Fund. It will provide communities throughout Oregon with incentives to rehabilitate downtown buildings, enhance sidewalks along main streets, encourage mixed-use development and take full advantage of important historical assets. Investments of this nature can restore a sense of pride in the community, increase tourism, and ultimately assist in the recruitment of new businesses.

The Regional and Rural Investment Funds—This fund provides \$20 million in lottery funds to help counties with community development. Many rural communities do not have the local staff capacity or the resources to write grants or make loan applications. The rural component of this fund can be used to enhance local capacity as well as to provide the final piece of financing for important local projects.

Sustainability—This budget provides \$300,000 to help sustain rural economies through the Oregon Sustainability Initiative. This effort has three components. First, to develop a partnership between Portland area businesses and rural communities to explore opportunities to expand Oregon-based businesses where jobs are most needed. Second, to examine state purchasing policies to give rural and distressed urban communities better opportunities to provide goods and services. Third, to explore options for transferring more state agency operations into rural communities.

Stabilizing our Natural Resource-Based Industries

Brand Oregon Marketing Campaign—This \$3 million General Fund investment will be used to establish a joint effort between the Oregon Department of Agriculture and Tourism Division of the OECDD. This effort is aimed at increasing the sale of value-added Oregon natural resource products in select markets and to increase visitor expenditures from those markets. By leveraging a common marketing message between agriculture and tourism, we can significantly increase the potential for new domestic and foreign export markets for Oregon's natural resource products.

While the agriculture and the wood product industries will continue to be a cornerstone of the rural economy, their future stability depends on their willingness to examine and modify their practices including marketing, production, and their land management practices.

Sustainable Rural Oregon . . .

At the same time, we all—especially the conservation community—must recognize that rural communities need and deserve economic stability. In short, Oregonians need to separate people from practices. We must acknowledge the legitimacy of those in the natural resource industries to earn a living and of their contribution to our state, even as we work to help them modify their practices.

First, the practice of producing unprocessed bulk commodities for export into the world market must be replaced by the realization that the future of Oregon's natural resource industries lies in value-added processing and marketing efforts that differentiates our commodities from those of our competitors. This is exactly what the Brand Oregon Marketing Campaign was created for.

Second, land management practices must be examined and modified to reduce the impact of those activities on our natural environment. The key to success here is our ability to recast the environmental debate in a way that recognizes and balances a broad range of interests and values. Toward that end, my administration has put in place a variety of tools which have helped reduce polarization and increase collaboration, including the Oregon Plan for Salmon and Watersheds, the Healthy Streams Partnership, and the Eastside Forest Health demonstration project. While not directly related to the budget for a "Sustainable Rural Oregon," these initiatives are integral to our success.

The Oregon Health Plan

The Oregon Health Plan must meet significant new challenges in the coming years but is well-positioned to continue to provide health care and thousands of Oregonians who would otherwise have no care.

My recommended budget maintains the Oregon Health Plan (OHP) near its current service and eligibility levels, thus fulfilling our commitment to children, low-income adults, and seniors. In conjunction with this budget, I will seek legislation to address the major problems facing the OHP and to remove the obstacles which keep us from moving toward universal coverage.

Since 1994, more than one million Oregonians have received health care through the Oregon Health Plan. The OHP has been a major factor in increasing the number of Oregon newborns who have received proper prenatal care, thus decreasing the number of low birth-weight babies born in our state.

The OHP has helped ensure that Oregon children are properly immunized and it has reduced the number of children who attend school suffering from dental problems. The OHP has been responsible for higher levels of mammography and other preventive services among low-income Oregon adults. In short, the Oregon Health Plan has become a central element in the State's effort to provide the health care necessary for Oregonians to become self-sufficient.

Nonetheless, the OHP continues to face a number of budgetary and regulatory challenges that must be addressed if this important program is to be sustained for future generations.

The Shift to a Community-Based Delivery System

The initial emphasis on using commercial managed care companies for delivering OHP services has begun to shift to one that uses smaller community-based organizations which specialize in serving OHP patients. This approach, pioneered by providers in central Oregon, Linn and Benton Counties, Douglas County and elsewhere, is now being adapted in larger communities including Portland, Salem, and Eugene.

The approach is built around the concept of distributing the responsibility and resources for the OHP equitably among providers in a given community. In the best tradition of community support, doctors, hospitals, and commercial insurers have been working together to create transitions to community-based services that fit the particular needs of each area.

To support this important transition, my budget will couple a substantial increase in capitation rates with a concerted effort to reduce the cost of administrative requirements and an examination of how the State can assume more risk. Legislation will be introduced to seek standardization of the reporting requirements of health plans that contract with the OHP.

The Oregon Health Plan . . .

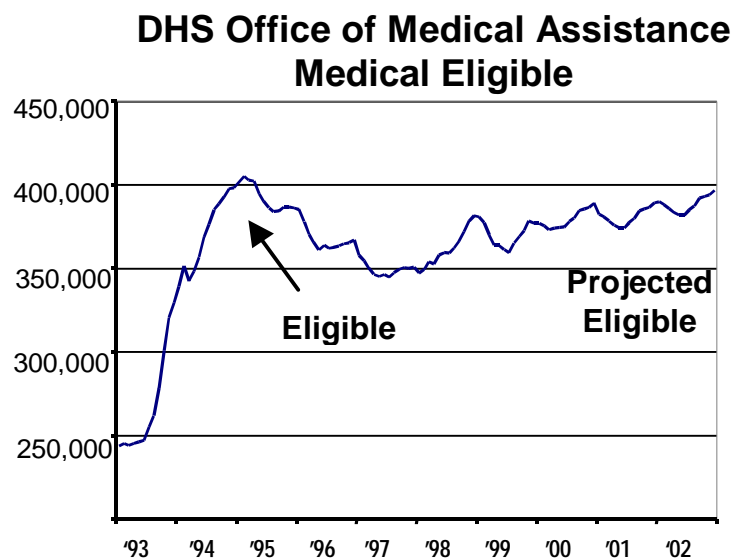
Medical Inflation

Double-digit medical cost inflation is putting pressure on both the private and the public health care systems. The OHP is not immune to this problem. The greatest pressure comes from the unprecedented increase in the cost of prescription drugs. To keep pace, the OHP budget for pharmaceuticals will increase 60 percent over the next two years. This accounts for over half of the budget increase in the OHP and comes to slightly over \$126 million in General Fund dollars. Clearly, this trend is not sustainable.

Efforts to control these increases have been hampered by Oregon's statutory prohibition against the use of formularies and by resistance to methods of controlling inappropriate utilization of drugs. Legislation will be needed to manage this cost increase. We need to allow the use of a formulary as well as a renewed commitment from physicians to utilize medications demonstrated to be the most cost-effective in their class.

Federal Waivers

The Oregon Health Plan was envisioned as far more than an improved Medicaid program. When created by the Legislature in 1989, the OHP was a comprehensive strategy for providing health insurance coverage for virtually all Oregonians. Since that time, the requirement for employers to provide health insurance for workers has been repealed, leaving a large number of working Oregonians and their families without health insurance and unable to afford the cost of health insurance premiums on their own.



To compensate for this, the OHP was expanded to care for pregnant women and children with incomes up to 170 percent of the federal policy level. The Family Health Insurance Assistance Program was created to assist additional Oregonians with similar incomes who do not qualify for Medicaid. Efforts to further address the needs of the uninsured have been frustrated by a lack of resources and by rigid federal policies which force us into all-or-nothing coverage decisions and one-size-fits-all benefit packages.

Legislation will therefore be introduced to challenge these restrictive federal policies that prevent Oregon from creatively using federal funds to expand coverage and access to care. This legislation will direct the state to obtain additional federal waivers that would allow more flexibility in eligibility and benefit design, as well as the judicious use of co-payments to obtain the maximum possible benefit from the federal funds the state receives.

Oregon Plan for Salmon and Watersheds

The Oregon Plan for Salmon and Watersheds has helped restore watersheds and salmon habitat across Oregon. This budget increases the overall state investment in this program by \$8 million and continues to build on the work of the previous two biennia.

The Oregon Plan for Salmon and Watersheds (OPSW)

Oregon's innovative plan to restore watershed health has been in effect since 1997. The OPSW is a state led effort to recover listed and at-risk salmonids, plus improve water quality across the state. Local, state, tribal, and federal government, watershed councils, soil and water conservation districts, landowners and many others are working to assess watershed conditions, to develop and implement locally-based strategies to address watershed health concerns, and to monitor the effectiveness of these actions.

The first budget for the OPSW, passed in 1997, provided \$30 million in state General Fund and private funds to begin the implementation of the plan during the 1997-99 biennium. Over half of this funding was in the form of grants to landowners, watershed councils and others through the Governor's Watershed Enhancement Board (GWEB) program. In 1998, voters passed Ballot Measure 66 dedicating a portion of lottery revenues to salmon and watershed restoration. This resulted in an increase in state funding for the OPSW to \$55 million in the 1999-2001 biennium. In addition, the GWEB was transformed from a program to an agency and renamed the Oregon Watershed Enhancement Board.

The increase in state investment in the OPSW that is reflected in my budget was achieved through budget reductions and efficiencies across the natural resource agency budgets. This increased state commitment, combined with federal funds from the National Marine Fisheries Service, will result in:

- Institutionalization of the OPSW by shifting responsibilities from the Governor's Office to OWEB;
- Completion of nine of the 12 Total Maximum Daily Load (TMDL) plans in the Willamette Basin by 2003;
- Implementation of the pesticide use reporting system;
- Increased funding for watershed council support grants;
- Increased funding for watershed assessments, monitoring and outreach;
- Adequate fiscal staff at OWEB to manage Ballot Measure 66 and other increased grant funds;

Oregon Plan for Salmon and Watersheds . . .

- Continuation of the state led Klamath Basin adjudication process;
- Start up of a new water stewardship and supply program;
Start up of a Senate Bill 1010 monitoring program;
- Full funding for the Independent Multidisciplinary Science Team (IMST);
- Base funding for the implementation phase of the Willamette Restoration Initiative; and
- Implementation of recommendations from the Forest Practices Advisory Committee to improve forest practices, thus providing better protection for salmonids and water quality

A Budget Overview

Producing a Balanced Budget

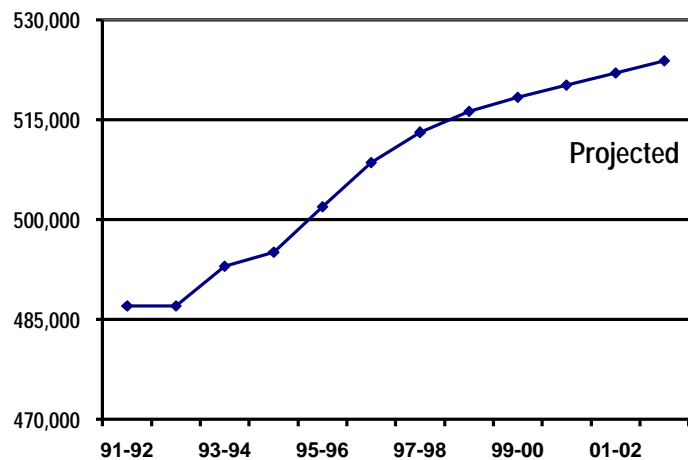
As mandated under state law, the Governor Budget is required to balance and rely only on the revenues predicted under current laws. In addition, this budget also proposes plans to meet the challenges we face in education, early childhood development, health care and rural and community infrastructure needs. These issues are addressed without new or increased taxes.

The Budget Process

The budget process is an ongoing one. State agencies continually gather information on performance and outcomes in order to engage in a meaningful planning process with their stakeholders. Agency information is then submitted to the Governor. He reviews the information presented by all agencies and then crafts a budget recommendation for consideration by the Legislative Assembly. These agency requests generally include:

- Funding to continue the services provided under current laws. The costs are adjusted for estimated inflation and caseloads.
- Funding for any proposed new or expanded services.
- Suggestions on what services are no longer needed and what to cut if state funds prove insufficient.

of Students in K-12 Schools



The state economist forecasts how much the state will have under current laws to fund the state budget. The total agency requests always equal more than forecast state funding could cover. Therefore, the Governor must decide what increases and decreases he will recommend to stay within available funds. He may propose new funding, shifts in funding, or cuts in some programs so the state can pay for other needs.

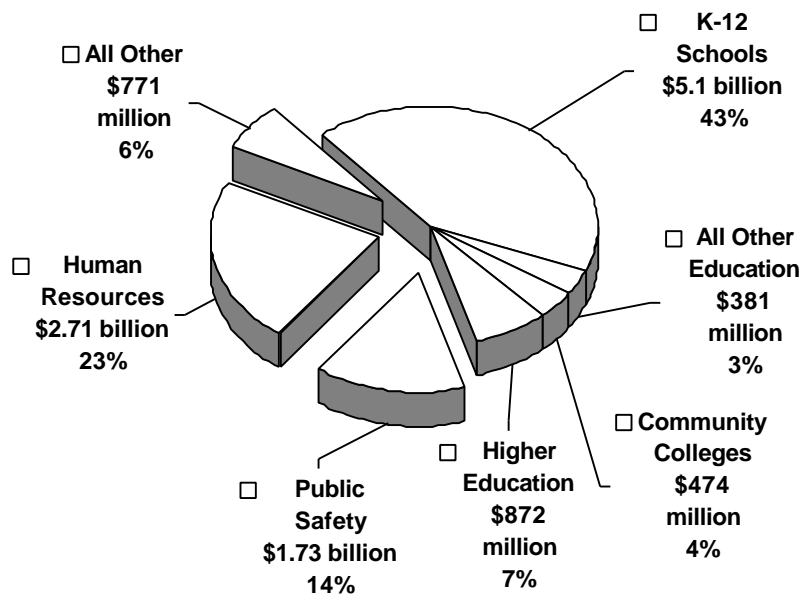
The Governor's Recommended Budget sets a balanced plan for state funding priorities. The Legislature evaluates the Governor's Recommended Budget and hears public testimony for and against each part of the proposed plan. The Legislature then deliberates to a final budget that it enacts as a series of laws. Those laws then control state spending for the next two years.

A Budget Overview . . .

Governor Kitzhaber's Recommended Budget provides total funding for most agencies at a level that covers estimated inflation and caseload increases. Inflation and caseloads are always estimates. So, some services are funded at less than an agency requested, but within a reasonable range. Some services are shifted from state taxes to other funding sources and some agency requests are reduced so that more pressing needs can be met.

General Fund and Lottery Expenditures

The Governor's Budget puts 57 percent of the General Fund (state tax dollars) and Lottery Funds into education. The second largest share, 23 percent, goes to human resources programs. There, state tax dollars are mostly used to meet matching funds or service-level requirements to qualify for federal funds. At 14 percent, public safety is the third largest user of state tax revenues. The state budget leaves a reserve of less than one percent as a General Fund ending balance. That reserve stands against the risk that actual revenues may be less than forecast.



Program Highlights

Following are program area highlights from the Governor's Budget. For a detailed explanation of program areas and agency budgets, see the *Governor's Budget* for 2001-03.

Education

Overview

This program area includes support for *all* public educational activities—from pre-kindergarten, to post-secondary and life-long learning. Agencies in this program area include the Department of Education, the Teacher Standards and Practices Commission, the Department of Community Colleges and Workforce Development, the Oregon Student Assistance Commission, and the Department of Higher Education. Also included is state support for the Oregon Health Sciences University public corporation.

Key elements of this program area include the following:

- \$220 million for a *K-12 School Improvement Fund* that will make investments to bring all kindergarten through 5th grade students up to state standards for reading. Half of this funding comes from tobacco settlement funds, while the other half comes from a reduction in the State School Fund and redirects the funding to these new investments.
- \$5 million available in local option equalization grants for lower property-wealth districts that pass local option property tax levies.
- \$45 million in additional funding to community colleges to help pay for large increases in student enrollment.
- \$20 million in General Fund to improve the quality of engineering and computer science programs, and to increase the number of graduates from these programs.
- \$10 million in tobacco settlement funds to expand biotechnology infrastructure at Oregon Health Sciences University, beginning in 2002-03. These resources are intended to pay debt service costs for a new facility beginning in the second year of the biennium. In future biennia, \$10 million per year will be needed for debt service.

Human Resources

Overview

This program area pays for support services to help Oregonians be as self-sufficient as their abilities allow. Services in this area place an emphasis on prevention and intervention for Oregonians in need. Agencies in this program area include the Department of Human Services, the Commission for the Blind, the Oregon Commission on Children and Families, the Oregon Disabilities Commission, the Insurance Pool Governing Board, the Long Term Care Ombudsman, and the Psychiatric Security Review Board.

A Budget Overview . . .

Key elements of this program area include the following:

- Allocation of \$66 million in funding for the Oregon Children's Plan— a plan that targets resources to high-risk children to prevent negative outcomes. \$29 million of new resources are used and \$37 million of funds redirected from other programs. All first births will be screened for medical and psychosocial risk. Targeted services provided by state and local partners will address issues identified.
- Increases funding to the Oregon Health Plan by over 20 percent to pay double-digit cost increase, driven by 60 percent increase in prescription drug expenses over the next two years.
- Reorganizes the Department of Human Services administrative structure to better serve clients. The Department expects to achieve better community and client outcomes through better collaboration, integration, and shared responsibility with the new structure.

Public Safety

Overview

This program area encompasses those agencies responsible for ensuring the public safety of Oregon's people, property, and natural resources. Agencies in this program area include the Department of Corrections, the Oregon Criminal Justice Commission, the Dispute Resolution Commission, the Department of Justice, the Oregon Military Department, the Board of Parole and Post-Prison Supervision, the Department of Public Safety Standards and Training, the Department of State Police, the Oregon Youth Authority, as well as District Attorneys and their Deputies.

Key elements of this program area include the following:

- Increases funding for Governor's Juvenile Crime Prevention Initiative to pay for basic services, prevention grants, and evaluation and administration.
- Establishes pilot programs offering parent-training and therapeutic visiting for inmates at two Department of Corrections institutions as part of the Oregon Children's Plan.
- Eliminates 157 officers at the Department of State Police—17 percent of all sworn positions. Patrol staffing is reduced to 446 officers; the number authorized at the beginning of the 1999-2001 biennium. Criminal detectives are reduced by 29 percent; fish and wildlife officers by 17 percent.
- Eliminates funding for 150 accountability camp beds operated by the Oregon Youth Authority, a 13 percent reduction. OYA will have fewer beds available for juvenile property offenders.
- Reduces funds at the Oregon Youth Authority for parole and probation, foster care, residential care, individual services, and county diversion grants. Multnomah County gang services funding is eliminated.
- Centralizes alcohol and drug treatment, education programs, mental health services and other Department of Corrections programs in those prisons best able to offer the programs. Inmates will be housed in institutions with programs appropriate to their incarceration/transition plans. Morning exercise yards are closed and various inmate activities are reduced or eliminated.

Natural Resources

Overview

This program area includes agencies that manage Oregon's natural resources for present and future generations, while supporting a sound and sustainable economy. Key to this program area is the *Oregon Plan for Salmon and Watersheds*—an effort by thousands of Oregonians to restore the health of watersheds. Agencies in this program area include the State Department of Agriculture, the Columbia River Gorge Commission, the Department of Environmental Quality, the State Department of Fish and Wildlife, the State Department of Forestry, the Geology and Mineral Industries, the Land Conservation and Development Department, the Land Use Board of Appeals, the State Marine Board, the State Parks and Recreation Department, the Division of State Lands, and the Water Resources Department.

Key elements of "Oregon Plan" efforts that are part of this program area include:

- Addition of a position at the Department of Agriculture to monitor Senate Bill 1010 implementation and effectiveness.
- Addition of riparian specialists at the Department of Forestry to help implement forest practices recommendations and their effect on watersheds.
- Continuation of funding for staff at the Department of Environmental Quality to complete plans required by the federal government for improving water quality. The budget also adds positions to monitor implementation of the plans.
- Provision of funds to begin the development of basin-wide assessments for each river basin in the state.
- Continuation of funding for staff to work on counts of groundfish at the coast.
- Continuation of ongoing recovery efforts for steelhead restoration across natural resource agencies.

Economic and Community Development

Overview

This program area includes agencies that aid businesses, communities, and people by providing economic and cultural enhancements throughout the state. These agencies participate in activities including job creation, placement and retention services, housing and infrastructure financing, business loans, and training. Agencies in this program include the Oregon Economic and Community Development Department, the Employment Department, the Oregon State Fair and Exposition Center, the Housing and Community Services Department, and the Department of Veterans' Affairs. Also includes funding for Oregon Public Broadcasting and the Oregon Historical Society.

A Budget Overview . . .

Key elements of this program area include the following:

- Provide loans and grants, backed by \$196 million in Lottery bond proceeds, from the Oregon Economic and Community Development Department for infrastructure and community facilities.
- Add resources to the Housing and Community Service Department by diverting \$1.4 million General Fund from the Housing Development Grant Program to address homelessness and poverty issues.
- Provide \$35 million in Lottery-backed bonds for Community Incentive Fund—a fund that will be used to rebuild downtowns and main streets; promote development of affordable housing near jobs and transportation; and rebuild rural and distressed communities.
- Expand health and safety reviews to include allchild care providers, enhance child care opportunities for post secondary students and parents in alcohol and drug treatments, and increase payments to child care resource and referral agencies.

Other Programs

Overview

This area includes funding for a range of other program areas in state government such as *administration, transportation, and consumer and business services*. *Administrative-related* agencies provide policy direction and core central services to state government. This program area includes funding for the Department of Administrative Services (DAS) the Department of Revenue, advocacy commissions, the Public Employees Retirement System, and some statewide elected officials. *Transportation-related* agencies, the Oregon Department of Transportation and the Department of Aviation, work to ensure that the state's transportation network is both safety and reliable, and that it enhances Oregon's economic competitiveness. Agencies within the *consumer and business service* program area work to protect the public, workers, and small businesses. Agencies in this program area include the Public Utility Commission, the Bureau of Labor and Industries, and the Department of Consumer and Business Services.

Key elements of this program area include the following:

Administration

- Increases tax compliance staff at the Department of Revenue, which will enhance the state's ability to monitor tax compliance and increase consumer education efforts.
- Includes funding for planned construction and maintenance of new state buildings and statewide technology projects.
- Strengthens DAS' ability to serve as the core management agency for state government.

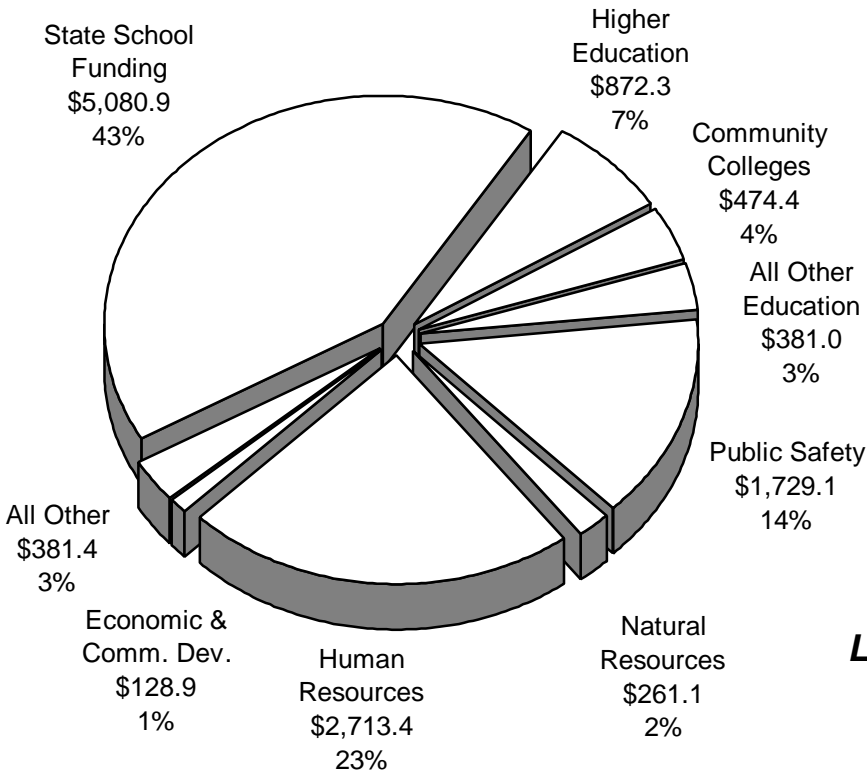
Transportation

- The Oregon Department of Transportation is facing flat revenues. The agency is balancing to existing resources rather than proposing a new gas tax. Resources are reallocated internally to focus on highway and bridge preservation.

Consumer and Business Services

- Funding for increased staff is provided so that many of the agencies can address increased workload and increased enforcement activities.
- The implementation of Senate Bill 622, which created an Oregon Universal Service Fund within the PUC, which will subsidize the cost of telephone services in high-cost regions of the state.
- Extension of the Residential Service Protection Fund, which under current law will expire December 31, 2001. The programs funded with these dollars serve low-income and hearing and speech-impaired Oregonians.

Budget Charts

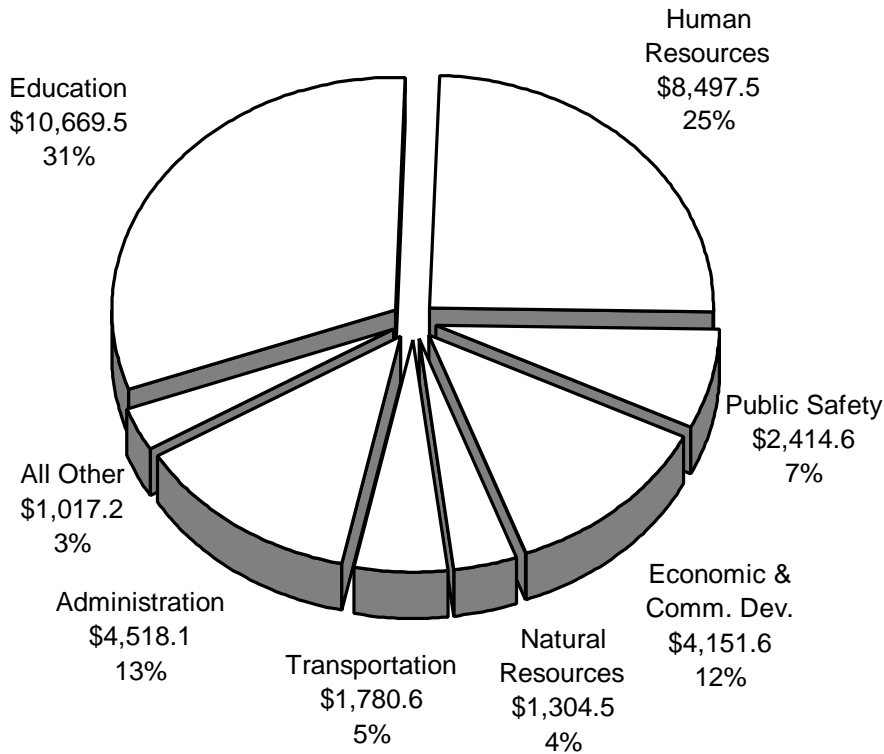


**2001-03
GENERAL FUND AND
LOTTERY EXPENDITURES
BY PROGRAM AREA
\$12.022 BILLION**

----- Recommended -----

(All figures in millions and rounded.)	1999-2001 Approved GF & Lottery	2001-03 General Fund	2001-03 Lottery	2001-03 GF & Lottery
Education				
K - 12	\$4,670.5	\$4,945.4	\$257.7	\$5,203.1
Community Colleges	431.2	474.4	0	474.4
Higher Education, including OHSU	691.4	866.9	5.3	872.3
Other Education	356	194.3	64.4	258.7
Human Resources	2,294.8	2,707.2	6.2	2,713.4
Public Safety	1,556.4	1,725.7	3.4	1,729.1
Economic and Community Development	101.9	32	96.9	128.9
Natural Resources	223.9	162.5	98.6	261.1
All Other:	288.5	361.4	20	381.4
Total	\$10,614.7	\$11,469.9	\$552.6	\$12,022.5
Other includes:				
Administration	140.1	147.7	0	147.7
Legislative Branch	57.6	53.1	0	53.1
Transportation	23.8	18.2	20	38.2
Consumer & Business Services	12.7	12.4	0	12.4
SAIF, Emergency Board funds	54.4	130	0	130
Public Safety includes:				
Judicial Branch	365.3	402.8	0	402.8
Public Safety	1,191.1	1,323	3.4	1,326.4

Budget Charts . . .



**2001-03
All Funds
Expenditures by
Program Area
\$34.354 BILLION**

(All figures in millions and rounded.)

	1997-99 Approved	1999-2001 Recommended
Education	\$9,372.8	\$10,669.5
Human Resources	7,651.5	8,497.5
Public Safety	2,339.8	2,414.6
Economic and Community Development	3,493.5	4,151.6
Natural Resources	1,281.9	1,304.5
Transportation	2,133.7	1,780.6
Consumer & Business Services	596.3	829.3
All Other:	4,067.3	4,706.0
Total	\$30,936.9	\$34,353.6
Other includes:		
Administration	3,950.3	4,518.1
Legislative Branch	62.6	57.8
SAIF and Miscellaneous	54.4	130.0
Education includes:		
K - 12	5,378.8	5,871.3
Community Colleges	538.6	597.5
Higher Education, including OHSU	3,018.8	3,745.2
Other Education	436.7	455.5
Public Safety includes:		
Judicial Branch	374.6	411.6
Public Safety	1,965.2	2,003.0

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



State of Oregon 1999-2001

Budget in Brief Meeting the Oregon Challenge

Notes:

This *Budget in Brief* summarizes key portions of the budget the Governor recommends to the Legislative Assembly for adoption. See the *Governor's Budget* for details.

The cover photo was provided by the Oregon Tourism Commission.

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In compliance with the Americans with Disabilities Act, this publication can be made available in alternate formats. Contact the Department of Administrative Services Budget and Management Division.

Other publications related to the Oregon budget are available:

- *Governor's Budget* 1999-2001
- *This Budget in Brief* 1999-2001
- *Tax Expenditure Report* 1999-2001
- Economic and Revenue Forecast (Quarterly)
- Oregon Prison Population Forecast (Twice yearly)

For copies of these publications, contact:

Oregon Department of Administrative Services
Budget and Management Division
155 Cottage Street NE
Salem OR 97310
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(503) 378-4672 (TTY)
BAM.Info@state.or.us

Much state information can be found on-line at State of Oregon websites:

- Oregon On-line Homepage: <http://www.state.or.us/>
- Governor's Homepage: <http://www.governor.state.or.us>
- Office of Economic Analysis: <http://www.oea.das.state.or.us/>
- Budget and Management Division: <http://www.bam.das.state.or.us/welcome.htm>

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Governor's Message

To the Citizens of Oregon:

We are so fortunate to live in this wonderful state. Not only is Oregon justly renowned for its breathtaking beauty, but it is also a place where people still know how to look beyond their differences and work together on common issues.

None of this happened by accident. Previous generations of Oregonians looked ahead to the future and made choices and investments that kept Oregon a special place.

Now, it is our turn. We face new challenges -- in educating our children, in preventing juvenile crime, and in protecting our quality of life.

This biennial state budget offers concrete proposals for meeting each of these challenges. It makes significant advances in our public schools, colleges, and universities. It breathes new life into our efforts to prevent juvenile crime. And it manages growth through important investments in transportation, housing, and land use.

Here are my key proposals in each of these three areas:

- **Education.** Giving Oregonians the education they need to succeed is one of the most crucial challenges we face today. I will propose that we add \$100 million to the School Improvement Fund to help children meet the high standards of the Education Act of the 21st Century. I will also seek \$73 million in additional funds for our community colleges and state universities. This will continue the freeze on in-state undergraduate tuition and help make our state university system more competitive and market-driven. Finally, I will propose expanding Oregon pre-Kindergarten programs to reach half of all eligible children.
- **Juvenile Crime.** There is no doubt that Oregon is "tough" on juvenile criminals. But the real challenge is to keep our children out of trouble in the first place. I will propose investing \$30 million in the High Risk Juvenile Crime Prevention Partnership. These funds, which will go to counties, will be targeted to address the needs of high risk children on a community by community basis. I will also seek \$20 million for alcohol and drug prevention and \$7 million for early childhood intervention.
- **Quality of Life.** We must manage our growth in a way that preserves not only our quality of life, but also protects the good economy we enjoy today. To accomplish this, I will propose investing \$30 million in the Oregon Livability Initiative. This new effort will encourage new jobs in rural communities, build affordable housing, and invest in mixed use development, downtowns, and mainstreets. I will also propose a state-wide transit network to connect rural Oregon and the Willamette Valley, and address the joint problems of sprawl and congestion..

It has been said that the future is a matter of choice, not chance. I believe that and this budget will help us build the future we want. It addresses what I believe to be the most important challenges facing our state, offers responsible choices to meet these challenges and keeps Oregon a prosperous and special place to live.

John A. Kitzhaber, M.D.
Governor, State of Oregon

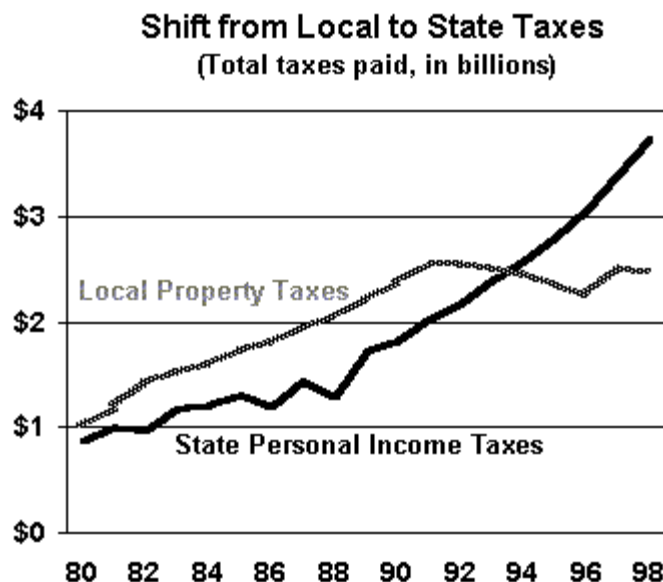
The Budget Environment

The decade has brought many changes that affect Oregon's financing of public services. Votes on ballot measures have brought large changes. So has our changing economy.

The Challenge of Change

This has been a decade of change for Oregon. More people now work in services and high technology. Fewer work in lumber mills. Our population is now larger and older. Children of the baby boom swell our schools. Utilities, transportation, and banking are in more competitive, less regulated markets. Natural resource owners are more regulated. These all affect the finance of our public services. Here are further changes and impacts:

- Property and income taxes amount to about three-fourths of all state and local taxes. The locally controlled property tax has long been the larger of the two taxes. But in the last decade, ballot measures have moved the state income tax into first place.
- Wages have risen and total taxes, as a share of taxpayers' incomes, have fallen. But, the tax load on households has moved higher compared to the load on businesses. The new tax structure is changing state and local relationships. For example, the state now pays the largest share of local school costs.
- Public funding is now more sensitive to the economies of the state, nation, and Asia. A recession would be likely to impair the General Fund and local school funding. Local public funding is now likely to lag behind the state economy, more so in times of inflation.
- The new property tax system will lead to similar properties being taxed differently. Under this decade's new tax laws, the state will be less able to correct those problems.
- In this decade, voters dedicated state funds to certain purposes. Prisoners, parks, and others now have priority in funding.

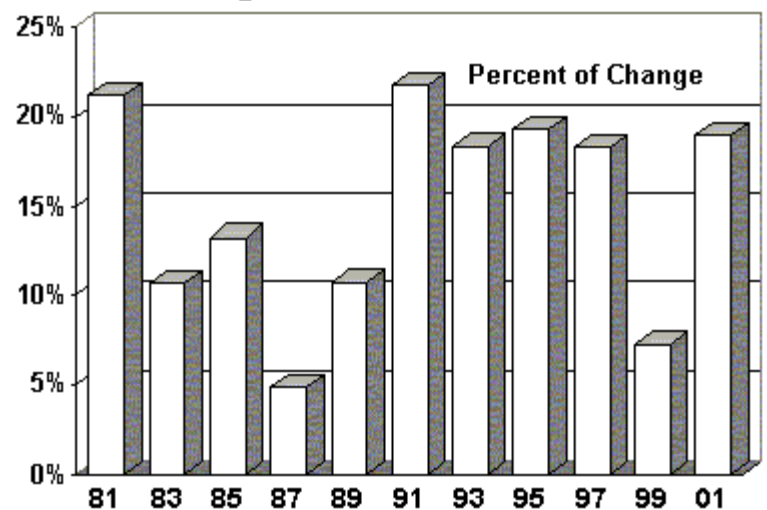


Dealing With Uncertainty

Several factors have the potential to increase or reduce the funds available to the Legislative Assembly for this state budget. Their likely impact is only a few percent. But that means a few hundred million dollars of uncertainty. Therefore, the quarterly economic forecasts that will be made during the legislative session may be especially important to state budgeting. Among the factors in uncertainty are:

- *Our state economy.* Though the long-term outlook is strong, a sharp slowing of the state's economy is expected for 1999.
- *Asian economies.* Asia is our major export market. Asian economies affect our own. There are signs their economies will start to recover in 2000.
- *Our national economy.* A state recession is not expected unless a national one occurs. However, the risk of a national recession is at its highest since 1991. Of course, world economies affect our national one.
- *Special tax refunds.* Two special refunds cause some uncertainty. First, in preparing the budget, we estimate that tax collections will not reach the level that triggers tax Kicker refunds. It appears certain

Swings in the General Fund



there will be no corporate Kicker refunds. The personal Kicker also looks unlikely in the light of economic forecasts. Second, the courts have found federal retirees are due refunds for past years' taxes on their federal pensions. Those refunds have been estimated and taken into account as a reduction in available tax funds.

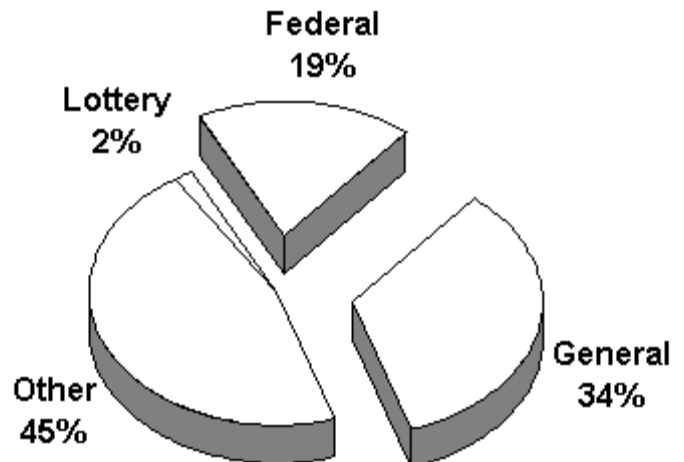
State Resources

The state uses money from five sources to pay for state services. Following is a brief discussion of each source and how much the budget relies on it. The sources are grouped as General Fund, Other Funds (including Lottery), and Federal Funds.

Property taxes are not a source that funds the state budget. There is no state property tax. Property taxes are local. They are the main source of funding for cities, counties, and some special districts. They are the second largest source of local school funding.

The General Fund

The General Fund covers only about thirty-four percent of what is spent in the state budget. But, it is the money in the budget that the Legislature can apply anywhere it is needed. It comes largely from our income taxes. About eighty-five percent is from personal income tax and eight percent from corporate income tax. The rest comes from the insurance premium tax, cigarette tax, liquor tax, other minor sources, and the Fund's investment earnings. General Fund resources are estimated at \$10.22 billion for 1999-2001.



Other Funds

Other Funds (including Lottery) account for about forty-seven percent of what is spent in the state budget. Other Funds are mostly monies dedicated to certain purposes. They include some taxes, chiefly those related to highway use,

employment, and forests. They include state licensing fees. Other Funds also include the state's business-like incomes. Examples include tuition and other fees for services, inmate workforce products, and many funds related to loans or bonds. Lottery proceeds are counted as Other Funds.

Federal Funds

Federal funds cover about nineteen percent of what is spent in the state budget. The federal government limits the state's choices about where and how federal funds may be used. Most federal funding comes with conditions, like requiring the state to keep certain service levels or to provide matching funds.

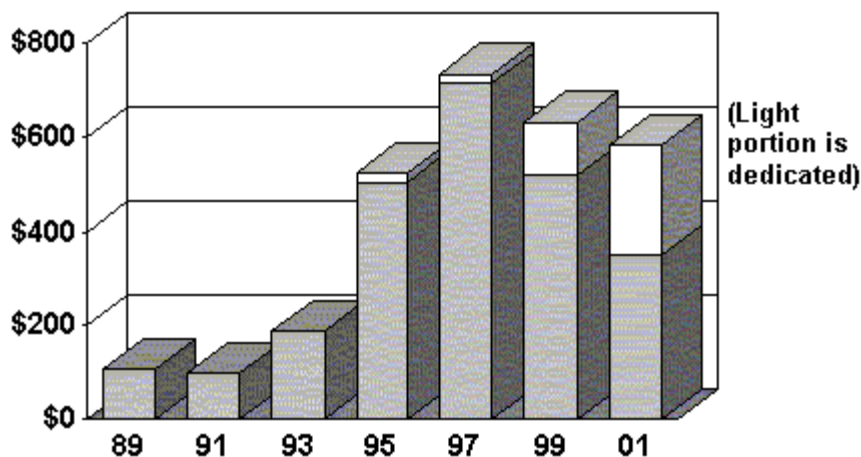
Lottery Funds

Net lottery proceeds cover a little less than two percent of state spending. Technically, they are part of Other Funds. They are often thought of more like the tax dollars of the General fund. That is because they can be used for a wide range of state needs. They are not dedicated to a single program.

Lottery funds swing up or down with customer demand. The economic forecast is for another decline in lottery funds for the state budget. There are two reasons. First, the last two budgets started with tens of millions in unspent receipts from prior years. Those funds have been spent. Only \$5 million will remain to start the 1999-2001 budget. Second, video poker sales are expected to grow slightly, but the other games are still on a downward trend.

Along with these reductions, ballot measures and debt service are now directing more than 30 percent of net lottery proceeds to dedicated purposes.

**Biennial Lottery Dollars
Net available in Millions**



Meeting the Livability Challenge

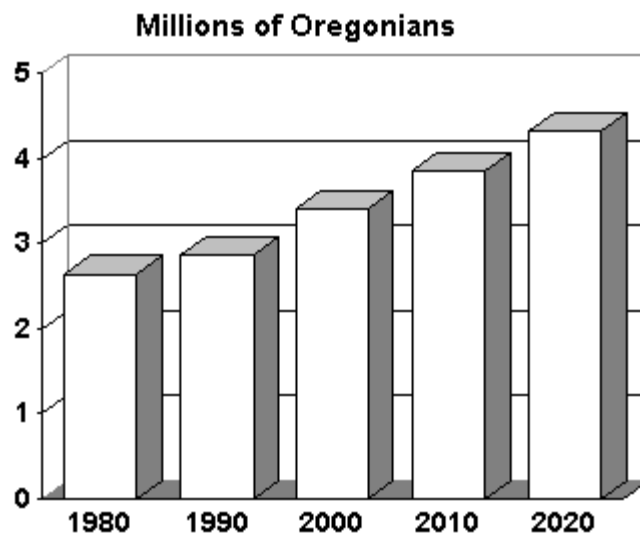
Oregon's population has grown by 500,000 since 1990. In the next 20 years, our population is expected to grow by another 900,000. Our challenge is to channel this growth and maintain our prosperity while enhancing and protecting the quality of life that defines our state.

Managing How and Where We Grow

Oregon's growth has been strong but uneven. Some communities have seen double digit growth while others are barely growing. Since 1970 we have relied on land use planning and zoning laws to manage growth. They are not enough. We

need incentives and better coordination to complement our laws.

We cannot allow growth to diminish the very things about Oregon which make it a special place. Instead, we must manage growth in ways that enhance the quality of life for us all. We must do this together, in ways that meet our varied needs and interests.



Key Strategies

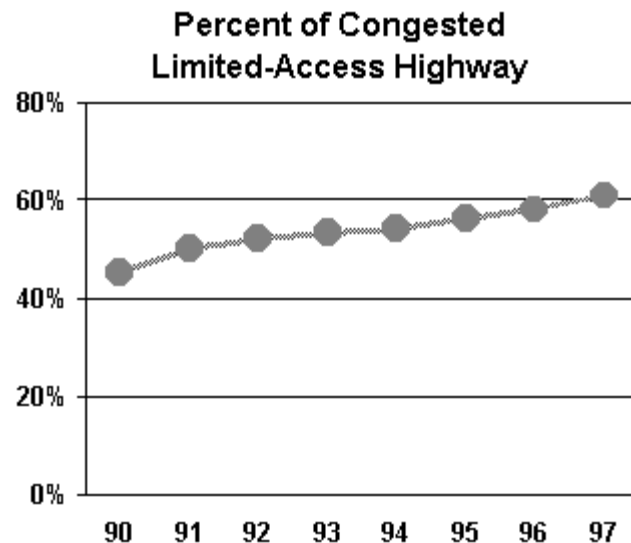
Governor Kitzhaber has proposed the *Oregon Livability Initiative*. This initiative consists of:

- *The 21st Century Community Fund*. The fund will leverage existing revenues from both the Oregon Lottery and transportation funds by using them to back bonds to invest in affordable housing, transportation, water, sewer, and main streets.
- *The Community Solutions Team*. This group is an interagency team that works with local governments and community leaders on collaborative planning and problem solving. The five state members are the Departments of Transportation, Land Conservation and Development, Economic Development, Oregon Housing and Community Services, and Environmental Quality.

Budget Support

Most of the funding to meet the livability challenge comes through coordination of existing programs under the umbrella of the 21st Century Community Fund.

- \$40 million in Lottery revenue bonds for sewer, water and community infrastructure grants and loans.
- Matching funds to obtain \$25 million in federal funds for low-interest loans to communities to construct water system improvement needed to meet health standards.
- \$5 million for affordable housing.
- \$25 million in Lottery revenue bonds to rebuild the urban centers in communities of all sizes.
- Partnership with the departments of Housing and of Human Resources to do joint pilot projects for low-income housing needs.
- The *Oregon Transportation Network* includes \$14 million General fund for high-speed rail and connecting busses to all regions of the state, \$10 million General Fund and \$10 million federal funds for elderly and disabled transportation. This will leverage additional resources in the human services programs.
- \$20 million in revenue bonds to buy highway rights-of-way for getting people safely on and off of state highways.



- \$30 million in revenue bonds to increase local, secondary street capacity so drivers can avoid busy intersections and heavily traveled roads.

Measurable Goals

We will use Oregon Benchmarks to measure our statewide success in achieving these goals:

- To create more jobs in distressed communities which want economic growth.
- To increase the supply of affordable housing.
- To reduce traffic congestion and sprawl in targeted locales.
- To revitalize urban centers, fostering mixed use developments in downtown and main street areas.
- To form community solutions teams throughout the state to solve problems rather than run programs.

A Livability Partnership

Some of the many partners in this effort include:

- *Governor's Community Solutions Team.* Coordinates state actions.
- *Economic Development Department.* Focusing on job creation and infrastructure funding.
- *Department of Housing & Community Services.* Focusing on investments in affordable housing.
- *Department of Land Conservation & Development.* Regional problem solving and land use issues.
- *Department of Environmental Quality.* Assists in waste water systems and other environmental issues.
- *Department of Transportation:* Funding for transportation services and coordination for the Oregon Transportation Network.
- *Department of Human Resources.* Working with the Housing and Transportation departments to help fund quality communities.
- *Association of Oregon Counties.* Assisting Oregon's counties with planning and coordination.
- *League of Oregon Cities.* Assisting Oregon's cities with planning and coordination.
- *Other Important Partners:*
 - *Oregon Home Builders Association.*
 - *Associated Oregon Industries.*
 - *Livable Oregon, Inc.*
 - *Oregon Transit Association.*
 - *Oregon General Contractors Association.*
 - *Oregon Environmental Council.*

Meeting the Juvenile Crime Challenge

Oregon is tough on juvenile criminals. But, the real challenge is to keep our children out of trouble in the first place. We need to find the children who are at risk and help them become successful citizens. We need to do this before they hurt themselves or someone else.

High Risk Juvenile Crime Prevention Partnership

Today, juveniles account for more than a quarter of all arrests in Oregon. Our juvenile arrest rate for property crimes is 74 percent above the nation's average, and rising. Juvenile crime costs state victims more than \$800 million a year. Yes, taxpayers are investing hundreds of millions in new jails and prisons. But, punishing crime is not enough.

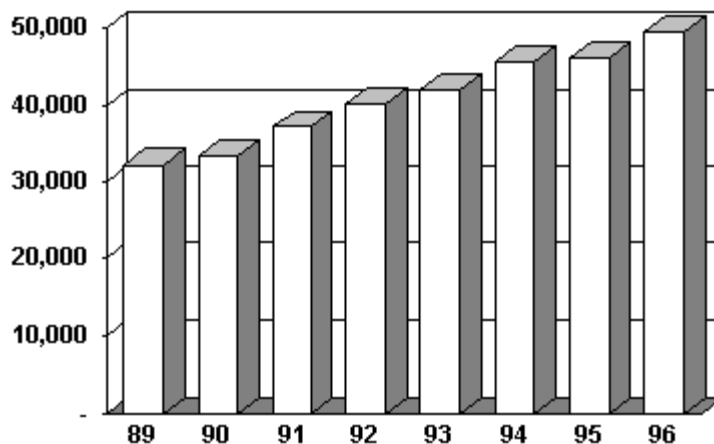
We know what else needs to be done. We need to find the children who are at risk of embarking on lives of crime. We need to help them turn their lives around before it is too late.

We also know we must work together to accomplish this. It is not a state problem or a local one or a government one. It is everyone's concern and everyone's problem. Our response to it must be a partnership that is just as broad.

Key Strategies

- Mobilize a broad range of public and private partners at state and local levels.
- Focus on local planning and local actions that collaborate across disciplines and organizations.
- Invest in proven prevention tools that will produce measurable results.
- Focus on young people who are at the greatest risk of moving to criminal activity.

Juvenile Arrests



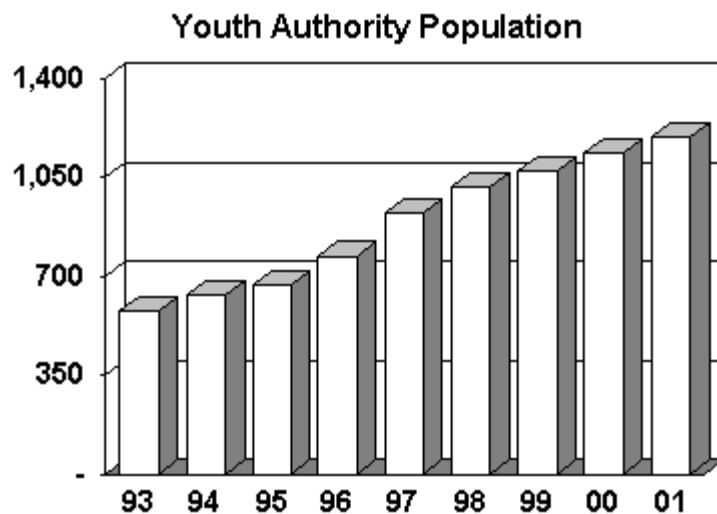
Budget Support

- \$30,000,000 for the *High Risk Juvenile Crime Prevention Partnership*. Counties will receive \$19 million to carry out local prevention plans. They will receive \$10 million for juvenile detention, shelter, sanctions, supervision, and aftercare. \$1 million will go to state evaluation and administration.
- \$20,000,000 to the Office of Alcohol and Drug Prevention. These funds will expand treatment services and prevention programs.
- \$3.5 million in state and federal funds to expand Oregon pre-kindergarten programs to reach half of all eligible children (see the Education Challenge).
- \$7 million General Fund and federal funds for home visits to foster early childhood development.
- \$20 million for the Distressed Schools Fund (see the Education Challenge).
- Funding existing services in dozens of state programs that provide important services to youth and crime prevention.

Measurable Goals

We will use Oregon Benchmarks to measure our statewide success in achieving these goals:

- To reduce the number of serious crimes committed by minors.
- To reduce anti-social behavior among our youth.
- To improve academic performance for our youth who are at risk.
- To give children at risk safer family lives.
- To improve peer relationships among youth.
- To reduce use by juveniles of alcohol and drugs .



A Broad Partnership

Some of the many state partners in this effort include:

- *Governor's Office.* The Governor and his staff provide statewide leadership.
- *Criminal Justice Commission.* The commission administers and evaluates the High-Risk Juvenile Crime Prevention Partnership. It provides grants to counties to help them carry out their local juvenile crime prevention plans.
- *High-risk Juvenile Crime Prevention Advisory Committee.* This committee is a broad-based policy advisor to the statewide partnership. The committee is a large and diverse, with state, local, public, and private members from a wide range of programs, cultures, and interests.
- *Local governments, organizations, and people.* The plans to find and rescue youth at risk are made and carried out locally, where the children are. Each county's commissioners oversee the local process.
- *Office of Alcohol and Drug Prevention.* Coordinates and provides treatment services and prevention programs.
- *Oregon Youth Authority.* Manages the state's juvenile corrections program. Gives technical advice to the counties. Its new data system will help evaluate prevention programs. OYA will make grants to counties for juvenile detention, shelter, sanctions, supervision, and aftercare.
- *Commission on Children and Families.* Provides funds and assistance for community programs targeting younger children. Funds Healthy Start programs.
- *Oregon Department of Education.* Provides programs to keep at-risk youth in school. Funds Oregon Pre-Kindergarten program. Runs Early Intervention and Early Childhood Special Education programs. Distributes Safe and Drug Free Schools funds.
- *Oregon State Police.* Participates in DARE, Juvenile Firestarter, SAFE KIDS, and other prevention programs. Collects and disseminates arrest data.
- *Department of Human Resources.* Provides funds for alcohol and drug abuse programs and community health and mental health programs. Builds community safety net programs. Provides protective services and adoption placement.
- *Oregon Military Department.* Runs prevention programs for children and youth.
- *Department of Public Safety Standards and Training.* Trains police officers in child abuse and cultural diversity issues.
- *Department of Corrections.* Works with adult offenders to reduce risk factors affecting their children.
- *Oregon Liquor Control Commission.* Works to prevent alcohol sales to minors.
- *Governor's Council on Domestic Violence.* Policy and planning advice to prevent domestic violence.

Some of the many local partners in this effort include:

- *League of Oregon Cities.*
- Association of Oregon Counties.*
- Oregon State Sheriffs Association.*
- Oregon Association Chiefs of Police.*
- Oregon Juvenile Department Directors Association.*
- Oregon District Attorneys Association.*
- Oregon Parent Teacher Association*
- YMCA of Marion and Polk Counties.*

Meeting the Education Challenge

All children in Oregon must have the opportunity for education that will prepare them for the demands of the 21st century. Education builds our skills, broadens our world, builds our self-worth, and determines our quality of life. The costs of ignorance are greater than any society can afford.

Educating Our Children For the 21st Century

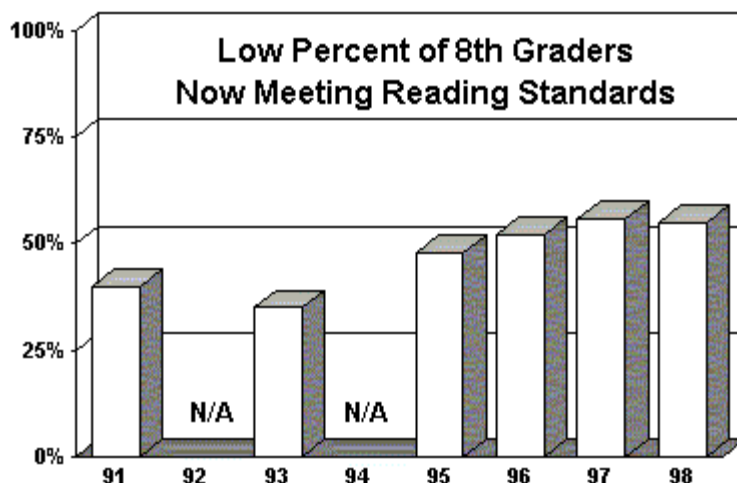
Oregon's public education serves almost one million students a year. Success in the 21st century will require that these students have higher skill levels and a broader range of knowledge than ever before. It will require them to learn continuously. That requires an education system that is continuous. It must start before kindergarten and reach through high school, college or university schooling, and into life-long learning.

Key Strategies

- Our state system of local schools, community colleges, and universities will form a seamless continuum of public education.
- Invest in all phases of the educational system from pre-kindergarten to higher education.
- Gather the information needed to prove which strategies improve student performance most cost-effectively.
- Focus funding on student performance and accountability.

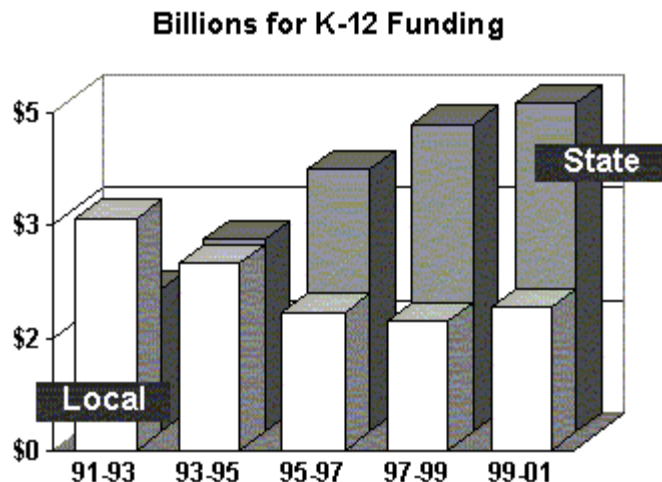
Added Strategies

- Emphasize a good beginning with Early Childhood and Ready to Learn programs.
- Intervene with targeted help for our neediest students.
- Remove the financial and geographic barriers to lifelong learning.
- Improve education facilities, equipment, and information systems.
- Improve the skills and knowledge of our educators.
- Freeze in-state, undergraduate tuition (instruction fees) at our universities.
- Create a market-driven, student-centered system of higher education.
- Form a financial assistance program that rewards student achievement.



Budget Support

- \$100 million, above and beyond the \$4.38 billion K-12 appropriation, will fund the *School Improvement Fund*. School Districts will submit plans to the State Board of Education for improving student performance with measurable performance benchmarks.
- \$50 million in bonded funds for technology to directly link classroom voice, data and video communications to the Internet or other approved services.
- \$20 million for the *Distressed Schools Fund*. This fund will help local schools overcome clusters of special barriers that impair student achievement.
- \$3.3 million to implement the statewide K-12 Database. The database will help all policy makers, managers and education stakeholders make wise decisions about education strategies.
- \$3.5 million to expand Oregon pre-kindergarten programs to reach half of all eligible children.
- \$10 million to increase target enrollment in universities and community colleges. Universities will target needed professions like teachers and engineers. Community colleges will target new students who need distance learning services.
- \$15.3 million for a tuition (instruction fees) freeze for resident undergraduates at state universities.
- \$5 million for targeted recruitment and retention of high quality university faculty.
- \$44.7 million to improve public universities, making them more responsive to student needs and to the marketplace.



Measurable Goals

We will use Oregon Benchmarks to measure our statewide success in achieving these goals:

- To increase to 50 percent the number of children served by pre-kindergarten programs.
- To increase the share of children who achieve reading and math standards on state assessment tests.
- To have approved plans to improve student achievement in each school district.
- To increase enrollment at our community colleges and universities.
- To increase the share of children who graduate from high school and attend college.

Partners in Creating the Education Continuum

Some of the many partners in this effort include:

- *Governor's Office of Education and Workforce Policy*. Coordinates state actions.
- *Oregon Department of Education and the State Board of Education*. Coordinate the pre-kindergarten through high school programs.
- *Office of Community College Services and the State Board of Education*. Coordinate the community colleges' programs.
- *Oregon University System and the State Board of Higher Education*. Coordinate the state's university programs.
- *Oregon State Scholarship Commission*. Provides financial assistance programs for college students.
- *Teacher Standards and Practices Commission*. Approves teacher preparation programs and licenses school teachers and administrators.

Some of the many important association partners:

- *Oregon Head Start Association.*
- Congress of Parents and Teachers.*
- Oregon School Boards Association.*
- Confederation of Oregon School Administrators.*
- Oregon Education Association.*
- Oregon School Employees Association.*
- Association of Oregon Industries.*
- Oregon Business Council.*
- Oregon Community College Association.*
- Oregon Student Association.*
- Community Colleges Student Association and Commissions.*
- Oregon Independent College Association.*

A Budget Overview

Producing a Balanced Budget

State law requires the governor to propose a balanced budget that relies only on the revenues predicted under current laws. Governor Kitzhaber's recommended budget does that. It also proposes plans to meet the challenges we face in education, juvenile crime, and in preserving our quality of life in the face of strong growth. It does so without new or increased taxes.

The Budget Process

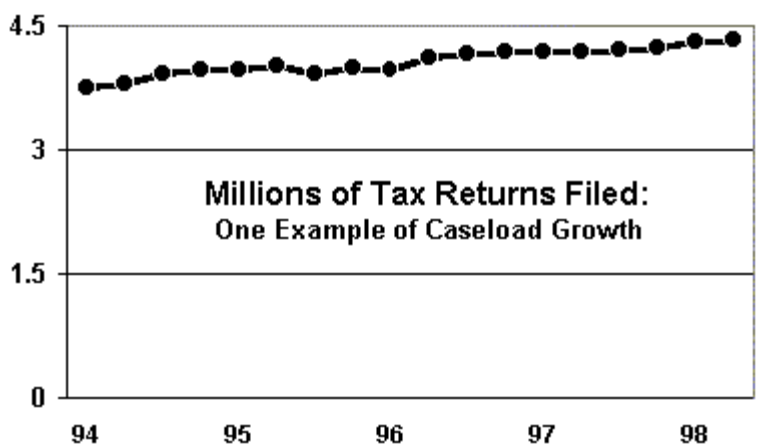
Agencies start the budget process by talking with stakeholders about what is working and what needs improvement. Then, they make their budget requests of the Governor. Those requests include:

- Funding to continue the services provided under current laws. The costs are adjusted for estimated inflation and caseloads.
- Funding for any proposed new or expanded services.
- Suggestions on what services are no longer needed and what to cut if state funds prove insufficient.

The state economist forecasts how much the state will have under current laws to fund the state budget. When the separate requests are totaled, they always equal more than forecast state funding could cover. Therefore, the Governor must decide what increases and decreases he will recommend to stay within available funds. He may propose new funding, funding shifts, or cuts in some programs so the state can fund other needs.

The state budget becomes more than a plan. The Legislature evaluates the Governor's Recommended Budget. It hears public testimony for and against each part of the proposed budget. It then deliberates to a final budget that it enacts as a series of laws. Those laws then control state spending for the next two years.

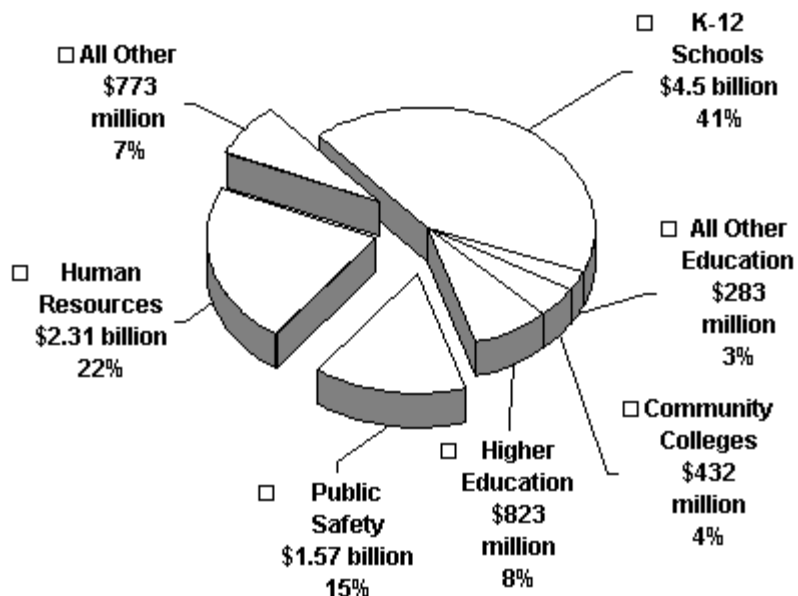
Governor Kitzhaber's recommended budget provides total funding for most agencies at a level to cover estimated



inflation and caseload increases. Inflation and caseloads are always estimates. So, some services are funded at less than an agency requested, but within a reasonable range. Some services are shifted from state taxes to other funding sources. Some agency requests are reduced so that more pressing needs can be met.

General Fund and Lottery Expenditures

The Governor's budget puts fifty-six percent of the General Fund (state tax dollars) and Lottery funds into education. The second largest share, twenty-two percent, goes to human resources programs. There, state tax dollars are mostly used to meet matching-funds or service-level requirements to qualify for federal funds. At fifteen percent, public safety is now the third largest user of state tax revenues. The state budget leaves a reserve of less than one percent as a General Fund ending balance. That reserve stands against the risk that actual revenues may be less than forecast.



Agency Highlights

Following are some highlights from the budget. These deal with the General Fund, which is mostly income taxes, and with Oregon Lottery funds. See the *Governor's Budget* for more details.

Agriculture: The Governor's Recommended Budget maintains current services. Adds \$3.9 million in Lottery funds to control weeds and pesticide run-off that damage salmon and steelhead habitat. Stops state payments to counties to maintain their county fairgrounds, saving \$3 million in General Fund.

Asian, Black, Hispanic, Women's Commissions: Restores funding to keep them operating. Each is funded at \$135,000.

Children and Families Commission: Adds \$7 million in General and Federal Funds for home visits for early childhood development. Shifts youth conservation and federal juvenile justice and delinquency prevention funds to other agencies.

Columbia River Gorge: Increases biennial funding by \$0.3 million to carry out the National Scenic Area Act and assist stakeholders.

Community Colleges: Adds \$2 million to reach students who need distance learning services.

Corrections: Reduced \$20 million from continuing service levels. The differences are achieved largely from reducing the subsidy for inmate work crews and changes in new prison opening dates.

Criminal Justice : Maintains services. Adds \$20 million for High-Risk Juvenile Crime Prevention Partnership.

Division of State Lands: Maintains services. Adds \$466,000 lottery funds for added data coordination, resource inventory, and program aid for the restoration of salmon and steelhead runs.

Economic Development: Maintains services. Adds \$45 million in lottery-backed bonds for sewer, water, and other infrastructure projects in rural and distressed communities. This is part of the Governor's livability initiative.

Education: Adds \$100 million for the School Improvement Fund for measurable increases in student performance.

Raises \$50 million in bond funds for classroom technology. Adds \$20 million for the Distressed School Fund to overcome multiple local barriers to student achievement. Adds \$3.5 million for the K-12 database project. Increase Oregon pre-kindergarten by \$3.5 million in state and federal funds to reach half of all eligible children.

Employment: A central hearings panel is formed for contested cases, using staff transferred from several agencies. Costs for the panel will be paid by the agencies based on how many hearings are held.

Fish and Wildlife: Maintains current programs with funding for enforcement, predator control, and other programs.

Forestry: Maintains services. Adds \$2.4 million to fund the fire protection program for almost 16 million acres of forestlands, for salmon protection, and to continue the facilities plan.

Geology and Mineral Industries: Maintains services. Adds \$250,000 to set up a coastal field office for geologic risks and hazards to coastal communities.

Higher Education: Adds \$73 million to improve quality and to make a post-secondary education more accessible and affordable.

Housing and Community Services: Maintains services. Adds \$5 million for affordable housing. Uses \$25 million in lottery-backed bonds to rebuild downtown and community centers.

Human Resources: Adds \$20 million for alcohol and drug abuse prevention. Uses General Fund to restore federal cuts in Social Services Block Grant and Medicaid Disproportionate Share funds. Assumes continuation of the 10 cent-per-pack cigarette tax to maintain Oregon Health Plan services. Even with the tax extension, the budget cuts cost-based reimbursement to some hospitals, makes some eligibility changes, and moves the benefit line upward. Adds \$12 million to comply with the federal Adoptions and Safe Families Act. Includes a 2 percent annual inflation rate for providers. Re-projects caseloads. Opens a new forensics ward at the Oregon State Hospital. Closes Fairview by the year 2000. Changes the nursing home inflation rate following changes in federal law.

Insurance Pool Governing Board: Adds \$4.6 million to continue family health insurance assistance. These funds assume that the 10 cents per pack tax on cigarettes will be extended.

Justice: Adds staff to meet state agency needs for legal counsel. Increases are funded with charges to agencies for services.

Legislative and judicial agencies: Budgets for the legislative and judicial branches are increased 2 percent above initial current service level estimates. This was done to balance the statewide budget. It does not reflect recommendations on any specific budget elements.

Parks and Recreation: Adds \$30 million to keep the state's parks open and catch up on deferred maintenance. Of that, \$2 million is for grants to local governments.

Public Safety Standards and Training: Maintains services, except holds basic police course to 10 weeks instead of sixteen. Provides for new training delivery methods.

Scholarship Commission: Student loans, beginning in July 2001, for those who achieve Certificates of Mastery.

Secretary of State: The budget is increased 2 percent above initial current service level. This was done to balance the statewide budget. It does not reflect recommendations on any specific budget elements.

State Fair: Maintains current services. Adds \$0.7 million for core programs. Adds \$10.5 million Lottery Revenue Bonds to begin a long-term repair and improvement plan for facilities.

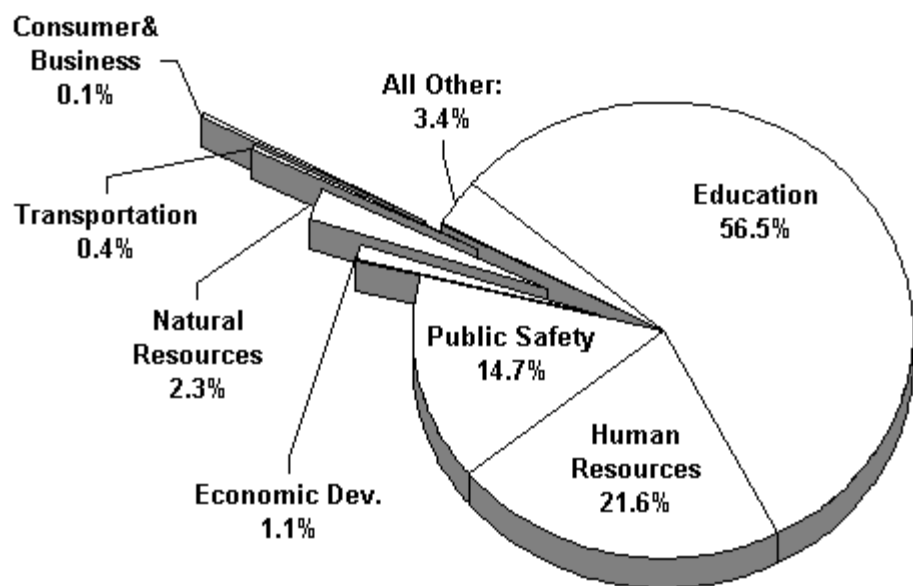
State Police: Maintains services and adds \$7 million. Picks up funding for twenty-five patrol troopers and seven new Fish and Wildlife officers. Makes other increases in programs and services.

Transportation: Adds \$10 million for high speed rail. Adds \$10 million for elderly and disabled transportation. Uses \$50 million in bond proceeds for local street networks and access acquisition. Adds \$162 million in federal funds to preserve existing roads. This is a shift in emphasis from building new roads.

Water Resources: Maintains services. Adds \$31.7 million of lottery funds for grants to local governments and others for projects to restore salmon and steelhead runs.

Youth Authority: Reduces \$4 million based on proposed "second look" hearings for some Measure 11 crimes. Adds \$10 million for the High-Risk Juvenile Crime Prevention Partnership. Makes other enhancements and reductions.

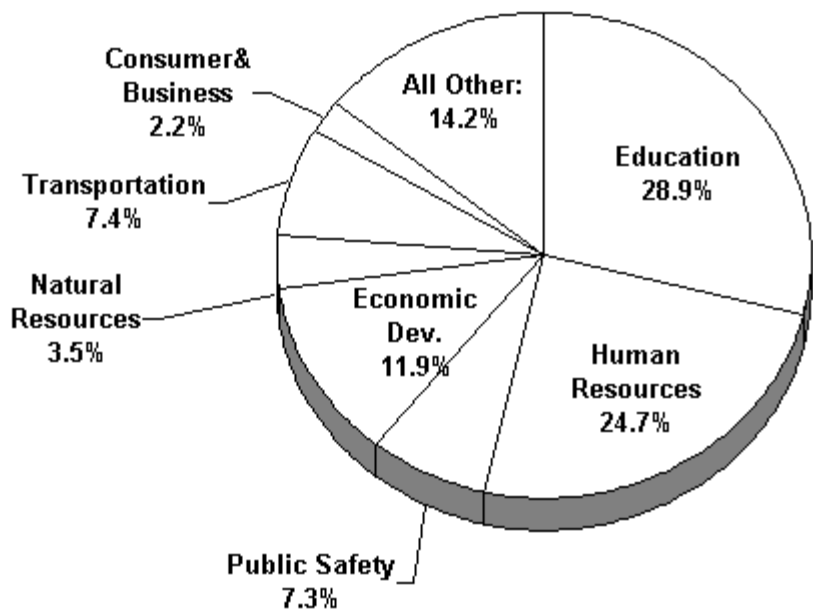
Budget Charts



**1999-2001
GENERAL FUND AND
LOTTERY EXPENDITURES
BY PROGRAM AREA
\$10.687 BILLION**

		---- Recommended ----		
(All figures in millions and rounded.)	1997-99 Approved GF & Lottery	1999-2001 General Fund	1999-2001 Lottery	1999-2001 GF & Lottery
Education	\$5,557.2	5,732.0	304.1	6,036.2
Human Resources	1,935.3	2,311.4	0	2,311.4
Public Safety	1,322.9	1,566.9	0	1,566.9

Economic and Community Development	122.2	34.4	79.5	114.0
Natural Resources	157.5	145.6	94.9	240.5
Transportation	21.1	24.4	20.0	44.4
Consumer & Business Services	13.3	12.8	0	12.8
All Other:	224.1	353.8	7.1	360.8
Total	9,353.6	10,181.3	505.7	10,687.0
Other includes:				
Administration	125.1	132.0	7.1	139.0
Legislative Branch	43.2	46.0	0	46.0
SAIF, Emergency Board funds	53.3	175.9	0	175.8
Education includes:				
K - 12	4,150.0	4,203.0	295.0	4,498.0
Community Colleges	396.7	432.3	0	432.3
Higher Education, including OHSU	698.4	818.5	4.9	823.4
Other Education	312.1	278.3	4.2	282.5
Public Safety includes:				
Judicial Branch	312.9	355.7	0	355.7



**1999-2001
ALL FUNDS
EXPENDITURES BY
PROGRAM AREA
\$29.419 BILLION**

	1997-99 Approved	1999-2001 Recommended
(All figures in millions and rounded.)		
Education	\$8,072.5	\$8,503.2
Human Resources	6,593.3	7,262.5
Public Safety	1,858.7	2,140.1
Economic and Community Development	3,775.8	3,495.2
Natural Resources	933.8	1,032.3
Transportation	1,770.0	2,186.7
Consumer & Business Services	646.4	634.5

All Other:	3897.1	4,165.0
Total	27,547.6	29,419.5
Other includes:		
Administration	3,593.2	3,938.3
Legislative Branch	48.2	50.9
SAIF and Miscellaneous	255.7	175.8
Education includes:		
K - 12	4355.0	4548.0
Community Colleges	476.4	537.5
Higher Education, including OHSU	2380.0	2362.9
Other Education	861.1	1054.8
Public Safety includes:		
Judicial Branch	320.4	364.4

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



BILLS RECEIVED AND ACTED ON BY THE GOVERNOR

2002 SESSION

Listed In Alpha-Numeric Order (Last Updated: October 25, 2002)

(STATUS: N=No Action R=Received S=Signed U=Unsigned L=Line Item Veto V=Veto)

BILL NO	STATUS	REC'D DATE	DEADLINE DATE	ACTION DATE		
HB 4010	S	02/11/2002		02/25/2002		
HB 4011	S	02/11/2002		02/25/2002		
HB 4012	V	02/11/2002		02/19/2002	Veto	
HB 4013	U	02/11/2002		02/26/2002		Unsigned
HB 4014	V	02/11/2002		02/26/2002	Veto	
HB 4015	V	02/11/2002		02/19/2002	Veto	
HB 4019	S	02/11/2002		02/25/2002		
HB 4020	V	02/11/2002		02/26/2002	Veto	
HB 4021	U	02/11/2002		02/25/2002		Unsigned
HB 4025	V	03/04/2002		04/11/2002	Veto	
HB 4026	S	03/01/2002		03/25/2002		
HB 4028	U	02/28/2002		03/12/2002		Unsigned
HB 4029	V	03/04/2002		03/12/2002	Veto	
HB 4030	V	03/04/2002		03/12/2002	Veto	
HB 4032	S	03/04/2002		03/12/2002		
HB 4035	S	03/04/2002		03/12/2002		
HB 4036	V	03/04/2002		03/25/2002	Veto	
HB 4038	S	03/04/2002		03/12/2002		
HB 4041	V	03/04/2002		03/12/2002	Veto	
HB 4042	V	03/04/2002		03/12/2002	Veto	
HB 4050	S	07/02/2002		07/29/2002		
HB 4051	S	07/02/2002		07/03/2002		
HB 4052	S	07/02/2002		07/29/2002		
HB 4053	S	07/02/2002		07/29/2002		
HB 4054	S	07/02/2002		07/29/2002		
HB 4055	U	07/02/2002		08/07/2002		Unsigned
HB 4056	V	07/02/2002		08/07/2002	Veto	
HB 4059	S	07/02/2002		07/03/2002		
HB 4062	S	07/02/2002		07/29/2002		
HB 4063	S	07/02/2002		07/29/2002		
HB 4064	V	07/02/2002		08/06/2002	Veto	
HB 4065	S	07/02/2002		07/03/2002		
HB 4073	U	09/26/2002		10/21/2002		Unsigned
HB 4075	U	09/26/2002		10/24/2002		Unsigned
HB 4077	V	09/26/2002		10/25/2002	Veto	
HB 5070	V	02/11/2002		02/19/2002	Veto	
HB 5071	V	02/11/2002		02/19/2002	Veto	
HB 5081	S	03/04/2002		03/12/2002		
HB 5090	S	06/20/2002		07/29/2002		
HB 5091	U	07/02/2002		08/07/2002		Unsigned
HB 5100	L	09/26/2002		10/15/2002		Line Item Veto
SB 1000	S	02/12/2002		02/25/2002		
SB 1001	S	02/12/2002		02/25/2002		
SB 1002	S	02/12/2002		02/19/2002		
SB 1003	S	02/12/2002		02/25/2002		
SB 1004	S	02/12/2002		02/25/2002		

SB 1006	S	02/12/2002	02/25/2002		
SB 1008	V	02/12/2002	02/19/2002	<u>Veto</u>	
SB 1010	S	02/12/2002	03/12/2002		
SB 1022	V	07/02/2002	08/07/2002	<u>Veto</u>	
SB 1027	S	07/02/2002	07/29/2002		
SB 5574	V	02/12/2002	02/19/2002	<u>Veto</u>	
SB 5575	L	03/05/2002	03/12/2002		<u>Line Item Veto</u>

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State of Oregon



VETO MESSAGE LIST 2002 SESSION

Listed In Alpha-Numeric Order (Last Updated: November 21, 2002)

BILL NO	VETO MESSAGE	DESCRIPTION
HB 4012	Veto	Common School Fund
HB 4014	Veto	Budget reconciliation - many agencies
HB 4015	Veto	School Improvement Fund
HB 4020	Veto	9-1-1 telecommunications tax
HB 4025	Veto	Labor relations - farm worker collective bargaining
HB 4029	Veto	Modifies dental services under medial assist program - SB 1008
HB 4030	Veto	9-1-1 telecommunications tax
HB 4036	Veto	School Improvement Fund - HB 4015
HB 4041	Veto	Elections - Education Stability Fund - \$220 transfer
HB 4042	Veto	Elections - Education Stability Fund - \$120 transfer
HB 4056	Veto	Revenue bonds on tobacco tax
HB 4064	Veto	Cigarette Tax Sunset
HB 4077	Veto	Inheritance tax
HB 5070	Veto	Budget reconciliation
HB 5071	Veto	Budget reconciliation
SB 1008	Veto	Modifies dental services provided under medial assist program
SB 1022	Veto	School finance - changes school payment to K-12 & Comm
Colleges		
SB 5574	Veto	Adjusts appropriations and expenditure limitations for state
agencies		

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BILLS RECEIVED AND ACTED ON BY THE GOVERNOR

2001 SESSION

1007 Bills Listed In Alpha-Numeric Order (Last Updated: August 17, 2001)

(STATUS: N=No Action R=Received S=Signed V=Veto)

Any bills that show a **DEADLINE DATE** of **July 7, 2001** or after, are now due by **August 17, 2001**.

BILL NO	STATUS	REC'D DATE	DEADLINE DATE	ACTION DATE	
HB 2001	V	06/22/2001	06/29/2001	06/28/2001	<u>Veto</u>
HB 2002	S	07/16/2001	07/23/2001	07/20/2001	
HB 2007	S	07/05/2001	07/12/2001	07/18/2001	
HB 2009	S	05/24/2001	05/31/2001	05/30/2001	
HB 2012	S	06/13/2001	06/20/2001	06/18/2001	
HB 2014	S	07/17/2001	07/24/2001	08/10/2001	
HB 2015	S	07/16/2001	07/23/2001	08/15/2001	
HB 2022	S	05/11/2001	05/18/2001	05/14/2001	
HB 2027	S	05/24/2001	05/31/2001	05/30/2001	
HB 2028	S	04/02/2001	04/09/2001	04/06/2001	
HB 2029	S	04/02/2001	04/09/2001	04/06/2001	
HB 2030	S	04/02/2001	04/09/2001	04/06/2001	
HB 2031	S	04/02/2001	04/09/2001	04/06/2001	
HB 2033	S	07/02/2001	07/09/2001	07/03/2001	
HB 2040	S	04/23/2001	04/30/2001	04/30/2001	
HB 2041	S	05/17/2001	05/24/2001	05/21/2001	
HB 2042	S	05/17/2001	05/24/2001	05/21/2001	
HB 2043	S	04/02/2001	04/09/2001	04/06/2001	
HB 2046	S	04/02/2001	04/09/2001	04/04/2001	
HB 2049	S	07/16/2001	07/23/2001	07/18/2001	
HB 2051	S	06/04/2001	06/11/2001	06/05/2001	
HB 2052	S	06/19/2001	06/26/2001	06/21/2001	

HB 2060	S	03/30/2001	04/06/2001	04/04/2001
HB 2077	S	05/18/2001	05/25/2001	05/24/2001
HB 2082	S	07/02/2001	07/09/2001	07/06/2001
HB 2084	S	06/25/2001	07/02/2001	06/26/2001
HB 2092	S	07/02/2001	07/09/2001	07/03/2001
HB 2093	S	05/18/2001	05/25/2001	05/24/2001
HB 2094	S	05/24/2001	05/31/2001	05/25/2001
HB 2096	S	05/24/2001	05/31/2001	05/29/2001
HB 2097	S	05/24/2001	05/31/2001	05/25/2001
HB 2099	S	05/24/2001	05/31/2001	05/30/2001
HB 2101	S	04/04/2001	04/11/2001	04/10/2001
HB 2102	S	06/13/2001	06/20/2001	06/18/2001
HB 2103	S	05/31/2001	06/07/2001	06/04/2001
HB 2105	S	06/13/2001	06/20/2001	06/18/2001
HB 2111	S	06/13/2001	06/20/2001	06/20/2001
HB 2112	S	06/19/2001	06/26/2001	06/22/2001
HB 2117	S	05/24/2001	05/31/2001	05/29/2001
HB 2119	S	04/02/2001	04/09/2001	04/06/2001
HB 2121	S	06/19/2001	06/26/2001	06/22/2001
HB 2122	S	04/02/2001	04/09/2001	04/06/2001
HB 2123	S	06/19/2001	06/26/2001	06/22/2001
HB 2124	S	03/16/2001	03/23/2001	03/22/2001
HB 2125	S	03/16/2001	03/23/2001	03/22/2001
HB 2127	S	06/13/2001	06/20/2001	06/18/2001
HB 2129	S	05/31/2001	06/07/2001	06/05/2001
HB 2130	S	02/22/2001	03/01/2001	02/26/2001
HB 2132	S	05/02/2001	05/09/2001	05/09/2001
HB 2133	S	05/31/2001	06/07/2001	06/04/2001
HB 2134	S	07/02/2001	07/09/2001	07/03/2001
HB 2135	S	06/13/2001	06/20/2001	06/18/2001
HB 2136	S	05/31/2001	06/07/2001	06/04/2001
HB 2137	S	07/16/2001	07/23/2001	07/23/2001
HB 2138	S	05/24/2001	05/31/2001	05/30/2001
HB 2139	S	06/27/2001	07/04/2001	06/28/2001
HB 2141	S	06/05/2001	06/12/2001	06/06/2001
HB 2142	S	06/22/2001	06/29/2001	06/28/2001
HB 2145	S	06/19/2001	06/26/2001	06/21/2001
HB 2150	S	06/28/2001	07/05/2001	06/29/2001
HB 2152	S	07/02/2001	07/09/2001	07/03/2001
HB 2153	S	06/13/2001	06/20/2001	06/18/2001

HB 2154	S	04/04/2001	04/11/2001	04/10/2001
HB 2156	S	05/24/2001	05/31/2001	05/30/2001
HB 2157	S	04/02/2001	04/09/2001	04/06/2001
HB 2158	S	05/02/2001	05/09/2001	05/09/2001
HB 2159	S	07/16/2001	07/23/2001	07/31/2001
HB 2160	S	04/02/2001	04/09/2001	04/06/2001
HB 2161	S	06/05/2001	06/12/2001	06/12/2001
HB 2162	S	07/17/2001	07/24/2001	07/20/2001
HB 2163	S	06/04/2001	06/11/2001	06/08/2001
HB 2165	S	05/17/2001	05/24/2001	05/21/2001
HB 2166	S	07/16/2001	07/23/2001	08/10/2001
HB 2168	S	06/27/2001	07/04/2001	07/04/2001
HB 2175	S	06/19/2001	06/26/2001	06/22/2001
HB 2176	S	05/10/2001	05/17/2001	05/16/2001
HB 2177	S	04/12/2001	04/19/2001	04/18/2001
HB 2178	S	06/13/2001	06/20/2001	06/18/2001
HB 2180	S	07/16/2001	07/23/2001	08/09/2001
HB 2181	S	06/13/2001	06/20/2001	06/18/2001
HB 2184	S	06/22/2001	06/29/2001	06/28/2001
HB 2185	S	05/17/2001	05/24/2001	05/21/2001
HB 2186	S	05/24/2001	05/31/2001	05/25/2001
HB 2188	S	05/17/2001	05/24/2001	05/21/2001
HB 2189	S	05/24/2001	05/31/2001	05/25/2001
HB 2191	S	04/02/2001	04/09/2001	04/06/2001
HB 2192	S	05/18/2001	05/25/2001	05/24/2001
HB 2194	S	04/17/2001	04/24/2001	04/23/2001
HB 2195	S	04/02/2001	04/09/2001	04/06/2001
HB 2196	S	07/16/2001	07/23/2001	08/09/2001
HB 2196	S	07/17/2001	07/24/2001	08/13/2001
HB 2197	S	05/24/2001	05/31/2001	05/30/2001
HB 2198	S	05/10/2001	05/17/2001	05/16/2001
HB 2200	S	07/03/2001	07/10/2001	07/06/2001
HB 2201	S	05/24/2001	05/31/2001	05/25/2001
HB 2202	S	06/13/2001	06/20/2001	06/18/2001
HB 2204	S	06/20/2001	06/27/2001	06/26/2001
HB 2205	S	02/27/2001	03/06/2001	03/05/2001
HB 2206	S	06/19/2001	06/26/2001	06/21/2001
HB 2207	S	06/04/2001	06/11/2001	06/05/2001
HB 2208	S	06/29/2001	07/06/2001	07/06/2001
HB 2211	S	04/18/2001	04/25/2001	04/25/2001
HB 2212	S	05/17/2001	05/24/2001	05/22/2001

HB 2213	S	07/17/2001	07/24/2001	07/19/2001
HB 2216	S	06/13/2001	06/20/2001	06/18/2001
HB 2217	S	06/13/2001	06/20/2001	06/15/2001
HB 2220	S	04/17/2001	04/24/2001	04/24/2001
HB 2221	S	02/27/2001	03/06/2001	03/05/2001
HB 2222	S	05/18/2001	05/25/2001	05/24/2001
HB 2224	S	05/17/2001	05/24/2001	05/21/2001
HB 2226	S	05/17/2001	05/24/2001	05/24/2001
HB 2230	S	05/31/2001	06/07/2001	06/04/2001
HB 2232	S	04/04/2001	04/11/2001	04/10/2001
HB 2233	S	03/13/2001	03/20/2001	03/16/2001
HB 2234	S	05/24/2001	05/31/2001	05/29/2001
HB 2235	S	06/19/2001	06/26/2001	06/22/2001
HB 2239	S	06/29/2001	07/06/2001	07/02/2001
HB 2241	S	04/17/2001	04/24/2001	04/23/2001
HB 2243	S	06/19/2001	06/26/2001	06/26/2001
HB 2245	s	05/17/2001	05/24/2001	05/21/2001
HB 2247	S	04/02/2001	04/05/2001	04/06/2001
HB 2248	S	04/02/2001	04/09/2001	04/09/2001
HB 2249	S	04/02/2001	04/09/2001	04/09/2001
HB 2251	S	07/02/2001	07/09/2001	07/06/2001
HB 2253	S	04/17/2001	04/24/2001	04/23/2001
HB 2254	S	05/17/2001	05/24/2001	05/21/2001
HB 2256	S	07/16/2001	07/23/2001	08/16/2001
HB 2257	S	05/31/2001	06/07/2001	06/05/2001
HB 2259	S	05/24/2001	05/31/2001	05/31/2001
HB 2261	S	06/22/2001	06/29/2001	06/29/2001
HB 2262	S	05/31/2001	06/07/2001	06/05/2001
HB 2263	S	05/24/2001	05/31/2001	05/31/2001
HB 2264	S	07/03/2001	07/10/2001	07/06/2001
HB 2265	S	07/16/2001	07/23/2001	07/27/2001
HB 2268	S	06/29/2001	07/06/2001	07/06/2001
HB 2270	S	06/20/2001	06/27/2001	06/22/2001
HB 2271	S	02/27/2001	03/06/2001	03/05/2001
HB 2272	S	06/27/2001	07/04/2001	06/28/2001
HB 2274	S	02/27/2001	03/06/2001	03/05/2001
HB 2275	S	07/17/2001	07/24/2001	08/09/2001
HB 2276	S	07/17/2001	07/24/2001	07/27/2001
HB 2280	S	07/17/2001	07/24/2001	08/09/2001
HB 2281	S	07/16/2001	07/23/2001	07/18/2001

HB 2282	S	05/24/2001	05/31/2001	05/25/2001
HB 2285	S	05/18/2001	05/25/2001	05/24/2001
HB 2286	S	07/17/2001	07/24/2001	08/10/2001
HB 2291	S	05/15/2001	05/22/2001	05/22/2001
HB 2294	S	07/16/2001	07/23/2001	08/02/2001
HB 2295	S	07/16/2001	07/23/2001	08/01/2001
HB 2298	S	07/16/2001	07/23/2001	07/18/2001
HB 2300	S	07/16/2001	07/23/2001	08/01/2001
HB 2322	S	07/05/2001	07/12/2001	07/27/2001
HB 2330	S	07/16/2001	07/23/2001	08/16/2001
HB 2332	S	07/16/2001	07/23/2001	08/09/2001
HB 2335	S	07/05/2001	07/12/2001	07/17/2001
HB 2336	S	06/13/2001	06/20/2001	06/20/2001
HB 2337	S	06/13/2001	06/20/2001	06/19/2001
HB 2338	S	06/05/2001	06/12/2001	06/08/2001
HB 2339	S	06/13/2001	06/20/2001	06/15/2001
HB 2340	S	06/04/2001	06/11/2001	06/05/2001
HB 2342	S	05/18/2001	05/25/2001	05/21/2001
HB 2344	S	05/11/2001	05/18/2001	05/18/2001
HB 2347	S	05/18/2001	05/25/2001	05/24/2001
HB 2348	S	06/27/2001	07/04/2001	06/28/2001
HB 2351	S	06/20/2001	06/27/2001	06/27/2001
HB 2352	S	06/19/2001	06/26/2001	06/26/2001
HB 2353	S	06/19/2001	06/26/2001	06/21/2001
HB 2354	S	05/24/2001	05/31/2001	05/30/2001
HB 2355	S	07/16/2001	07/23/2001	07/19/2001
HB 2361	S	06/19/2001	06/26/2001	06/22/2001
HB 2363	S	06/13/2001	06/20/2001	06/18/2001
HB 2365	S	06/13/2001	06/20/2001	06/15/2001
HB 2367	S	06/13/2001	06/20/2001	06/19/2001
HB 2368	S	06/13/2001	06/20/2001	06/15/2001
HB 2369	S	05/24/2001	05/31/2001	05/25/2001
HB 2370	S	06/22/2001	06/29/2001	06/28/2001
HB 2371	S	06/13/2001	06/20/2001	06/15/2001
HB 2372	S	06/13/2001	06/20/2001	06/15/2001
HB 2374	S	06/13/2001	06/20/2001	06/18/2001
HB 2375	S	05/24/2001	05/31/2001	05/30/2001
HB 2377	S	05/31/2001	06/07/2001	06/07/2001
HB 2379	S	07/16/2001	07/23/2001	07/27/2001
HB 2380	S	06/13/2001	06/20/2001	06/19/2001
HB 2381	S	06/19/2001	06/26/2001	06/22/2001

HB 2382	S	06/13/2001	06/20/2001	06/18/2001	
HB 2385	S	05/11/2001	05/18/2001	05/18/2001	
HB 2386	S	05/25/2001	06/01/2001	05/30/2001	
HB 2387	S	06/19/2001	06/26/2001	06/26/2001	
HB 2388	S	06/05/2001	06/12/2001	06/08/2001	
HB 2389	S	06/13/2001	06/20/2001	06/15/2001	
HB 2391	S	06/05/2001	06/12/2001	06/12/2001	
HB 2392	S	05/17/2001	05/24/2001	05/22/2001	
HB 2393	S	07/02/2001	07/09/2001	07/03/2001	
HB 2398	S	06/13/2001	06/20/2001	06/20/2001	
HB 2406	S	06/13/2001	06/20/2001	06/18/2001	
HB 2409	S	05/24/2001	05/31/2001	05/25/2001	
HB 2410	S	04/04/2001	04/11/2001	04/10/2001	
HB 2413	S	06/19/2001	06/26/2001	06/26/2001	
HB 2414	S	05/17/2001	05/24/2001	05/21/2001	
HB 2420	S	07/17/2001	07/24/2001	07/19/2001	
HB 2425	S	04/09/2001	04/16/2001	04/13/2001	
HB 2427	S	07/17/2001	07/24/2001	07/31/2001	
HB 2428	S	05/24/2001	05/31/2001	05/25/2001	
HB 2429	S	07/05/2001	07/12/2001	07/17/2001	
HB 2431	S	07/02/2001	07/09/2001	07/03/2001	
HB 2433	S	06/21/2001	06/28/2001	06/22/2001	
HB 2440	S	06/29/2001	07/06/2001	07/06/2001	
HB 2444	S	05/24/2001	05/31/2001	05/30/2001	
HB 2450	S	07/16/2001	07/23/2001	08/16/2001	
HB 2455	S	05/24/2001	05/31/2001	05/30/2001	
HB 2457	S	04/17/2001	04/24/2001	04/23/2001	
HB 2458	S	05/07/2001	05/14/2001	05/11/2001	
HB 2459	S	07/16/2001	07/23/2001	07/31/2001	
HB 2460	S	06/21/2001	06/28/2001	06/26/2001	
HB 2463	S	06/04/2001	06/11/2001	06/08/2001	
HB 2469	S	05/18/2001	05/25/2001	05/25/2001	
HB 2490	S	05/18/2001	05/25/2001	05/24/2001	
HB 2491	S	05/17/2001	05/24/2001	05/24/2001	
HB 2493	S	06/13/2001	06/20/2001	06/18/2001	
HB 2494	S	05/24/2001	05/31/2001	05/25/2001	
HB 2497	V	07/16/2001	07/23/2001	08/17/2001	<u>Veto</u>
HB 2500	S	05/24/2001	05/31/2001	05/31/2001	
HB 2502	S	06/20/2001	06/27/2001	06/22/2001	
HB 2503	S	06/27/2001	07/04/2001	07/03/2001	

HB 2513	S	07/03/2001	07/10/2001	07/06/2001
HB 2515	S	07/16/2001	07/23/2001	08/16/2001
HB 2516	S	07/16/2001	07/23/2001	07/31/2001
HB 2519	S	07/16/2001	07/23/2001	08/02/2001
HB 2520	S	05/24/2001	05/31/2001	05/30/2001
HB 2521	S	06/19/2001	06/26/2001	06/19/2001
HB 2536	S	06/22/2001	06/29/2001	06/27/2001
HB 2548	S	05/17/2001	05/24/2001	05/21/2001
HB 2549	S	05/24/2001	05/31/2001	05/25/2001
HB 2550	S	07/16/2001	07/23/2001	07/18/2001
HB 2554	S	05/24/2001	05/31/2001	05/30/2001
HB 2555	S	06/19/2001	06/26/2001	06/22/2001
HB 2557	S	04/17/2001	04/24/2001	04/20/2001
HB 2560	S	07/17/2001	07/24/2001	07/20/2001
HB 2562	S	06/25/2001	07/02/2001	06/26/2001
HB 2565	S	05/17/2001	05/24/2001	05/22/2001
HB 2569	S	06/13/2001	06/20/2001	06/18/2001
HB 2571	S	05/17/2001	05/24/2001	05/24/2001
HB 2572	S	05/24/2001	05/31/2001	05/30/2001
HB 2575	S	07/02/2001	07/09/2001	07/03/2001
HB 2578	S	07/02/2001	07/09/2001	08/15/2001
HB 2580	S	04/04/2001	04/11/2001	04/10/2001
HB 2581	S	07/17/2001	07/24/2001	08/15/2001
HB 2584	S	07/17/2001	07/24/2001	07/19/2001
HB 2588	S	05/21/2001	05/28/2001	05/24/2001
HB 2594	S	06/13/2001	06/20/2001	06/13/2001
HB 2598	S	07/16/2001	07/23/2001	07/19/2001
HB 2600	S	06/25/2001	07/02/2001	07/02/2001
HB 2601	S	04/17/2001	04/24/2001	04/20/2001
HB 2604	S	05/31/2001	06/07/2001	06/05/2001
HB 2605	S	05/24/2001	05/31/2001	05/30/2001
HB 2606	S	05/24/2001	05/31/2001	05/29/2001
HB 2608	S	05/24/2001	05/31/2001	05/30/2001
HB 2609	S	04/17/2001	04/24/2001	04/23/2001
HB 2610	S	05/24/2001	05/31/2001	05/30/2001
HB 2611	S	06/19/2001	06/26/2001	06/26/2001
HB 2612	S	06/13/2001	06/20/2001	06/18/2001
HB 2613	S	06/13/2001	06/20/2001	06/18/2001
HB 2614	S	06/19/2001	06/26/2001	06/21/2001
HB 2616	S	05/24/2001	05/31/2001	05/30/2001
HB 2617	S	06/21/2001	06/28/2001	06/22/2001

HB 2624	S	05/31/2001	06/07/2001	06/06/2001	
HB 2626	S	07/16/2001	07/23/2001	07/19/2001	
HB 2627	S	06/19/2001	06/26/2001	06/26/2001	
HB 2630	S	07/02/2001	07/09/2001	07/03/2001	
HB 2638	S	06/13/2001	06/20/2001	06/18/2001	
HB 2644	S	05/24/2001	05/31/2001	05/31/2001	
HB 2646	S	07/17/2001	07/24/2001	07/27/2001	
HB 2652	S	05/24/2001	05/31/2001	05/31/2001	
HB 2655	S	05/24/2001	05/31/2001	05/30/2001	
HB 2656	S	06/13/2001	06/20/2001	06/18/2001	
HB 2659	S	07/17/2001	07/24/2001	08/15/2001	
HB 2660	S	06/25/2001	07/02/2001	06/28/2001	
HB 2663	S	06/13/2001	06/20/2001	06/14/2001	
HB 2664	S	07/16/2001	07/23/2001	07/27/2001	
HB 2665	S	05/24/2001	05/31/2001	05/29/2001	
HB 2667	S	05/24/2001	05/31/2001	05/31/2001	
HB 2668	S	06/20/2001	06/27/2001	06/22/2001	
HB 2670	S	05/24/2001	05/31/2001	05/30/2001	
HB 2671	S	05/24/2001	05/31/2001	05/31/2001	
HB 2674	S	05/10/2001	05/17/2001	05/17/2001	
HB 2676	S	06/25/2001	07/02/2001	06/28/2001	
HB 2677	S	04/17/2001	04/24/2001	04/23/2001	
HB 2682	S	05/10/2001	05/17/2001	05/16/2001	
HB 2686	S	06/27/2001	07/04/2001	07/02/2001	
HB 2696	S	04/12/2001	04/19/2001	04/18/2001	
HB 2698	S	06/13/2001	06/20/2001	06/15/2001	
HB 2701	S	04/17/2001	04/24/2001	04/23/2001	
HB 2702	S	05/31/2001	06/07/2001	06/06/2001	
HB 2704	S	05/24/2001	05/31/2001	05/29/2001	
HB 2712	S	05/24/2001	05/31/2001	05/25/2001	
HB 2713	S	07/16/2001	07/23/2001	07/19/2001	
HB 2714	V	07/17/2001	07/24/2001	08/17/2001	<u>Veto</u>
HB 2716	S	07/16/2001	07/23/2001	07/30/2001	
HB 2718	S	05/24/2001	05/31/2001	05/29/2001	
HB 2721	S	04/17/2001	04/24/2001	04/23/2001	
HB 2722	S	06/13/2001	06/20/2001	06/18/2001	
HB 2727	S	07/17/2001	07/24/2001	07/27/2001	
HB 2728	S	06/13/2001	06/20/2001	06/18/2001	
HB 2729	S	06/19/2001	06/26/2001	06/22/2001	
HB 2730	S	07/17/2001	07/24/2001	08/09/2001	

HB 2731	S	06/13/2001	06/20/2001	06/15/2001
HB 2744	S	07/03/2001	07/10/2001	08/15/2001
HB 2756	S	06/22/2001	06/29/2001	06/28/2001
HB 2759	S	06/13/2001	06/20/2001	06/18/2001
HB 2763	S	06/19/2001	06/26/2001	06/22/2001
HB 2764	S	07/17/2001	07/24/2001	08/10/2001
HB 2767	S	05/10/2001	05/17/2001	05/17/2001
HB 2775	S	06/04/2001	06/11/2001	06/05/2001
HB 2777	S	04/17/2001	04/24/2001	04/23/2001
HB 2778	S	06/13/2001	06/20/2001	06/18/2001
HB 2781	S	06/19/2001	06/26/2001	06/22/2001
HB 2789	S	06/13/2001	06/20/2001	06/19/2001
HB 2790	S	05/25/2001	06/01/2001	05/30/2001
HB 2795	S	05/24/2001	05/31/2001	05/30/2001
HB 2800	S	06/25/2001	07/02/2001	06/26/2001
HB 2801	S	07/16/2001	07/23/2001	08/15/2001
HB 2804	S	06/27/2001	07/04/2001	06/28/2001
HB 2809	S	07/02/2001	07/09/2001	07/18/2001
HB 2817	S	06/19/2001	06/26/2001	06/22/2001
HB 2818	S	06/19/2001	06/26/2001	06/26/2001
HB 2822	S	05/24/2001	05/31/2001	05/30/2001
HB 2828	S	07/17/2001	07/24/2001	08/17/2001
HB 2829	S	05/17/2001	05/24/2001	05/21/2001
HB 2832	S	07/16/2001	07/23/2001	08/09/2001
HB 2840	S	06/13/2001	06/20/2001	06/18/2001
HB 2841	S	06/19/2001	06/26/2001	06/22/2001
HB 2842	S	05/17/2001	05/24/2001	05/21/2001
HB 2848	S	06/27/2001	07/04/2001	06/28/2001
HB 2852	S	07/16/2001	07/23/2001	07/27/2001
HB 2862	S	07/16/2001	07/23/2001	08/10/2001
HB 2866	S	06/05/2001	06/12/2001	06/12/2001
HB 2867	S	06/22/2001	06/29/2001	06/29/2001
HB 2869	S	06/19/2001	06/26/2001	06/22/2001
HB 2877	S	07/16/2001	07/23/2001	07/27/2001
HB 2883	S	07/03/2001	07/10/2001	07/06/2001
HB 2884	S	07/16/2001	07/23/2001	07/31/2001
HB 2891	S	06/22/2001	06/29/2001	06/27/2001
HB 2899	S	06/25/2001	07/02/2001	06/28/2001
HB 2906	S	06/19/2001	06/26/2001	06/26/2001
HB 2912	S	06/29/2001	07/06/2001	07/02/2001
HB 2914	S	05/17/2001	05/24/2001	05/21/2001

HB 2918	S	07/17/2001	07/24/2001	07/31/2001	
HB 2923	S	07/16/2001	07/23/2001	08/10/2001	
HB 2934	S	07/16/2001	07/23/2001	07/27/2001	
HB 2936	S	06/05/2001	06/12/2001	06/12/2001	
HB 2937	S	05/31/2001	06/07/2001	06/04/2001	
HB 2938	S	05/24/2001	05/31/2001	05/29/2001	
HB 2944	S	07/02/2001	07/09/2001	07/03/2001	
HB 2945	S	06/01/2001	06/08/2001	06/08/2001	
HB 2947	S	06/19/2001	06/26/2001	06/22/2001	
HB 2949	S	06/27/2001	07/04/2001	06/28/2001	
HB 2950	S	06/19/2001	06/26/2001	06/26/2001	
HB 2964	S	06/19/2001	06/26/2001	06/22/2001	
HB 2967	S	06/13/2001	06/20/2001	06/18/2001	
HB 2972	S	06/19/2001	06/26/2001	06/22/2001	
HB 2975	S	07/02/2001	07/09/2001	07/03/2001	
HB 2976	S	07/02/2001	07/09/2001	08/03/2001	
HB 2978	S	06/19/2001	06/26/2001	06/22/2001	
HB 2980	S	06/22/2001	06/29/2001	06/28/2001	
HB 2981	V	07/03/2001	07/10/2001	08/17/2001	<u>Veto</u>
HB 2983	S	05/24/2001	05/31/2001	05/29/2001	
HB 2987	S	05/07/2001	05/14/2001	05/14/2001	
HB 2988	S	06/20/2001	06/27/2001	06/22/2001	
HB 2990	S	06/29/2001	07/06/2001	07/02/2001	
HB 2993	S	06/27/2001	07/04/2001	06/28/2001	
HB 3002	S	07/17/2001	07/24/2001	08/08/2001	
HB 3006	S	05/24/2001	05/31/2001	05/25/2001	
HB 3007	S	07/16/2001	07/23/2001	08/08/2001	
HB 3009	S	07/17/2001	07/24/2001	07/27/2001	
HB 3015	S	07/16/2001	07/23/2001	08/16/2001	
HB 3024	S	07/16/2001	07/23/2001	08/02/2001	
HB 3035	S	07/16/2001	07/23/2001	07/27/2001	
HB 3039	S	05/24/2001	05/31/2001	05/29/2001	
HB 3040	S	05/25/2001	06/01/2001	05/30/2001	
HB 3041	S	05/24/2001	05/31/2001	05/31/2001	
HB 3045	S	07/16/2001	07/23/2001	07/31/2001	
HB 3053	S	05/24/2001	05/31/2001	05/30/2001	
HB 3056	S	06/25/2001	07/02/2001	06/27/2001	
HB 3057	S	07/16/2001	07/23/2001	08/08/2001	
HB 3059	S	06/19/2001	06/26/2001	06/26/2001	
HB 3066	S	05/24/2001	05/31/2001	05/30/2001	

HB 3068	S	06/27/2001	07/04/2001	06/28/2001
HB 3069	S	06/13/2001	06/20/2001	06/15/2001
HB 3071	S	07/02/2001	07/09/2001	07/03/2001
HB 3080	S	05/24/2001	05/31/2001	05/29/2001
HB 3094	S	06/29/2001	07/06/2001	07/06/2001
HB 3099	S	06/19/2001	06/26/2001	06/22/2001
HB 3099	S	06/19/2001	06/26/2001	06/25/2001
HB 3100	S	06/05/2001	06/12/2001	06/12/2001
HB 3105	S	07/17/2001	07/24/2001	08/03/2001
HB 3109	S	06/13/2001	06/20/2001	06/18/2001
HB 3111	S	06/21/2001	06/28/2001	06/22/2001
HB 3119	S	06/19/2001	06/26/2001	06/22/2001
HB 3123	S	05/24/2001	05/31/2001	05/30/2001
HB 3126	S	07/17/2001	07/24/2001	08/09/2001
HB 3147	S	06/19/2001	06/26/2001	06/22/2001
HB 3155	S	06/27/2001	07/04/2001	06/28/2001
HB 3156	S	06/19/2001	06/26/2001	06/22/2001
HB 3159	S	05/17/2001	05/24/2001	05/22/2001
HB 3171	S	06/19/2001	06/26/2001	06/26/2001
HB 3172	S	06/19/2001	06/26/2001	06/26/2001
HB 3173	S	07/16/2001	07/23/2001	07/30/2001
HB 3187	S	06/22/2001	06/29/2001	06/28/2001
HB 3193	S	05/24/2001	05/31/2001	05/29/2001
HB 3200	S	07/17/2001	07/24/2001	08/16/2001
HB 3207	S	05/25/2001	06/01/2001	05/30/2001
HB 3208	S	05/25/2001	06/01/2001	05/30/2001
HB 3212	S	07/16/2001	07/23/2001	08/16/2001
HB 3214	S	07/16/2001	07/23/2001	08/02/2001
HB 3215	S	06/13/2001	06/20/2001	06/19/2001
HB 3224	S	07/16/2001	07/23/2001	07/27/2001
HB 3239	S	05/17/2001	05/24/2001	05/22/2001
HB 3244	S	07/17/2001	07/24/2001	07/27/2001
HB 3260	S	05/31/2001	06/07/2001	06/04/2001
HB 3263	S	06/13/2001	06/20/2001	06/18/2001
HB 3268	S	06/19/2001	06/26/2001	06/26/2001
HB 3289	S	07/17/2001	07/24/2001	07/20/2001
HB 3290	S	05/21/2001	05/28/2001	05/22/2001
HB 3313	S	06/19/2001	06/26/2001	06/25/2001
HB 3326	S	06/29/2001	07/06/2001	07/02/2001
HB 3330	S	07/17/2001	07/24/2001	07/19/2001
HB 3334	S	07/17/2001	07/24/2001	08/09/2001

HB 3336	S	06/27/2001	07/04/2001	06/28/2001	
HB 3338	S	05/24/2001	05/31/2001	05/25/2001	
HB 3339	S	06/19/2001	06/26/2001	06/26/2001	
HB 3344	V	07/02/2001	07/09/2001	07/05/2001	<u>Veto</u>
HB 3349	S	06/13/2001	06/20/2001	06/15/2001	
HB 3350	S	06/19/2001	06/26/2001	06/26/2001	
HB 3352	S	05/24/2001	05/31/2001	05/31/2001	
HB 3353	S	07/17/2001	07/24/2001	07/31/2001	
HB 3355	S	06/19/2001	06/26/2001	06/25/2001	
HB 3357	S	06/29/2001	07/06/2001	07/02/2001	
HB 3358	S	06/19/2001	06/26/2001	06/25/2001	
HB 3359	S	06/13/2001	06/20/2001	06/18/2001	
HB 3363	V	06/22/2001	06/29/2001	06/29/2001	<u>Veto</u>
HB 3364	S	05/24/2001	05/31/2001	05/30/2001	
HB 3366	S	06/19/2001	06/26/2001	06/25/2001	
HB 3372	S	07/17/2001	07/24/2001	08/09/2001	
HB 3373	S	06/25/2001	07/02/2001	06/26/2001	
HB 3374	S	05/17/2001	05/24/2001	05/22/2001	
HB 3376	S	06/13/2001	06/20/2001	06/20/2001	
HB 3386	S	06/20/2001	06/27/2001	06/26/2001	
HB 3389	S	05/17/2001	05/24/2001	05/21/2001	
HB 3391	S	06/20/2001	06/27/2001	06/27/2001	
HB 3395	S	07/17/2001	07/24/2001	07/19/2001	
HB 3398	S	06/13/2001	06/20/2001	06/20/2001	
HB 3399	S	07/17/2001	07/24/2001	08/09/2001	
HB 3399	S	07/17/2001	07/24/2001	08/09/2001	
HB 3403	S	06/19/2001	06/26/2001	06/26/2001	
HB 3406	S	07/16/2001	07/23/2001	08/15/2001	
HB 3410	S	06/29/2001	07/06/2001	07/02/2001	
HB 3411	S	06/19/2001	06/26/2001	06/25/2001	
HB 3413	S	07/02/2001	07/09/2001	07/06/2001	
HB 3418	S	06/29/2001	07/06/2001	07/02/2001	
HB 3424	S	06/27/2001	07/04/2001	07/04/2001	
HB 3429	S	06/25/2001	07/02/2001	06/26/2001	
HB 3433	S	07/16/2001	07/23/2001	08/16/2001	
HB 3441	S	07/03/2001	07/10/2001	07/17/2001	
HB 3444	S	07/17/2001	07/24/2001	08/16/2001	
HB 3448	S	06/19/2001	06/26/2001	06/25/2001	
HB 3451	S	07/16/2001	07/23/2001	07/27/2001	
HB 3461	S	07/02/2001	07/09/2001	07/03/2001	

HB 3479	S	06/22/2001	06/29/2001	06/29/2001	
HB 3486	S	05/18/2001	05/25/2001	05/24/2001	
HB 3489	S	06/13/2001	06/20/2001	06/18/2001	
HB 3500	S	05/31/2001	06/07/2001	06/05/2001	
HB 3502	S	06/19/2001	06/26/2001	06/25/2001	
HB 3528	V	07/02/2001	07/09/2001	08/17/2001	<u>Veto</u>
HB 3530	S	07/17/2001	07/24/2001	07/19/2001	
HB 3532	S	05/16/2001	05/23/2001	05/21/2001	
HB 3534	S	07/17/2001	07/24/2001	08/16/2001	
HB 3536	S	06/19/2001	06/26/2001	06/26/2001	
HB 3537	S	07/17/2001	07/24/2001	07/27/2001	
HB 3539	S	07/17/2001	07/24/2001	08/09/2001	
HB 3550	S	06/20/2001	06/27/2001	06/25/2001	
HB 3554	S	07/17/2001	07/24/2001	08/09/2001	
HB 3556	S	06/22/2001	06/29/2001	06/27/2001	
HB 3557	S	07/16/2001	07/23/2001	07/19/2001	
HB 3564	S	06/29/2001	07/06/2001	07/02/2001	
HB 3573	S	05/31/2001	06/07/2001	06/05/2001	
HB 3586	S	06/19/2001	06/26/2001	06/25/2001	
HB 3593	S	07/17/2001	07/24/2001	08/03/2001	
HB 3594	S	06/13/2001	06/20/2001	06/18/2001	
HB 3596	S	06/19/2001	06/26/2001	06/25/2001	
HB 3611	S	06/29/2001	07/06/2001	07/02/2001	
HB 3613	S	06/19/2001	06/26/2001	06/25/2001	
HB 3619	S	06/22/2001	06/29/2001	06/28/2001	
HB 3620	S	06/19/2001	06/26/2001	06/21/2001	
HB 3633	S	07/16/2001	07/23/2001	07/20/2001	
HB 3634	S	05/24/2001	05/31/2001	05/30/2001	
HB 3637	S	07/02/2001	07/09/2001	07/06/2001	
HB 3641	S	06/29/2001	07/06/2001	07/02/2001	
HB 3642	S	06/27/2001	07/04/2001	06/28/2001	
HB 3647	S	06/19/2001	06/26/2001	06/26/2001	
HB 3659	S	07/16/2001	07/23/2001	07/27/2001	
HB 3660	S	06/05/2001	06/12/2001	06/08/2001	
HB 3661	S	06/19/2001	06/26/2001	06/26/2001	
HB 3662	S	06/19/2001	06/26/2001	06/25/2001	
HB 3664	S	06/13/2001	06/20/2001	06/18/2001	
HB 3665	S	05/24/2001	05/31/2001	05/30/2001	
HB 3669	S	06/19/2001	06/26/2001	06/25/2001	
HB 3673	S	06/29/2001	07/06/2001	07/02/2001	
HB 3677	S	06/13/2001	06/20/2001	06/18/2001	

HB 3680	S	06/29/2001	07/06/2001	07/02/2001	
HB 3682	S	06/13/2001	06/20/2001	06/18/2001	
HB 3684	S	07/17/2001	07/24/2001	08/15/2001	
HB 3686	S	06/28/2001	07/05/2001	07/02/2001	
HB 3696	S	07/17/2001	07/24/2001	08/03/2001	
HB 3712	S	07/17/2001	07/24/2001	08/09/2001	
HB 3730	S	05/24/2001	05/31/2001	05/29/2001	
HB 3744	S	06/19/2001	06/26/2001	06/21/2001	
HB 3745	S	06/13/2001	06/20/2001	06/20/2001	
HB 3759	S	07/02/2001	07/09/2001	07/30/2001	
HB 3769	S	06/19/2001	06/26/2001	06/25/2001	
HB 3778	S	07/02/2001	07/09/2001	07/03/2001	
HB 3782	S	06/29/2001	07/06/2001	07/02/2001	
HB 3783	S	06/22/2001	06/29/2001	06/28/2001	
HB 3788	S	06/27/2001	07/04/2001	06/28/2001	
HB 3791	S	05/10/2001	05/17/2001	05/16/2001	
HB 3796	S	06/13/2001	06/20/2001	06/18/2001	
HB 3804	S	06/29/2001	07/06/2001	07/02/2001	
HB 3808	V	07/17/2001	07/24/2001	08/17/2001	<u>Veto</u>
HB 3809	V	07/17/2001	07/24/2001	08/17/2001	<u>Veto</u>
HB 3810	S	07/17/2001	07/24/2001	08/09/2001	
HB 3811	S	05/15/2001	05/22/2001	05/16/2001	
HB 3815	S	07/17/2001	07/24/2001	08/03/2001	
HB 3816	S	07/16/2001	07/23/2001	08/02/2001	
HB 3835	S	06/22/2001	06/29/2001	06/28/2001	
HB 3839	S	07/17/2001	07/24/2001	08/03/2001	
HB 3842	S	06/04/2001	06/11/2001	06/05/2001	
HB 3847	S	07/17/2001	07/24/2001	08/16/2001	
HB 3857	S	06/27/2001	07/04/2001	06/28/2001	
HB 3858	S	05/24/2001	05/31/2001	05/30/2001	
HB 3861	S	07/17/2001	07/24/2001	08/15/2001	
HB 3882	S	07/17/2001	07/24/2001	07/20/2001	
HB 3885	S	06/05/2001	06/12/2001	06/08/2001	
HB 3905	S	07/17/2001	07/24/2001	08/03/2001	
HB 3909	S	06/22/2001	06/29/2001	06/27/2001	
HB 3912	S	07/03/2001	07/10/2001	07/06/2001	
HB 3915	S	06/19/2001	06/26/2001	06/25/2001	
HB 3917	S	07/17/2001	07/24/2001	08/03/2001	
HB 3920	S	07/17/2001	07/24/2001	08/03/2001	
HB 3924	S	07/02/2001	07/09/2001	07/06/2001	

HB 3925	S	07/17/2001	07/24/2001	08/13/2001	
HB 3931	S	07/02/2001	07/09/2001	07/03/2001	
HB 3941	S	07/17/2001	07/24/2001	07/27/2001	
HB 3946	S	07/17/2001	07/24/2001	07/27/2001	
HB 3948	S	07/17/2001	07/24/2001	08/03/2001	
HB 3951	S	07/17/2001	07/24/2001	08/16/2001	
HB 3955	S	06/04/2001	06/11/2001	06/05/2001	
HB 3956	S	07/03/2001	07/10/2001	07/06/2001	
HB 3961	S	07/17/2001	07/24/2001	08/15/2001	
HB 3962	S	06/29/2001	07/06/2001	07/06/2001	
HB 3964	S	05/24/2001	05/31/2001	05/30/2001	
HB 3968	S	07/16/2001	07/23/2001	08/08/2001	
HB 3975	S	06/19/2001	06/26/2001	06/25/2001	
HB 3977	S	07/02/2001	07/09/2001	07/03/2001	
HB 3980	S	06/27/2001	07/04/2001	07/03/2001	
HB 3981	V	07/17/2001	07/24/2001	08/17/2001	<u>Veto</u>
HB 3996	S	07/03/2001	07/10/2001	07/17/2001	
HB 3997	S	07/16/2001	07/23/2001	08/10/2001	
HB 3997	S	07/16/2001	07/23/2001	08/10/2001	
HB 4001	S	07/17/2001	07/24/2001	07/27/2001	
HB 5001	S	06/19/2001	06/26/2001	06/21/2001	
HB 5002	S	04/02/2001	04/09/2001	04/06/2001	
HB 5003	S	05/24/2001	05/31/2001	05/31/2001	
HB 5004	S	03/27/2001	04/03/2001	03/30/2001	
HB 5005	S	05/02/2001	05/09/2001	05/09/2001	
HB 5007	S	06/13/2001	06/20/2001	06/18/2001	
HB 5008	S	06/19/2001	06/26/2001	06/26/2001	
HB 5009	S	04/04/2001	04/11/2001	04/10/2001	
HB 5011	S	04/02/2001	04/09/2001	04/06/2001	
HB 5012	S	06/19/2001	06/26/2001	06/21/2001	
HB 5013	S	05/02/2001	05/09/2001	05/09/2001	
HB 5014	S	07/16/2001	07/23/2001	07/31/2001	
HB 5015	S	06/28/2001	07/05/2001	06/29/2001	
HB 5016	S	04/04/2001	04/11/2001	04/10/2001	
HB 5017	S	05/02/2001	05/09/2001	05/09/2001	
HB 5018	S	03/27/2001	04/03/2001	03/30/2001	
HB 5019	S	05/02/2001	05/09/2001	05/09/2001	
HB 5020	S	05/02/2001	05/09/2001	05/09/2001	
HB 5021	S	04/04/2001	04/11/2001	04/10/2001	
HB 5022	S	04/04/2001	04/11/2001	04/10/2001	
HB 5023	S	04/17/2001	04/24/2001	04/24/2001	

HB 5024	S	05/24/2001	05/31/2001	05/25/2001
HB 5025	S	07/16/2001	07/23/2001	07/31/2001
HB 5026	S	04/04/2001	04/11/2001	04/10/2001
HB 5027	S	05/18/2001	05/25/2001	05/21/2001
HB 5028	S	04/04/2001	04/11/2001	04/10/2001
HB 5029	S	07/16/2001	07/23/2001	07/27/2001
HB 5030	S	05/24/2001	05/31/2001	05/25/2001
HB 5031	S	04/04/2001	04/11/2001	04/10/2001
HB 5032	S	07/17/2001	07/24/2001	07/19/2001
HB 5033	S	05/24/2001	05/31/2001	05/25/2001
HB 5034	S	03/27/2001	04/03/2001	03/30/2001
HB 5035	S	05/24/2001	05/31/2001	05/31/2001
HB 5036	S	07/17/2001	07/24/2001	07/20/2001
HB 5037	S	05/02/2001	05/09/2001	05/09/2001
HB 5038	S	04/12/2001	04/19/2001	04/18/2001
HB 5040	S	04/04/2001	04/11/2001	04/10/2001
HB 5041	S	06/19/2001	06/26/2001	06/25/2001
HB 5042	S	05/24/2001	05/31/2001	05/25/2001
HB 5043	S	07/16/2001	07/23/2001	07/19/2001
HB 5044	S	04/12/2001	04/19/2001	04/18/2001
HB 5045	S	06/07/2001	06/14/2001	06/07/2001
HB 5046	S	06/19/2001	06/26/2001	06/20/2001
HB 5047	S	06/19/2001	06/26/2001	06/25/2001
HB 5048	S	06/29/2001	07/06/2001	07/02/2001
HB 5049	S	06/28/2001	07/05/2001	06/28/2001
HB 5050	S	07/16/2001	07/23/2001	07/27/2001
HB 5051	S	07/16/2001	07/23/2001	07/31/2001
HB 5052	S	07/16/2001	07/23/2001	07/31/2001
HB 5053	S	07/17/2001	07/24/2001	07/31/2001
SB 0002	S	02/26/2001	03/05/2001	03/05/2001
SB 0009	S	07/18/2001	07/25/2001	07/30/2001
SB 0013	S	06/12/2001	06/19/2001	06/14/2001
SB 0014	S	07/16/2001	07/23/2001	07/19/2001
SB 0015	S	07/06/2001	07/13/2001	07/19/2001
SB 0016	S	05/30/2001	06/06/2001	06/04/2001
SB 0020	S	06/04/2001	06/11/2001	06/05/2001
SB 0021	S	03/30/2001	04/06/2001	04/03/2001
SB 0041	S	07/16/2001	07/23/2001	07/18/2001
SB 0043	S	06/01/2001	06/08/2001	06/08/2001
SB 0044	S	06/01/2001	06/08/2001	06/08/2001

SB 0045	S	06/27/2001	07/04/2001	06/27/2001	
SB 0047	S	06/12/2001	06/19/2001	06/14/2001	
SB 0050	V	07/03/2001	07/10/2001	08/17/2001	<u>Veto</u>
SB 0051	S	06/18/2001	06/25/2001	06/19/2001	
SB 0062	S	07/16/2001	07/23/2001	07/20/2001	
SB 0063	S	06/25/2001	07/02/2001	06/27/2001	
SB 0065	S	06/18/2001	06/25/2001	06/19/2001	
SB 0067	V	07/16/2001	07/23/2001	08/17/2001	<u>Veto</u>
SB 0069	S	05/23/2001	05/30/2001	05/29/2001	
SB 0070	S	07/18/2001	07/25/2001	07/20/2001	
SB 0074	S	03/29/2001	04/05/2001	04/04/2001	
SB 0075	S	05/25/2001	06/01/2001	05/30/2001	
SB 0076	S	05/25/2001	06/01/2001	05/30/2001	
SB 0077	S	05/25/2001	06/01/2001	05/30/2001	
SB 0081	S	06/26/2001	07/03/2001	06/27/2001	
SB 0101	S	07/16/2001	07/23/2001	08/08/2001	
SB 0102	S	07/16/2001	07/23/2001	07/27/2001	
SB 0103	S	06/01/2001	06/08/2001	06/08/2001	
SB 0104	S	06/01/2001	06/08/2001	06/05/2001	
SB 0106	S	05/29/2001	06/05/2001	06/04/2001	
SB 0107	S	07/02/2001	07/09/2001	07/06/2001	
SB 0114	S	06/18/2001	06/25/2001	06/25/2001	
SB 0118	S	06/04/2001	06/11/2001	06/05/2001	
SB 0120	S	06/18/2001	06/25/2001	06/25/2001	
SB 0122	S	05/25/2001	06/01/2001	05/30/2001	
SB 0123	S	05/25/2001	06/01/2001	05/30/2001	
SB 0124	S	05/30/2001	06/06/2001	06/04/2001	
SB 0126	S	06/18/2001	06/25/2001	06/21/2001	
SB 0130	S	05/30/2001	06/06/2001	06/04/2001	
SB 0133	S	06/26/2001	07/03/2001	06/27/2001	
SB 0134	S	07/16/2001	07/23/2001	08/09/2001	
SB 0144	S	06/26/2001	07/03/2001	07/02/2001	
SB 0145	S	07/16/2001	07/23/2001	08/15/2001	
SB 0153	S	06/18/2001	06/25/2001	06/19/2001	
SB 0160	S	06/18/2001	06/25/2001	06/21/2001	
SB 0162	S	06/01/2001	06/08/2001	06/08/2001	
SB 0165	S	05/30/2001	06/06/2001	06/05/2001	
SB 0166	S	06/26/2001	07/03/2001	06/27/2001	
SB 0167	S	07/16/2001	07/23/2001	07/27/2001	
SB 0168	S	06/18/2001	06/25/2001	06/22/2001	

SB 0171	S	06/18/2001	06/25/2001	06/19/2001	
SB 0172	S	06/18/2001	06/25/2001	06/22/2001	
SB 0173	S	07/02/2001	07/09/2001	07/06/2001	
SB 0177	S	05/25/2001	06/01/2001	05/30/2001	
SB 0183	S	06/18/2001	06/25/2001	06/21/2001	
SB 0184	S	04/03/2001	04/10/2001	04/10/2001	
SB 0185	S	03/26/2001	04/02/2001	03/30/2001	
SB 0186	S	03/15/2001	03/22/2001	03/16/2001	
SB 0187	S	05/25/2001	06/01/2001	05/30/2001	
SB 0188	S	06/26/2001	07/03/2001	06/27/2001	
SB 0193	S	04/16/2001	04/23/2001	04/23/2001	
SB 0194	S	06/18/2001	06/25/2001	06/25/2001	
SB 0199	S	06/18/2001	06/25/2001	06/25/2001	
SB 0201	S	03/30/2001	04/06/2001	04/04/2001	
SB 0208	S	06/18/2001	06/25/2001	06/25/2001	
SB 0209	S	06/18/2001	06/25/2001	06/19/2001	
SB 0210	S	06/18/2001	06/25/2001	06/19/2001	
SB 0212	S	06/18/2001	06/25/2001	06/21/2001	
SB 0214	S	04/16/2001	04/23/2001	04/20/2001	
SB 0215	S	04/12/2001	04/19/2001	04/18/2001	
SB 0216	S	06/18/2001	06/25/2001	06/21/2001	
SB 0220	S	06/12/2001	06/19/2001	06/14/2001	
SB 0229	S	07/16/2001	07/23/2001	08/10/2001	
SB 0230	S	07/16/2001	07/23/2001	08/08/2001	
SB 0234	V	06/22/2001	06/29/2001	06/29/2001	<u>Veto</u>
SB 0235	S	06/04/2001	06/11/2001	06/08/2001	
SB 0240	S	03/29/2001	04/05/2001	04/04/2001	
SB 0243	S	06/25/2001	07/02/2001	07/02/2001	
SB 0245	S	06/01/2001	06/08/2001	06/08/2001	
SB 0250	S	06/01/2001	06/08/2001	06/05/2001	
SB 0251	S	06/12/2001	06/19/2001	06/19/2001	
SB 0253	S	03/30/2001	04/06/2001	04/06/2001	
SB 0254	S	03/30/2001	04/06/2001	04/06/2001	
SB 0255	S	06/12/2001	06/19/2001	06/15/2001	
SB 0257	S	06/18/2001	06/25/2001	06/19/2001	
SB 0258	S	06/18/2001	06/25/2001	06/21/2001	
SB 0259	S	06/18/2001	06/25/2001	06/22/2001	
SB 0260	S	06/27/2001	07/04/2001	07/02/2001	
SB 0262	S	06/12/2001	06/19/2001	06/19/2001	
SB 0264	S	04/03/2001	04/10/2001	04/10/2001	
SB 0267	S	06/01/2001	06/08/2001	06/05/2001	

SB 0268	S	05/17/2001	05/24/2001	05/24/2001
SB 0269	S	06/12/2001	06/19/2001	06/15/2001
SB 0270	S	06/01/2001	06/08/2001	06/08/2001
SB 0272	S	06/01/2001	06/08/2001	06/08/2001
SB 0273	S	06/18/2001	06/25/2001	06/22/2001
SB 0275	S	04/16/2001	04/23/2001	04/20/2001
SB 0276	S	06/12/2001	06/19/2001	06/15/2001
SB 0278	S	04/16/2001	04/23/2001	04/18/2001
SB 0279	S	04/16/2001	04/23/2001	04/18/2001
SB 0280	S	06/21/2001	06/28/2001	06/27/2001
SB 0283	S	03/30/2001	04/06/2001	04/04/2001
SB 0285	S	04/06/2001	04/13/2001	04/13/2001
SB 0286	S	06/27/2001	07/04/2001	07/04/2001
SB 0287	S	06/01/2001	06/08/2001	06/06/2001
SB 0288	S	06/18/2001	06/25/2001	06/25/2001
SB 0289	S	06/18/2001	06/25/2001	06/21/2001
SB 0290	S	06/26/2001	07/03/2001	06/28/2001
SB 0291	S	06/01/2001	06/08/2001	06/04/2001
SB 0292	S	07/16/2001	07/23/2001	07/31/2001
SB 0293	S	07/16/2001	07/23/2001	07/18/2001
SB 0296	S	06/18/2001	06/25/2001	06/21/2001
SB 0297	S	06/01/2001	06/08/2001	06/08/2001
SB 0298	S	05/17/2001	05/24/2001	05/22/2001
SB 0299	S	06/18/2001	06/25/2001	06/22/2001
SB 0301	S	05/09/2001	05/16/2001	05/16/2001
SB 0302	S	04/03/2001	04/10/2001	04/10/2001
SB 0304	S	06/18/2001	06/25/2001	06/22/2001
SB 0305	S	05/30/2001	06/06/2001	06/05/2001
SB 0306	S	03/30/2001	04/06/2001	04/06/2001
SB 0307	S	06/12/2001	06/19/2001	06/15/2001
SB 0308	S	03/29/2001	04/05/2001	04/04/2001
SB 0309	S	03/29/2001	04/05/2001	04/04/2001
SB 0310	S	05/09/2001	05/16/2001	05/16/2001
SB 0311	S	04/03/2001	04/10/2001	04/10/2001
SB 0312	S	06/01/2001	06/08/2001	06/05/2001
SB 0313	S	03/30/2001	04/06/2001	04/04/2001
SB 0314	S	03/30/2001	04/06/2001	04/04/2001
SB 0315	S	06/18/2001	06/25/2001	06/19/2001
SB 0316	S	06/01/2001	06/08/2001	06/08/2001
SB 0317	S	06/18/2001	06/25/2001	06/19/2001

SB 0319	S	06/12/2001	06/19/2001	06/14/2001	
SB 0320	S	06/12/2001	06/19/2001	06/15/2001	
SB 0323	S	06/18/2001	06/25/2001	06/22/2001	
SB 0324	S	06/12/2001	06/19/2001	06/15/2001	
SB 0325	S	06/12/2001	06/19/2001	06/14/2001	
SB 0326	S	06/12/2001	06/19/2001	06/15/2001	
SB 0327	S	06/18/2001	06/25/2001	06/22/2001	
SB 0328	S	06/12/2001	06/19/2001	06/19/2001	
SB 0329	S	04/03/2001	04/10/2001	04/10/2001	
SB 0330	S	06/01/2001	06/08/2001	06/05/2001	
SB 0331	S	06/18/2001	06/25/2001	06/25/2001	
SB 0332	S	06/12/2001	06/19/2001	06/19/2001	
SB 0334	S	06/21/2001	06/28/2001	06/27/2001	
SB 0336	S	03/30/2001	04/06/2001	04/04/2001	
SB 0337	S	05/30/2001	06/06/2001	06/06/2001	
SB 0338	S	05/30/2001	06/06/2001	06/05/2001	
SB 0339	S	06/12/2001	06/19/2001	06/19/2001	
SB 0340	S	05/30/2001	06/06/2001	06/05/2001	
SB 0342	S	06/12/2001	06/19/2001	06/14/2001	
SB 0349	S	04/03/2001	04/10/2001	04/10/2001	
SB 0352	S	06/12/2001	06/19/2001	06/15/2001	
SB 0353	S	06/12/2001	06/19/2001	06/14/2001	
SB 0354	S	06/18/2001	06/25/2001	06/25/2001	
SB 0365	S	06/25/2001	07/02/2001	07/02/2001	
SB 0366	S	06/18/2001	06/25/2001	06/21/2001	
SB 0367	S	03/29/2001	04/05/2001	04/04/2001	
SB 0368	S	03/30/2001	04/06/2001	06/13/1907	
SB 0370	S	07/16/2001	07/23/2001	07/31/2001	
SB 0371	S	06/01/2001	06/08/2001	06/05/2001	
SB 0372	S	03/30/2001	04/06/2001	04/04/2001	
SB 0374	V	07/02/2001	07/09/2001	08/17/2001	<u>Veto</u>
SB 0383	S	07/16/2001	07/23/2001	07/18/2001	
SB 0384	S	07/18/2001	07/25/2001	08/03/2001	
SB 0385	S	06/01/2001	06/08/2001	06/05/2001	
SB 0387	S	04/16/2001	04/23/2001	04/20/2001	
SB 0391	S	04/16/2001	04/23/2001	04/23/2001	
SB 0392	S	06/18/2001	06/25/2001	06/25/2001	
SB 0394	S	05/30/2001	06/06/2001	06/04/2001	
SB 0397	S	07/02/2001	07/09/2001	07/31/2001	
SB 0400	S	06/18/2001	06/25/2001	06/22/2001	
SB 0401	S	06/18/2001	06/25/2001	06/22/2001	

SB 0404	S	06/18/2001	06/25/2001	06/19/2001
SB 0405	S	06/12/2001	06/19/2001	06/19/2001
SB 0408	S	06/18/2001	06/25/2001	06/19/2001
SB 0409	S	04/16/2001	04/23/2001	04/23/2001
SB 0410	S	04/23/2001	04/30/2001	04/30/2001
SB 0412	S	05/25/2001	06/01/2001	05/30/2001
SB 0413	S	06/18/2001	06/25/2001	06/22/2001
SB 0415	S	06/22/2001	06/29/2001	06/29/2001
SB 0416	S	06/21/2001	06/28/2001	06/28/2001
SB 0417	S	06/18/2001	06/25/2001	06/22/2001
SB 0419	S	06/26/2001	07/03/2001	06/28/2001
SB 0422	S	04/06/2001	04/13/2001	04/13/2001
SB 0423	S	06/25/2001	07/02/2001	07/02/2001
SB 0424	S	02/26/2001	03/05/2001	03/05/2001
SB 0425	S	06/01/2001	06/08/2001	06/04/2001
SB 0426	S	04/06/2001	04/13/2001	04/13/2001
SB 0427	S	05/17/2001	05/24/2001	05/24/2001
SB 0428	S	02/19/2001	02/26/2001	02/26/2001
SB 0429	S	05/30/2001	06/06/2001	06/05/2001
SB 0431	S	06/12/2001	06/19/2001	06/19/2001
SB 0432	S	06/18/2001	06/25/2001	06/21/2001
SB 0436	S	06/18/2001	06/25/2001	06/22/2001
SB 0437	S	06/26/2001	07/03/2001	06/27/2001
SB 0440	S	04/12/2001	04/19/2001	04/18/2001
SB 0441	S	05/30/2001	06/06/2001	06/05/2001
SB 0444	S	06/08/2001	06/15/2001	06/13/2001
SB 0445	S	06/18/2001	06/25/2001	06/22/2001
SB 0446	S	06/04/2001	06/11/2001	06/05/2001
SB 0457	S	07/16/2001	07/23/2001	08/09/2001
SB 0461	S	06/01/2001	06/08/2001	06/05/2001
SB 0463	S	06/18/2001	06/25/2001	06/21/2001
SB 0466	S	07/16/2001	07/23/2001	07/27/2001
SB 0470	S	07/16/2001	07/23/2001	07/31/2001
SB 0472	S	07/16/2001	07/23/2001	08/03/2001
SB 0480	S	03/30/2001	04/06/2001	04/06/2001
SB 0481	S	03/30/2001	04/06/2001	04/06/2001
SB 0482	S	06/26/2001	07/03/2001	07/02/2001
SB 0483	S	07/16/2001	07/23/2001	08/09/2001
SB 0485	S	07/16/2001	07/23/2001	07/30/2001
SB 0486	S	07/18/2001	07/25/2001	08/10/2001

SB 0488	S	06/25/2001	07/02/2001	06/27/2001	
SB 0489	S	04/19/2001	04/26/2001	04/25/2001	
SB 0492	S	07/16/2001	07/23/2001	07/18/2001	
SB 0495	S	07/16/2001	07/23/2001	07/18/2001	
SB 0500	V	06/22/2001	06/29/2001	06/28/2001	<u>Veto</u>
SB 0502	V	07/16/2001	07/23/2001	08/17/2001	<u>Veto</u>
SB 0507	S	05/23/2001	05/30/2001	05/24/2001	
SB 0510	S	05/09/2001	05/16/2001	05/16/2001	
SB 0511	S	04/25/2001	05/02/2001	04/30/2001	
SB 0512	S	07/16/2001	07/23/2001	08/16/2001	
SB 0519	S	06/26/2001	07/03/2001	06/28/2001	
SB 0520	S	06/20/2001	06/27/2001	06/25/2001	
SB 0521	S	06/20/2001	06/27/2001	06/25/2001	
SB 0526	S	06/12/2001	06/19/2001	06/14/2001	
SB 0529	S	06/18/2001	06/25/2001	05/19/2001	
SB 0530	S	06/12/2001	06/19/2001	06/15/2001	
SB 0540	S	06/18/2001	06/25/2001	06/25/2001	
SB 0562	S	06/18/2001	06/25/2001	06/25/2001	
SB 0568	S	06/18/2001	06/25/2001	06/25/2001	
SB 0569	S	06/27/2001	07/04/2001	07/04/2001	
SB 0570	S	06/27/2001	07/04/2001	07/04/2001	
SB 0579	S	06/18/2001	06/25/2001	06/21/2001	
SB 0580	S	05/23/2001	05/30/2001	05/29/2001	
SB 0581	S	06/18/2001	06/25/2001	06/21/2001	
SB 0591	S	06/18/2001	06/25/2001	06/21/2001	
SB 0593	V	07/16/2001	07/23/2001	08/17/2001	<u>Veto</u>
SB 0594	S	06/18/2001	06/25/2001	06/22/2001	
SB 0595	S	07/16/2001	07/23/2001	07/31/2001	
SB 0597	S	05/30/2001	06/06/2001	06/04/2001	
SB 0601	S	06/18/2001	06/25/2001	06/25/2001	
SB 0606	S	06/18/2001	06/25/2001	06/21/2001	
SB 0609	S	06/01/2001	06/08/2001	06/05/2001	
SB 0612	S	04/23/2001	04/30/2001	04/30/2001	
SB 0620	S	07/16/2001	07/23/2001	07/27/2001	
SB 0625	S	06/01/2001	06/08/2001	06/05/2001	
SB 0626	S	04/06/2001	04/13/2001	04/13/2001	
SB 0635	S	06/21/2001	06/28/2001	06/28/2001	
SB 0644	S	07/16/2001	07/23/2001	07/18/2001	
SB 0654	S	06/12/2001	06/19/2001	06/15/2001	
SB 0655	S	06/12/2001	06/19/2001	06/15/2001	
SB 0656	S	06/12/2001	06/19/2001	06/15/2001	

SB 0657	S	06/26/2001	07/03/2001	06/27/2001
SB 0659	S	07/16/2001	07/23/2001	08/03/2001
SB 0660	S	06/26/2001	07/03/2001	07/03/2001
SB 0665	S	07/16/2001	07/23/2001	07/18/2001
SB 0667	S	06/26/2001	07/03/2001	07/02/2001
SB 0684	S	06/26/2001	07/03/2001	06/27/2001
SB 0685	S	06/18/2001	06/25/2001	06/21/2001
SB 0690	S	06/27/2001	07/04/2001	06/27/2001
SB 0694	S	06/18/2001	06/25/2001	06/19/2001
SB 0695	S	06/12/2001	06/19/2001	06/15/2001
SB 0696	S	06/12/2001	06/19/2001	06/15/2001
SB 0704	S	06/18/2001	06/25/2001	06/21/2001
SB 0710	S	06/12/2001	06/19/2001	06/15/2001
SB 0713	S	06/18/2001	06/25/2001	06/25/2001
SB 0715	S	06/18/2001	06/25/2001	06/22/2001
SB 0720	S	06/12/2001	06/19/2001	06/18/2001
SB 0722	S	07/16/2001	07/23/2001	07/27/2001
SB 0724	S	06/18/2001	06/25/2001	06/22/2001
SB 0730	S	06/12/2001	06/19/2001	06/19/2001
SB 0740	S	06/25/2001	07/02/2001	07/02/2001
SB 0745	S	06/04/2001	06/11/2001	06/08/2001
SB 0747	S	06/26/2001	07/03/2001	07/02/2001
SB 0753	S	07/16/2001	07/23/2001	08/03/2001
SB 0755	S	06/18/2001	06/25/2001	06/21/2001
SB 0756	S	06/12/2001	06/19/2001	07/19/2001
SB 0763	S	07/16/2001	07/23/2001	07/31/2001
SB 0764	S	07/10/2001	07/17/2001	08/09/2001
SB 0765	S	06/25/2001	07/02/2001	07/02/2001
SB 0769	S	06/25/2001	07/02/2001	07/02/2001
SB 0770	S	05/17/2001	05/24/2001	05/24/2001
SB 0773	S	06/18/2001	06/25/2001	06/25/2001
SB 0777	S	06/01/2001	06/08/2001	06/05/2001
SB 0780	S	06/18/2001	06/25/2001	06/22/2001
SB 0786	S	07/02/2001	07/09/2001	08/16/2001
SB 0790	S	07/16/2001	07/23/2001	08/02/2001
SB 0811	S	07/16/2001	07/23/2001	08/10/2001
SB 0817	S	07/16/2001	07/23/2001	07/27/2001
SB 0819	S	07/18/2001	07/25/2001	08/02/2001
SB 0821	S	07/16/2001	07/23/2001	07/20/2001
SB 0825	S	05/29/2001	06/05/2001	05/30/2001

SB 0826	S	05/23/2001	05/30/2001	05/29/2001
SB 0827	S	07/16/2001	07/23/2001	07/20/2001
SB 0828	S	06/01/2001	06/08/2001	06/05/2001
SB 0831	S	06/01/2001	06/08/2001	06/08/2001
SB 0832	S	07/16/2001	07/23/2001	08/08/2001
SB 0843	S	05/09/2001	05/16/2001	05/14/2001
SB 0844	S	06/18/2001	06/25/2001	06/19/2001
SB 0846	S	06/18/2001	06/25/2001	06/21/2001
SB 0867	S	06/12/2001	06/19/2001	06/15/2001
SB 0869	S	06/01/2001	06/08/2001	06/04/2001
SB 0870	S	06/01/2001	06/08/2001	06/04/2001
SB 0871	S	07/16/2001	07/23/2001	08/09/2001
SB 0872	S	07/16/2001	07/23/2001	08/03/2001
SB 0874	S	06/21/2001	06/28/2001	06/28/2001
SB 0885	S	07/16/2001	07/23/2001	08/17/2001
SB 0887	S	06/12/2001	06/19/2001	06/19/2001
SB 0889	S	07/02/2001	07/09/2001	07/06/2001
SB 0894	S	07/02/2001	07/09/2001	07/05/2001
SB 0895	S	06/29/2001	07/06/2001	07/02/2001
SB 0911	S	06/12/2001	06/19/2001	06/19/2001
SB 0914	S	07/16/2001	07/23/2001	07/27/2001
SB 0921	S	07/16/2001	07/23/2001	08/15/2001
SB 0925	S	06/18/2001	06/25/2001	06/22/2001
SB 0928	S	06/18/2001	06/25/2001	06/19/2001
SB 0932	S	06/12/2001	06/19/2001	06/15/2001
SB 0933	S	07/16/2001	07/23/2001	07/27/2001
SB 0943	S	06/18/2001	06/25/2001	06/21/2001
SB 0945	S	07/16/2001	07/23/2001	07/27/2001
SB 0946	S	07/16/2001	07/23/2001	07/27/2001
SB 0948	S	06/18/2001	06/25/2001	06/19/2001
SB 0951	S	05/17/2001	05/24/2001	05/21/2001
SB 0954	S	06/18/2001	06/25/2001	06/25/2001
SB 0956	S	07/16/2001	07/23/2001	07/27/2001
SB 0957	S	06/12/2001	06/19/2001	06/14/2001
SB 0958	S	06/18/2001	06/25/2001	06/25/2001
SB 0960	S	07/02/2001	07/09/2001	07/06/2001
SB 0961	S	06/25/2001	07/02/2001	06/27/2001
SB 0963	S	06/11/2001	06/18/2001	06/18/2001
SB 0966	S	07/16/2001	07/23/2001	07/27/2001
SB 0973	S	07/16/2001	07/23/2001	08/09/2001
SB 0977	S	07/16/2001	07/23/2001	08/16/2001

SB 5501	S	04/06/2001	04/13/2001	04/13/2001	
SB 5502	S	04/06/2001	04/13/2001	04/13/2001	
SB 5503	S	06/18/2001	06/25/2001	06/25/2001	
SB 5504	S	07/16/2001	07/23/2001	07/17/2001	
SB 5505	S	05/25/2001	06/01/2001	05/31/2001	
SB 5507	S	06/18/2001	06/25/2001	06/21/2001	
SB 5508	S	06/18/2001	06/25/2001	06/25/2001	
SB 5509	S	07/16/2001	07/23/2001	07/17/2001	
SB 5510	S	07/16/2001	07/23/2001	07/17/2001	
SB 5511	S	07/16/2001	07/23/2001	07/19/2001	
SB 5512	S	07/16/2001	07/23/2001	07/17/2001	
SB 5513	S	07/16/2001	07/23/2001	07/31/2001	
SB 5514	S	07/18/2001	07/25/2001	07/31/2001	
SB 5515	S	04/16/2001	04/23/2001	04/18/2001	
SB 5516	S	06/18/2001	06/25/2001	06/25/2001	
SB 5517	S	07/16/2001	07/23/2001	07/17/2001	
SB 5518	S	07/16/2001	07/23/2001	07/17/2001	
SB 5519	S	07/13/2001	07/20/2001	07/17/2001	
SB 5520	S	07/16/2001	07/23/2001	07/17/2001	
SB 5521	S	04/16/2001	04/23/2001	04/20/2001	
SB 5522	S	04/16/2001	04/23/2001	04/23/2001	
SB 5523	S	04/16/2001	04/23/2001	04/23/2001	
SB 5524	S	07/16/2001	07/23/2001	07/31/2001	
SB 5525	S	07/16/2001	07/23/2001	07/27/2001	
SB 5526	S	07/16/2001	07/23/2001	07/27/2001	
SB 5527	S	07/18/2001	07/25/2001	07/31/2001	
SB 5528	S	07/16/2001	07/23/2001	07/31/2001	
SB 5529	S	07/16/2001	07/23/2001	07/20/2001	
SB 5530	S	07/16/2001	07/23/2001	07/18/2001	
SB 5531	S	06/01/2001	06/08/2001	06/05/2001	
SB 5532	S	06/18/2001	06/25/2001	06/19/2001	
SB 5533	V	07/16/2001	07/23/2001	08/17/2001	<u>Veto</u>
SB 5534	S	04/16/2001	04/23/2001	04/23/2001	
SB 5535	S	03/30/2001	04/06/2001	04/06/2001	
SB 5536	S	07/06/2001	07/13/2001	07/19/2001	
SB 5537	S	04/12/2001	04/19/2001	04/18/2001	
SB 5538	S	07/16/2001	07/23/2001	07/17/2001	
SB 5539	S	04/12/2001	04/19/2001	04/18/2001	
SB 5540	S	05/17/2001	05/24/2001	05/21/2001	
SB 5541	S	05/17/2001	05/24/2001	05/21/2001	

SB 5542	S	06/18/2001	06/25/2001	06/19/2001
SB 5543	S	04/16/2001	04/23/2001	04/18/2001
SB 5544	S	04/06/2001	04/13/2001	04/13/2001
SB 5545	S	06/26/2001	07/03/2001	06/27/2001
SB 5546	S	07/16/2001	07/23/2001	07/17/2001
SB 5547	S	07/16/2001	07/23/2001	07/27/2001
SB 5548	S	04/19/2001	04/26/2001	04/26/2001
SB 5549	S	07/16/2001	07/23/2001	07/17/2001
SB 5550	S	06/21/2001	06/28/2001	06/28/2001
SB 5551	S	06/18/2001	06/25/2001	06/19/2001
SB 5552	S	06/18/2001	06/25/2001	06/21/2001
SB 5553	S	07/16/2001	07/23/2001	07/31/2001
SB 5555	S	07/16/2001	07/23/2001	07/19/2001
SB 5556	S	06/30/2001	07/07/2001	06/30/2001

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VETO MESSAGE LIST 2001 SESSION

Listed In Alpha-Numeric Order (Last Updated: August 17, 2001)

BILL NO	VETO MESSAGE
HB 2001	Veto
HB 2497	Veto
HB 2714	Veto
HB 2981	Veto
HB 3344	Veto
HB 3363	Veto
HB 3528	Veto
HB 3808	Veto
HB 3809	Veto
HB 3981	Veto
SB 0050	Veto
SB 0067	Veto
SB 0234	Veto
SB 0374	Veto
SB 0500	Veto
SB 0502	Veto
SB 0593	Veto
SB 5533	Veto

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BILLS RECEIVED AND ACTED ON BY THE GOVERNOR - 1999 SESSION

Listed In Alpha-Numeric Order (Last Updated: September 7, 1999)

(STATUS: N=No Action R=Received S=Signed V=Veto)

BILL NO	STATUS	REC'D DATE	DEADLINE DATE	ACTION DATE
HB 2001	S	07/27/1999	09/03/1999	08/20/1999
HB 2002	S	07/26/1999	09/03/1999	09/01/1999
HB 2005	S	06/14/1999	09/03/1999	06/29/1999
HB 2020	S	06/17/1999	07/01/1999	06/29/1999
HB 2021	S	07/15/1999	07/27/1999	07/26/1999
HB 2022	S	07/19/1999	07/29/1999	08/04/1999
HB 2023	S	06/11/1999	06/25/1999	06/24/1999
HB 2024	S	04/08/1999	04/19/1999	04/16/1999
HB 2025	S	04/13/1999	04/26/1999	04/23/1999
HB 2027	S	04/19/1999	05/04/1999	05/03/1999
HB 2039	S	07/13/1999	07/23/1999	07/21/1999
HB 2040	S	05/14/1999	06/08/1999	06/07/1999
HB 2041	S	07/09/1999	07/21/1999	07/19/1999
HB 2043	S	07/22/1999	09/03/1999	08/20/1999
HB 2044	S	04/08/1999	04/19/1999	04/16/1999
HB 2045	S	07/27/1999	09/03/1999	08/17/1999
HB 2047	S	04/06/1999	04/19/1999	04/16/1999
HB 2050	V	07/16/1999	09/03/1999	09/03/1999
HB 2052	S	07/26/1999	09/03/1999	08/20/1999
HB 2053	S	06/09/1999	06/24/1999	06/23/1999
HB 2056	S	06/09/1999	06/24/1999	06/23/1999
HB 2057	S	06/10/1999	06/25/1999	06/24/1999
HB 2058	S	04/08/1999	04/19/1999	04/16/1999
HB 2059	S	04/20/1999	05/04/1999	05/03/1999
HB 2060	S	04/08/1999	04/19/1999	04/16/1999
HB 2061	S	04/05/1999	04/19/1999	04/16/1999
HB 2062	S	04/08/1999	04/19/1999	04/16/1999
HB 2070	S	04/05/1999	04/19/1999	04/16/1999
HB 2071	S	07/13/1999	07/23/1999	07/23/1999
HB 2073	S	04/09/1999	04/23/1999	04/23/1999
HB 2074	S	06/11/1999	06/25/1999	06/24/1999
HB 2075	S	06/11/1999	06/25/1999	06/24/1999
HB 2077	S	06/30/1999	07/16/1999	07/15/1999
HB 2079	S	06/21/1999	07/06/1999	07/06/1999
HB 2080	S	07/12/1999	09/03/1999	08/20/1999
HB 2082	S	07/26/1999	09/03/1999	09/01/1999
HB 2084	S	06/02/1999	06/23/1999	06/18/1999
HB 2085	S	05/14/1999	06/08/1999	06/07/1999
HB 2086	S	04/19/1999	05/04/1999	05/03/1999
HB 2087	S	07/13/1999	07/23/1999	07/23/1999
HB 2088	S	07/19/1999	09/03/1999	08/17/1999
HB 2089	S	07/07/1999	07/20/1999	07/14/1999
HB 2090	S	06/21/1999	07/06/1999	07/06/1999
HB 2092	S	06/07/1999	06/23/1999	06/16/1999
HB 2095	S	07/07/1999	07/21/1999	07/19/1999
HB 2097	S	06/21/1999	07/06/1999	07/06/1999
HB 2098	S	06/21/1999	07/06/1999	07/06/1999
HB 2099	S	04/08/1999	04/19/1999	04/16/1999
HB 2100	S	07/27/1999	09/03/1999	08/20/1999
HB 2102	S	07/19/1999	07/29/1999	07/30/1999
HB 2105	S	05/27/1999	06/14/1999	06/13/1999
HB 2106	S	06/01/1999	06/14/1999	06/13/1999
HB 2108	S	06/28/1999	07/13/1999	07/12/1999
HB 2109	S	06/21/1999	07/06/1999	07/01/1999
HB 2110	S	04/13/1999	04/26/1999	04/26/1999
HB 2112	S	07/27/1999	09/03/1999	09/01/1999
HB 2113	S	07/19/1999	07/29/1999	08/04/1999
HB 2114	S	07/19/1999	09/03/1999	08/17/1999
HB 2115	S	06/21/1999	07/06/1999	07/06/1999
HB 2116	S	04/19/1999	05/04/1999	05/03/1999

[Veto](#)

HB 2118	S	06/22/1999	07/07/1999	07/06/1999	
HB 2119	S	06/30/1999	07/16/1999	07/14/1999	
HB 2120	S	06/30/1999	07/16/1999	07/14/1999	
HB 2121	S	06/22/1999	07/07/1999	07/06/1999	
HB 2122	S	06/01/1999	06/14/1999	06/09/1999	
HB 2124	S	06/28/1999	07/16/1999	07/13/1999	
HB 2125	S	05/14/1999	06/08/1999	06/07/1999	
HB 2127	S	04/08/1999	04/19/1999	04/16/1999	
HB 2129	S	06/28/1999	07/13/1999	07/12/1999	
HB 2130	S	05/21/1999	06/08/1999	06/07/1999	
HB 2131	S	06/09/1999	06/24/1999	06/23/1999	
HB 2133	S	07/30/1999	09/03/1999	08/20/1999	
HB 2135	S	06/30/1999	07/16/1999	07/13/1999	
HB 2136	S	06/28/1999	07/13/1999	07/12/1999	
HB 2137	S	04/09/1999	04/23/1999	04/23/1999	
HB 2138	S	04/05/1999	04/19/1999	04/16/1999	
HB 2139	S	06/24/1999	07/20/1999	07/14/1999	
HB 2140	S	07/27/1999	09/03/1999	09/01/1999	
HB 2144	S	06/22/1999	07/07/1999	07/06/1999	
HB 2146	S	06/25/1999	07/13/1999	07/12/1999	
HB 2153	S	07/14/1999	07/21/1999	07/14/1999	
HB 2154	S	07/26/1999	09/03/1999	08/20/1999	
HB 2158	S	05/27/1999	06/14/1999	06/09/1999	
HB 2159	S	06/08/1999	06/23/1999	06/18/1999	
HB 2162	S	07/19/1999	07/28/1999	07/28/1999	
HB 2163	S	05/21/1999	06/08/1999	06/03/1999	
HB 2164	S	06/28/1999	07/16/1999	07/14/1999	
HB 2165	S	06/08/1999	06/23/1999	06/21/1999	
HB 2168	S	04/13/1999	04/26/1999	04/26/1999	
HB 2172	S	06/01/1999	06/14/1999	06/13/1999	
HB 2173	S	07/13/1999	07/23/1999	07/23/1999	
HB 2174	S	07/19/1999	07/29/1999	08/04/1999	
HB 2175	S	06/10/1999	06/25/1999	06/24/1999	
HB 2176	S	06/30/1999	07/13/1999	07/13/1999	
HB 2177	S	07/19/1999	09/03/1999	09/01/1999	
HB 2178	S	06/22/1999	07/07/1999	07/07/1999	
HB 2179	S	06/18/1999	07/02/1999	06/29/1999	
HB 2180	S	06/21/1999	09/03/1999	07/06/1999	
HB 2181	S	07/07/1999	07/21/1999	07/21/1999	
HB 2183	S	07/19/1999	07/29/1999	07/30/1999	
HB 2186	S	07/19/1999	07/29/1999	07/30/1999	
HB 2188	S	06/22/1999	07/07/1999	07/06/1999	
HB 2190	S	07/09/1999	07/21/1999	07/19/1999	
HB 2191	S	04/05/1999	04/19/1999	04/16/1999	
HB 2193	S	04/09/1999	04/23/1999	04/23/1999	
HB 2195	S	04/09/1999	09/03/1999	08/20/1999	
HB 2196	S	07/09/1999	07/21/1999	07/19/1999	
HB 2197	S	07/30/1999	09/03/1999	09/01/1999	
HB 2199	S	07/27/1999	09/03/1999	09/01/1999	
HB 2200	S	07/26/1999	09/03/1999	08/20/1999	
HB 2204	S	05/21/1999	06/08/1999	06/03/1999	
HB 2205	S	04/13/1999	04/26/1999	04/23/1999	
HB 2212	S	06/28/1999	07/13/1999	07/13/1999	
HB 2213	S	05/27/1999	06/14/1999	06/09/1999	
HB 2215	S	04/09/1999	04/23/1999	04/23/1999	
HB 2216	S	06/22/1999	07/07/1999	07/06/1999	
HB 2217	S	04/19/1999	05/04/1999	05/03/1999	
HB 2218	S	04/09/1999	04/23/1999	04/23/1999	
HB 2219	S	04/09/1999	04/23/1999	04/23/1999	
HB 2221	S	07/07/1999	07/20/1999	07/14/1999	
HB 2222	S	04/09/1999	04/23/1999	04/23/1999	
HB 2224	S	07/06/1999	07/16/1999	07/15/1999	
HB 2225	S	07/07/1999	07/21/1999	07/20/1999	
HB 2226	V	07/30/1999	09/03/1999	09/03/1999	Veto
HB 2227	S	07/06/1999	07/16/1999	07/15/1999	
HB 2228	S	04/12/1999	04/26/1999	04/23/1999	
HB 2229	S	07/19/1999	07/29/1999	08/04/1999	
HB 2230	S	07/07/1999	07/20/1999	07/14/1999	
HB 2231	S	04/12/1999	04/26/1999	04/26/1999	
HB 2232	S	04/12/1999	04/26/1999	04/23/1999	
HB 2234	S	07/12/1999	07/22/1999	07/21/1999	
HB 2235	S	04/08/1999	04/19/1999	04/16/1999	
HB 2236	S	07/12/1999	07/22/1999	07/22/1999	
HB 2237	S	07/12/1999	07/22/1999	07/22/1999	
HB 2238	V	07/07/1999	07/21/1999	07/14/1999	Veto
HB 2240	S	07/12/1999	07/23/1999	07/23/1999	
HB 2241	S	07/02/1999	07/16/1999	07/15/1999	
HB 2243	S	06/01/1999	06/14/1999	06/13/1999	
HB 2246	S	04/09/1999	04/23/1999	04/20/1999	
HB 2246	S	04/12/1999	04/23/1999	04/20/1999	
HB 2247	S	06/22/1999	07/07/1999	07/01/1999	

HB 2249	S	07/02/1999	07/16/1999	07/14/1999	
HB 2252	S	06/01/1999	06/14/1999	06/09/1999	
HB 2253	S	04/13/1999	04/26/1999	04/23/1999	
HB 2254	S	04/13/1999	04/26/1999	04/23/1999	
HB 2255	S	04/19/1999	05/04/1999	05/03/1999	
HB 2256	S	07/02/1999	07/16/1999	07/13/1999	
HB 2257	S	06/07/1999	06/23/1999	06/21/1999	
HB 2258	S	07/15/1999	07/29/1999	08/02/1999	
HB 2259	S	04/13/1999	04/26/1999	04/26/1999	
HB 2261	S	04/13/1999	04/26/1999	04/26/1999	
HB 2263	S	04/19/1999	05/04/1999	05/03/1999	
HB 2264	S	04/19/1999	05/04/1999	05/03/1999	
HB 2267	S	06/28/1999	07/13/1999	07/12/1999	
HB 2271	S	07/12/1999	07/22/1999	07/21/1999	
HB 2273	S	07/19/1999	09/03/1999	08/20/1999	
HB 2274	S	07/27/1999	09/03/1999	08/20/1999	
HB 2275	S	07/19/1999	07/29/1999	08/02/1999	
HB 2277	S	04/13/1999	04/26/1999	04/26/1999	
HB 2278	S	07/13/1999	07/23/1999	07/23/1999	
HB 2279	S	04/15/1999	04/26/1999	04/26/1999	
HB 2281	S	06/01/1999	06/14/1999	06/13/1999	
HB 2282	S	06/10/1999	06/25/1999	06/25/1999	
HB 2290	S	04/15/1999	04/26/1999	04/26/1999	
HB 2291	S	04/15/1999	04/26/1999	04/26/1999	
HB 2292	S	04/15/1999	04/26/1999	04/26/1999	
HB 2293	S	04/13/1999	04/26/1999	04/26/1999	
HB 2295	S	05/14/1999	06/08/1999	06/03/1999	
HB 2297	S	06/28/1999	07/13/1999	07/12/1999	
HB 2298	S	04/19/1999	05/04/1999	05/03/1999	
HB 2299	S	06/10/1999	06/25/1999	06/24/1999	
HB 2300	S	06/01/1999	06/14/1999	06/10/1999	
HB 2302	S	04/20/1999	05/04/1999	05/03/1999	
HB 2304	S	07/19/1999	07/29/1999	08/02/1999	
HB 2314	S	06/01/1999	06/14/1999	06/09/1999	
HB 2315	S	04/15/1999	04/26/1999	04/26/1999	
HB 2316	S	06/22/1999	07/07/1999	07/06/1999	
HB 2317	S	07/30/1999	09/03/1999	09/01/1999	
HB 2318	S	04/19/1999	05/04/1999	05/03/1999	
HB 2319	S	07/19/1999	07/29/1999	07/28/1999	
HB 2320	S	06/28/1999	07/13/1999	07/12/1999	
HB 2325	S	06/01/1999	06/14/1999	06/10/1999	
HB 2327	S	04/19/1999	05/04/1999	05/03/1999	
HB 2328	S	07/19/1999	07/29/1999	08/02/1999	
HB 2329	S	03/29/1999	04/08/1999	04/05/1999	
HB 2333	S	04/19/1999	05/04/1999	05/03/1999	
HB 2334	S	04/20/1999	05/04/1999	05/03/1999	
HB 2336	S	04/15/1999	05/04/1999	05/03/1999	
HB 2349	S	07/19/1999	09/03/1999	08/17/1999	
HB 2350	S	07/09/1999	07/21/1999	07/20/1999	
HB 2353	S	07/27/1999	08/06/1999	08/02/1999	
HB 2354	S	07/21/1999	07/28/1999	07/30/1999	
HB 2356	S	07/26/1999	09/03/1999	08/20/1999	
HB 2358	S	04/13/1999	04/26/1999	04/23/1999	
HB 2365	S	06/21/1999	07/06/1999	07/01/1999	
HB 2375	S	07/12/1999	07/22/1999	07/20/1999	
HB 2378	S	04/19/1999	05/04/1999	05/03/1999	
HB 2379	S	04/05/1999	04/19/1999	04/16/1999	
HB 2381	S	07/02/1999	07/16/1999	07/14/1999	
HB 2383	S	07/19/1999	09/03/1999	08/16/1999	
HB 2384	S	04/02/1999	05/04/1999	04/29/1999	
HB 2386	S	05/14/1999	06/08/1999	06/03/1999	
HB 2387	S	04/19/1999	05/04/1999	05/03/1999	
HB 2388	S	04/20/1999	05/04/1999	05/03/1999	
HB 2389	S	06/10/1999	06/25/1999	06/25/1999	
HB 2391	S	07/19/1999	09/03/1999	08/18/1999	
HB 2392	S	06/21/1999	07/06/1999	07/01/1999	
HB 2396	S	07/19/1999	09/03/1999	08/16/1999	
HB 2398	S	06/18/1999	07/02/1999	07/01/1999	
HB 2402	S	06/17/1999	07/01/1999	07/01/1999	
HB 2406	S	07/22/1999	09/03/1999	08/20/1999	
HB 2414	S	05/14/1999	06/08/1999	06/07/1999	
HB 2415	V	06/22/1999	07/02/1999	07/02/1999	Veto
HB 2417	S	07/15/1999	09/03/1999	09/01/1999	
HB 2419	S	06/14/1999	06/25/1999	06/25/1999	
HB 2420	S	04/13/1999	04/26/1999	04/23/1999	
HB 2424	S	06/10/1999	06/24/1999	06/23/1999	
HB 2425	S	06/30/1999	07/16/1999	07/13/1999	
HB 2431	S	07/23/1999	09/03/1999	09/02/1999	
HB 2432	S	07/27/1999	09/03/1999	08/16/1999	
HB 2436	S	07/19/1999	07/29/1999	08/04/1999	
HB 2440	S	06/14/1999	06/25/1999	06/23/1999	

HB 2443	S	04/19/1999	05/04/1999	05/03/1999	
HB 2446	S	06/22/1999	07/07/1999	07/06/1999	
HB 2448	S	05/24/1999	06/08/1999	06/03/1999	
HB 2450	S	07/12/1999	07/22/1999	07/22/1999	
HB 2451	S	04/19/1999	05/04/1999	05/03/1999	
HB 2452	V	03/31/1999	04/08/1999	04/07/1999	Veto
HB 2462	S	07/19/1999	07/29/1999	08/02/1999	
HB 2463	V	07/12/1999	07/22/1999	07/22/1999	Veto
HB 2464	S	06/28/1999	07/16/1999	07/15/1999	
HB 2465	S		07/29/1999	07/30/1999	
HB 2467	S		07/07/1999	07/06/1999	
HB 2474	V	07/07/1999	07/15/1999	07/15/1999	Veto
HB 2477	S	07/22/1999	09/03/1999	09/01/1999	
HB 2478	S	05/17/1999	07/29/1999	08/16/1999	
HB 2479	S	07/22/1999	09/03/1999	08/17/1999	
HB 2480	S	04/20/1999	05/04/1999	05/03/1999	
HB 2481	S	06/22/1999	07/07/1999	07/01/1999	
HB 2482	S	06/18/1999	07/02/1999	06/29/1999	
HB 2484	S	06/08/1999	06/18/1999	06/18/1999	
HB 2488	S	07/22/1999	09/03/1999	08/17/1999	
HB 2489	S	04/19/1999	05/04/1999	05/03/1999	
HB 2490	S	04/19/1999	05/04/1999	05/03/1999	
HB 2494	S	07/26/1999	09/03/1999	08/16/1999	
HB 2496	S	04/20/1999	05/04/1999	05/03/1999	
HB 2500	S	06/18/1999	07/02/1999	07/01/1999	
HB 2505	S	07/12/1999	07/22/1999	07/20/1999	
HB 2512	S	04/19/1999	05/04/1999	05/03/1999	
HB 2517	S	06/23/1999	07/13/1999	07/12/1999	
HB 2518	S	04/06/1999	04/19/1999	04/16/1999	
HB 2520	S	07/15/1999	07/27/1999	07/28/1999	
HB 2521	S	04/19/1999	05/04/1999	05/03/1999	
HB 2525	S	07/13/1999	07/22/1999	07/22/1999	
HB 2526	S	05/17/1999	06/08/1999	06/03/1999	
HB 2531	S	04/19/1999	05/04/1999	05/03/1999	
HB 2536	S	06/01/1999	06/14/1999	06/12/1999	
HB 2540	S	06/24/1999	07/13/1999	07/12/1999	
HB 2550	S	05/27/1999	06/03/1999	05/27/1999	
HB 2551	V	07/15/1999	07/27/1999	07/26/1999	Veto
HB 2554	S	07/07/1999	07/20/1999	07/19/1999	
HB 2555	S	06/28/1999	07/13/1999	07/12/1999	
HB 2558	S	05/17/1999	06/08/1999	06/03/1999	
HB 2559	S	06/22/1999	07/07/1999	07/06/1999	
HB 2566	V	07/21/1999	07/28/1999	07/26/1999	Veto
HB 2567	S	07/30/1999	09/03/1999	09/01/1999	
HB 2574	S	06/28/1999	07/13/1999	07/12/1999	
HB 2577	S	06/24/1999	07/13/1999	07/12/1999	
HB 2578	S	06/10/1999	06/25/1999	06/24/1999	
HB 2581	S	06/28/1999	07/07/1999	07/01/1999	
HB 2583	S	07/19/1999	07/29/1999	08/04/1999	
HB 2584	S	06/17/1999	09/03/1999	06/28/1999	
HB 2586	S	05/27/1999	06/29/1999	06/23/1999	
HB 2588	S	05/24/1999	06/24/1999	06/18/1999	
HB 2589	S	06/28/1999	07/16/1999	07/15/1999	
HB 2599	S	06/17/1999	07/20/1999	07/14/1999	
HB 2608	S	06/18/1999	07/02/1999	07/01/1999	
HB 2612	S	07/15/1999	07/27/1999	07/26/1999	
HB 2613	S	04/19/1999	05/04/1999	05/03/1999	
HB 2619	S	06/28/1999	07/16/1999	07/14/1999	
HB 2622	S	04/19/1999	05/04/1999	05/03/1999	
HB 2626	S	07/30/1999	09/03/1999	09/01/1999	
HB 2633	V	07/19/1999	09/03/1999	09/03/1999	Veto
HB 2634	S	06/02/1999	06/23/1999	06/21/1999	
HB 2635	S	07/07/1999	07/20/1999	07/19/1999	
HB 2636	S	06/08/1999	06/18/1999	06/18/1999	
HB 2637	V	07/19/1999	09/03/1999	09/03/1999	Veto
HB 2648	S	07/30/1999	09/03/1999	09/01/1999	
HB 2649	S	06/25/1999	07/13/1999	07/12/1999	
HB 2650	S	06/18/1999	06/29/1999	06/28/1999	
HB 2651	S	06/23/1999	07/13/1999	07/12/1999	
HB 2652	V	06/25/1999	07/13/1999	07/12/1999	Veto
HB 2657	V	06/18/1999	06/29/1999	06/29/1999	Veto
HB 2658	S	07/12/1999	07/22/1999	07/22/1999	
HB 2660	S	07/06/1999	07/16/1999	07/14/1999	
HB 2661	S	07/09/1999	07/21/1999	07/20/1999	
HB 2662	S	06/22/1999	07/07/1999	07/06/1999	
HB 2663	S	08/08/1999	09/03/1999	08/20/1999	
HB 2665	S	06/09/1999	06/24/1999	06/23/1999	
HB 2669	S	06/17/1999	07/01/1999	06/29/1999	
HB 2670	S	07/19/1999	09/03/1999	08/17/1999	
HB 2680	S	07/30/1999	09/03/1999	09/01/1999	
HB 2681	S	06/14/1999	06/25/1999	06/23/1999	

HB 2683	S	07/12/1999	07/22/1999	07/22/1999	
HB 2684	S	06/28/1999	07/16/1999	07/13/1999	
HB 2690	S	06/15/1999	06/25/1999	06/25/1999	
HB 2698	S	06/18/1999	07/02/1999	06/29/1999	
HB 2700	V	07/26/1999	09/03/1999	09/03/1999	Veto
HB 2703	S	06/28/1999	07/16/1999	07/14/1999	
HB 2704	S	07/06/1999	07/16/1999	07/15/1999	
HB 2705	S	06/24/1999	07/13/1999	07/13/1999	
HB 2706	S	07/19/1999	09/03/1999	08/16/1999	
HB 2713	S	07/13/1999	07/22/1999	07/22/1999	
HB 2717	S	07/07/1999	09/03/1999	08/16/1999	
HB 2718	S	07/22/1999	09/03/1999	08/20/1999	
HB 2720	S	06/25/1999	07/13/1999	07/12/1999	
HB 2721	S	07/09/1999	07/20/1999	07/20/1999	
HB 2731	S	07/22/1999	09/03/1999	08/16/1999	
HB 2732	S	07/07/1999	07/21/1999	07/19/1999	
HB 2733	S	06/09/1999	06/24/1999	06/23/1999	
HB 2735	S	06/30/1999	07/16/1999	07/13/1999	
HB 2738	S	07/07/1999	07/20/1999	07/20/1999	
HB 2739	S	06/28/1999	07/13/1999	07/12/1999	
HB 2740	S	06/18/1999	07/02/1999	07/01/1999	
HB 2742	S	06/23/1999	07/13/1999	07/12/1999	
HB 2743	S	06/28/1999	07/16/1999	07/16/1999	
HB 2744	S	06/25/1999	07/13/1999	07/12/1999	
HB 2753	S	07/27/1999	09/03/1999	09/02/1999	
HB 2757	S	07/07/1999	07/15/1999	07/14/1999	
HB 2758	S	07/13/1999	07/22/1999	07/22/1999	
HB 2759	S	07/07/1999	07/20/1999	07/19/1999	
HB 2760	S	07/07/1999	07/20/1999	07/19/1999	
HB 2764	S	06/28/1999	07/13/1999	07/12/1999	
HB 2766	S	07/07/1999	07/20/1999	07/14/1999	
HB 2772	S	07/15/1999	07/27/1999	07/26/1999	
HB 2774	S	07/02/1999	07/16/1999	07/14/1999	
HB 2775	S	07/07/1999	07/21/1999	07/20/1999	
HB 2782	S	06/01/1999	06/14/1999	06/09/1999	
HB 2792	V	07/13/1999	07/22/1999	07/22/1999	Veto
HB 2793	V	07/19/1999	09/03/1999	09/03/1999	Veto
HB 2800	S	06/14/1999	06/25/1999	06/23/1999	
HB 2801	S	07/19/1999	08/02/1999	08/04/1999	
HB 2804	S	07/26/1999	09/03/1999	09/02/1999	
HB 2807	S	07/13/1999	07/22/1999	07/22/1999	
HB 2808	V	07/22/1999	09/03/1999	09/03/1999	Veto
HB 2811	S	06/07/1999	06/23/1999	06/21/1999	
HB 2812	S	06/24/1999	07/13/1999	07/12/1999	
HB 2813	S	07/30/1999	09/03/1999	09/01/1999	
HB 2819	S	06/23/1999	07/13/1999	07/12/1999	
HB 2821	S	06/28/1999	07/15/1999	07/14/1999	
HB 2822	S	06/23/1999	07/15/1999	07/14/1999	
HB 2824	S	06/23/1999	07/15/1999	07/14/1999	
HB 2826	S	06/23/1999	07/15/1999	07/12/1999	
HB 2827	S	06/24/1999	07/15/1999	07/14/1999	
HB 2830	S	07/23/1999	09/03/1999	08/20/1999	
HB 2831	S	06/23/1999	07/15/1999	07/12/1999	
HB 2833	S	07/07/1999	07/21/1999	07/20/1999	
HB 2838	S	07/13/1999	07/22/1999	07/21/1999	
HB 2841	S	06/21/1999	07/06/1999	07/01/1999	
HB 2853	S	07/09/1999	07/21/1999	07/20/1999	
HB 2856	S	06/17/1999	07/01/1999	06/29/1999	
HB 2865	S	07/13/1999	07/22/1999	07/20/1999	
HB 2866	S	07/15/1999	09/03/1999	08/20/1999	
HB 2870	S	07/19/1999	09/03/1999	08/17/1999	
HB 2875	V	07/30/1999	09/03/1999	09/03/1999	Veto
HB 2876	S	06/30/1999	07/15/1999	07/13/1999	
HB 2881	S	07/13/1999	07/22/1999	07/21/1999	
HB 2891	S	06/21/1999	07/07/1999	07/06/1999	
HB 2892	S	06/14/1999	06/25/1999	06/25/1999	
HB 2894	S	06/25/1999	07/15/1999	12/12/1901	
HB 2895	S	06/28/1999	07/20/1999	07/14/1999	
HB 2901	S	07/23/1999	09/03/1999	09/03/1999	
HB 2921	S	04/19/1999	05/04/1999	05/03/1999	
HB 2924	S	06/25/1999	07/15/1999	07/14/1999	
HB 2925	S	07/07/1999	07/20/1999	07/19/1999	
HB 2936	S	05/14/1999	06/02/1999	05/28/1999	
HB 2937	S	07/13/1999	07/23/1999	07/23/1999	
HB 2938	S	07/19/1999	07/26/1999	08/04/1999	
HB 2942	V	07/23/1999	09/03/1999	09/03/1999	Veto
HB 2947	V	07/27/1999	09/03/1999	09/03/1999	Veto
HB 2948	S	06/24/1999	07/15/1999	07/12/1999	
HB 2964	V	07/15/1999	07/27/1999	07/26/1999	Veto
HB 2965	S	06/28/1999	07/16/1999	07/15/1999	
HB 2968	S	07/19/1999	09/03/1999	09/01/1999	

HB 2973	S	06/22/1999	07/07/1999	07/06/1999	
HB 2977	S	07/07/1999	07/20/1999	07/14/1999	
HB 2978	S	06/22/1999	07/07/1999	07/06/1999	
HB 2984	S	06/09/1999	06/24/1999	06/23/1999	
HB 2985	V	07/15/1999	07/27/1999	07/26/1999	Veto
HB 2986	S	06/07/1999	06/14/1999	06/07/1999	
HB 2989	S	07/22/1999	09/03/1999	08/20/1999	
HB 2993	S	07/22/1999	09/03/1999	09/01/1999	
HB 2998	S	07/19/1999	09/03/1999	08/16/1999	
HB 3000	S	06/22/1999	07/07/1999	07/06/1999	
HB 3001	S	06/04/1999	06/24/1999	06/18/1999	
HB 3013	S	07/02/1999	07/16/1999	07/14/1999	
HB 3015	S	07/12/1999	07/22/1999	07/22/1999	
HB 3025	S	06/09/1999	06/24/1999	06/23/1999	
HB 3028	V	07/09/1999	07/21/1999	07/20/1999	Veto
HB 3030	S	06/21/1999	07/07/1999	07/07/1999	
HB 3031	V	06/24/1999	07/15/1999	07/15/1999	Veto
HB 3035	S	06/10/1999	06/24/1999	06/24/1999	
HB 3041	S	06/24/1999	07/15/1999	07/14/1999	
HB 3042	S	07/07/1999	07/21/1999	07/20/1999	
HB 3044	S	07/09/1999	07/21/1999	07/20/1999	
HB 3047	S	07/19/1999	09/03/1999	08/17/1999	
HB 3048	S	06/24/1999	07/15/1999	07/14/1999	
HB 3049	V	07/26/1999	09/03/1999	09/03/1999	Veto
HB 3051	S	07/13/1999	07/22/1999	07/21/1999	
HB 3052	S	07/09/1999	07/21/1999	07/21/1999	
HB 3053	S	07/19/1999	09/03/1999	08/20/1999	
HB 3054	V	07/19/1999	09/03/1999	09/03/1999	Veto
HB 3055	S	07/22/1999	09/03/1999	08/20/1999	
HB 3057	S	07/26/1999	09/03/1999	08/20/1999	
HB 3063	S	06/17/1999	07/01/1999	06/29/1999	
HB 3065	V	06/18/1999	07/01/1999	06/28/1999	Veto
HB 3084	S	07/13/1999	07/23/1999	07/21/1999	
HB 3085	S	07/30/1999	09/03/1999	09/01/1999	
HB 3090	S	07/30/1999	09/03/1999	09/03/1999	
HB 3093	S	06/18/1999	07/02/1999	07/01/1999	
HB 3098	S	06/25/1999	07/15/1999	07/12/1999	
HB 3105	S	06/28/1999	07/16/1999	07/13/1999	
HB 3107	S	07/22/1999	09/03/1999	08/17/1999	
HB 3114	S	07/23/1999	09/03/1999	08/20/1999	
HB 3123	S	06/22/1999	07/07/1999	07/06/1999	
HB 3128	S	07/23/1999	09/03/1999	08/20/1999	
HB 3129	S	07/23/1999	09/03/1999	09/01/1999	
HB 3130	S	06/23/1999	07/07/1999	07/06/1999	
HB 3131	V	07/12/1999	07/22/1999	07/22/1999	Veto
HB 3141	S	06/21/1999	07/07/1999	07/07/1999	
HB 3144	S	07/02/1999	07/16/1999	07/15/1999	
HB 3151	S	06/17/1999	07/20/1999	07/15/1999	
HB 3157	S	06/28/1999	09/03/1999	09/01/1999	
HB 3158	S	07/19/1999	09/03/1999	08/17/1999	
HB 3168	S	06/28/1999	07/16/1999	07/13/1999	
HB 3172	S	07/15/1999	09/03/1999	09/03/1999	
HB 3174	S	07/19/1999	08/02/1999	09/01/1999	
HB 3182	S	07/27/1999	09/03/1999	09/02/1999	
HB 3186	S	07/15/1999	07/27/1999	07/26/1999	
HB 3189	S	07/07/1999	07/20/1999	07/14/1999	
HB 3190	S	07/19/1999	09/03/1999	08/18/1999	
HB 3192	S	06/25/1999	07/15/1999	07/13/1999	
HB 3194	S	06/28/1999	07/15/1999	07/12/1999	
HB 3201	S	07/06/1999	07/16/1999	07/14/1999	
HB 3202	V	07/26/1999	09/03/1999	09/03/1999	Veto
HB 3204	S	07/26/1999	09/03/1999	08/20/1999	
HB 3208	S	07/07/1999	07/20/1999	07/19/1999	
HB 3211	S	07/07/1999	07/21/1999	07/20/1999	
HB 3218	S	06/28/1999	07/15/1999	07/14/1999	
HB 3219	S	07/19/1999	09/03/1999	08/16/1999	
HB 3220	S	06/09/1999	06/18/1999	06/16/1999	
HB 3225	S	07/26/1999	09/03/1999	08/20/1999	
HB 3234	S	06/28/1999	07/15/1999	07/14/1999	
HB 3239	S	07/27/1999	09/03/1999	08/20/1999	
HB 3241	S	07/07/1999	07/21/1999	07/20/1999	
HB 3244	S	07/06/1999	07/16/1999	07/15/1999	
HB 3245	S	07/09/1999	07/21/1999	07/20/1999	
HB 3246	S	07/19/1999	09/03/1999	08/17/1999	
HB 3259	V	07/07/1999	07/21/1999	07/20/1999	Veto
HB 3265	S	06/28/1999	07/15/1999	07/12/1999	
HB 3276	S	06/07/1999	06/14/1999	06/07/1999	
HB 3278	S	06/24/1999	07/15/1999	07/13/1999	
HB 3280	S	06/15/1999	06/25/1999	06/23/1999	
HB 3282	V	06/15/1999	09/03/1999	09/03/1999	Veto
HB 3287	S	07/07/1999	07/20/1999	07/14/1999	

HB 3292	S	07/26/1999	09/03/1999	09/03/1999	
HB 3295	S	06/28/1999	07/16/1999	07/13/1999	
HB 3298	S	07/27/1999	09/03/1999	08/20/1999	
HB 3302	S	06/28/1999	07/16/1999	07/15/1999	
HB 3303	S	07/07/1999	07/20/1999	07/19/1999	
HB 3304	S	07/19/1999	09/03/1999	09/03/1999	
HB 3305	S	06/08/1999	06/18/1999	06/16/1999	
HB 3307	S	07/26/1999	09/03/1999	08/20/1999	
HB 3308	S	06/24/1999	07/15/1999	07/13/1999	
HB 3334	S	06/09/1999	06/24/1999	06/23/1999	
HB 3340	S	06/22/1999	07/07/1999	07/06/1999	
HB 3344	S	08/04/1999	09/03/1999	09/01/1999	
HB 3345	S	06/18/1999	07/02/1999	07/01/1999	
HB 3346	V	07/13/1999	07/23/1999	07/23/1999	Veto
HB 3356	S	06/30/1999	09/03/1999	07/13/1999	
HB 3357	S	06/30/1999	07/16/1999	07/13/1999	
HB 3361	S	07/23/1999	09/03/1999	08/20/1999	
HB 3365	S	06/25/1999	07/15/1999	07/14/1999	
HB 3374	S	07/19/1999	09/03/1999	09/01/1999	
HB 3376	S	07/13/1999	07/22/1999	07/21/1999	
HB 3378	S	06/24/1999	07/15/1999	07/15/1999	
HB 3381	S	06/25/1999	07/15/1999	07/14/1999	
HB 3383	S	07/12/1999	07/22/1999	07/21/1999	
HB 3384	S	06/28/1999	07/15/1999	07/14/1999	
HB 3386	S	06/28/1999	07/13/1999	07/07/1999	
HB 3388	S	07/15/1999	07/27/1999	07/28/1999	
HB 3393	S	07/13/1999	07/23/1999	07/23/1999	
HB 3395	S	07/19/1999	09/03/1999	08/16/1999	
HB 3397	S	07/06/1999	07/16/1999	07/13/1999	
HB 3405	S	06/18/1999	06/29/1999	06/28/1999	
HB 3408	S	07/13/1999	07/22/1999	07/21/1999	
HB 3410	S	06/18/1999	06/29/1999	06/28/1999	
HB 3418	S	07/07/1999	07/20/1999	07/19/1999	
HB 3425	S	06/28/1999	07/13/1999	07/12/1999	
HB 3428	S	06/10/1999	06/18/1999	06/11/1999	
HB 3429	S	06/17/1999	07/01/1999	07/01/1999	
HB 3432	S	07/13/1999	07/23/1999	07/23/1999	
HB 3444	S	07/07/1999	07/15/1999	07/09/1999	
HB 3446	S	07/23/1999	09/03/1999	08/20/1999	
HB 3455	S	06/21/1999	07/07/1999	07/06/1999	
HB 3456	V	07/26/1999	09/03/1999	09/03/1999	Veto
HB 3461	S	06/15/1999	06/25/1999	06/25/1999	
HB 3465	S	07/26/1999	09/03/1999	09/01/1999	
HB 3492	S	08/04/1999	09/03/1999	09/01/1999	
HB 3496	S	06/28/1999	07/16/1999	07/13/1999	
HB 3497	S	06/25/1999	07/20/1999	07/16/1999	
HB 3501	S	07/02/1999	07/16/1999	07/14/1999	
HB 3505	S	07/06/1999	07/16/1999	07/13/1999	
HB 3506	S	06/15/1999	07/20/1999	07/15/1999	
HB 3509	S	07/30/1999	09/03/1999	09/02/1999	
HB 3516	S	07/12/1999	09/03/1999	07/21/1999	
HB 3521	S	07/02/1999	07/16/1999	07/13/1999	
HB 3529	S	06/25/1999	07/13/1999	07/12/1999	
HB 3530	S	07/06/1999	07/16/1999	07/13/1999	
HB 3531	S	07/06/1999	07/16/1999	07/14/1999	
HB 3541	V	07/13/1999	07/23/1999	07/23/1999	Veto
HB 3556	S	07/15/1999	09/03/1999	08/20/1999	
HB 3558	S	07/12/1999	07/23/1999	07/23/1999	
HB 3560	S	07/12/1999	09/03/1999	08/20/1999	
HB 3571	S	06/25/1999	07/13/1999	07/12/1999	
HB 3575	S	07/26/1999	09/03/1999	09/01/1999	
HB 3576	S	07/07/1999	07/21/1999	07/20/1999	
HB 3580	S	07/13/1999	07/23/1999	07/22/1999	
HB 3581	S	06/28/1999	07/13/1999	07/13/1999	
HB 3585	S	07/06/1999	07/16/1999	07/14/1999	
HB 3586	S	07/07/1999	07/20/1999	07/19/1999	
HB 3590	S	06/28/1999	07/13/1999	07/12/1999	
HB 3591	S	07/13/1999	09/03/1999	08/16/1999	
HB 3595	V	07/13/1999	07/23/1999	07/23/1999	Veto
HB 3596	S	07/19/1999	09/03/1999	08/17/1999	
HB 3598	S	07/26/1999	09/03/1999	08/20/1999	
HB 3599	S	06/25/1999	07/13/1999	07/12/1999	
HB 3600	S	07/15/1999	09/03/1999	08/20/1999	
HB 3602	S	07/21/1999	09/03/1999	09/01/1999	
HB 3603	S	07/02/1999	07/16/1999	07/15/1999	
HB 3605	V	07/16/1999	09/03/1999	09/03/1999	Veto
HB 3606	S	07/19/1999	09/03/1999	09/03/1999	
HB 3607	V	07/06/1999	09/03/1999	09/03/1999	Veto
HB 3608	S	06/28/1999	07/16/1999	07/15/1999	
HB 3609	S	06/28/1999	07/16/1999	07/13/1999	
HB 3612	S	07/06/1999	07/16/1999	07/13/1999	

HB 3615	S	07/30/1999	09/03/1999	09/03/1999	
HB 3616	S	07/06/1999	07/16/1999	07/14/1999	
HB 3617	S	07/19/1999	09/03/1999	08/17/1999	
HB 3620	S	06/28/1999	07/13/1999	07/12/1999	
HB 3622	S	06/28/1999	07/13/1999	07/12/1999	
HB 3623	S	06/28/1999	07/13/1999	07/12/1999	
HB 3628	S	07/27/1999	09/03/1999	09/01/1999	
HB 3629	S	07/26/1999	09/03/1999	08/20/1999	
HB 3630	S	07/13/1999	07/23/1999	07/21/1999	
HB 3633	S	07/26/1999	09/03/1999	09/01/1999	
HB 3635	S	07/26/1999	09/03/1999	08/20/1999	
HB 5001	S	04/06/1999	04/19/1999	04/15/1999	
HB 5002	S	07/26/1999	08/05/1999	07/30/1999	
HB 5003	S	06/15/1999	06/25/1999	06/23/1999	
HB 5004	S	07/28/1999	08/05/1999	07/30/1999	
HB 5005	S	07/09/1999	07/21/1999	07/20/1999	
HB 5006	S	07/07/1999	07/20/1999	07/14/1999	
HB 5007	S	07/07/1999	07/15/1999	07/13/1999	
HB 5008	S	04/06/1999	04/19/1999	04/15/1999	
HB 5009	S	04/06/1999	04/19/1999	04/15/1999	
HB 5011	S	05/14/1999	06/08/1999	06/03/1999	
HB 5012	S	06/18/1999	07/02/1999	06/29/1999	
HB 5013	S	06/15/1999	06/25/1999	06/24/1999	
HB 5014	S	06/07/1999	06/23/1999	06/22/1999	
HB 5015	S	07/09/1999	07/21/1999	07/19/1999	
HB 5016	S	07/26/1999	08/05/1999	07/30/1999	
HB 5017	S	07/23/1999	08/05/1999	07/30/1999	
HB 5018	S	07/19/1999	08/05/1999	07/30/1999	
HB 5019	S	07/22/1999	08/05/1999	07/30/1999	
HB 5020	S	07/15/1999	08/05/1999	07/30/1999	
HB 5021	S	07/19/1999	08/05/1999	07/30/1999	
HB 5022	V	05/20/1999	06/01/1999	06/01/1999	Veto
HB 5023	S	07/26/1999	08/05/1999	07/30/1999	
HB 5024	S	07/19/1999	08/05/1999	07/30/1999	
HB 5025	S	07/26/1999	08/05/1999	07/30/1999	
HB 5026	S	05/20/1999	06/08/1999	06/07/1999	
HB 5027	S	05/24/1999	06/08/1999	06/07/1999	
HB 5028	S	07/07/1999	07/20/1999	07/14/1999	
HB 5029	V	07/22/1999	07/30/1999	07/23/1999	Veto
HB 5030	S	07/12/1999	07/23/1999	07/23/1999	
HB 5031	S	04/09/1999	04/23/1999	04/23/1999	
HB 5032	S	04/09/1999	04/23/1999	04/23/1999	
HB 5033	S	07/02/1999	07/16/1999	07/15/1999	
HB 5034	S	06/01/1999	06/14/1999	06/09/1999	
HB 5035	S	07/22/1999	08/05/1999	07/30/1999	
HB 5036	S	07/19/1999	08/05/1999	07/30/1999	
HB 5037	S	05/20/1999	06/08/1999	06/07/1999	
HB 5038	S	07/26/1999	08/05/1999	07/30/1999	
HB 5039	S	04/06/1999	04/19/1999	04/16/1999	
HB 5040	S	04/06/1999	04/19/1999	04/16/1999	
HB 5041	S	04/06/1999	04/19/1999	04/16/1999	
HB 5042	S	04/05/1999	04/19/1999	04/15/1999	
HB 5043	S	06/01/1999	06/11/1999	06/07/1999	
HB 5044	S	04/06/1999	04/19/1999	04/15/1999	
HB 5045	S	06/07/1999	06/23/1999	06/21/1999	
HB 5046	S	04/06/1999	04/19/1999	04/16/1999	
HB 5047	S	07/19/1999	08/05/1999	07/30/1999	
HB 5048	S	06/15/1999	09/03/1999	07/20/1999	
HB 5049	S	07/15/1999	08/05/1999	07/30/1999	
HB 5050	S	04/06/1999	04/19/1999	04/15/1999	
HB 5051	S	04/06/1999	04/19/1999	04/16/1999	
HB 5052	S	04/08/1999	04/19/1999	04/16/1999	
HB 5053	S	07/26/1999	08/05/1999	07/30/1999	
HB 5054	S	07/19/1999	08/05/1999	07/30/1999	
HB 5055	V	06/17/1999	07/01/1999	07/01/1999	Veto
HB 5056	S	06/07/1999	06/23/1999	06/21/1999	
HB 5057	V	06/30/1999	07/20/1999	07/15/1999	Veto
HB 5058	S	07/02/1999	07/16/1999	07/14/1999	
HB 5059	S	06/07/1999	06/23/1999	06/18/1999	
HB 5060	V	06/22/1999	07/07/1999	07/07/1999	Veto
HB 5061	S	07/22/1999	08/05/1999	07/30/1999	
HB 5062	S	07/26/1999	08/05/1999	07/30/1999	
HB 5063	S	07/29/1999	08/05/1999	07/30/1999	
HB 5065	S	07/06/1999	07/16/1999	07/14/1999	
SB 0002	S	07/26/1999	09/03/1999	08/20/1999	
SB 0003	V	04/06/1999	06/04/1999	06/03/1999	Veto
SB 0006	S	06/10/1999	06/24/1999	06/22/1999	
SB 0011	S	06/17/1999	06/30/1999	06/29/1999	
SB 0012	S	08/03/1999	09/03/1999	09/03/1999	
SB 0016	S	07/07/1999	07/19/1999	07/19/1999	
SB 0018	S	07/01/1999	07/13/1999	07/12/1999	

SB 0020	S	08/04/1999	09/03/1999	09/01/1999	
SB 0021	S	04/08/1999	04/21/1999	04/20/1999	
SB 0025	S	04/08/1999	04/21/1999	04/19/1999	
SB 0025	S	04/13/1999	04/23/1999	04/19/1999	
SB 0026	S	04/05/1999	04/21/1999	04/16/1999	
SB 0028	S	02/11/1999	02/23/1999	02/19/1999	
SB 0029	S	04/08/1999	04/21/1999	04/20/1999	
SB 0030	S	04/08/1999	04/21/1999	04/20/1999	
SB 0032	S	04/05/1999	04/21/1999	04/20/1999	
SB 0033	S	04/08/1999	04/21/1999	04/20/1999	
SB 0034	S	06/10/1999	06/24/1999	06/22/1999	
SB 0035	S	06/14/1999	06/24/1999	06/23/1999	
SB 0038	S	08/03/1999	09/03/1999	09/01/1999	
SB 0042	S	04/09/1999	04/21/1999	04/20/1999	
SB 0044	S	04/05/1999	04/21/1999	04/19/1999	
SB 0047	S	04/09/1999	04/21/1999	04/20/1999	
SB 0049	S	04/15/1999	04/23/1999	04/23/1999	
SB 0050	S	07/26/1999	09/03/1999	08/16/1999	
SB 0051	S	04/09/1999	04/21/1999	04/20/1999	
SB 0060	S	08/03/1999	09/03/1999	09/01/1999	
SB 0061	S	04/06/1999	04/21/1999	04/20/1999	
SB 0063	S	04/06/1999	04/21/1999	04/20/1999	
SB 0067	S	07/09/1999	07/21/1999	07/20/1999	
SB 0068	S	07/07/1999	07/19/1999	07/14/1999	
SB 0069	S	06/11/1999	06/24/1999	06/22/1999	
SB 0072	S	04/05/1999	04/21/1999	04/19/1999	
SB 0075	S	04/27/1999	05/06/1999	05/05/1999	
SB 0076	S	06/10/1999	06/24/1999	06/22/1999	
SB 0077	S	04/06/1999	04/21/1999	04/16/1999	
SB 0078	S	06/30/1999	07/13/1999	07/12/1999	
SB 0079	S	04/09/1999	04/21/1999	04/20/1999	
SB 0081	S	07/09/1999	07/21/1999	07/02/1999	
SB 0082	S	08/03/1999	09/03/1999	09/03/1999	
SB 0086	S	07/19/1999	09/03/1999	08/17/1999	
SB 0091	S	06/10/1999	06/24/1999	06/22/1999	
SB 0093	S	07/27/1999	09/03/1999	08/20/1999	
SB 0099	S	07/19/1999	07/28/1999	07/26/1999	
SB 0100	S	05/03/1999	06/03/1999	05/27/1999	
SB 0103	S	08/03/1999	09/03/1999	09/01/1999	
SB 0106	S	04/09/1999	04/21/1999	04/16/1999	
SB 0107	S	04/09/1999	04/21/1999	04/19/1999	
SB 0108	S	06/03/1999	07/28/1999	08/16/1999	
SB 0110	S	06/17/1999	06/30/1999	06/28/1999	
SB 0115	V	07/20/1999	09/03/1999	09/03/1999	Veto
SB 0118	S	07/26/1999	09/03/1999	08/20/1999	
SB 0121	S	04/06/1999	04/26/1999	04/23/1999	
SB 0123	S	04/28/1999	05/06/1999	05/05/1999	
SB 0125	S	07/14/1999	07/23/1999	07/23/1999	
SB 0130	S	05/05/1999	05/18/1999	05/14/1999	
SB 0131	S	06/11/1999	06/24/1999	06/22/1999	
SB 0132	S	05/27/1999	06/11/1999	06/10/1999	
SB 0133	S	06/07/1999	06/18/1999	06/16/1999	
SB 0136	S	04/08/1999	04/21/1999	04/20/1999	
SB 0137	S	04/08/1999	04/21/1999	04/20/1999	
SB 0138	S	04/08/1999	04/21/1999	04/20/1999	
SB 0141	S	06/28/1999	07/08/1999	07/08/1999	
SB 0145	S	06/18/1999	06/28/1999	06/28/1999	
SB 0151	S	06/11/1999	06/24/1999	06/23/1999	
SB 0152	S	06/10/1999	06/24/1999	06/23/1999	
SB 0153	S	06/16/1999	06/30/1999	06/29/1999	
SB 0154	S	06/16/1999	06/30/1999	06/29/1999	
SB 0155	S	06/16/1999	06/30/1999	06/29/1999	
SB 0156	S	07/07/1999	07/19/1999	07/19/1999	
SB 0158	S	06/21/1999	07/05/1999	07/01/1999	
SB 0160	S	06/25/1999	07/08/1999	07/08/1999	
SB 0161	S	05/20/1999	06/01/1999	05/28/1999	
SB 0162	S	05/24/1999	06/09/1999	06/03/1999	
SB 0163	S	04/08/1999	04/21/1999	04/20/1999	
SB 0164	S	07/26/1999	09/03/1999	08/20/1999	
SB 0165	S	04/09/1999	04/21/1999	04/16/1999	
SB 0166	S	04/23/1999	05/04/1999	05/03/1999	
SB 0167	S	05/24/1999	06/09/1999	06/03/1999	
SB 0169	S	04/08/1999	04/21/1999	04/19/1999	
SB 0170	S	04/08/1999	04/21/1999	04/19/1999	
SB 0171	S	04/09/1999	04/21/1999	04/18/1999	
SB 0172	S	04/09/1999	04/21/1999	04/19/1999	
SB 0173	S	04/09/1999	04/21/1999	04/19/1999	
SB 0174	S	04/09/1999	04/21/1999	04/19/1999	
SB 0175	S	04/09/1999	04/21/1999	04/19/1999	
SB 0176	S	07/07/1999	07/19/1999	07/14/1999	
SB 0177	S	05/27/1999	06/11/1999	06/10/1999	

SB 0179	S	06/16/1999	06/30/1999	06/29/1999	
SB 0180	S	06/28/1999	07/08/1999	07/08/1999	
SB 0181	S	04/09/1999	04/21/1999	04/20/1999	
SB 0183	S	05/21/1999	06/01/1999	05/28/1999	
SB 0186	S	04/15/1999	04/23/1999	04/19/1999	
SB 0188	S	04/05/1999	04/21/1999	04/19/1999	
SB 0189	S	04/09/1999	04/21/1999	04/19/1999	
SB 0193	S	06/18/1999	06/30/1999	06/29/1999	
SB 0194	S	08/03/1999	09/03/1999	09/01/1999	
SB 0195	S	05/14/1999	05/28/1999	05/27/1999	
SB 0196	S	06/14/1999	06/24/1999	06/23/1999	
SB 0197	S	06/22/1999	07/06/1999	07/06/1999	
SB 0198	S	06/23/1999	07/08/1999	07/08/1999	
SB 0200	S	04/13/1999	04/23/1999	04/19/1999	
SB 0202	S	06/10/1999	06/24/1999	06/23/1999	
SB 0203	S	06/18/1999	06/30/1999	06/29/1999	
SB 0205	S	04/05/1999	04/21/1999	04/20/1999	
SB 0210	S	07/19/1999	09/03/1999	08/20/1999	
SB 0211	S	04/09/1999	04/21/1999	04/20/1999	
SB 0212	S	05/24/1999	06/09/1999	06/08/1999	
SB 0213	S	04/15/1999	04/23/1999	04/23/1999	
SB 0214	S	04/27/1999	05/06/1999	05/05/1999	
SB 0215	S	06/18/1999	06/30/1999	06/29/1999	
SB 0217	S	04/08/1999	04/21/1999	04/19/1999	
SB 0218	S	05/10/1999	05/24/1999	05/21/1999	
SB 0220	S	06/14/1999	06/24/1999	06/23/1999	
SB 0221	S	06/18/1999	06/30/1999	06/29/1999	
SB 0222	S	07/19/1999	07/28/1999	07/30/1999	
SB 0223	S	05/24/1999	06/09/1999	06/08/1999	
SB 0224	S	06/09/1999	06/22/1999	06/16/1999	
SB 0225	S	04/15/1999	04/23/1999	04/23/1999	
SB 0226	S	06/16/1999	06/30/1999	06/28/1999	
SB 0229	V	07/07/1999	07/19/1999	07/19/1999	Veto
SB 0230	S	06/17/1999	06/30/1999	06/28/1999	
SB 0231	S	04/15/1999	04/23/1999	04/23/1999	
SB 0232	S	04/15/1999	04/23/1999	04/23/1999	
SB 0233	S	04/15/1999	04/23/1999	04/23/1999	
SB 0234	S	05/14/1999	05/28/1999	05/27/1999	
SB 0235	S	06/18/1999	06/30/1999	06/29/1999	
SB 0236	S	07/07/1999	07/19/1999	07/19/1999	
SB 0237	S	04/15/1999	04/23/1999	04/23/1999	
SB 0239	S	06/23/1999	07/08/1999	07/08/1999	
SB 0240	S	07/07/1999	07/19/1999	07/14/1999	
SB 0242	S	07/07/1999	07/19/1999	07/19/1999	
SB 0244	S	06/22/1999	07/01/1999	06/29/1999	
SB 0245	S	08/04/1999	09/03/1999	09/03/1999	
SB 0246	S	06/25/1999	07/08/1999	07/06/1999	
SB 0248	S	06/14/1999	06/24/1999	06/23/1999	
SB 0249	S	06/25/1999	07/08/1999	07/06/1999	
SB 0250	S	04/09/1999	04/22/1999	04/20/1999	
SB 0251	S	04/12/1999	04/22/1999	04/20/1999	
SB 0252	S	04/12/1999	04/22/1999	04/20/1999	
SB 0253	S	06/28/1999	07/08/1999	07/08/1999	
SB 0254	S	07/01/1999	07/13/1999	07/13/1999	
SB 0255	S	04/09/1999	04/21/1999	04/19/1999	
SB 0256	S	04/09/1999	04/21/1999	04/20/1999	
SB 0257	S	04/09/1999	04/21/1999	04/20/1999	
SB 0258	S	06/28/1999	07/08/1999	07/08/1999	
SB 0259	V	06/18/1999	06/28/1999	06/28/1999	Veto
SB 0260	S	06/22/1999	07/01/1999	06/29/1999	
SB 0261	S	04/13/1999	04/23/1999	04/23/1999	
SB 0262	S	06/18/1999	06/30/1999	06/29/1999	
SB 0264	S	04/13/1999	04/23/1999	04/23/1999	
SB 0265	S	06/17/1999	06/30/1999	06/29/1999	
SB 0267	S	05/27/1999	06/11/1999	06/09/1999	
SB 0268	S	06/07/1999	06/18/1999	06/16/1999	
SB 0270	S	06/18/1999	06/30/1999	06/30/1999	
SB 0271	S	07/01/1999	07/13/1999	07/13/1999	
SB 0280	S	06/01/1999	06/11/1999	06/09/1999	
SB 0281	S	06/18/1999	06/30/1999	06/29/1999	
SB 0283	S	04/13/1999	04/23/1999	04/23/1999	
SB 0286	S	06/14/1999	06/24/1999	06/23/1999	
SB 0287	S	06/07/1999	07/07/1999	07/01/1999	
SB 0288	S	06/07/1999	06/18/1999	06/16/1999	
SB 0289	S	05/27/1999	06/11/1999	06/10/1999	
SB 0290	S	06/18/1999	06/30/1999	06/30/1999	
SB 0296	S	06/18/1999	06/30/1999	06/28/1999	
SB 0299	S	07/14/1999	07/23/1999	07/23/1999	
SB 0300	S	06/22/1999	07/06/1999	07/01/1999	
SB 0301	S	06/28/1999	07/08/1999	07/08/1999	
SB 0302	S	06/22/1999	07/06/1999	07/06/1999	

SB 0303	S	06/18/1999	06/30/1999	06/30/1999	
SB 0304	S	07/13/1999	07/21/1999	07/21/1999	
SB 0305	S	04/15/1999	04/23/1999	04/23/1999	
SB 0308	S	06/23/1999	07/08/1999	07/08/1999	
SB 0309	S	07/01/1999	07/13/1999	07/12/1999	
SB 0310	S	06/18/1999	06/30/1999	06/30/1999	
SB 0311	S	06/25/1999	07/08/1999	07/08/1999	
SB 0312	S	06/11/1999	06/24/1999	06/23/1999	
SB 0313	S	06/02/1999	06/10/1999	06/04/1999	
SB 0314	S	06/18/1999	06/30/1999	06/30/1999	
SB 0318	S	08/03/1999	09/03/1999	09/01/1999	
SB 0319	S	06/30/1999	07/13/1999	07/12/1999	
SB 0320	S	06/25/1999	07/08/1999	07/08/1999	
SB 0322	S	06/18/1999	06/30/1999	06/30/1999	
SB 0323	S	06/18/1999	06/30/1999	06/29/1999	
SB 0326	S	06/18/1999	06/30/1999	06/29/1999	
SB 0327	S	07/22/1999	09/03/1999	08/17/1999	
SB 0328	S	07/26/1999	09/03/1999	08/20/1999	
SB 0335	S	06/25/1999	07/08/1999	07/08/1999	
SB 0337	S	06/21/1999	07/05/1999	07/01/1999	
SB 0340	S	04/15/1999	04/23/1999	04/23/1999	
SB 0341	S	06/21/1999	07/05/1999	06/29/1999	
SB 0342	S	04/15/1999	04/23/1999	04/23/1999	
SB 0343	S	04/15/1999	04/23/1999	04/23/1999	
SB 0344	S	07/08/1999	07/14/1999	07/09/1999	
SB 0345	S	07/15/1999	07/26/1999	07/26/1999	
SB 0346	S	04/15/1999	04/23/1999	04/23/1999	
SB 0347	S	06/16/1999	06/30/1999	06/28/1999	
SB 0348	S	06/22/1999	07/06/1999	07/01/1999	
SB 0349	S	04/16/1999	05/03/1999	05/03/1999	
SB 0350	S	05/14/1999	05/28/1999	05/27/1999	
SB 0351	S	06/17/1999	06/30/1999	06/28/1999	
SB 0352	S	06/16/1999	06/30/1999	06/28/1999	
SB 0358	S	06/16/1999	06/30/1999	06/28/1999	
SB 0359	S	06/21/1999	07/05/1999	07/01/1999	
SB 0361	S	06/10/1999	06/24/1999	06/23/1999	
SB 0363	S	07/20/1999	09/03/1999	08/20/1999	
SB 0365	S	07/01/1999	07/13/1999	07/12/1999	
SB 0367	S	08/03/1999	09/03/1999	09/01/1999	
SB 0368	S	06/10/1999	06/24/1999	06/23/1999	
SB 0369	S	07/26/1999	09/03/1999	08/20/1999	
SB 0374	S	04/27/1999	05/06/1999	05/05/1999	
SB 0378	S	06/21/1999	07/05/1999	06/29/1999	
SB 0379	S	06/28/1999	07/08/1999	07/08/1999	
SB 0380	S	06/21/1999	07/05/1999	06/29/1999	
SB 0384	S	04/15/1999	04/23/1999	04/23/1999	
SB 0385	S	04/16/1999	05/03/1999	05/03/1999	
SB 0387	S	06/02/1999	06/18/1999	06/16/1999	
SB 0388	S	04/08/1999	04/21/1999	04/20/1999	
SB 0391	S	04/08/1999	04/21/1999	04/20/1999	
SB 0392	S	08/04/1999	09/03/1999	09/01/1999	
SB 0394	S	04/19/1999	05/03/1999	05/03/1999	
SB 0395	S	04/15/1999	04/23/1999	04/23/1999	
SB 0396	S	06/25/1999	07/08/1999	07/08/1999	
SB 0397	S	06/23/1999	07/06/1999	07/01/1999	
SB 0398	S	06/07/1999	06/18/1999	06/16/1999	
SB 0399	S	04/16/1999	05/03/1999	05/03/1999	
SB 0400	S	04/15/1999	04/23/1999	04/23/1999	
SB 0401	S	07/01/1999	07/13/1999	07/12/1999	
SB 0402	S	05/27/1999	06/11/1999	06/10/1999	
SB 0403	S	06/01/1999	06/11/1999	06/09/1999	
SB 0405	S	07/02/1999	07/19/1999	07/19/1999	
SB 0407	S	06/22/1999	07/06/1999	07/06/1999	
SB 0408	S	07/14/1999	07/23/1999	07/23/1999	
SB 0410	S	04/16/1999	05/03/1999	05/03/1999	
SB 0411	S	06/28/1999	07/08/1999	07/08/1999	
SB 0414	S	06/25/1999	07/08/1999	07/08/1999	
SB 0415	S	05/17/1999	05/28/1999	05/27/1999	
SB 0422	S	05/21/1999	06/01/1999	05/28/1999	
SB 0425	S	05/21/1999	06/01/1999	05/28/1999	
SB 0428	V	07/15/1999	09/03/1999	09/03/1999	Veto
SB 0430	S	06/01/1999	06/11/1999	06/10/1999	
SB 0433	S	04/15/1999	04/23/1999	04/23/1999	
SB 0436	S	04/27/1999	05/06/1999	05/05/1999	
SB 0440	S	06/28/1999	07/08/1999	07/08/1999	
SB 0443	S	06/30/1999	07/13/1999	07/12/1999	
SB 0448	S	06/18/1999	06/30/1999	06/28/1999	
SB 0449	S	06/30/1999	07/13/1999	07/12/1999	
SB 0451	S	06/23/1999	07/06/1999	07/01/1999	
SB 0453	S	04/15/1999	04/23/1999	04/23/1999	
SB 0454	S	07/07/1999	07/19/1999	07/14/1999	

SB 0459	S	06/22/1999	07/06/1999	07/06/1999	
SB 0460	S	02/24/1999	03/03/1999	03/01/1999	
SB 0461	S	06/30/1999	07/13/1999	07/13/1999	
SB 0465	S	06/22/1999	07/06/1999	07/01/1999	
SB 0466	S	04/19/1999	05/03/1999	05/03/1999	
SB 0467	S	06/30/1999	07/13/1999	07/12/1999	
SB 0470	S	06/22/1999	07/06/1999	07/01/1999	
SB 0473	S	06/18/1999	06/30/1999	06/29/1999	
SB 0474	V	06/28/1999	07/08/1999	07/08/1999	Veto
SB 0479	S	06/14/1999	06/24/1999	06/23/1999	
SB 0482	S	07/07/1999	07/19/1999	07/19/1999	
SB 0483	V	07/13/1999	07/21/1999	07/21/1999	Veto
SB 0487	S	07/13/1999	07/21/1999	07/20/1999	
SB 0490	S	06/22/1999	07/07/1999	07/06/1999	
SB 0491	S	06/18/1999	06/30/1999	06/30/1999	
SB 0493	S	04/19/1999	05/03/1999	05/03/1999	
SB 0495	S	06/28/1999	07/08/1999	07/08/1999	
SB 0497	V	07/26/1999	09/03/1999	09/03/1999	Veto
SB 0504	S	07/13/1999	07/21/1999	07/20/1999	
SB 0512	S	07/15/1999	09/03/1999	09/01/1999	
SB 0516	S	07/02/1999	07/19/1999	07/19/1999	
SB 0522	S	06/18/1999	09/03/1999	06/29/1999	
SB 0523	S	06/22/1999	07/06/1999	07/01/1999	
SB 0524	V	07/22/1999	09/03/1999	09/03/1999	Veto
SB 0530	S	06/22/1999	07/06/1999	07/01/1999	
SB 0535	R	07/22/1999			
SB 0540	S	08/04/1999	09/03/1999	09/01/1999	
SB 0542	S	06/30/1999	07/28/1999	07/30/1999	
SB 0543	S	06/28/1999	07/13/1999	07/12/1999	
SB 0548	S	06/28/1999	09/03/1999	07/08/1999	
SB 0548	S	06/28/1999	07/08/1999	07/08/1999	
SB 0555	S	08/03/1999	09/03/1999	09/01/1999	
SB 0556	S	06/22/1999	07/07/1999	07/06/1999	
SB 0558	V	07/19/1999	09/03/1999	09/03/1999	Veto
SB 0562	S	06/07/1999	06/18/1999	06/16/1999	
SB 0564	S	04/13/1999	04/22/1999	05/20/1999	
SB 0565	S	06/23/1999	07/08/1999	07/06/1999	
SB 0567	S	06/25/1999	07/08/1999	07/08/1999	
SB 0568	S	06/08/1999	06/21/1999	06/18/1999	
SB 0570	S	06/30/1999	07/13/1999	07/12/1999	
SB 0576	S	06/28/1999	07/08/1999	07/08/1999	
SB 0577	S	06/23/1999	07/08/1999	07/08/1999	
SB 0579	S	06/25/1999	07/08/1999	07/08/1999	
SB 0580	S	06/15/1999	06/30/1999	06/23/1999	
SB 0582	S	06/22/1999	07/07/1999	07/06/1999	
SB 0586	S	06/23/1999	07/08/1999	07/06/1999	
SB 0587	S	08/03/1999	09/03/1999	09/01/1999	
SB 0588	S	06/11/1999	07/05/1999	07/01/1999	
SB 0591	S	06/02/1999	06/18/1999	06/18/1999	
SB 0592	S	06/18/1999	09/03/1999	06/29/1999	
SB 0595	V	07/13/1999	07/21/1999	07/21/1999	Veto
SB 0596	S	04/16/1999	05/03/1999	05/03/1999	
SB 0598	S	04/27/1999	05/06/1999	05/06/1999	
SB 0600	S	06/23/1999	07/08/1999	07/08/1999	
SB 0601	S	07/07/1999	07/19/1999	07/14/1999	
SB 0606	S	07/07/1999	07/19/1999	07/19/1999	
SB 0611	S	07/26/1999	09/03/1999	08/20/1999	
SB 0614	S	06/28/1999	09/03/1999	08/16/1999	
SB 0615	S	07/07/1999	07/19/1999	07/19/1999	
SB 0618	S	04/27/1999	05/06/1999	05/05/1999	
SB 0622	S	07/22/1999	09/03/1999	09/02/1999	
SB 0623	S	06/18/1999	09/03/1999	06/28/1999	
SB 0624	S	06/22/1999	07/06/1999	07/01/1999	
SB 0626	S	05/21/1999	06/01/1999	05/28/1999	
SB 0628	S	06/18/1999	09/03/1999	06/29/1999	
SB 0634	S	07/22/1999	09/03/1999	08/20/1999	
SB 0654	S	07/20/1999	07/29/1999	07/28/1999	
SB 0655	S	06/22/1999	07/06/1999	07/01/1999	
SB 0657	S	07/22/1999	09/03/1999	08/17/1999	
SB 0662	S	06/25/1999	07/08/1999	07/08/1999	
SB 0663	S	06/30/1999	07/13/1999	07/12/1999	
SB 0671	S	07/26/1999	09/03/1999	08/16/1999	
SB 0673	S	06/23/1999	07/08/1999	07/08/1999	
SB 0674	S	06/30/1999	07/13/1999	07/12/1999	
SB 0675	V	07/08/1999	07/19/1999	07/19/1999	Veto
SB 0676	S	06/25/1999	07/08/1999	07/08/1999	
SB 0678	S	07/07/1999	07/19/1999	07/14/1999	
SB 0685	S	07/14/1999	07/23/1999	07/23/1999	
SB 0686	S	07/27/1999	09/03/1999	08/20/1999	
SB 0690	S	06/24/1999	07/08/1999	07/08/1999	
SB 0711	S	06/17/1999	09/03/1999	06/28/1999	

SB 0712	S	07/02/1999	07/19/1999	07/14/1999	
SB 0718	S	07/07/1999	07/19/1999	07/14/1999	
SB 0720	S	06/23/1999	07/08/1999	07/06/1999	
SB 0724	S	06/22/1999	07/06/1999	07/06/1999	
SB 0725	S	07/22/1999	09/03/1999	08/17/1999	
SB 0728	S	07/20/1999	07/29/1999	08/04/1999	
SB 0729	S	06/23/1999	07/08/1999	07/08/1999	
SB 0735	S	06/25/1999	07/08/1999	07/06/1999	
SB 0740	S	07/01/1999	07/13/1999	07/12/1999	
SB 0742	S	06/23/1999	07/08/1999	07/08/1999	
SB 0744	S	06/15/1999	06/24/1999	06/23/1999	
SB 0751	V	06/28/1999	07/13/1999	07/13/1999	Veto
SB 0756	S	06/28/1999	07/21/1999	07/16/1999	
SB 0759	S	06/24/1999	07/08/1999	07/06/1999	
SB 0765	S	08/03/1999	09/03/1999	09/01/1999	
SB 0770	S	07/22/1999	09/03/1999	08/17/1999	
SB 0771	S	06/23/1999	07/08/1999	07/07/1999	
SB 0773	S	06/28/1999	09/03/1999	08/17/1999	
SB 0774	S	07/13/1999	07/21/1999	07/21/1999	
SB 0775	S	07/13/1999	07/21/1999	07/21/1999	
SB 0778	S	07/08/1999	07/19/1999	07/14/1999	
SB 0782	S	07/22/1999	09/03/1999	08/17/1999	
SB 0784	S	06/22/1999	07/06/1999	07/06/1999	
SB 0785	S	06/23/1999	07/08/1999	07/08/1999	
SB 0787	S	06/22/1999	07/07/1999	07/06/1999	
SB 0789	S	07/02/1999	07/13/1999	07/13/1999	
SB 0791	S	07/08/1999	07/19/1999	07/19/1999	
SB 0792	S	06/04/1999	06/18/1999	06/16/1999	
SB 0795	S	07/07/1999	07/19/1999	07/19/1999	
SB 0803	S	07/01/1999	07/13/1999	07/13/1999	
SB 0804	S	07/02/1999	07/20/1999	07/20/1999	
SB 0806	S	06/07/1999	06/18/1999	06/16/1999	
SB 0808	S	06/22/1999	07/07/1999	07/06/1999	
SB 0811	V	07/14/1999	07/23/1999	07/22/1999	Veto
SB 0817	S	06/23/1999	07/08/1999	07/08/1999	
SB 0818	S	07/22/1999	09/03/1999	09/01/1999	
SB 0821	S	06/23/1999	07/08/1999	07/08/1999	
SB 0824	S	06/23/1999	07/08/1999	07/08/1999	
SB 0825	S	06/23/1999	07/08/1999	07/08/1999	
SB 0827	S	06/23/1999	07/08/1999	07/08/1999	
SB 0831	S	07/09/1999	07/21/1999	07/20/1999	
SB 0834	S	06/11/1999	06/24/1999	06/24/1999	
SB 0838	S	06/14/1999	06/24/1999	06/23/1999	
SB 0839	S	06/23/1999	07/08/1999	07/06/1999	
SB 0842	S	06/22/1999	07/07/1999	07/06/1999	
SB 0845	S	06/22/1999	07/06/1999	07/01/1999	
SB 0846	S	06/23/1999	07/06/1999	07/01/1999	
SB 0848	S	07/07/1999	07/20/1999	07/19/1999	
SB 0849	V	06/23/1999	07/08/1999	07/08/1999	Veto
SB 0855	S	07/15/1999	07/26/1999	07/28/1999	
SB 0863	S	06/28/1999	07/08/1999	07/08/1999	
SB 0865	S	06/23/1999	07/08/1999	07/08/1999	
SB 0867	S	07/07/1999	07/20/1999	07/20/1999	
SB 0868	S	06/22/1999	07/06/1999	07/01/1999	
SB 0870	S	07/22/1999	09/03/1999	08/20/1999	
SB 0873	S	06/22/1999	09/03/1999	08/20/1999	
SB 0874	S	06/25/1999	09/03/1999	09/03/1999	
SB 0877	S	06/18/1999	09/03/1999	06/28/1999	
SB 0878	S	06/23/1999	07/08/1999	07/08/1999	
SB 0879	S	06/23/1999	07/08/1999	07/06/1999	
SB 0882	S	07/07/1999	07/20/1999	07/19/1999	
SB 0887	V	06/28/1999	07/14/1999	07/14/1999	Veto
SB 0888	S	06/08/1999	06/21/1999	06/16/1999	
SB 0907	S	06/23/1999	07/08/1999	07/08/1999	
SB 0909	S	07/15/1999	09/03/1999	08/17/1999	
SB 0911	S	07/20/1999	09/03/1999	09/01/1999	
SB 0912	S	07/07/1999	07/20/1999	07/19/1999	
SB 0914	S	06/25/1999	07/08/1999	07/06/1999	
SB 0915	S	06/24/1999	07/08/1999	07/08/1999	
SB 0916	S	06/28/1999	07/13/1999	07/12/1999	
SB 0919	S	07/27/1999	09/03/1999	08/20/1999	
SB 0931	S	06/28/1999	07/08/1999	07/08/1999	
SB 0932	S	07/01/1999	07/13/1999	07/12/1999	
SB 0937	S	07/19/1999	09/03/1999	09/02/1999	
SB 0938	S	06/18/1999	09/03/1999	06/28/1999	
SB 0940	S	07/20/1999	09/03/1999	08/17/1999	
SB 0941	S	07/26/1999	09/03/1999	08/20/1999	
SB 0944	S	07/19/1999	09/03/1999	08/16/1999	
SB 0950	S	07/13/1999	07/21/1999	07/14/1999	
SB 0951	S	06/23/1999	07/08/1999	07/06/1999	
SB 0958	S	06/18/1999	09/03/1999	06/29/1999	

SB 0965	S	07/08/1999	07/20/1999	07/19/1999	
SB 0974	S	06/28/1999	07/08/1999	07/08/1999	
SB 0975	S	07/14/1999	07/23/1999	07/23/1999	
SB 0980	S	07/01/1999	07/13/1999	07/12/1999	
SB 0987	V	07/02/1999	07/20/1999	07/19/1999	Veto
SB 0988	V	06/28/1999	07/08/1999	07/08/1999	Veto
SB 0989	V	07/07/1999	07/20/1999	07/20/1999	Veto
SB 0992	S	06/08/1999	06/22/1999	06/18/1999	
SB 0993	S	06/28/1999	07/08/1999	07/08/1999	
SB 1006	S	06/28/1999	07/08/1999	07/08/1999	
SB 1013	S	07/09/1999	07/21/1999	07/20/1999	
SB 1021	S	06/28/1999	07/13/1999	07/12/1999	
SB 1025	S	05/21/1999	06/01/1999	05/28/1999	
SB 1031	S	06/08/1999	06/22/1999	06/18/1999	
SB 1034	S	06/25/1999	07/08/1999	07/08/1999	
SB 1049	S	06/14/1999	06/24/1999	06/23/1999	
SB 1055	S	06/21/1999	07/05/1999	07/01/1999	
SB 1060	S	07/15/1999	07/26/1999	07/28/1999	
SB 1061	V	07/14/1999	09/03/1999	09/03/1999	Veto
SB 1062	S	05/24/1999	06/01/1999	05/28/1999	
SB 1071	S	07/07/1999	07/20/1999	07/19/1999	
SB 1075	S	07/02/1999	07/20/1999	07/19/1999	
SB 1081	S	07/07/1999	07/20/1999	07/20/1999	
SB 1083	S	06/18/1999	09/03/1999	06/28/1999	
SB 1086	S	06/22/1999	07/01/1999	06/29/1999	
SB 1087	S	07/14/1999	07/23/1999	07/21/1999	
SB 1088	S	07/07/1999	07/19/1999	07/14/1999	
SB 1089	S	08/03/1999	09/03/1999	09/01/1999	
SB 1093	S	06/11/1999	06/24/1999	06/18/1999	
SB 1096	S	07/02/1999	01/07/1999	07/12/1999	
SB 1098	S	06/15/1999	09/03/1999	06/29/1999	
SB 1102	S	06/28/1999	07/08/1999	07/08/1999	
SB 1104	S	07/07/1999	07/20/1999	07/19/1999	
SB 1107	S	06/28/1999	07/08/1999	07/08/1999	
SB 1108	S	06/28/1999	07/08/1999	07/08/1999	
SB 1113	S	06/28/1999	07/08/1999	07/08/1999	
SB 1115	V	07/12/1999	07/19/1999	07/19/1999	Veto
SB 1117	S	07/09/1999	07/21/1999	07/21/1999	
SB 1118	S	07/09/1999	07/21/1999	07/20/1999	
SB 1124	S	07/07/1999	07/20/1999	07/19/1999	
SB 1127	S	07/19/1999	09/03/1999	09/01/1999	
SB 1128	S	06/24/1999	07/08/1999	07/06/1999	
SB 1129	S	07/08/1999	07/20/1999	07/20/1999	
SB 1131	S	06/18/1999	09/03/1999	06/28/1999	
SB 1136	S	07/22/1999	09/03/1999	08/20/1999	
SB 1140	S	06/28/1999	07/08/1999	07/08/1999	
SB 1149	S	07/14/1999	07/23/1999	07/23/1999	
SB 1151	S	07/01/1999	07/13/1999	07/12/1999	
SB 1152	S	06/15/1999	06/30/1999	06/28/1999	
SB 1156	S	06/28/1999	07/08/1999	07/07/1999	
SB 1157	S	06/25/1999	07/08/1999	07/08/1999	
SB 1161	S	06/28/1999	07/08/1999	07/08/1999	
SB 1163	S	06/28/1999	07/08/1999	07/08/1999	
SB 1166	V	06/28/1999	07/08/1999	07/08/1999	Veto
SB 1168	S	07/26/1999	09/03/1999	08/20/1999	
SB 1178	S	06/17/1999	06/30/1999	06/29/1999	
SB 1184	S	07/13/1999	07/21/1999	07/21/1999	
SB 1189	S	07/20/1999	09/03/1999	08/17/1999	
SB 1192	S	07/07/1999	09/03/1999	07/19/1999	
SB 1195	S	06/25/1999	07/08/1999	07/06/1999	
SB 1201	S	06/30/1999	07/13/1999	07/12/1999	
SB 1202	S	07/20/1999	09/03/1999	08/16/1999	
SB 1205	S	07/12/1999	07/19/1999	07/19/1999	
SB 1206	S	07/07/1999	07/19/1999	07/14/1999	
SB 1207	S	07/13/1999	07/21/1999	07/20/1999	
SB 1210	S	07/01/1999	07/13/1999	07/12/1999	
SB 1212	S	07/22/1999	09/03/1999	08/16/1999	
SB 1216	S	07/26/1999	09/03/1999	08/17/1999	
SB 1217	S	05/10/1999	05/19/1999	05/18/1999	
SB 1228	S	06/18/1999	09/03/1999	06/29/1999	
SB 1229	S	06/25/1999	07/08/1999	07/08/1999	
SB 1231	S	07/07/1999	07/20/1999	07/19/1999	
SB 1232	S	06/28/1999	07/08/1999	07/08/1999	
SB 1264	S	06/15/1999	09/03/1999	06/28/1999	
SB 1275	V	07/20/1999	09/03/1999	09/03/1999	Veto
SB 1282	V	07/22/1999	07/26/1999	07/26/1999	Veto
SB 1284	S	08/03/1999	09/03/1999	09/01/1999	
SB 1290	S	06/25/1999	07/08/1999	07/08/1999	
SB 1291	S	06/30/1999	07/13/1999	07/12/1999	
SB 1295	S	07/15/1999	09/03/1999	08/20/1999	
SB 1296	V	07/26/1999	09/03/1999	09/03/1999	Veto

SB 1304	S	07/27/1999	09/03/1999	09/01/1999	
SB 1306	S	06/22/1999	07/07/1999	07/06/1999	
SB 1310	S	06/22/1999	07/07/1999	07/06/1999	
SB 1311	S	07/07/1999	07/20/1999	07/19/1999	
SB 1320	S	08/03/1999	09/03/1999	09/01/1999	
SB 1324	S	07/13/1999	07/21/1999	07/20/1999	
SB 1329	S	07/22/1999	09/03/1999	08/16/1999	
SB 1331	S	08/03/1999	09/03/1999	09/01/1999	
SB 1334	S	08/03/1999	09/03/1999	09/01/1999	
SB 1337	S	08/03/1999	09/03/1999	09/01/1999	
SB 5501	S	06/02/1999	06/18/1999	06/16/1999	
SB 5502	S	07/28/1999	08/05/1999	07/30/1999	
SB 5503	S	06/07/1999	06/21/1999	06/18/1999	
SB 5504	V	06/02/1999	06/18/1999	06/18/1999	Veto
SB 5505	S	06/18/1999	06/30/1999	06/29/1999	
SB 5506	S	07/15/1999	08/05/1999	07/30/1999	
SB 5507	S	04/23/1999	05/04/1999	05/03/1999	
SB 5508	S	04/08/1999	04/21/1999	04/20/1999	
SB 5509	S	05/03/1999	05/18/1999	05/14/1999	
SB 5510	S	06/02/1999	06/18/1999	06/16/1999	
SB 5511	S	07/28/1999	08/05/1999	07/30/1999	
SB 5512	S	06/02/1999	06/18/1999	06/18/1999	
SB 5513	S	05/20/1999	06/01/1999	05/28/1999	
SB 5514	S	06/11/1999	09/03/1999	06/28/1999	
SB 5515	S	07/19/1999	08/05/1999	07/30/1999	
SB 5516	S	06/02/1999	06/18/1999	06/16/1999	
SB 5517	S	06/11/1999	06/24/1999	06/23/1999	
SB 5518	S	06/30/1999	07/13/1999	07/12/1999	
SB 5519	S	04/23/1999	05/04/1999	05/03/1999	
SB 5520	S	06/08/1999	06/21/1999	06/16/1999	
SB 5521	V	06/25/1999	07/08/1999	07/08/1999	Veto
SB 5522	S	07/22/1999	08/05/1999	07/30/1999	
SB 5524	S	06/08/1999	06/21/1999	06/18/1999	
SB 5525	S	07/01/1999	07/13/1999	07/13/1999	
SB 5526	S	06/18/1999	06/30/1999	06/29/1999	
SB 5527	S	07/28/1999	08/05/1999	07/30/1999	
SB 5528	S	06/08/1999	06/21/1999	06/18/1999	
SB 5529	S	07/01/1999	07/13/1999	07/12/1999	
SB 5530	S	06/18/1999	09/03/1999	06/29/1999	
SB 5531	S	04/08/1999	04/21/1999	04/19/1999	
SB 5532	S	05/03/1999	05/18/1999	05/14/1999	
SB 5533	S	04/23/1999	05/04/1999	05/03/1999	
SB 5534	S	04/08/1999	04/21/1999	04/19/1999	
SB 5535	S	06/30/1999	07/13/1999	07/12/1999	
SB 5536	S	06/08/1999	06/21/1999	06/18/1999	
SB 5537	S	04/23/1999	05/04/1999	05/03/1999	
SB 5538	S	06/08/1999	06/21/1999	06/18/1999	
SB 5539	S	07/14/1999	08/02/1999	07/30/1999	
SB 5540	S	07/07/1999	09/03/1999	07/14/1999	
SB 5541	S	06/15/1999	09/03/1999	06/29/1999	
SB 5542	S	04/08/1999	04/21/1999	04/20/1999	
SB 5543	S	05/03/1999	05/18/1999	05/14/1999	
SB 5544	S	04/29/1999	05/06/1999	04/29/1999	
SB 5545	S	06/30/1999	07/07/1999	06/30/1999	
SB 5546	S	06/29/1999	07/07/1999	06/30/1999	
SB 5547	S	07/20/1999	08/05/1999	07/30/1999	
SB 5548	S	07/20/1999	08/05/1999	07/30/1999	
SB 5549	S	07/22/1999	08/05/1999	07/30/1999	

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BILLS RECEIVED AND ACTED ON BY THE GOVERNOR

Listed in Alphanumeric Order

Here is a complete list of bills received and acted on by the Governor during the 1997 Legislative session. This list is comprehensive and final. For more information about individual bills see the web page maintained by the [Oregon Legislature](#). It provides history and text for each measure and a list of addresses and telephone numbers for House members and Senate members.

Here is a selected list of [Veto Messages](#) issued by the Governor.

Final Bill Status 1997 Legislative Session

Bills Received: 909
 Bills Signed: 871 (includes two bills with emergency clause vetoes and one bill with three line-item vetoes)
 Number of Vetoes: 43

Bill #	Bill Rec'd	Deadline	Bill Signed
HB 2002	07/04/97	08/15/97	07/10/97
HB 2004	07/04/97	08/15/97	07/14/97
HB 2006	06/23/97	06/30/97	06/25/97
HB 2009	07/15/97	08/15/97	08/05/97
HB 2010	06/03/97	06/10/97	06/09/97
HB 2011	06/13/97	06/20/97	06/17/97
HB 2013	07/15/97	08/15/97	08/04/97
HB 2014	07/04/97	08/15/97	08/01/97
HB 2021	06/23/97	06/30/97	06/25/97
HB 2027	04/14/97	04/21/97	04/17/97
HB 2028	06/13/97	06/20/97	06/16/97
HB 2029	04/29/97	05/06/97	04/30/97
HB 2030	06/03/97	06/10/97	06/09/97

HB 2031	06/03/97	06/10/97	06/04/97
HB 2032	05/27/97	06/03/97	05/30/97
HB 2033	06/13/97	06/20/97	06/17/97
HB 2034	05/27/97	06/03/97	05/30/97
HB 2035	04/29/97	05/06/97	05/02/97
HB 2036	04/14/97	04/21/97	04/17/97
HB 2037	06/03/97	06/10/97	06/09/97
HB 2038	06/13/97	06/20/97	06/18/97
HB 2039	06/05/97	06/12/97	06/11/97
HB 2041	07/15/97	08/15/97	08/11/97
HB 2044	06/03/97	06/10/97	06/09/97
HB 2045	06/03/97	06/10/97	06/09/97
HB 2046	04/30/97	05/07/97	04/30/97
HB 2049	07/18/97	08/15/97	08/05/97
HB 2050	04/14/97	04/21/97	04/18/97
HB 2051	04/30/97	05/07/97	04/30/97
HB 2058	04/14/97	04/21/97	04/17/97
HB 2059	06/13/97	06/20/97	06/17/97
HB 2061	05/22/97	05/29/97	05/27/97
HB 2062	07/15/97	08/15/97	VETO
HB 2066	07/15/97	08/15/97	08/11/97
HB 2069	06/05/97	06/12/97	06/10/97
HB 2070	06/30/97	08/15/97	07/02/97
HB 2071	04/14/97	04/21/97	04/17/97
HB 2073	04/30/97	05/07/97	04/30/97
HB 2074	06/23/97	06/30/97	06/27/97
HB 2075	04/14/97	04/21/97	04/18/97
HB 2080	06/03/97	06/10/97	06/09/97
HB 2081	06/03/97	06/10/97	06/04/97
HB 2083	04/29/97	05/06/97	04/30/97
HB 2085	04/14/97	04/21/97	04/17/97
HB 2086	04/14/97	04/21/97	04/17/97
HB 2087	04/14/97	04/21/97	04/17/97
HB 2090	04/14/97	04/21/97	04/17/97
HB 2091	06/23/97	06/30/97	06/27/97
HB 2095	06/03/97	06/10/97	06/09/97
HB 2096	07/02/97	08/15/97	07/28/97
HB 2097	07/15/97	08/15/97	07/28/97
HB 2098	07/15/97	08/15/97	07/23/97
HB 2099	06/13/97	06/20/97	06/17/97

HB 2100	06/05/97	06/12/97	06/09/97
HB 2102	06/13/97	06/20/97	06/16/97
HB 2104	06/30/97	08/15/97	08/15/97
HB 2105	07/15/97	08/15/97	07/25/97
HB 2106	07/18/97	08/15/97	07/30/97
HB 2107	06/03/97	06/10/97	06/09/97
HB 2108	04/29/97	05/06/97	04/30/97
HB 2109	04/29/97	05/06/97	04/30/97
HB 2110	04/14/97	04/21/97	04/17/97
HB 2113	07/15/97	08/15/97	07/17/97
HB 2115	05/20/97	05/27/97	05/22/97
HB 2117	06/23/97	06/30/97	06/27/97
HB 2119	06/27/97	07/04/97	06/30/97
HB 2121	07/04/97	08/15/97	07/14/97
HB 2122	07/07/97	08/15/97	07/14/97
HB 2124	04/14/97	04/21/97	04/17/97
HB 2123	07/18/97	08/15/97	08/01/97
HB 2125	06/13/97	06/20/97	06/16/97
HB 2127	06/05/97	06/12/97	06/09/97
HB 2128	05/27/97	06/03/97	05/30/97
HB 2129	07/15/97	08/15/97	07/23/97
HB 2130	05/28/97	06/04/97	05/30/97
HB 2132	06/13/97	06/20/97	06/17/97
HB 2133	06/23/97	06/30/97	06/30/97
HB 2134	07/04/97	08/15/97	07/10/97
HB 2135	07/15/97	08/15/97	07/23/97
HB 2136	04/14/97	04/21/97	04/17/97
HB 2137	06/27/97	07/04/97	06/30/97
HB 2138	06/23/97	06/30/97	06/26/97
HB 2143	07/15/97	08/15/97	08/11/97
HB 2144	06/18/97	06/25/97	06/20/97
HB 2147	04/10/97	04/17/97	04/15/97
HB 2148	04/10/97	04/17/97	04/15/97
HB 2150	04/14/97	04/21/97	04/16/97
HB 2151	06/23/97	06/30/97	06/26/97
HB 2152	06/18/97	06/25/97	06/20/97
HB 2155	05/28/97	06/04/97	05/30/97
HB 2157	07/02/97	08/15/97	VETO
HB 2159	04/14/97	04/21/97	04/17/97
HB 2167	07/15/97	08/15/97	07/25/97

HB 2168	06/23/97	06/30/97	06/26/97
HB 2169	06/23/97	06/30/97	06/25/97
HB 2171	07/02/97	08/15/97	07/03/97
HB 2174	07/02/97	08/15/97	08/05/97
HB 2175	05/20/97	05/27/97	05/22/97
HB 2177	04/14/97	04/21/97	04/17/97
HB 2178	06/05/97	06/12/97	06/10/97
HB 2179	05/01/97	05/08/97	05/06/97
HB 2180	04/30/97	05/07/97	05/02/97
HB 2181	05/20/97	05/27/97	05/27/97
HB 2182	04/14/97	04/21/97	04/17/97
HB 2184	04/14/97	04/21/97	04/17/97
HB 2185	06/30/97	08/15/97	08/11/97
HB 2187	05/27/97	06/03/97	05/30/97
HB 2188	06/05/97	06/12/97	06/09/97
HB 2190	04/14/97	04/21/97	04/17/97
HB 2192	07/31/97	08/15/97	08/11/97
HB 2193	04/14/97	04/21/97	04/16/97
HB 2196	04/30/97	05/07/97	04/30/97
HB 2198	05/06/97	05/13/97	05/07/97
HB 2203	06/05/97	06/12/97	06/10/97
HB 2214	04/14/97	04/21/97	04/16/97
HB 2219	04/01/97	04/07/97	04/01/97
HB 2222	07/31/97	08/15/97	VETO
HB 2229	06/23/97	06/30/97	06/27/97
HB 2236	07/04/97	08/15/97	07/23/97
HB 2237	05/02/97	05/09/97	05/07/97
HB 2238	04/14/97	04/21/97	04/17/97
HB 2239	07/02/97	08/15/97	08/11/97
HB 2241	06/03/97	06/10/97	06/09/97
HB 2245	07/15/97	08/15/97	08/13/97
HB 2247	04/14/97	04/21/97	04/17/97
HB 2248	04/14/97	04/21/97	04/17/97
HB 2250	04/14/97	04/21/97	04/18/97
HB 2255	07/04/97	08/15/97	08/13/97
HB 2256	06/13/97	06/20/97	06/18/97
HB 2257	05/02/97	05/09/97	05/07/97
HB 2258	05/02/97	05/09/97	05/09/97
HB 2259	07/04/97	08/15/97	08/13/97
HB 2260	05/20/97	05/27/97	05/27/97

HB 2262	04/14/97	04/21/97	04/17/97
HB 2264	04/10/97	04/17/97	04/16/97
HB 2266	06/12/97	06/19/97	06/17/97
HB 2269	05/27/97	06/03/97	05/30/97
HB 2272	07/15/97	08/15/97	08/05/97
HB 2298	04/14/97	04/21/97	04/17/97
HB 2306	06/03/97	06/10/97	06/04/97
HB 2308	07/04/97	08/15/97	07/25/97
HB 2310	06/23/97	06/30/97	06/25/97
HB 2311	06/05/97	06/12/97	06/10/97
HB 2312	06/23/97	06/30/97	06/25/97
HB 2313	06/05/97	06/12/97	06/10/97
HB 2314	04/14/97	04/21/97	04/17/97
HB 2316	05/01/97	05/08/97	05/02/97
HB 2317	07/18/97	08/15/97	08/05/97
HB 2318	06/05/97	06/12/97	06/10/97
HB 2320	07/15/97	08/15/97	08/11/97
HB 2321	07/07/97	08/15/97	<u>VETO - Emergency Clause</u>
HB 2323	06/13/97	06/20/97	06/18/97
HB 2324	07/15/97	08/15/97	08/04/97
HB 2328	06/05/97	06/12/97	06/09/97
HB 2329	04/14/97	04/21/97	04/17/97
HB 2332	07/04/97	08/15/97	07/25/97
HB 2340	05/01/97	05/08/97	<u>VETO</u>
HB 2347	07/15/97	08/15/97	08/05/97
HB 2350	06/18/97	06/25/97	06/24/97
HB 2352	05/22/97	05/29/97	<u>VETO</u>
HB 2354	07/04/97	08/15/97	07/25/97
HB 2355	06/23/97	06/30/97	06/27/97
HB 2364	03/27/97	04/01/97	04/01/97
HB 2377	07/02/97	08/15/97	07/04/97
HB 2380	06/23/97	06/30/97	06/26/97
HB 2383	07/15/97	08/15/97	<u>VETO - Emergency Clause</u>
HB 2384	06/23/97	06/30/97	06/27/97
HB 2387	06/05/97	06/12/97	06/09/97
HB 2388	07/02/97	08/15/97	07/03/97
HB 2389	06/23/97	06/30/97	06/27/97
HB 2402	07/02/97	08/15/97	08/05/97
HB 2403	07/07/97	08/15/97	08/05/97

HB 2404	06/23/97	06/30/97	06/25/97
HB 2408	05/27/97	06/03/97	05/30/97
HB 2409	07/02/97	08/15/97	07/03/97
HB 2411	07/04/97	08/15/97	07/23/97
HB 2413	07/04/97	08/15/97	07/14/97
HB 2415	06/13/97	06/20/97	06/18/97
HB 2418	06/23/97	06/30/97	06/27/97
HB 2419	05/27/97	06/03/97	05/30/97
HB 2425	06/18/97	06/25/97	06/19/97
HB 2429	07/02/97	08/15/97	07/14/97
HB 2430	06/30/97	08/15/97	08/11/97
HB 2431	06/18/97	06/25/97	06/19/97
HB 2433	07/04/97	08/15/97	08/15/97
HB 2443	06/23/97	06/30/97	06/24/97
HB 2444	05/20/97	05/27/97	05/27/97
HB 2447	06/03/97	06/10/97	06/09/97
HB 2448	05/27/97	06/03/97	05/30/97
HB 2449	05/27/97	06/03/97	05/30/97
HB 2453	06/05/97	06/12/97	06/09/97
HB 2454	07/15/97	08/15/97	VETO
HB 2458	06/05/97	06/12/97	06/10/97
HB 2461	07/04/97	08/15/97	07/10/97
HB 2462	06/23/97	06/30/97	06/27/97
HB 2467	05/27/97	06/03/97	05/30/97
HB 2468	06/23/97	06/30/97	06/27/97
HB 2469	07/15/97	08/15/97	07/25/97
HB 2478	06/23/97	06/30/97	06/25/97
HB 2479	06/18/97	06/25/97	06/19/97
HB 2488	07/07/97	08/15/97	08/11/97
HB 2491	07/15/97	08/15/97	08/11/97
HB 2493	07/07/97	08/15/97	08/05/97
HB 2496	05/27/97	06/03/97	05/30/97
HB 2498	06/30/97	08/15/97	07/02/97
HB 2502	05/27/97	06/03/97	05/30/97
HB 2509	06/03/97	06/10/97	06/09/97
HB 2519	06/30/97	08/15/97	07/02/97
HB 2533	06/23/97	06/30/97	06/27/97
HB 2534	07/15/97	08/15/97	07/28/97
HB 2535	05/02/97	05/09/97	05/07/97
HB 2541	06/18/97	06/25/97	06/19/97

HB 2549	06/23/97	06/30/97	06/24/97
HB 2550	06/30/97	08/15/97	07/02/97
HB 2562	06/30/97	08/15/97	07/02/97
HB 2569	06/23/97	06/30/97	VETO
HB 2575	06/19/97	06/26/97	06/25/97
HB 2585	07/15/97	08/15/97	VETO
HB 2591	06/19/97	06/26/97	06/25/97
HB 2598	07/02/97	08/15/97	07/03/97
HB 2602	06/19/97	06/26/97	06/25/97
HB 2605	07/15/97	08/15/97	08/13/97
HB 2607	07/04/97	08/15/97	08/01/97
HB 2610	06/05/97	06/12/97	06/09/97
HB 2611	04/14/97	04/21/97	04/16/97
HB 2614	06/19/97	06/26/97	06/25/97
HB 2615	06/05/97	06/12/97	06/09/97
HB 2623	07/04/97	08/15/97	08/11/97
HB 2635	06/03/97	06/10/97	06/10/97
HB 2639	05/20/97	05/27/97	05/22/97
HB 2640	06/19/97	06/26/97	06/25/97
HB 2641	06/05/97	06/12/97	06/10/97
HB 2642	06/23/97	06/30/97	06/30/97
HB 2646	06/03/97	06/10/97	06/09/97
HB 2648	07/04/97	08/15/97	07/14/97
HB 2649	06/23/97	06/30/97	06/25/97
HB 2650	07/02/97	08/15/97	07/04/97
HB 2651	06/23/97	06/30/97	06/25/97
HB 2659	06/05/97	06/12/97	06/10/97
HB 2660	06/18/97	06/25/97	06/19/97
HB 2674	07/07/97	08/15/97	08/01/97
HB 2693	06/30/97	08/15/97	07/02/97
HB 2695	06/05/97	06/12/97	06/11/97
HB 2697	07/15/97	08/15/97	08/05/97
HB 2701	06/23/97	06/30/97	VETO
HB 2702	06/23/97	06/30/97	06/27/97
HB 2712	07/07/97	08/15/97	08/11/97
HB 2714	06/30/97	08/15/97	07/03/97
HB 2741	07/02/97	08/15/97	07/02/97
HB 2744	07/02/97	08/15/97	07/04/97
HB 2749	07/07/97	08/15/97	VETO
HB 2750	06/18/97	06/25/97	06/23/97

HB 2751	07/02/97	08/15/97	07/10/97
HB 2752	06/05/97	06/12/97	06/11/97
HB 2753	07/15/97	08/15/97	VETO
HB 2755	07/07/97	08/15/97	08/01/97
HB 2768	05/28/97	06/04/97	06/02/97
HB 2769	06/19/97	06/26/97	06/25/97
HB 2774	07/04/97	08/15/97	08/01/97
HB 2778	06/03/97	06/10/97	06/04/97
HB 2779	06/03/97	06/10/97	06/04/97
HB 2784	03/24/97	03/25/97	03/26/97
HB 2785	07/02/97	08/15/97	07/03/97
HB 2787	07/15/97	08/15/97	08/06/97
HB 2793	07/02/97	08/15/97	08/05/97
HB 2794	05/27/97	06/03/97	05/30/97
HB 2796	06/18/97	06/25/97	06/19/97
HB 2799	07/02/97	08/15/97	07/25/97
HB 2827	06/05/97	06/12/97	06/09/97
HB 2835	07/07/97	08/15/97	08/05/97
HB 2855	07/15/97	08/15/97	07/25/97
HB 2858	06/18/97	06/25/97	06/24/97
HB 2860	06/23/97	06/30/97	06/27/97
HB 2870	07/15/97	08/15/97	VETO
HB 2893	07/07/97	08/15/97	08/05/97
HB 2894	07/15/97	08/15/97	07/28/97
HB 2897	07/04/97	08/15/97	07/23/97
HB 2898	07/15/97	08/15/97	07/30/97
HB 2901	07/02/97	08/15/97	07/03/97
HB 2903	07/04/97	08/15/97	07/23/97
HB 2906	06/05/97	06/12/97	06/09/97
HB 2909	07/02/97	08/15/97	08/11/97
HB 2910	07/02/97	08/15/97	07/30/97
HB 2920	07/15/97	08/15/97	VETO
HB 2924	07/04/97	08/15/97	07/25/97
HB 2937	06/20/97	06/27/97	VETO
HB 2938	06/18/97	06/25/97	06/19/97
HB 2944	07/02/97	08/15/97	08/01/97
HB 2948	07/04/97	08/15/97	VETO
HB 2951	07/07/97	08/15/97	07/23/97
HB 2971	07/04/97	08/15/97	07/25/97
HB 2978	07/18/97	08/15/97	07/25/97

HB 2979	06/05/97	06/12/97	06/09/97
HB 2981	06/03/97	06/10/97	06/09/97
HB 2982	06/19/97	06/26/97	06/26/97
HB 2983	07/31/97	08/15/97	08/13/97
HB 2993	07/02/97	08/15/97	07/25/97
HB 2995	07/02/97	08/15/97	07/14/97

Bill #	Bill Rec'd	Deadline	Bill Signed
HB 3002	07/04/97	08/15/97	VETO
HB 3009	07/15/97	08/15/97	08/15/97
HB 3023	06/05/97	06/12/97	06/11/97
HB 3024	06/13/97	06/20/97	06/17/97
HB 3031	06/13/97	06/20/97	06/19/97
HB 3041	07/15/97	08/15/97	08/06/97
HB 3043	07/04/97	08/15/97	07/28/97
HB 3046	07/02/97	08/15/97	07/23/97
HB 3055	06/18/97	06/25/97	06/19/97
HB 3057	07/02/97	08/15/97	07/23/97
HB 3063	07/04/97	08/15/97	07/14/97
HB 3064	07/02/97	08/15/97	08/04/97
HB 3081	07/02/97	08/15/97	08/01/97
HB 3083	06/13/97	06/20/97	VETO
HB 3091	06/19/97	06/26/97	06/25/97
HB 3098	06/13/97	06/20/97	06/19/97
HB 3110	06/19/97	06/26/97	06/24/97
HB 3112	06/13/97	06/20/97	06/17/97
HB 3135	05/27/97	06/03/97	05/30/97
HB 3140	07/15/97	08/15/97	08/05/97
HB 3168	06/13/97	06/20/97	06/16/97
HB 3177	07/02/97	08/15/97	07/25/97
HB 3184	05/27/97	06/03/97	05/30/97
HB 3188	07/31/97	08/15/97	08/11/97
HB 3207	06/25/97	07/02/97	07/02/97
HB 3210	07/02/97	08/15/97	08/11/97
HB 3227	07/18/97	08/15/97	08/05/97
HB 3266	07/02/97	08/15/97	07/03/97
HB 3275	07/02/97	08/15/97	07/14/97
HB 3282	06/27/97	07/04/97	06/27/97
HB 3283	06/19/97	06/26/97	06/26/97
HB 3290	07/15/97	08/15/97	07/25/97
HB 3302	06/13/97	06/20/97	06/18/97

HB 3304	06/13/97	06/20/97	06/16/97
HB 3310	07/18/97	08/15/97	<u>VETO</u>
HB 3331	07/02/97	08/15/97	07/25/97
HB 3352	06/23/97	06/30/97	06/25/97
HB 3357	07/07/97	08/15/97	08/05/97
HB 3358	07/15/97	08/15/97	08/11/97
HB 3364	07/07/97	08/15/97	08/01/97
HB 3382	07/15/97	08/15/97	07/30/97
HB 3384	07/02/97	08/15/97	07/25/97
HB 3385	07/15/97	08/15/97	08/05/97
HB 3387	06/13/97	06/20/97	06/18/97
HB 3401	07/02/97	08/15/97	07/02/97
HB 3404	07/02/97	08/15/97	07/03/97
HB 3411	07/15/97	08/15/97	07/25/97
HB 3416	07/07/97	08/15/97	07/23/97
HB 3426	06/19/97	06/26/97	06/25/97
HB 3428	07/07/97	08/15/97	07/28/97
HB 3455	07/07/97	08/15/97	<u>VETO</u>
HB 3456	07/07/97	08/15/97	07/14/97
HB 3457	07/07/97	08/15/97	07/14/97
HB 3459	07/04/97	08/15/97	07/10/97
HB 3463	07/02/97	08/15/97	07/03/97
HB 3465	07/02/97	08/15/97	07/03/97
HB 3495	07/02/97	08/15/97	07/03/97
HB 3496	07/02/97	08/15/97	07/04/97
HB 3499	06/23/97	06/30/97	06/30/97
HB 3502	07/18/97	08/15/97	<u>VETO</u>
HB 3508	06/19/97	06/26/97	06/25/97
HB 3511	03/21/97	03/21/97	03/21/97
HB 3519	07/02/97	08/15/97	08/13/97
HB 3522	06/23/97	06/30/97	06/27/97
HB 3523	06/23/97	06/30/97	06/27/97
HB 3534	07/02/97	08/15/97	08/05/97
HB 3543	06/23/97	06/30/97	06/26/97
HB 3544	07/15/97	08/15/97	07/25/97
HB 3556	07/02/97	08/15/97	07/25/97
HB 3558	07/07/97	08/15/97	08/01/97
HB 3561	06/13/97	06/20/97	06/16/97
HB 3565	07/07/97	08/15/97	08/05/97
HB 3569	07/02/97	08/15/97	07/03/97

HB 3570	07/07/97	08/15/97	08/04/97
HB 3571	06/13/97	06/20/97	06/16/97
HB 3575	07/04/97	08/15/97	08/11/97
HB 3577	07/02/97	08/15/97	08/13/97
HB 3609	07/07/97	08/15/97	07/25/97
HB 3616	07/02/97	08/15/97	07/03/97
HB 3634	07/02/97	08/15/97	07/04/97
HB 3636	07/07/97	08/15/97	07/25/97
HB 3638	07/07/97	08/15/97	08/11/97
HB 3640	07/04/97	08/15/97	07/25/97
HB 3643	06/25/97	07/02/97	07/02/97
HB 3657	07/07/97	08/15/97	07/25/97
HB 3693	06/13/97	06/20/97	06/16/97
HB 3695	07/04/97	08/15/97	07/11/97
HB 3696	06/13/97	06/20/97	06/17/97
HB 3700	03/25/97	03/25/97	03/25/97
HB 3701	05/27/97	06/03/97	05/30/97
HB 3705	07/07/97	08/15/97	08/13/97
HB 3709	07/07/97	08/15/97	08/13/97
HB 3710	06/27/97	07/04/97	07/03/97
HB 3714	06/13/97	06/20/97	06/19/97
HB 3716	06/04/97	06/11/97	06/11/97
HB 3720	07/07/97	08/15/97	08/05/97
HB 3722	07/02/97	08/15/97	07/03/97
HB 3724	07/31/97	08/15/97	08/01/97
HB 3725	06/23/97	06/30/97	06/25/97
HB 3728	07/07/97	08/15/97	07/25/97
HB 3730	07/07/97	08/15/97	08/11/97
HB 3734	07/17/97	08/15/97	VETO
HB 3737	07/17/97	08/15/97	08/06/97
HB 3738	07/07/97	08/15/97	08/13/97
HB 3740	07/07/97	08/15/97	07/14/97
HB 3742	07/07/97	08/15/97	07/23/97
HB 3744	07/18/97	08/15/97	07/25/97
Bill #	Bill Rec'd	Deadline	Bill Signed
HB 5001	06/19/97	06/26/97	06/26/97
HB 5002	06/05/97	06/12/97	06/11/97
HB 5003	06/05/97	06/12/97	06/09/97
HB 5004	04/22/97	04/29/97	04/25/97
HB 5005	06/18/97	06/25/97	06/25/97

HB 5006	06/19/97	06/26/97	06/25/97
HB 5007	07/07/97	08/15/97	07/23/97
HB 5008	04/14/97	04/21/97	04/17/97
HB 5009	06/19/97	06/26/97	06/23/97
HB 5010	04/14/97	04/21/97	04/17/97
HB 5011	07/02/97	08/15/97	07/04/97
HB 5012	05/20/97	05/27/97	05/22/97
HB 5013	05/28/97	06/04/97	05/30/97
HB 5014	07/07/97	08/15/97	07/30/97
HB 5015	07/07/97	08/15/97	07/28/97
HB 5016	07/07/97	08/15/97	07/25/97
HB 5017	06/13/97	06/20/97	06/17/97
HB 5018	06/19/97	06/26/97	06/24/97
HB 5019	07/18/97	08/15/97	07/31/97
HB 5020	07/07/97	08/15/97	07/25/97
HB 5021	07/18/97	08/15/97	07/28/97
HB 5022	05/13/97	05/20/97	05/15/97
HB 5023	07/07/97	08/15/97	07/25/97
HB 5024	06/03/97	06/10/97	06/09/97
HB 5025	06/13/97	06/20/97	06/17/97
HB 5026	05/28/97	06/04/97	05/30/97
HB 5027	05/28/97	06/04/97	05/30/97
HB 5028	05/01/97	05/08/97	05/02/97
HB 5029	05/27/97	06/03/97	05/30/97
HB 5030	06/18/97	06/25/97	06/19/97
HB 5032	07/18/97	08/15/97	07/30/97
HB 5033	05/27/97	06/03/97	05/30/97
HB 5034	06/18/97	06/25/97	06/19/97
HB 5035	07/07/97	08/15/97	07/25/97
HB 5036	07/07/97	08/15/97	07/17/97
HB 5037	07/07/97	08/15/97	07/31/97
HB 5038	05/27/97	06/03/97	05/30/97
HB 5039	07/07/97	08/15/97	07/30/97
HB 5040	06/18/97	06/25/97	06/19/97
HB 5041	04/14/97	04/21/97	04/17/97
HB 5042	03/25/97	03/25/97	03/25/97
HB 5043	04/29/97	05/06/97	05/04/97
HB 5044	04/09/97	04/16/97	04/11/97
HB 5045	06/13/97	06/20/97	06/16/97
HB 5046	06/05/97	06/12/97	06/09/97

HB 5047	06/19/97	06/26/97	06/24/97
HB 5049	07/07/97	08/15/97	07/31/97
HB 5050	05/27/97	06/03/97	05/30/97
HB 5051	07/18/97	08/15/97	08/15/97
HB 5052	07/07/97	08/15/97	07/30/97
HB 5053	06/30/97	08/15/97	06/30/97
HB 5054	06/13/97	06/20/97	06/17/97
HB 5056	06/13/97	06/20/97	06/17/97
HB 5058	06/27/97	07/04/97	06/30/97

Bill #	Bill Rec'd	Deadline	Bill Signed
SB 0001	07/04/97	08/15/97	VETO
SB 0003	07/16/97	08/15/97	08/04/97
SB 0004	07/02/97	08/15/97	07/10/97
SB 0005	07/02/97	08/15/97	07/25/97
SB 0006	07/18/97	08/15/97	08/01/97
SB 0021	06/18/97	06/25/97	06/18/97
SB 0023	06/05/97	06/12/97	06/09/97
SB 0024	04/10/97	04/17/97	04/16/97
SB 0025	04/07/97	04/14/97	04/09/97
SB 0028	07/18/97	08/15/97	07/23/97
SB 0029	05/02/97	05/09/97	05/06/97
SB 0030	04/03/97	04/10/97	04/08/97
SB 0032	04/07/97	04/14/97	04/09/97
SB 0033	04/07/97	04/14/97	04/07/97
SB 0034	04/07/97	04/14/97	04/07/97
SB 0035	07/18/97	08/15/97	08/05/97
SB 0036	04/07/97	04/14/97	04/09/97
SB 0037	04/07/97	04/14/97	04/09/97
SB 0038	04/07/97	04/14/97	04/09/97
SB 0039	06/05/97	06/12/97	06/09/97
SB 0043	04/07/97	04/14/97	04/11/97
SB 0044	07/02/97	08/15/97	08/13/97
SB 0045	04/08/97	04/15/97	04/11/97
SB 0047	04/08/97	04/15/97	04/11/97
SB 0048	04/03/97	04/10/97	04/07/97
SB 0049	05/02/97	05/09/97	05/07/97
SB 0055	05/02/97	05/09/97	05/06/97
SB 0057	04/23/97	04/30/97	04/28/97
SB 0058	03/10/97	03/17/97	03/11/97
SB 0062	04/07/97	04/14/97	04/09/97

SB 0063	07/18/97	08/15/97	07/25/97
SB 0065	04/08/97	04/15/97	04/11/97
SB 0066	07/03/97	08/15/97	07/25/97
SB 0068	04/08/97	04/15/97	04/11/97
SB 0069	07/04/97	08/15/97	07/18/97
SB 0070	07/04/97	08/15/97	07/25/97
SB 0073	07/04/97	08/15/97	07/25/97
SB 0075	06/19/97	06/26/97	06/25/97
SB 0076	06/05/97	06/12/97	06/09/97
SB 0078	07/04/97	08/15/97	07/25/97
SB 0079	07/04/97	08/15/97	07/10/97
SB 0082	06/03/97	06/10/97	06/04/97
SB 0083	05/06/97	05/13/97	05/09/97
SB 0084	04/07/97	04/14/97	04/09/97
SB 0085	06/20/97	06/27/97	06/26/97
SB 0086	07/18/97	08/15/97	08/05/97
SB 0087	04/07/97	04/14/97	04/11/97
SB 0089	04/07/97	04/14/97	04/11/97
SB 0092	07/03/97	08/15/97	08/05/97
SB 0093	04/23/97	04/30/97	04/28/97
SB 0094	05/02/97	05/09/97	05/06/97
SB 0098	07/18/97	08/15/97	08/01/97
SB 0099	05/02/97	05/09/97	05/07/97

Bill #	Bill Rec'd	Deadline	Bill Signed
SB 0100	04/07/97	04/14/97	04/11/97
SB 0102	05/30/97	06/06/97	06/05/97
SB 0103	06/05/97	06/12/97	06/11/97
SB 0104	04/10/97	04/17/97	04/13/97
SB 0107	06/03/97	06/10/97	06/04/97
SB 0108	06/03/97	06/10/97	06/10/97
SB 0109	06/19/97	06/26/97	06/25/97
SB 0110	06/05/97	06/12/97	06/10/97
SB 0111	04/23/97	04/30/97	04/28/97
SB 0112	04/23/97	04/30/97	04/28/97
SB 0114	04/03/97	04/10/97	04/08/97
SB 0115	06/05/97	06/12/97	06/09/97
SB 0116	04/10/97	04/17/97	04/15/97
SB 0118	04/29/97	05/06/97	05/02/97
SB 0119	06/19/97	06/26/97	06/25/97
SB 0121	04/10/97	04/17/97	04/13/97

SB 0122	05/07/97	05/14/97	05/09/97
SB 0124	06/19/97	06/26/97	06/25/97
SB 0125	07/18/97	08/15/97	07/25/97
SB 0126	07/02/97	08/15/97	08/05/97
SB 0128	05/02/97	05/09/97	05/07/97
SB 0132	04/08/97	04/15/97	04/14/97
SB 0133	06/20/97	06/27/97	06/27/97
SB 0134	04/08/97	04/15/97	04/11/97
SB 0135	04/24/97	05/01/97	04/25/97
SB 0136	04/03/97	04/10/97	04/07/97
SB 0138	07/18/97	08/15/97	07/25/97
SB 0139	07/04/97	08/15/97	08/11/97
SB 0140	07/18/97	08/15/97	07/23/97
SB 0141	06/05/97	06/12/97	06/09/97
SB 0143	07/18/97	08/15/97	08/06/97
SB 0146	06/19/97	06/26/97	06/25/97
SB 0147	06/05/97	06/12/97	06/10/97
SB 0148	04/24/97	05/01/97	04/25/97
SB 0150	07/04/97	08/15/97	07/10/97
SB 0151	05/12/97	05/19/97	05/15/97
SB 0154	04/29/97	05/06/97	05/02/97
SB 0156	07/04/97	08/15/97	07/14/97
SB 0157	07/04/97	08/15/97	07/14/97
SB 0159	07/18/97	08/15/97	07/31/97
SB 0160	07/03/97	08/15/97	07/28/97
SB 0164	04/23/97	04/30/97	04/28/97
SB 0165	04/23/97	04/30/97	04/28/97
SB 0166	04/23/97	04/30/97	04/25/97
SB 0167	05/02/97	05/09/97	05/07/97
SB 0168	07/02/97	08/15/97	08/05/97
SB 0169	06/05/97	06/12/97	06/11/97
SB 0170	04/29/97	05/06/97	05/02/97
SB 0171	05/07/97	05/14/97	05/13/97
SB 0172	04/29/97	05/06/97	05/02/97
SB 0176	07/02/97	08/15/97	07/14/97
SB 0179	04/03/97	04/10/97	04/07/97
SB 0180	04/29/97	05/06/97	05/02/97
SB 0182	04/03/97	04/10/97	04/08/97
SB 0183	03/18/97	03/24/97	03/21/97
SB 0184	05/13/97	05/20/97	05/20/97

SB 0185	07/04/97	08/15/97	07/14/97
SB 0187	06/19/97	06/26/97	06/26/97
SB 0188	06/20/97	06/27/97	06/25/97
SB 0189	07/04/97	08/15/97	07/25/97
SB 0193	07/02/97	08/15/97	08/05/97
SB 0194	06/03/97	06/10/97	06/04/97
SB 0196	07/18/97	08/15/97	07/25/97

Bill #	Bill Rec'd	Deadline	Bill Signed
SB 0202	05/02/97	05/09/97	05/07/97
SB 0203	04/23/97	04/30/97	04/25/97
SB 0204	04/24/97	05/01/97	04/25/97
SB 0205	04/24/97	05/01/97	04/25/97
SB 0206	04/23/97	04/30/97	04/25/97
SB 0207	04/29/97	05/06/97	05/02/97
SB 0208	06/03/97	06/10/97	06/09/97
SB 0209	04/29/97	05/06/97	05/02/97
SB 0211	07/18/97	08/15/97	07/28/97
SB 0212	05/07/97	05/14/97	05/09/97
SB 0213	05/06/97	05/13/97	05/09/97
SB 0217	04/23/97	04/30/97	04/25/97
SB 0229	07/16/97	08/15/97	07/30/97
SB 0234	06/05/97	06/12/97	06/09/97
SB 0235	07/18/97	08/15/97	08/05/97
SB 0241	05/06/97	05/13/97	05/09/97
SB 0243	07/02/97	08/15/97	07/31/97
SB 0244	06/27/97	07/04/97	07/03/97
SB 0246	05/02/97	05/09/97	05/09/97
SB 0247	04/18/97	04/25/97	04/22/97
SB 0248	04/23/97	04/30/97	04/28/97
SB 0252	05/02/97	05/09/97	05/07/97
SB 0253	07/18/97	08/15/97	07/25/97
SB 0255	07/04/97	08/15/97	08/01/97
SB 0256	05/06/97	05/13/97	05/09/97
SB 0258	07/02/97	08/15/97	07/14/97
SB 0259	04/03/97	04/10/97	04/07/97
SB 0261	04/03/97	04/10/97	04/08/97
SB 0262	04/24/97	05/01/97	04/25/97
SB 0263	05/02/97	05/09/97	05/07/97
SB 0264	04/24/97	05/01/97	04/25/97
SB 0265	04/24/97	05/01/97	04/25/97

SB 0266	07/04/97	08/15/97	VETO
SB 0267	07/04/97	08/15/97	08/05/97
SB 0268	07/18/97	08/15/97	08/05/97
SB 0269	05/02/97	05/09/97	05/07/97
SB 0270	06/19/97	06/26/97	06/25/97
SB 0272	06/19/97	06/26/97	06/25/97
SB 0273	07/18/97	08/15/97	08/15/97
SB 0274	06/19/97	06/26/97	06/25/97
SB 0275	06/19/97	06/26/97	06/25/97
SB 0283	07/03/97	08/15/97	08/04/97
SB 0284	07/16/97	08/15/97	08/06/97
SB 0285	06/27/97	07/04/97	07/03/97
SB 0286	07/03/97	08/15/97	08/05/97
SB 0287	07/18/97	08/15/97	08/05/97
SB 0294	06/03/97	06/10/97	06/09/97
SB 0296	04/29/97	05/06/97	05/02/97
SB 0297	04/23/97	04/30/97	04/25/97
SB 0298	07/04/97	08/15/97	08/05/97
SB 0300	06/30/97	08/15/97	08/11/97
SB 0301	07/03/97	08/15/97	08/15/97
SB 0303	07/04/97	08/15/97	07/18/97
SB 0311	05/20/97	05/27/97	05/27/97
SB 0312	07/04/97	08/15/97	07/23/97
SB 0324	06/03/97	06/10/97	06/04/97
SB 0343	07/04/97	08/15/97	07/10/97
SB 0345	07/04/97	08/15/97	07/18/97
SB 0347	05/02/97	05/09/97	05/07/97
SB 0349	06/27/97	07/04/97	07/03/97
SB 0355	07/18/97	08/15/97	08/11/97
SB 0360	06/23/97	06/30/97	06/27/97
SB 0361	06/27/97	07/04/97	07/03/97
SB 0362	06/30/97	08/15/97	07/23/97
SB 0363	04/29/97	05/06/97	05/02/97
SB 0368	06/10/97	06/17/97	06/11/97
SB 0369	06/10/97	06/17/97	06/11/97
SB 0371	06/10/97	06/17/97	06/11/97
SB 0372	07/18/97	08/15/97	07/28/97
SB 0377	07/04/97	08/15/97	08/01/97
SB 0378	07/16/97	08/15/97	08/05/97
SB 0379	07/18/97	08/15/97	VETO

SB 0383	06/30/97	08/15/97	07/02/97
SB 0384	07/04/97	08/15/97	07/25/97
SB 0388	07/18/97	08/15/97	07/28/97
SB 0389	04/29/97	05/06/97	05/02/97
SB 0390	07/18/97	08/15/97	08/14/97
SB 0392	07/02/97	08/15/97	08/11/97
SB 0395	06/03/97	06/10/97	06/10/97
SB 0397	06/19/97	06/26/97	VETO
SB 0398	06/03/97	06/10/97	06/04/97

Bill #	Bill Rec'd	Deadline	Bill Signed
SB 0403	06/03/97	06/10/97	06/09/97
SB 0412	06/30/97	08/15/97	07/23/97
SB 0413	07/04/97	08/15/97	08/11/97
SB 0414	06/12/97	06/19/97	06/12/97
SB 0415	05/30/97	06/06/97	06/05/97
SB 0417	07/02/97	08/15/97	07/17/97
SB 0419	06/03/97	06/10/97	06/09/97
SB 0420	07/02/97	08/15/97	07/23/97
SB 0423	07/03/97	08/15/97	08/01/97
SB 0424	07/03/97	08/15/97	07/28/97
SB 0425	07/18/97	08/15/97	08/13/97
SB 0426	06/03/97	06/10/97	06/09/97
SB 0435	07/18/97	08/15/97	07/25/97
SB 0437	07/02/97	08/15/97	07/10/97
SB 0440	07/02/97	08/15/97	VETO
SB 0443	07/18/97	08/15/97	08/05/97
SB 0444	06/03/97	06/10/97	06/10/97
SB 0447	07/16/97	08/15/97	08/04/97
SB 0459	06/19/97	06/26/97	06/25/97
SB 0460	06/03/97	06/10/97	06/04/97
SB 0462	06/03/97	06/10/97	06/09/97
SB 0463	06/03/97	06/10/97	06/09/97
SB 0464	07/02/97	08/15/97	07/10/97
SB 0467	07/18/97	08/15/97	08/05/97
SB 0470	07/02/97	08/15/97	VETO
SB 0473	06/23/97	06/30/97	06/27/97
SB 0475	07/02/97	08/15/97	VETO
SB 0479	06/05/97	06/12/97	06/10/97
SB 0481	07/02/97	08/15/97	07/25/97
SB 0483	07/16/97	08/15/97	07/30/97

SB 0484	07/04/97	08/15/97	07/25/97
SB 0485	07/18/97	08/15/97	VETO
SB 0487	07/04/97	08/15/97	07/25/97
SB 0488	06/05/97	06/12/97	06/09/97
SB 0494	07/18/97	08/15/97	VETO

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SB 0504	07/04/97	08/15/97	07/25/97
SB 0505	06/03/97	06/10/97	06/09/97
SB 0506	06/03/97	06/10/97	06/09/97
SB 0507	07/04/97	08/15/97	07/25/97
SB 0508	05/07/97	05/14/97	05/12/97
SB 0509	07/18/97	08/15/97	08/05/97
SB 0510	06/03/97	06/10/97	06/09/97
SB 0511	07/04/97	08/15/97	08/01/97
SB 0512	06/20/97	06/27/97	06/25/97
SB 0524	06/03/97	06/10/97	06/09/97
SB 0527	06/19/97	06/26/97	06/19/97
SB 0528	07/18/97	08/15/97	08/05/97
SB 0541	07/04/97	08/15/97	VETO
SB 0543	07/16/97	08/15/97	08/11/97
SB 0544	06/03/97	06/10/97	06/09/97
SB 0546	07/18/97	08/15/97	07/25/97
SB 0553	07/18/97	08/15/97	07/30/97
SB 0555	06/03/97	06/10/97	06/09/97
SB 0561	05/12/97	05/19/97	05/15/97
SB 0578	07/02/97	08/15/97	08/13/97
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SB 0614	06/30/97	08/15/97	08/13/97
SB 0620	06/05/97	06/12/97	06/10/97
SB 0624	05/30/97	06/06/97	06/05/97
SB 0625	05/30/97	06/06/97	06/05/97
SB 0626	07/04/97	08/15/97	08/01/97
SB 0643	06/27/97	07/04/97	07/04/97

SB 0645	07/04/97	08/15/97	08/11/97
SB 0651	06/05/97	06/12/97	06/10/97
SB 0652	06/05/97	06/12/97	06/10/97
SB 0656	07/04/97	08/15/97	08/13/97
SB 0664	07/18/97	08/15/97	08/01/97
SB 0665	07/02/97	08/15/97	08/04/97
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SB 0675	07/02/97	08/15/97	07/23/97
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SB 0679	07/03/97	08/15/97	07/14/97
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SB 0693	07/04/97	08/15/97	07/14/97
SB 0697	05/30/97	06/06/97	06/04/97
SB 0699	06/27/97	07/04/97	07/03/97

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SB 0711	07/16/97	08/15/97	07/23/97
SB 0712	07/16/97	08/15/97	07/31/97
SB 0715	07/18/97	08/15/97	08/05/97
SB 0719	07/18/97	08/15/97	08/11/97
SB 0721	06/20/97	06/27/97	06/26/97
SB 0730	07/03/97	08/15/97	07/23/97
SB 0734	06/05/97	06/12/97	06/09/97
SB 0736	07/18/97	08/15/97	08/01/97
SB 0738	07/04/97	08/15/97	07/30/97
SB 0744	07/02/97	08/15/97	07/30/97
SB 0757	06/18/97	06/25/97	06/20/97
SB 0758	07/02/97	08/15/97	07/14/97
SB 0764	06/18/97	06/25/97	06/19/97
SB 0766	07/16/97	08/15/97	07/25/97
SB 0768	07/02/97	08/15/97	07/10/97
SB 0770	07/04/97	08/15/97	VETO
SB 0771	07/18/97	08/15/97	08/01/97
SB 0773	07/18/97	08/15/97	08/13/97
SB 0774	07/18/97	08/15/97	08/11/97
SB 0775	06/11/97	06/18/97	06/12/97
SB 0780	07/02/97	08/15/97	07/10/97

SB 0781	06/05/97	06/12/97	06/09/97
SB 0782	05/12/97	05/19/97	05/15/97
SB 0791	07/03/97	08/15/97	07/04/97
SB 0796	06/18/97	06/25/97	06/25/97
SB 0808	06/11/97	06/18/97	06/17/97
SB 0809	06/05/97	06/12/97	06/09/97
SB 0811	07/18/97	08/15/97	07/25/97
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SB 0857	07/04/97	08/15/97	07/30/97
SB 0867	07/18/97	08/15/97	08/06/97
SB 0868	06/11/97	06/18/97	06/12/97
SB 0869	06/05/97	06/12/97	06/10/97
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SB 0874	07/04/97	08/15/97	07/25/97
SB 0876	07/02/97	08/15/97	07/25/97
SB 0879	07/03/97	08/15/97	07/14/97
SB 0880	07/04/97	08/15/97	08/15/97
SB 0886	07/03/97	08/15/97	07/25/97
SB 0890	07/03/97	08/15/97	07/23/97
SB 0891	06/18/97	06/25/97	06/20/97
SB 0892	07/04/97	08/15/97	07/14/97
SB 0898	07/18/97	08/15/97	07/25/97
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SB 0913	06/27/97	07/04/97	07/02/97

SB 0917	07/18/97	08/15/97	07/25/97
SB 0919	07/02/97	08/15/97	07/25/97
SB 0920	06/18/97	06/25/97	06/20/97
SB 0924	03/25/97	03/27/97	03/25/97
SB 0925	07/02/97	08/15/97	07/23/97
SB 0932	07/03/97	08/15/97	07/14/97
SB 0934	07/04/97	08/15/97	07/18/97
SB 0936	06/05/97	06/12/97	06/12/97
SB 0937	06/18/97	06/25/97	06/19/97
SB 0946	06/20/97	06/27/97	06/26/97
SB 0947	07/04/97	08/15/97	07/10/97
SB 0953	07/03/97	08/15/97	VETO
SB 0956	07/02/97	08/15/97	07/14/97
SB 0966	07/02/97	08/15/97	VETO
SB 0968	06/05/97	06/12/97	06/09/97
SB 0969	06/18/97	06/25/97	06/19/97
SB 0974	07/18/97	08/15/97	08/11/97
SB 0978	07/18/97	08/15/97	07/31/97
SB 0979	07/02/97	08/15/97	08/05/97
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SB 0997	07/02/97	08/15/97	08/06/97
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SB 0999	07/03/97	08/15/97	08/13/97
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SB 1002	07/04/97	08/15/97	07/25/97
SB 1012	07/18/97	08/15/97	07/25/97
SB 1020	07/16/97	08/15/97	07/25/97
SB 1027	07/02/97	08/15/97	07/25/97
SB 1030	06/18/97	06/25/97	06/23/97
SB 1034	07/18/97	08/15/97	07/25/97
SB 1036	07/03/97	08/15/97	08/06/97
SB 1037	07/02/97	08/15/97	08/11/97
SB 1044	07/03/97	08/15/97	07/14/97
SB 1045	07/04/97	08/15/97	08/13/97
SB 1046	07/03/97	08/15/97	07/23/97
SB 1049	07/18/97	08/15/97	08/13/97
SB 1055	07/02/97	08/15/97	07/25/97
SB 1059	07/18/97	08/15/97	08/01/97
SB 1071	07/01/97	08/15/97	07/23/97
SB 1076	07/18/97	08/15/97	07/30/97

SB 1078	07/03/97	08/15/97	07/14/97
SB 1096	06/27/97	07/04/97	07/02/97
SB 1101	07/04/97	08/15/97	07/30/97
SB 1106	07/04/97	08/15/97	08/04/97
SB 1107	07/18/97	08/15/97	08/05/97
SB 1113	06/27/97	07/04/97	07/03/97
SB 1114	07/04/97	08/15/97	07/23/97
SB 1115	07/18/97	08/15/97	07/25/97
SB 1117	07/04/97	08/15/97	07/14/97
SB 1119	07/03/97	08/15/97	07/14/97
SB 1129	07/16/97	08/15/97	08/01/97
SB 1143	07/18/97	08/15/97	08/11/97
SB 1144	07/03/97	08/15/97	08/11/97
SB 1147	06/18/97	06/25/97	06/23/97
SB 1154	07/03/97	08/15/97	08/01/97
SB 1157	06/18/97	06/25/97	06/20/97
SB 1162	07/18/97	08/15/97	08/01/97
SB 1164	07/18/97	08/15/97	07/30/97
SB 1167	07/18/97	08/15/97	08/05/97
SB 1173	06/18/97	06/25/97	06/20/97
SB 1179	07/18/97	08/15/97	07/30/97
SB 1181	07/18/97	08/15/97	07/23/97
SB 1182	07/04/97	08/15/97	08/05/97
SB 1184	06/27/97	07/04/97	07/02/97
SB 1185	07/04/97	08/15/97	07/25/97
SB 1190	07/02/97	08/15/97	07/10/97
SB 1191	06/04/97	06/11/97	06/10/97
SB 1198	07/18/97	08/15/97	<u>VETO</u>
SB 1205	07/04/97	08/15/97	<u>VETO</u>
SB 1210	07/04/97	08/15/97	07/25/97
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SB 1222	07/18/97	08/15/97	08/05/97
SB 1224	07/04/97	08/15/97	08/06/97
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SB 5503	07/18/97	08/15/97	07/25/97

SB 5504	07/18/97	08/15/97	07/25/97
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SB 5528	06/30/97	08/15/97	07/01/97
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SB 5538	05/30/97	06/06/97	06/05/97
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All 43 Word documents have been compressed into one file and can be [downloaded here](#).

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LEGISLATIVE SESSION INFORMATION

For more information about individual bills see the web page maintained by the [Oregon Legislature](#). It provides history and text for [each measure](#) and a list of addresses and telephone numbers for [House members](#) and [Senate members](#).

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1999-2001 BUDGET ISSUES

General Fund/Lottery Funds

(\$ in millions)

General Fund and Lottery Revenue @ Governor's Recommended 12/98	10,743.6
Changes due to March, 1999 Revenue Forecast	(113.3)
Expenditures @ Governor's Recommended 12/98	(10,687.0)
INCREASE STATE SCHOOL FUND Expenditures from 4.55 to 4.95 Billion	(400.0)
INCREASE SUPPORT FOR HIGHER EDUCATION	(14.5)
Tobacco Tax Shortfall @ March, 1999 Revenue Forecast	(9.4)
Debt Service for \$150 million of Bonds for Schools (one year)	(15.0)
Provision for Ending Balance	(56.6)
Total Revenue Shortfall @ May 1999	(552.2)

State School Fund and Higher Education Funding Options

- Common School Fund	40.0
- Property Tax Collection Increase (net of SB 123)	30.5
- Tobacco Settlement Proceeds plus bond debt service for 99-01	145.0
- Increased Revenue from May 1999 Revenue Forecast	42.9
- Bonds for Schools (Secured by Tobacco Settlement Proceeds) or use Kicker	150.0
- Total	408.4

State Agency Shortfall**(143.8)****Actions to Balance**

Reductions in state programs (excludes Public Safety and the Department of Human Resources)	6.2
Reductions in Public Safety	22.5
Reductions in Department of Human Resources	7.1
Department of Human Resources Revenue Enhancements	104.0
Department of Revenue, Revenue Enhancement Package	4.0
Subtotal Reductions and Revenue Enhancements	143.8
Balance	0.0

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OFFICE OF THE GOVERNOR



COMMUNITY SOLUTIONS TEAM AND COMMUNITY DEVELOPMENT OFFICE

Governor Kitzhaber called together the Community Solutions Team ([CST](#)) directors in August 1995 as a cabinet-level advisory board to coordinate and integrate state agency actions, services, and investments in community development and partner with local governments to:

- * improve the quality of life in Oregon's towns and cities
- * to craft locally appropriate solutions to complex community development issues
- * to use limited state resources efficiently and wisely

The CST consists of the following five state agencies:

- * [Economic & Community Development](#) - Bill Scott, director
- * [Environmental Quality](#) - Stephanie Hallock, director
- * [Housing & Community Services](#) - Bob Repine, director
- * [Land Conservation & Development](#) - Bill Blosser, director
- * [Transportation](#) - Bruce Warner, director

The Governor's Community Development Office ([CDO](#)) - was organized in January 1998 to implement an integrated approach to community development within the five state agencies of the Community Solutions Team and to work with local government on increasing livability. The CDO consists of agency liaisons, senior staff "on loan" from each of the five Community Solutions agencies, and regional coordinators located in regions throughout the state. The CDO is located at 155 Cottage St., Salem, Oregon 97301-4047 and can be reached by calling 503.378.6892.

*Note: These files require the [Adobe Acrobat Reader](#), available free.

**State Capitol Building
900 Court Street NE
Salem, OR 97301-4047
(503) 378-4582, 24 hours
(503) 378-4859, TTY
(503) 378-4863, FAX**

Draft

EASTSIDE ACTION PLAN

May 10, 1999

Using Oregon's eastside forest strategy to address regional ecosystem restoration issues

For over two years now the State of Oregon has pursued an ecosystem restoration strategy for the forests of eastern Oregon. Partnering with the Forest Service and the Bureau of Land Management, Governor John Kitzhaber has built a broad base of public support for the restoration effort. The strategy is based on a foundation of science and calls for active management to promote ecosystem health, while avoiding areas of high public controversy. Restoration efforts under the Governor's 11-point plan include prescribed burning, understory thinning, riparian restoration and road closure and obliteration.

The Action Plan will accelerate efforts under the 11-point strategy. It will focus on specific large "demonstration areas" on federal forest land in eastern Oregon. Monitoring of the effects of restoration treatments will be a key component of the effort.

Desired Outcome: Healthy forests, streams and watersheds. The goal of the effort is to enhance ecosystem restoration efforts using integrated watershed health activities. Restoration efforts would occur on the watershed scale and include funding for a wide array of activities. Collaborative stewardship and community-based solutions will help drive the strategy.

The Problem: Although it is widely acknowledged that past management practices have left us with unhealthy watersheds and ecosystems, there are a number of reasons why progress toward restoration has been limited:

1. Federal agencies receive inadequate funding to finance needed ecosystem restoration efforts.
2. Federal regulatory agencies are inadequately staffed to cope with consultation requirements under the Endangered Species Act.
3. Some projects have commercial thinning as a component. Income from the sale of these products could be used to help finance restoration costs, but many of these proposals fail to receive bids.
4. Eastside mills can help finance restoration efforts by purchasing commodities produced through active restoration efforts. The unpredictable flow of commodities from these forests makes it difficult to keep mills open.

We have an unprecedented opportunity:

- The Governor's 11-point strategy has provided a blueprint for an ecosystem restoration strategy that focuses on areas of common agreement among stakeholders.
- Scientific understanding of eastside forests is among the best in the world.
- There is broad agreement that commodities for local communities can be produced using beneficial ecosystem restoration treatments.
- There is widespread public support for active management that avoids controversial areas, promotes older forest structure and is scientifically well founded.

Proposed Action Plan

Scope: The action plan targets a large demonstration area in the Blue Mountains of eastern Oregon.

Timeline: All actions accomplished in 2000 and 2001.

Benchmarks: Each eastside forest and district would set ecosystem restoration targets by July 1, 1999 as part of their FY 2000 ecosystem restoration program. These benchmarks would serve as surrogates for the true goal of the effort: restoration of ecosystem health. Targets would be quantifiable and would include:

The Blue Mountain Demonstration Area will encompass portions of several forests and a number of watersheds. While efforts to improve watershed health will continue across all eastside forests using the 11-point strategy and the science of ICBEMP, the Blue Mountain Demonstration Area will see enhanced focus and accelerated efforts. Priority will be given to areas with completed watershed analyses and where there is broad public support for restoration.

Types of restoration work: Understory thinning, prescribed fire, road obliteration, noxious weed treatments and riparian restoration.

Key action items:

- Identify funding for enhanced restoration efforts
- Work with the U.S. Fish and Wildlife Service and the National Marine Fisheries Service to improve the efficiency of ESA consultation
- Identify opportunities within the federal land management agencies to promote restoration activities
- Improve community involvement in ecosystem management strategies.

Eastside Forest Health Strategy

May 1999

1. There are broad areas of potential agreement about goals for restoration of ecosystem health to the forests of Eastern Oregon.
2. Ecosystem health includes the health of forests, streams, and watersheds. Achieving and maintaining good water quality and quantity should be a priority for all forest management activities.
3. Ecosystem health may be improved through active management in overstocked stands which have suffered from fire exclusion and highgrading of large trees. Thinning of small diameter green trees is an important component of active management for forest health and will help make sales economically viable.
4. Be responsive to the diversity of communities dependent on forest resources including Native Americans, timber dependent communities and recreation and tourism sectors.
5. Plan and implement operations first in less controversial areas. In the short run, avoid operating in roadless areas, near fish habitat and old growth areas.
6. For ecosystem health restoration activities to truly succeed, monitoring and learning from these efforts is essential. The Forest Service and the research community, Congress, the Administration and the Governor's Office should join together in assuring that we learn from the management strategy employed to restore ecosystem health. Monitoring actual results will be critical to justifying ongoing active management.
7. Cumulative effects analysis should include all ownerships within a watershed, where possible. This may be accomplished by working with local watershed councils.
8. Active management includes cutting trees, riparian area planting, reforestation, prescribed fire, road obliteration, stream rehabilitation, and protection of sensitive areas.
9. Use of low impact cost effective, equipment is an important element in effective restoration. The Forest Service, federal government and the state should provide incentives that encourage the use of such equipment.
10. Timber salvage may be an important component of ecosystem health restoration and fuel reduction strategies to the extent that it promotes ecosystem health goals.
11. Where the costs of ecosystem health restoration efforts are not paid for by timber sale proceeds, funds should be made available to finance these activities on a priority basis.

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Gambling in Oregon

Legalized gambling in the state of Oregon has a long history, beginning with legalization of *pari-mutuel* (race track) gambling in 1931. Over the next 45 years, it came to include social gambling, whereby citizens could play "friendly" games in public by local option, and statutes allowing charities to raise funds for good causes through an occasional casino night. Until recently, Oregonians have had no reason to regard such scaled-down, controlled gambling as anything more than an infrequent and harmless diversion.

In 1984, when voters authorized a state-run Lottery, gambling in Oregon acquired a new dimension. And now a further complication has arisen, in the form of a large and growing tribal-sponsored gambling industry. Taken together, the expansion of state-run and tribal-sponsored gambling raises a number of serious concerns about Oregon's social and economic future, and about how the good of the public is protected and preserved within this context.

Governor Kitzhaber's Response

In 1995, motivated by concern about the long-term social and economic implications of the expansion of state-run and tribal-sponsored gambling opportunities, Governor Kitzhaber appointed a task force charged with examining the history, nature, and effects of gambling in Oregon. Among the preliminary findings of this task force, chaired by then Oregon Attorney General Ted Kulongoski, was concern about addictive behavior which, in turn, was having a visible but unquantified social impact in communities throughout the state. But the data necessary to make an accurate determination about the true effect of this rapid expansion was not available. As a result, the Task Force made the following recommendations:

- 1.
2. Oregon should avoid expansion of Lottery gambling until the long-term social impact of gambling can be more accurately measured.
3. The state should establish a research council charged with producing the necessary data for Oregon decision makers. [\(1\)](#)
4. Oregon law should be revised to reflect the changes in gambling which have occurred in the last 25 years and to attack illegal gambling.

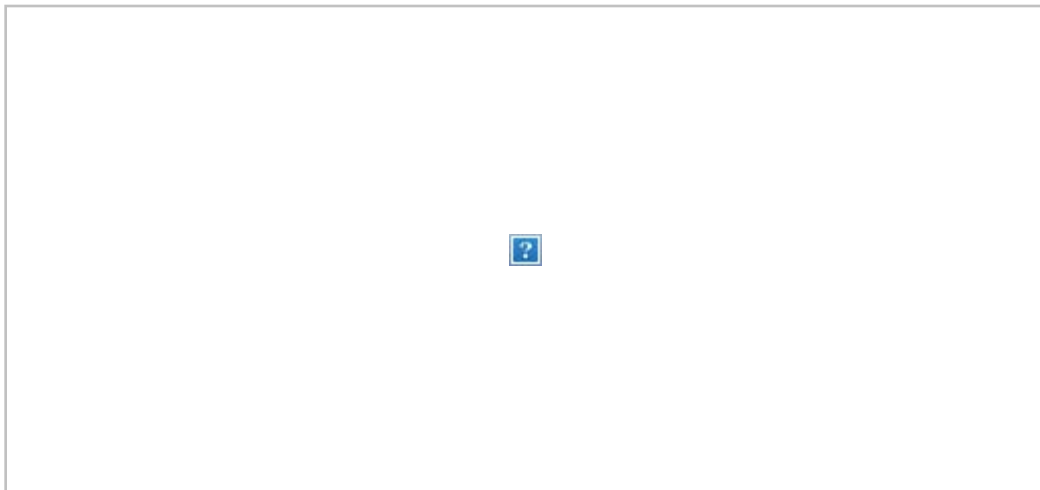
These are sound recommendations which require serious attention before the state commits to actions which continue to contribute to social and economic instability. Citizens, the Lottery Commission, the Legislature, and the Governor must all have an opportunity to provide meaningful solutions to the very real problems that we associate with gambling.

The following policy discussion outlines the history of state-run and tribal-sponsored gambling in Oregon and, for each, the Governor identifies his adopted policy framework for managing these issues. The Governor's actions to manage gambling will be pursued consistent with these policies

The State-Run Lottery

Thirteen years ago, when the Lottery was born, Oregon was struggling to combat the recession of the early 1980s. The original idea behind the Lottery was to develop an additional revenue source in lieu of taxes with the limited (though conveniently vague) purpose of providing funds "to create jobs and further economic development." Since then, both Lottery offerings and Lottery proceeds have steadily grown. And the state's dependence on Lottery revenues has grown as well.

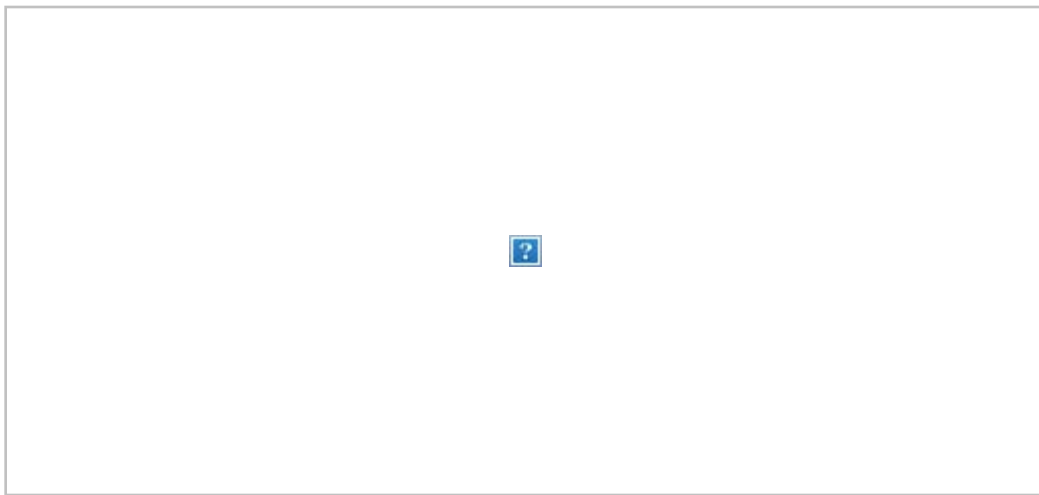
Lottery offerings, which began with scratch tickets in 1985, have expanded to include weekly and daily drawings, keno, sports betting, and national lotteries offering millions of dollars in prizes each week. As a result, Lottery revenues have grown from \$60 million in its first year to nearly \$700 million in the biennium ending June 30, 1997.



Source: Governor's Task Force on Gaming, 1996

Legislative introduction of video poker in 1991 created the potential for much larger revenues than was originally envisioned. In fact, proceeds from video poker have literally doubled total Lottery revenues for the past four fiscal years.

The increase in lottery dollars flowing to the State General Fund was made possible, in part, by the partnership between the State Lottery and many private retail establishments. These new General Fund dollars have brought benefits to the people of Oregon from educating our children to providing much needed rural infrastructure.



Source: Oregon State Lottery, June 6,1997

Nonetheless, as the dollars grew, state government and some private businesses began to rely more and more heavily on this revenue source. For example, the placement of video poker machines in OLCC-licensed establishments led to a greater dependence in the restaurant and bar business on the revenues that these machines could produce. Recently, we have even seen a new kind of business spring up: retail stores which receive a majority of their revenues from Lottery machines. At the state level, the unanticipated windfall of Lottery dollars was soon being allocated not just to job creation and economic development, but to natural resources, transportation, public safety, and even to local government. In 1995, voters approved a constitutional amendment adding the "financing of public education" to the list of allowable uses for Lottery proceeds.

Today, Oregon depends on gambling resources for nearly 10 percent of its budget, and state legislators have even begun making proposals based on Lottery dollars that have not yet materialized.

Given these facts, the time has come to re-examine the Oregon Lottery, to clarify the policy it reflects, and to determine whether it remains consistent with its original mandate: to maximize revenues commensurate with the public good.

Policy Directions: State-Run Lottery

The mandate for the Oregon Lottery Commission under the law is clear: to produce "the maximum amount of net revenues to benefit the public purpose described [in the Constitution], *commensurate with the public good*." The Commission has done an exceptional job of "maximizing revenue" but, unfortunately, there has been no policy framework to ensure that their actions have been "commensurate with the public good."

This is not meant to fault the Commission. It is the responsibility of state policy-makers, not the Commission, to provide the context for balancing "revenue" with the "public good." This white paper reflects Governor Kitzhaber's position on how this balance should be struck.

There are three categories of gambling "addiction" or dependency in Oregon: (1) gambling addiction among individuals; (2) dependence on Lottery proceeds by certain retailer establishments, and (3) dependence on Lottery proceeds by the State of Oregon itself. Governor Kitzhaber believes that **it is not commensurate with the public good to increase addiction or dependency in any of these three categories**. Rather, we should

take steps to reduce current levels of addiction and dependency.

Therefore, the following policy recommendations are set forth:

1. Reduce gambling addiction among Oregonians by increasing funding for identification, outreach, and treatment, and other measures
2. Reduce the dependence of certain retail establishments on Lottery proceeds by developing a narrower definition of "dominant use."
3. Reduce the dependence of the State of Oregon on Lottery proceeds by: (a) requiring a statutory ending balance for Lottery revenues, and (b) begin moving Lottery revenues out of operating budgets and dedicating them to "one-time" projects such as capital construction, basic infrastructure, equipment acquisition, etc.
4. Halt the expansion of the Oregon Lottery by prohibiting video line games and imposing a freeze on the number of Lottery machines until recommendations 1-3 (above) have been addressed.

Tribal-Sponsored gambling

The relation of tribal-sponsored gambling to legalized gambling policy in Oregon is more complex. To begin with, it has been well established under federal law that Indian tribes are "sovereign nations," entitled to their own form of self-governance which is largely separate from and independent of state authority. Although Congress has extended criminal law jurisdiction of the states onto Indian lands, the tribes retain a high degree of independence in other areas, among which is the matter of gambling on tribal territory.

The role of the states in regard to gambling on tribal lands within their boundaries was clarified by a 1987 Supreme Court ruling and by the Indian Gaming Regulatory Act of 1988 (IGRA). The former held that tribes could offer any type of gambling not expressly prohibited by state law. The latter allowed Indian tribes to conduct casino-style house-banked games⁽²⁾ on tribal land as approved by the Department of Interior, provided that the tribes and the state first negotiate a compact specifying how -- not whether -- such games will be conducted.

Beginning in 1992, the Roberts Administration entered into a series of compacts with eight of the nine federally-recognized tribes. The compacts allowed Video Lottery Terminals (VLTs) -- the Lottery had been authorized to field VLTs since 1989 -- but limited them to 15 percent of total floor space. Other so-called Class III, or house-banked games, were not authorized in the first compacts. ⁽³⁾

A look at these compacts indicates that at the time they were executed neither the state nor the tribes had a very clear conception of how the industry would grow or the impact it might have on the state as a whole. Moreover, the compacts give little attention to developing security standards across the industry and allow the Oregon State Police only a minimal security role.

Since taking office in 1995, Governor Kitzhaber has negotiated only one original compact with a tribe. However, negotiations with the tribes early in the Kitzhaber Administration resulted in a series of blackjack amendments⁽⁴⁾ to the earlier compacts that accomplished the following:

1. Clarification of the legitimate security role of the Oregon State Police in connection with tribal-sponsored gambling.
2. Payment by the tribes of all OSP Gaming Unit costs associated with tribal-sponsored gambling operations.

In 1993, the first Indian casino in Oregon opened its doors. When Governor Kitzhaber took office in January 1995, there were two Indian casinos operating in Oregon. By September of that year there were six. In May 1997, a seventh casino commenced operations and an eighth tribe has begun to seek financing for a gambling venture, although operations are not expected to begin for at least two years.

Policy Directions: Tribal-Sponsored Gambling

Governor Kitzhaber **supports the principle of tribal economic self-sufficiency and respects the sovereignty of the tribal governments.** At the same time, he recognizes that the state has a vital interest in remaining actively involved in a growing casino industry within its boundaries.

The Governor has established the following guidelines to shape policy development in the field of tribal-sponsored gambling.

1. Agree with each Oregon tribe on one gambling site per tribe. The current compacts are site-specific. In other words, the tribes are limited to offering gambling only at specified sites. The Governor favors explicit agreement on this point in subsequent compacts.
2. Ensure the security of tribal-run games so that they are conducted safely and honestly.
3. Promote charitable grants from Indian casinos in order to build stronger ties between tribes and surrounding communities. Consider using some of these grants to combat gambling addiction.

Gambling Conclusion

This white paper points out that we face a challenge in how we will choose to approach the growth of tribal-sponsored gambling and state-sponsored gambling in Oregon.

Governor Kitzhaber believes that while this challenge has been evident over the past several years, the public debate about gambling has not concerned itself with answering the essential question of what defines "the public good." Governor Kitzhaber proposes in this paper a definition of the public good based on decreasing personal, commercial, and governmental addiction and dependence on gambling. He is hopeful that his policies will help foster a wider debate about what is meant by the directive to operate gambling "commensurate with the public good."



[Gambling in Oregon: A Position Paper \(Word 6 only\)](#)

[Return to Governor's Office](#)

(1) This recommendation resulted in the Volberg Study, jointly funded by the State Lottery, the Grande Ronde tribe and the treatment community. Its report on the demographics of gambling, addiction levels, and relative social costs of increased gambling was released in August 1997. ([back](#))

- (2) The house-banked format is the one familiar to visitors to Las Vegas and Reno. It includes craps, roulette, blackjack and other table games where the players game against the house. ([back](#))
- (3) In general, the distinction between Class III games and other types of Indian gambling is the house-banked feature. Tribes may offer Class II games (bingo, pull-tabs, etc.) without a compact. ([back](#))
- (4) Under the original compacts, both the state and the tribes believed that blackjack could be offered in a Class II (i.e., non-house-banked) format. It was later determined that blackjack could only be offered in a Class III format. ([back](#))

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GOVERNMENT to GOVERNMENT



[Executive Order 96-30 - State/Tribal Government-To-Government Relations*](#)
[Legislative Commission On Indian Services](#)
[2002 Key Contact Directory](#)
[2001 State Agency Memorandums*](#)
[SB 770](#)

*Note: These files require the [Adobe Acrobat Reader](#), available free.

[Governor's Web Site](#) | [Executive Orders](#) | [Links](#)



GOVERNOR'S JUVENILE CRIME PREVENTION STRATEGY
It takes an interagency consortium to affect juvenile crime. - Rand Study, 1996

Oregon has an unacceptable rate of juvenile crime.
Both Governor Kitzhaber and the Oregon voters
have made it a top priority to address the issues
related to the juvenile crime trends in our state.

[Download the Full Governor's Juvenile Crime Prevention Strategy - PDF file](#)

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Growth and Its Impacts in Oregon

*A Report from Governor
Kitzhaber's Task Force on
Growth in Oregon*



JANUARY 1999

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CHAPTER 1 Introduction

Growth management, like all public policy, is ultimately about getting agreement on some painful and complicated tradeoffs. This study is intended to help clarify what those tradeoffs are. The study's purpose is not to determine whether growth is good or bad. Rather, it provides a descriptive analysis of both positive and negative impacts of growth, and provides an overview at the state level that is illustrated by local examples.

The technical focus of this study is on existing studies of growth and growth management, particularly recent studies and those done in Oregon. The Task Force appointed by the Governor to help review and develop the products of this study met six times between April and December of 1998. Interested organizations and members of the general public had opportunities to participate in addition to testimony at Task Force meetings. All interim material produced for the Task Force was also sent to anyone requesting it. People commented by letter, phone, e-mail, or fax.

This report starts with a framework for evaluating the impacts of growth, and then covers growth trends in Oregon, the impacts of growth, and policies that can affect growth and its impacts. It ends with conclusions from the Task Force about future policy direction at the state and local level.

CHAPTER 2 Framework

In its broadest sense, growth management covers most of what concerns citizens and governments. Growth has impacts, for good or ill, on every aspect of quality of life that people care about: environmental quality, social amenity, economic welfare, and cost of living.

This report defines growth in terms of population, employment, and the built space that accommodates them. Because all are correlated, it focuses on population growth. In Oregon, 70% of population growth is from people moving here. They locate primarily in urban economic centers: especially the Willamette Valley, and increasingly recreation and retirement areas.

Migration into and out of a region is driven by its relative performance on the factors related to economics and quality of life. Any region that temporarily has relatively high wages and environmental and social amenity, and relatively low cost of living can expect (1) in-migration, and (2) changes in those variables that will reduce the pressure for in-migration.

No amount of definition and data will make discussions and decisions about growth easy. People approach growth from different perspectives. Most people involved with state and local policy accept that both markets and government play a role in creating an Oregon where people want to live. The debate is that some think market forces have too much impact on what Oregon will look like, while others think the net result would be better with less government regulation.

Whether growth is good or bad for Oregon cannot be determined definitively because of the complexity of growth relationships, uncertainty, and the diversity of interests and perspectives. Characterizing the choices confronting citizens in the region as pro-growth versus no-growth is wrong both politically and technically. We have a lot of choices in between. The long-run questions about how much Oregon population will grow in 20 or 50 years, and what the impacts of that growth will be, will get answered not by policies that dictate what the future will look like, but by decisions we make today to deal with issues that we determine are affecting, or will affect, quality of life in Oregon communities.

CHAPTER 3 Growth in Oregon

Of Oregon's 1997 population (3,217,000), almost 70% is located in the Willamette Valley, which contains only 14% of the state's land area. The State's Office of Economic Analysis predicts continued population growth: Oregon is expected to add one million people by 2015 and another million by 2040. Most of that growth comes from migration. In this decade, over 70% of Oregon's total population growth is from net migration (in-migration minus out-migration), not natural increase (births minus deaths).

When talking about the impacts of growth, both the amount and rate of growth matter. Slow growth rates in the Portland metropolitan area still add a lot of people to the state. Very high or very low growth rates in small communities may not have much impact on state growth, but may have big impacts on the local economy and quality of life.

The pattern of employment growth is similar to that of population growth. As for population, over 70% of Oregon's employment is located in the Willamette Valley. Employment has grown more rapidly than population in Oregon because of increasing labor force participation rates (especially among women), a larger share of the population of working age, and an increasing number of people holding more than one job. Employment varies more than population because employment is more closely tied to economic conditions.

Many forces have affected, and will continue to affect, growth in Oregon. These changes have occurred not only because of national and international economic and demographic factors, but also because of government action in Oregon.

CHAPTER 4 Impacts of growth

The impacts of growth can be negative or positive. This chapter attempts to discuss impacts comprehensively, and divides them into two categories: (1) the direct costs of providing public facilities to the development (housing, buildings, and public services) that new growth requires; and (2) other impacts on economic welfare, quality of life, and cost of living.

Regarding the direct costs of supplying public facilities (infrastructure) to new development, the report finds that (1) on-site infrastructure costs (e.g., for local streets, sidewalks, sewer, water lines and meters) for a single-family housing unit are on the order of \$15,000 to \$20,000, (2) the construction costs of off-site facilities (e.g. improvements to arterial streets, sewer and water trunk lines and treatment plants, schools, fire stations) are on the order of \$15,000 to \$30,000 per housing unit for new development at the urban fringe, (3) these average costs may vary widely for particular developments because of the specifics of site and locational characteristics relative to existing off-site facilities, local standards, and other factors, (4) in rough terms, it is probably the case that for on-site and off-site public facilities (setting aside schools and major upgrades to the regional transportation system) new residential development directly pays on the order of 50% to 90% of their capital costs (through developer provided infrastructure, hookup fees, SDCs and other impact fees, special assessments, exactions, and user charges), and (5) any summary like this one is necessarily approximate and needs to be used only with a clear understanding of the assumptions required to develop it (as described in Chapter 4 and Appendix E).

Good public policy about growth must consider more than the direct costs of building the infrastructure it requires. It must

consider other impacts, positive and negative, that are no less real because they cannot be measured in dollars, or perhaps cannot be measured well at all. Growth also affects many aspects of what people see as their quality of life, and these impacts (real or perceived) are often the source of the strongest sentiments about of growth: for example, impacts on jobs, income, traffic congestion, environmental quality, and crime.

CHAPTER 5 Tools for Growth Management

The report uses “tools” or “policies” generally to mean any legislation, administrative rules, programs, investments, or other actions by some unit of government that affect the way growth occurs. Those policies may affect growth directly (e.g., a limitation on building permits) or indirectly (e.g., by requiring pollution control devices that increase costs of new business development and, thus, reduce the amount of new development, at least in the short run).

Growth management tools can be categorized in many different ways. The categorization used in this report is based on the question: What aspects of growth can public policy influence? (which, in turn, may affect the amount, location, and type of growth itself).

With the exception of policies that allow state or local governments to place direct limits on natural increase or migration, governments in Oregon have about every type of tool that has been tried anywhere in the country to manage growth. They address land use or intensity, design, public facilities, other aspects of environmental quality, other fees, taxes and incentives; and the process of how decisions are made. Any community that can get an agreement on how much and what type of growth is desirable can assemble a consistent package

of tools to encourage or discourage growth, and to shape its form, provided, of course, that it can convince its citizens (or others: state and federal agencies, developers) to pay for the form they want.

Nonetheless, there are actions that the state could take that would allow or encourage local governments to address growth issues more thoroughly. They include policies to revise tax codes, add local flexibility, and create new funding sources or increase state funding to local government.

This chapter and the previous one make it clear that there is no single package of growth management tools that will be right for every jurisdiction. Communities differ in many ways (size, location, socioeconomic characteristics and desires of citizens, to name a few), and those differences will lead to different opinions about the amount and type of growth that is desirable, and what constitutes a fair way to pay for that growth. Despite differences in desired results, the process for agreeing on growth policies is likely to be similar across jurisdictions. It will have to include some level of public debate that considers, among other things, alternative futures; full benefits and costs, and who they fall on; tradeoffs; and state requirements and regional implications.

CHAPTER 6 Conclusions and Recommendations

This chapter summarizes how the Task Force interprets information in Chapters 2, 3, 4 and 5 in the context of public policy. Only conclusions and recommendations on which the Task Force members agreed unanimously are included in this chapter

The Task Force agreed on three categories of conclusions:

- How communities and regions within Oregon are growing.
- How and when communities pay for, and benefit from, development.
- Tools communities may use to address growth-related issues.

The Task Forces recommendations address regional problem solving, protection of natural resources, better financing and some new financing mechanisms, state-funded technical assistance to local governments, and the creation and funding of a subsequent task force to address in more detail certain growth issues identified in this report.

Chapter 1

Introduction

SUMMARY

Growth management, like all public policy, is ultimately about getting agreement on some painful and complicated tradeoffs. This study is intended to help clarify what those tradeoffs are. The study's purpose is not to determine whether growth is good or bad. Rather, it provides a descriptive analysis of both positive and negative impacts of growth, and provides an overview at the state level that is illustrated by local examples.

The technical focus of this study is on existing studies of growth and growth management, particularly recent studies and those done in Oregon. The Task Force appointed by the Governor to help review and develop the products of this study met six times between April and December of 1998. Interested organizations and members of the general public had opportunities to participate in addition to testimony at Task Force meetings. All interim material produced for the Task Force was also sent to anyone requesting it. People commented by letter, phone, e-mail, or fax.

This report starts with a framework for evaluating the impacts of growth, and then covers growth trends in Oregon, the impacts of growth, and policies that can affect growth and its impacts. It ends with conclusions from the Task Force about future policy direction at the state and local level.

In the 1990s, Oregon grew rapidly: more people, more jobs, more buildings, more cars. In the early 1980s, Oregon grew not at all: in fact, in some years its population decreased, and the number of jobs in several industries (particularly in lumber and wood products) plummeted.

Growth and change—whether too much or too little—are never far from the center of debates about government policy. People do not agree on what the right amount of growth is, in part because of different values people have about development, government, the environment, other aspects of quality of life.

There is little any study, including this one, can do to determine whose values should take precedence: that decision has been, and will continue to be resolved through our political process. But that process is informed, or should be, by facts. In Oregon, as elsewhere, we disagree about some of those facts: about why growth has occurred, its desirability, its impacts, and how to manage it.

Recognizing the importance of the topic of growth to Oregonians, and the disagreement among them on many of its causes and impacts, Governor Kitzhaber saw a need for better information about growth in Oregon. He formed a Task Force to assemble that information. This report is a result of their participation.

Objectives of the study

As originally outlined, the Governor asked the Task Force for a report describing:

- How communities and regions within Oregon are growing
- How and when communities pay for and benefit from growth
- Tools communities may use to address growth-related issues.

The Governor wanted a statewide study with a local focus. The study was to be accessible and useful to multiple audiences. He wanted a study that would provide a framework for discussing and making local decisions about growth. Such a framework would have clear descriptions of what people mean by growth, its causes, its impacts (both in general, and for different agencies or groups—i.e., who benefits and who pays), and the tools local and state governments can use to manage it (not just regulatory, but also financial).

Growth management, like all public policy, is ultimately about getting agreement on some painful and complicated tradeoffs. This study is intended to help clarify what those tradeoffs are. The study's purpose is not to determine whether growth is good or bad. Rather, it provides a descriptive analysis of both positive and negative impacts of growth, and provides an overview at the state level that is illustrated by local examples.



The process for the study

This study is a synthesis and interpretation of existing studies about growth; it does not include new empirical work. It includes a review of studies from around the country on state and local growth management issues, but focuses on recent work in Oregon. Just in this decade there has been more technical work done in Oregon by state agencies and local governments on growth (either directly, or indirectly

on problems that are in part a result of growth) than can be summarized in this report.

The Task Force made key decisions about the format and content of this study, which was prepared by Task Force staff. The staff consisted of policy analysts from both state agencies and consulting firms (Appendix F describes the participants in more detail). The Task Force guided staff work to ensure that it provided useful, objective information to aid local and state decisions related to growth issues. The goal was to develop a document that the Task

Force could recommend to the Governor, legislators, state agencies, and local governments to help make decisions about growth.

To that end, the Task Force met six times between April and December of 1998. Meetings were open to the public and testimony was taken. The principal topics at these meetings were:

- 1. April.* Purpose of study; Task Force mission, roles, and responsibilities; Task Force procedures; review of draft outline and table of contents for final report
- 2. June.* A framework for discussing growth issues in Oregon; definition of growth; revised outline and table of contents for final report; extensive public comment by invited speakers and anyone else signing up on all aspects of growth (in general, what should the Task Force and this study be focusing on?).
- 3. July.* Growth trends: how much growth has occurred and is likely to occur in different parts of Oregon? Final decisions on content and format of the final report.
- 4. September.* Video conference with Task Force members listening to testimony from Ashland, La Grande, Bend, and Salem.
- 5. October.* Impacts of growth and tools for managing it; Discussion of preliminary draft of the first five chapters of this report.
- 6. December.* Discussion of full draft of this report.
- 7. January.* Discussion of sub-committee recommendations regarding conclusions and recommendations. Approval of text and format for final report.

Interested organizations and members of the general public had opportunities to participate in addition to testimony at Task Force meetings. All interim material produced for the Task Force was also sent to anyone requesting it. Some people commented in writing, others by phone, e-mail, or Fax.

How to read this report

The purposes and audience for this report influenced its content, format and size. It is designed to provide (1) a logical and understandable framework for discussing growth, (2) brief summaries of the best information available about the impacts of that growth on things people in Oregon care about, (3) a description of the range of policies (existing and potential) that can be used to control or manage growth, and (4) conclusions about future directions (to the extent that the Task Force members agreed on those conclusions).

The chapter titles convey the logic of the organization:

- *Chapter 2, A Framework for Discussing the Impacts of Growth.* How is growth defined for this study, and how does growth impact things that people care about?
- *Chapter 3, Growth in Oregon: Trends and Forecasts.* Where has growth occurred in Oregon, where is it expected to occur, and why?
- *Chapter 4, Impacts of Growth.* What evidence is there about how growth impacts quality of life (environmental resources, societally produced amenities, jobs and income, and cost of living)?
- *Chapter 5, Tools for Growth Management.* What policies do state and local governments use now, and which new ones might help?

- *Chapter 6, Conclusions and Recommendations.* What does the Task Force conclude and recommend?

Appendices provide more detail:

- *Appendix A, Endnotes*
- *Appendix B, Bibliography*
- *Appendix C, Glossary*
- *Appendix D, Why Cities Grow*
- *Appendix E, Details on the Direct Costs of Growth*
- *Appendix F, Acknowledgements*

Chapter 2

A Framework for Discussing the Impacts of Growth

SUMMARY

In its broadest sense, growth management covers most of what concerns citizens and governments. Growth has impacts, for good or ill, on every aspect of quality of life that people care about: environmental quality, social amenity, economic welfare, and cost of living.

This report defines growth in terms of population, employment, and the built space that accommodates them. Because all are correlated, it focuses on population growth. In Oregon, 70% of population growth is from people moving here. They locate primarily in urban economic centers: especially the Willamette Valley, and increasingly recreation and retirement areas.

Migration into and out of a region is driven by its relative performance on the factors related to economics and quality of life. Any region that temporarily has relatively high wages and environmental and social amenity, and relatively low cost of living can expect (1) in-migration, and (2) changes in those variables that will reduce the pressure for in-migration.

No amount of definition and data will make discussions and decisions about growth easy. People approach growth from different perspectives. Most people involved with state and local policy accept that both markets and government play a role in creating an Oregon where people want to live. The debate is that some think market forces have too much impact on what Oregon will look like, while others think the net result would be better with less government regulation.

Whether growth is good or bad for Oregon cannot be determined definitively because of the complexity of growth relationships, uncertainty, and the diversity of interests and perspectives. Characterizing the choices confronting citizens in the region as pro-growth versus no-growth is wrong both politically and technically. We have a lot of choices in between. The long-run questions about how much Oregon population will grow in 20 or 50 years, and what the impacts of that growth will be, will get answered not by policies that dictate what the future will look like, but by decisions we make today to deal with issues that we determine are affecting, or will affect, quality of life in Oregon communities.

Most people agree that Oregon can benefit from more family-wage jobs in environmentally responsible businesses, and that congestion has made driving and some of their favorite recreation sites less pleasant. Growth can lead to both. Growth can mean more jobs, households, workers, income, houses, cultural facilities, shopping centers, cars, pavement, and pollution: in short, more of many things people want and don't want.

In everyday conversations about growth, there is no requirement and little incentive to define terms. But the Task Force is charged to be more rigorous in its discussion of growth. What, exactly, is growing? Is it growth or its effects that are of concern? What are the important cause-and-effect relationships between what grows and its impacts? For the public debate about growth to go beyond opinions, we need to define the terms and describe the causal relationships.

Growth means more people (but other things grow too)

Local policy debates about growth focus on the growth and management of people (as residents and workers), the development that they require, and the public services that the development requires (which end up affecting these and other aspects of our quality of life). In its broadest sense, growth management covers most of what concerns citizens and governments, including:

- *Economic development*: the growth of jobs; the incomes, security, and opportunity those jobs generate; the buildings in which those jobs are located; the infrastructure that allows the buildings to function.
- *Land use*: the location and pattern of population and employment; the design of the buildings and neighborhoods that accommodate it; the policies about the infrastructure that supports it.

“Oregon families already make decisions to limit growth: they have far less than the twenty or more children possible during a couple’s lifetime. They decide to value other things more than increased family size. Similarly, the difference between ‘no-growthers’ and ‘pro-growthers’ is not about a basic belief in growth limits, but about how much growth is valuable.”

Oregon state agency planner

- *Public facilities*: the type, amount, quality, location, and price of facilities that allow and encourage growth to occur, and mitigate its impacts; the tax and fee system that funds the infrastructure.
- *Public safety*: protection from crime, fire, other natural hazards; emergency medical service.
- *Natural resources and environmental quality*: the health of ecosystems that are the ultimate sources of the resources that growth requires.
- *Markets*: the extent to which society should rely on individual decisions and unfettered markets in determining the amount, timing and location of our growth.
- *Social justice*: programs to deal with the people growth adds, and the impacts it creates on those already here.

No report can cover all these aspects of growth in the detail they deserve. This report narrows the definition of growth to focus on:

- Growth in Oregon and its communities
- Growth of population and employment
- Growth in and around urban areas, where most of the people are (while considering impacts on natural systems, farm land, and forest land).

For some people, the growth of population and employment, per se, is a primary concern. But for most, the problem is that population and employment growth are associated with and suspected to be the primary causes of the growth of other things they don’t like: growth of development (primarily housing units, secondarily non-residential space); of resource consump-

tion, both natural (e.g., farm and forest land) and social (e.g., infrastructure); and of impacts on people and government. They see a clear chain of cause and effect: more people, more development, more resources consumed, more impacts.

Many things contribute to growth, and growth has many different impacts

As defined for this study, growth has multiple causes. Many of the things that cause growth are affected by growth itself: there are feedbacks. Descriptions of the relationships can be too simple (growth is good for the economy) or too complex (computer models of urban growth) to be of much use to local and state policy making. This section attempts to illustrate the basic relationships.

The population of a region grows because of natural increase (more births than deaths among the resident population) and migration (more people moving in than people moving out). In Oregon, on average and over the long run, roughly a third of its growth has been from natural increase: births exceed deaths. There are policies that can reduce that component of growth (for example, information about and access to birth control devices, education for young adults), and there is some evidence that in the US and Oregon some progress is being made to reduce fertility rates, especially for teenagers. But that component of growth and growth management is not part of this study.

When people describe local growth problems as being too many people, they are more likely to be referring to the other 70% of growth: people moving to Oregon. Figure 2-1 shows that people are drawn to a region for two general reasons: both apply to some extent to all moves, but different people

weigh the components differently. The majority opinion among those who study economic growth and migration is that most people move to Oregon for a job, but quality of life is attracting more people who choose Oregon as a place to live and assume a job will follow.

As important as the amount of growth is its location: where do people move to in Oregon? Figure 2-2 shows where cities and highways have located. Chapter 3 shows most of the growth goes to urban areas. Large urban areas tend to be found in valleys or on plains, and at historical transportation hubs. These factors explain the concentration of growth in the Willamette Valley: it provides large amounts of buildable, arable land, and is easily served by infrastructure, especially transportation.¹

The causes and impacts of growth are multiple and interact in complex ways. Figure 2-3 illustrates a full-cost framework in concept.² A complete discussion of the impacts of growth would not only look at all impacts (both positive and negative), but also would evaluate those impacts across area, time, and type of household impacted. In practice, a comprehensive accounting of all costs and benefits of growth is impossible. Chapter 4 explains why.

Figure 2-4 gives an example of the complexity of growth issues. It shows factors that influence a typical concern about growth: its effect on the cost of real estate. A more complete model would have to be disaggregated by type of use (e.g., residential, industrial) type of product within each use (e.g., single-family dwelling, multi-family) and type of household with effective demand for those uses (e.g., by household size, age of household head, income). Yet public debates about the impacts of growth on real estate prices are often based on much simpler models than that in Figure 2-4.

And growth affects much more than the cost of development. It potentially has impacts, for good or ill, on almost every aspect of what people care about—of what constitutes their quality of life: environmental quality, social amenity, economic welfare, and cost of living. Each of these general factors comprises many others. Economic welfare, for example, comprises wages, job opportunity, job security, job diversity, and other factors. Chapter 4 describes how growth impacts these elements of quality of life, and attempts to quantify those impacts for Oregon where possible.

Given these many factors and their many interrelationships, there are few conclusions one can draw about the impacts of growth

Figure 2-1: People follow jobs, and jobs follow people

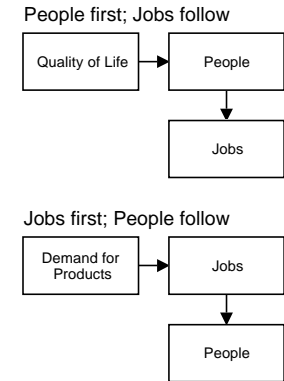
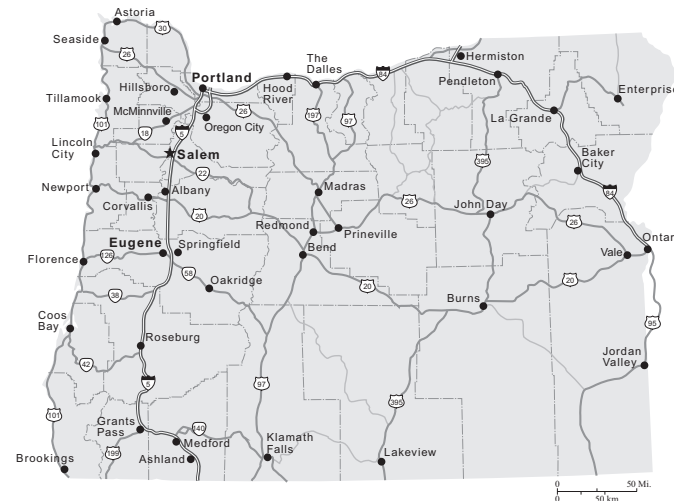


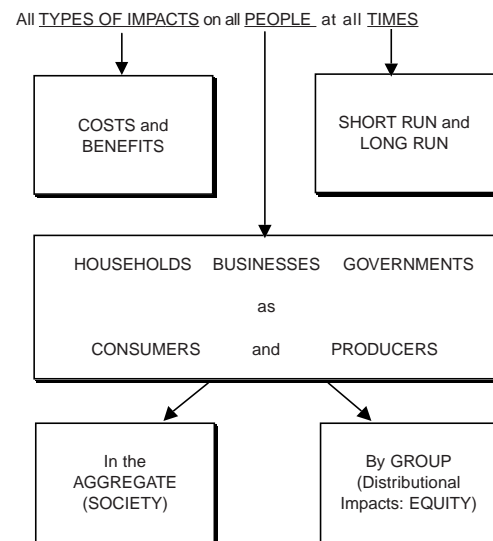
Figure 2-2: Growth goes primarily to urban areas; for several reasons, the biggest urban areas in Oregon have been, and will continue to be, in the Willamette Valley



ECONorthwest
UO Geography Department, InfoGraphics Lab, 1998

Sources: Oregon Department of Transportation
Oregon School Atlas Project

Figure 2-3: In theory, good answers to questions about the net impacts of growth require a full-cost framework. In practice, calculating and summarizing full impacts is extremely difficult



based on theory: measurement is required. Nonetheless, most analysts of regional and metropolitan growth believe that inter-regional growth—i.e., migration into and out of a region—is driven by the relative performance of regions on the factors of quality of life just described. Any region that temporarily has relatively high wages and environmental and social amenity, and relatively low cost of living can expect (1) in-migration, and (2) changes in any or all of those variables that will reduce the pressure for in-migration. An implication of this dynamic is that if Oregon succeeds in maintaining its quality of life (and enhancing it relative to other regions) then it should expect more growth pressure. If it tries to use public policy to curb that growth, it should expect increases in cost of living as people wanting what Oregon has try to outbid one another for the places available.

Many state and local policies attempt to manage growth in Oregon

Public policy can have a big influence on growth. It can try to affect the amount of growth directly, either positively (e.g., business recruitment and incentives) or negatively (e.g., limits on building permits). But most policies affect growth indirectly, by affecting any or all of the key variables mentioned above that make Oregon more or less attractive relative to other regions. Policies tend to aim less at growth per se, and more at its impacts (e.g., on the environmental, social, and economic aspects of quality of life).

Chapter 5 describes in more detail the kinds of policies available to state and local jurisdictions to manage growth. Most of them are available in Oregon. Some are implemented by

state agencies, many by local government. The State allows and has encouraged the use by local governments of a wide range of tools to manage growth. They include direct controls through regulation, indirect controls through pricing and taxing, and incentives. Most are applied via the land use process (e.g., zoning, planning, urban growth boundaries), development design (e.g., planned-unit developments, transit-oriented development, site standards), or public facilities (e.g., level of service standards and codes, pricing of hookups and use).

In addition to these policies, all kinds of variations in taxing and spending policies by state and local government can affect the amount, type, location, and impacts of growth.

No amount of definition and data will make discussions and decisions about growth easy

People approach growth from different perspectives. The sidebars show some of the dimensions of those differences. Among them is a fundamental difference about the relative importance of preserving natural systems and enhancing economic opportunity.

Advocates of slow growth tend to start from an ecological perspective: they emphasize limits to growth, carrying capacity, and the inadequacies of technological fixes. Many of them see an impending collision of consumption and resources at a global scale: increased population and per capita consumption are approaching, or have exceeded, the limits of natural systems to sustain the consumption. Their concerns are not only technical; for many we have a moral obligation to reduce consumption and conserve natural systems.³

People who favor growth tend to start from an economic perspective. They emphasize the historic ability of technology to

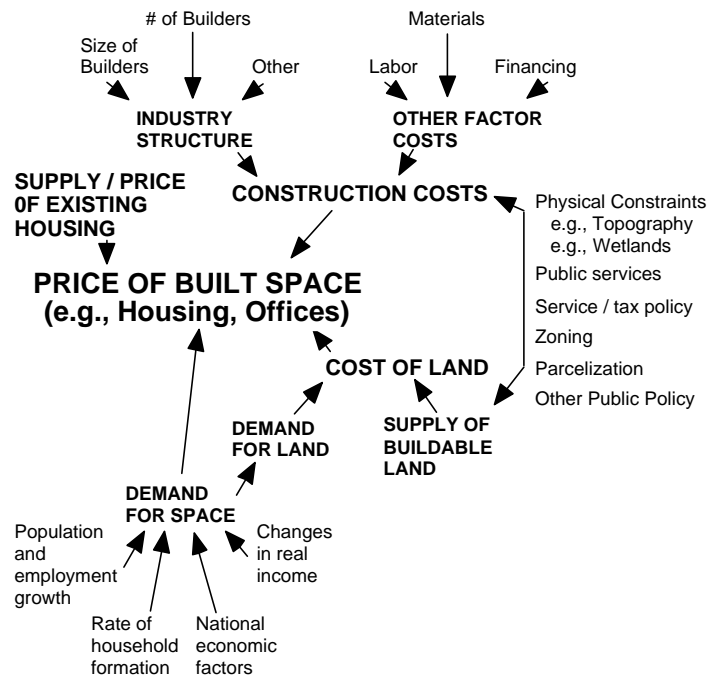
sustain a larger population at a higher standard of living, the benefits to societies and individuals of increased and more efficient production, the ability of proper pricing to signal resource scarcity, and the inequity and impacts on freedom of government controls on economic development.

There is evidence, however, that markets have not always led to wise use of resources. The problem occurs when market prices faced by individuals in a transaction do not reflect the value of all the impacts of that transaction on third parties: when there are *external impacts*. The savings and loan debacle of the early 1990s, the collapse of US fisheries, the loss of salmon in Oregon streams are all examples. Problems with externalities and public goods are not usually addressed completely without collective action, which usually means government actions. Such actions can supplant the market, or work with it to adjust the prices at which resources are being traded to more accurately reflect their full (collective) value.

Thus, the debate about growth is a debate about tradeoffs and philosophies. Most people involved with state and local policy accept that both markets and government play a role in creating an Oregon where people want to live. Focus groups on growth reveal other similarities among people who otherwise differ in their opinions about the desirability of growth: they that quality of life is extremely important and should be protected, that development should pay its full costs, and that there is a wide range of the policies available to control growth to protect quality of life.

The debate is that some people think market forces have too much impact on what Oregon will look like, while others think the net result would be better with less government regulation. The debate is less about general goals than about which policies best achieve those goals: do we have the right policies

Figure 2-4: Growth has many components, and many that interact



and, even if we do, are they being implemented in a way that effectively achieves their desired objectives?

That Oregon communities can have a debate about growth implies that people believe that government actions can influence that growth and their communities' futures. Oregon has many possible futures, many of them including higher standards of living for its residents. Who its residents will be, what jobs they will be doing, and what the world in which they live and work will look like depends in part on decisions made now about what we hope that future will be.

Attitudes differ about growth in Oregon

Many surveys have been conducted regarding public attitudes toward growth. Though generalizations are risky, here they are:

- People tend to emphasize the negative impacts of growth over the positive ones.
- Attitudes depend on how much growth an area is experiencing: recessions raise people's concerns about deteriorating economic opportunities and shift attitudes toward activities that stimulate growth (economic development policies).
- In random samples (as opposed to surveys of a particular interest group), a majority of people favor some type of government policy to manage growth (though there is less agreement as the policies get more specific).

In Oregon, several recent surveys have been conducted. Portland General Electric sponsored three statewide surveys on "Growth and the Economy" in 1996 and 1997. Some of the key findings:

- Oregon is on the right track (about 55%)
- The biggest problem facing Oregon is school funding, but "growth and overpopulation" rose steadily for each successive survey as the top answer (5%, 10%, 15%)
- People are about evenly split on whether growth has been good or bad for Oregon. There is only a small amount of variation across regions of the state, and none for areas classified as "high-growth." The trend statewide in successive interviews is for average responses to shift slightly from good to bad.
- If people believed the economy had improved their quality of life, they were much more likely to say growth was good for the state.
- On a scale of 1 to 10, people consistently gave Oregon about 5 as a rating for how well it is managing growth.
- Lower-income households felt growth had not improved their quality of life; higher-income households felt it had.

Choosing a future implies also choosing public policies that contribute to its reality. Those policies include ones about how to manage growth (i.e., about the proper scope of government action in a process of growth that is primarily driven by private actions). Some of the issues to consider when evaluating growth impacts and growth management policies follow.

Growth and its impacts

Ultimately, it is growth's impacts—how something affects the welfare of Oregon's residents by affecting things they value—that matter. Will we be most effective at getting the impacts we want by aiming at growth per se, or at the impacts themselves?

Full benefits and costs

The impacts of growth may be positive (benefits) or negative (costs). As Chapter 4 shows, *there is no way to unambiguously calculate some net social impact of growth.*

In many circumstances, not all costs or benefits are captured in the monetary costs—the prices—at which goods transact. For example, even if a new house pays for a sewer treatment plant through a hookup fee, if that treatment plant is of a type or size that it still allows pollution to occur, then the housing is not paying its full costs. For efficiency and fairness, those *spillover* or *external costs* need to be estimated and included in the price the housing pays: to build a bigger or better treatment plant, or to compensate downstream users (either directly or through fines that regulatory agencies should impose).

Aggregate impacts and sub-area or sub-group impacts

Even if one could demonstrate that a government's decisions to manage growth were, in the aggregate, beneficial to its citizens, it would still be the case that not all citizens would perceive themselves as better off. If one assumes that people are the best judges of their individual interest, then one only has to look at city council records and votes on ballot measures to see that no action to stimulate, manage, or curb growth is going to please everyone. That message also came across in the public meeting on growth in September: some areas wanted more, others less.

It is hard to identify supporters and opponents of growth as groups. One might expect people with poor or no jobs to favor growth. But one might also expect that many lower income people want to preserve quality of life or a rural life style, or believe that Oregon's economic boom is a boon for someone else (for example, middle- and upper-income professionals moving to Oregon). Similarly, it seems likely that upper-income residents are of mixed opinions: some will see growth as critical for their businesses and economic objectives; others may be comfortable with what they have and want to protect it from the negative impacts of growth (e.g., traffic congestion, overcrowding of public services).

Current residents and new ones

Some of the complaints about growth might more accurately be categorized as complaints about change, though the two are intertwined. Many current residents of a city moved there because of the way it was; newcomers are attracted by the way it is; few of either group are making location choices based on what it might become.

The debate about global growth in the long run only becomes relevant when we adopt policies today

The Governor did not ask the Task Force to come to a conclusion about whether growth was good or bad. He asked it to assemble facts about the impacts of growth to help people form their own conclusions about the amount, type, location, and rate of growth that would be desirable or acceptable. The question about the net impacts of growth cannot be answered definitively by reference to a few numbers. The complexity of growth relationships, uncertainty, and the diversity of interests and perspectives allow reasonable people to come to dif-

ferent conclusions. Characterizing the choices confronting citizens in the region as pro-growth versus no-growth is wrong both politically and technically. We have a lot of choices in between.

Even if the question did have a definitive and politically acceptable answer, public policy does not have complete control over the amount or rate of growth. Growth management tools can discourage or encourage growth, but they cannot, by themselves, quickly stop or double population growth in Oregon.

Thus, the long-run questions about how much Oregon population will grow in 20 or 50 years, and what the impacts of that growth will be, will get answered not by policies that dictate what the future will look like, but by decisions we make today to deal with issues that we determine are affecting, or will affect, quality of life in Oregon communities. A vision of a future can create an impetus for those policies, but most of them will be about things that affect quality of life now.

Thus, a key question about growth should be: Given our best guess about what the future will be like (in terms of the amount of growth and its impacts) what should we do today to prepare for or change that future? How do we agree on a desired future and a set of policies consistent with that future, and with each other?

Many factors contribute to those different views

- *Location*: urban compared to rural; western compared to eastern; Willamette Valley compared to the rest of Oregon; Portland compared to the rest of the Willamette Valley
- *Socioeconomic characteristics*: income, presence and age of children
- *Occupation*: growth dependent, resource dependent
- *Views on markets and government*: markets work compared to markets fail; government is inefficient and unfair compared to government is necessary
- *Local economic circumstances*: growing compared to stagnating areas
- *Views on the environment and the economy*: ecosystem preservation vs. use; ultimate limits vs. technological improvements; consumption as waste vs. consumption as satisfaction

Chapter 3

Growth In Oregon: Trends and Forecasts

SUMMARY

Of Oregon's 1997 population (3,217,000), almost 70% is located in the Willamette Valley, which contains only 14% of the state's land area. The State's Office of Economic Analysis predicts continued population growth: Oregon is expected to add one million people by 2015 and another million by 2040. Most of that growth comes from migration. In this decade, over 70% of Oregon's total population growth is from net migration (in-migration minus out-migration), not natural increase (births minus deaths).

When talking about the impacts of growth, both the amount and rate of growth matter. Slow growth rates in the Portland metropolitan area still add a lot of people to the state. Very high or very low growth rates in small communities may not have much impact on state growth, but may have big impacts on the local economy and quality of life.

The pattern of employment growth is similar to that of population growth. As for population, over 70% of Oregon's employment is located in the Willamette Valley. Employment has grown more rapidly than population in Oregon because of increasing labor force participation rates (especially among women), a larger share of the population of working age, and an increasing number of people holding more than one job. Employment varies more than population because employment is more closely tied to economic conditions.

Many forces have affected, and will continue to affect, growth in Oregon. These changes have occurred not only because of national and international economic and demographic factors, but also because of government action in Oregon.

Chapter 2 defined growth in terms of population and employment, and the built space that accompanies them. Figure 3-1 shows the growth of these components since 1977, adding vehicles (because complaints about growth are often about traffic congestion). Since these four components of growth have generally grown in unison, this chapter focuses on population as the measure of growth.

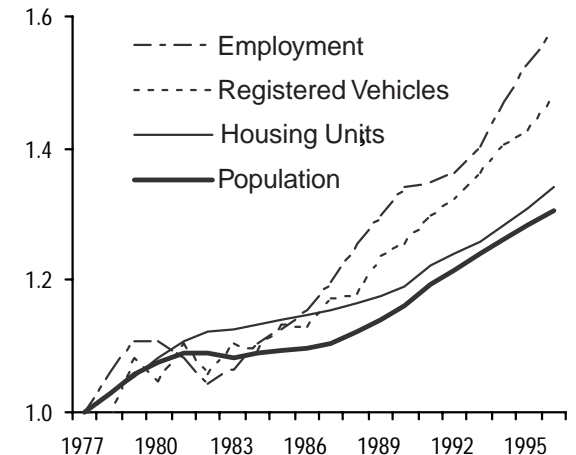
The Willamette Valley has always been Oregon's growth engine

Figure 3-2 shows the long-run trend for population growth in Oregon and the Willamette Valley, which has always been the center of growth in Oregon.¹ The population growth rate in the Willamette Valley has exceeded that of the state in every decade except 1970–80, when population in Southern and Central Oregon grew at a rapid rate. Figure 3-3 shows almost 70% of Oregon's population (3,217,000 in 1997) is located in the Willamette Valley, which contains only 14% of the state's land area. Most of the Willamette Valley's population is in the metropolitan areas of Portland, Salem, and Eugene.

Population growth in every region slowed in 1980–90, primarily because of out-migration prompted by poor economic conditions. Oregon's population growth regained momentum in 1987, growing at annual rates of 1.4%–3.1% between 1988 and 1996. While the Willamette Valley received most of the population growth during this period (72%), Central Oregon had the fastest annual population growth rates.

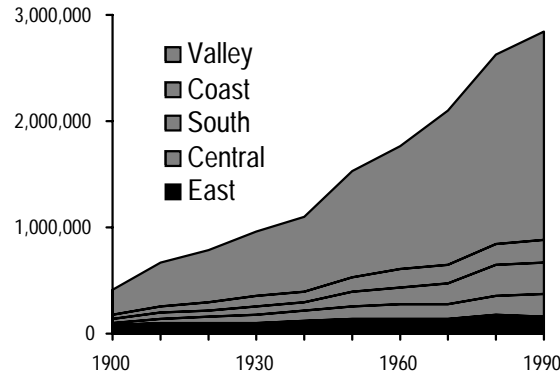
Population growth for Oregon and its regions has slowed in 1997, to 1.1% statewide, the slowest rate since 1987. Net migration into Oregon dropped from 34,000 in 1996 to 21,000 in 1997. The reasons most often cited for this slowing of population growth are the recovery of the California

Figure 3-1: Housing units, vehicles, and employment in Oregon have grown with population



Sources: U.S. Department of Commerce, Bureau of the Census, Intercensal Estimates of Population and Housing Units; U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System; Oregon Division of Motor Vehicles, Motor Vehicle Registrations by County. Indexed by ECONorthwest.

Figure 3-2: Oregon's population has doubled roughly every 30 years, and the share of its population in the Willamette Valley has grown over time



Source: U.S. Department of Commerce, Bureau of the Census. (1995). Population of Counties by Decennial Census: 1900 to 1990. <http://www.census.gov/population/cencounts/or190090.txt> Counties grouped into economic regions by ECONorthwest.

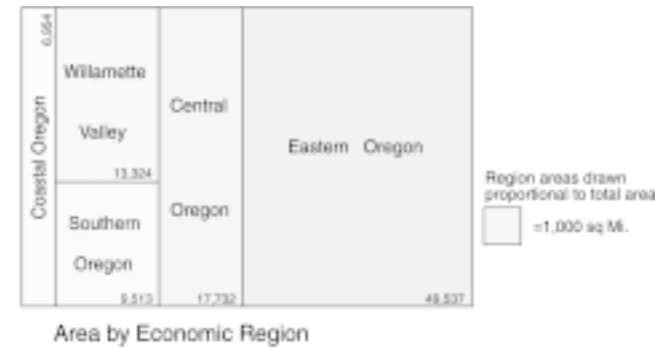
economy, the combination of a high cost of living (especially housing) and low wages in Oregon, and the perception of a decline in the quality of Oregon's schools.

The figures above illustrate a point well known to demographers: annual variations in a state's population growth rate average out to relatively stable long-run growth rates. The lowest the growth rate has been for any decade since 1900 is 0.8% (1980-90); the highest is 5.0% (1900-1910). The average annual growth rate for population since 1990 is about 2.2%, which means that, on average, population doubles every 30 years. For example, Oregon's population was close to one million at the 1940 census, and two million at the 1970 census, 30 years later. If the trend had continued,

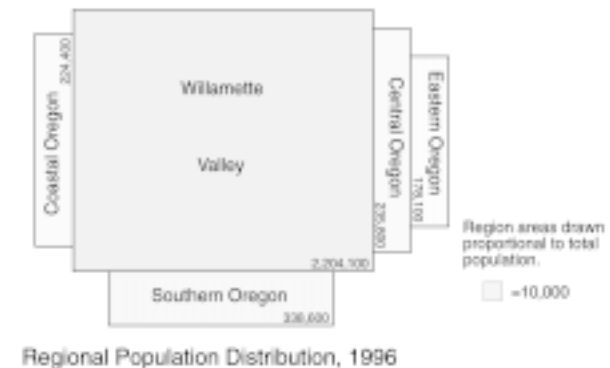
that two million would have doubled to four million in 2000. The 1997 estimate for population is only 3.2 million, so Oregon is unlikely to be at four million by 2000, primarily because of slow growth during 1988-90. That point illustrates another demographic truism: exponential population growth does not occur indefinitely.

Most of that growth comes from migration. Between 1990 and 1997, over 70% of Oregon's total population growth was from net migration (in-migration minus out-migration); 30% was from natural increase (births minus deaths). Net migration contributed a substantially larger share of population growth in the Coastal, Southern, and Central regions than for the state as a whole. Virtually none of Coastal Oregon's population growth was from natural increase. The only counties in

Figure 3-3: The Willamette Valley has a disproportionate share of Oregon's population



Area by Economic Region



Regional Population Distribution, 1996

ECONorthwest
 UO Geography Department, InfoGraphics Lab, 1996

Source:
 Center for Population Study and Research, PSU
 Oregon State Service Center for GIS

Oregon to lose population in the 1990–97 period were in Eastern Oregon: Harney and Sherman.

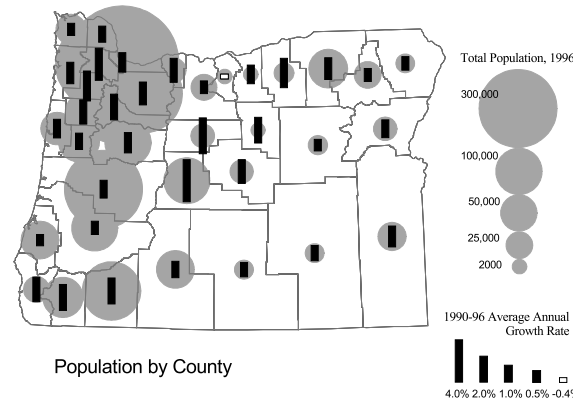
When talking about the impacts of growth, both the amount and rate of growth matter. Slow growth rates in the Portland metropolitan area still add a lot of people to the state; very high or very low growth rates in small communities may not have much impact on state growth, but may have big impacts on the local economy and quality of life. Figure 3-4 illustrates amounts and rates of growth by county. Figures 3-5 and 3-6 show Oregon's fastest growing cities, and their relative contributions to Oregon's population increase.

New residents look a lot like us (only more so)

One can find plenty of households in Oregon like the ones that are moving here. The differences only emerge when one compares average characteristics at a state or regional level. For example, Oregon has many young and well educated households, but on average the households moving to Oregon are younger and more educated than the average Oregon household. Recent in-migrants to Oregon have the following characteristics:³

- Most in-migrants are from California (43%), followed by Washington (12%), other states west of the Mississippi (18%), states east of the Mississippi (13%), and other countries (9%).
- Washington is the only state that attracts more people from Oregon than it sends.
- Compared to Oregon's population as a whole, in-migrants during the 1985–1990 period were, on average, younger and more educated, and were more likely to hold professional or managerial jobs.

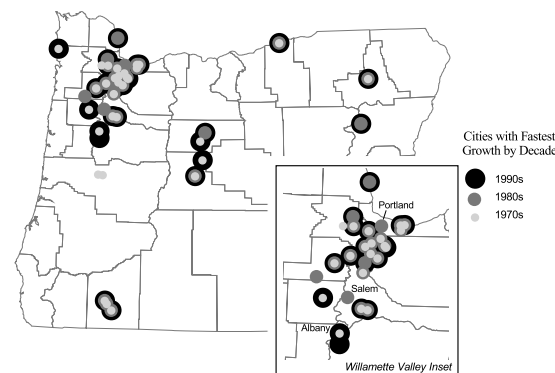
Figure 3-4: Large amounts of growth do not necessarily mean high growth rates



ECONorthwest
UO Geography Department, InfoGraphics Lab, 1998

Sources: Center for Population Study and Research, PSU.
Oregon State Service Center for GIS.

Figure 3-5: Between 1970 and 1990, the fastest growing cities in Oregon change a little bit



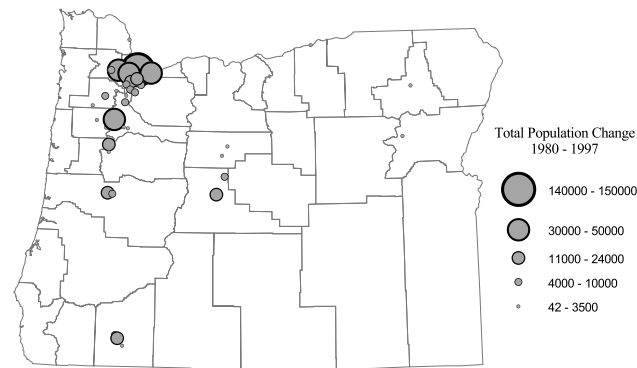
30 Cities with Fastest Rate of Growth by Decade

ECONorthwest
UO Geography Department, InfoGraphics Lab, 1998

Sources: Center for Population Study and Research, PSU.
Oregon State Service Center for GIS.

“For every three newcomers trekking into the state, two native Oregonians have left. The result is a fast changing population mix. Fewer than half of the citizens in Oregon were born here.”²

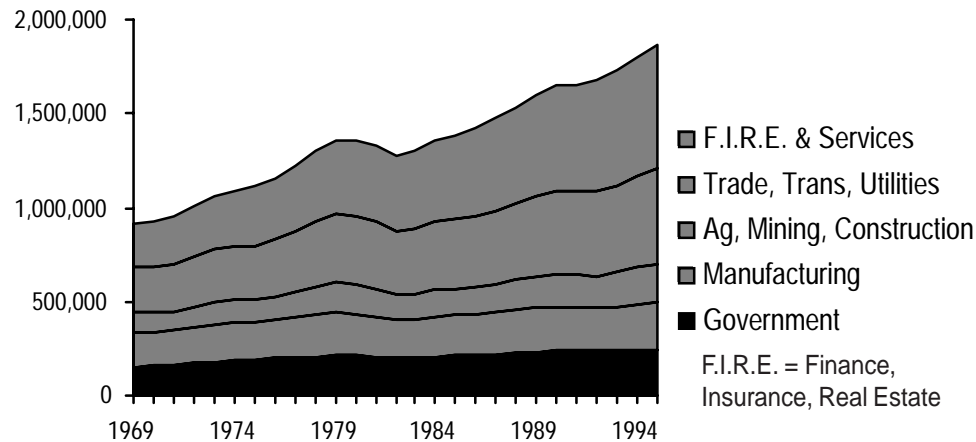
Figure 3-6: But for cities as for counties, western Oregon—primarily the Willamette Valley—has gotten most of Oregon's growth



ECONorthwest
UO Geography Department, InfoGraphics Lab, 1998

Sources: Center for Population Study and Research, PSU.
Oregon State Service Center for GIS.

Figure 3-7: Finance and Services have led employment growth in Oregon



Source: U.S. Department of Commerce, Bureau of Economic Analysis. 1997. Regional Economic Information System 1969-94. May. Employment grouped into sectors by ECONorthwest.

- The race and ethnicity of in-migrants generally mirrors Oregon's established pattern, with one exception: Hispanics made up 9% of in-migrants but only 3% of the state's population.
- The number-one reason cited for coming to Oregon was family, followed by livability, job, and cost of living.

Migrants come to different parts of Oregon for different reasons, and migrants to these regions have different characteristics:

- In-migrants to the Portland metropolitan area are typically younger persons or families (aged 20–34) with a professional or technical occupation; they tend to come to Oregon for job-related reasons. They generally share the values of existing residents—they are career-driven and family-oriented, with a deep affinity for the environment and a higher-than-average belief in education and the value of government services.
- In-migrants to central Oregon are older-than-average, wealthier, more highly educated people than their neighbors, with much stronger pro-environment beliefs.
- Southern Oregon in-migrants are, on average, “midlife elite,” the oldest newcomers (many are over 65), with slightly higher incomes and considerably more education than their established neighbors. They are more interested in funding education and government services than the typical southern Oregonian.
- Retirees and visitor industry representatives are adding economic diversity to coastal communities that have traditionally relied on timber and fish for their income. The impact of new arrivals is especially intense in low-population coastal communities, and the pressure on watersheds and affordable housing may become an issue in the near future.

- Two areas are the primary destinations for very wealthy immigrants: the central Oregon counties of Deschutes, Crook, and Jefferson, and Clackamas County in the Portland area.

The number and types of jobs in Oregon have changed significantly

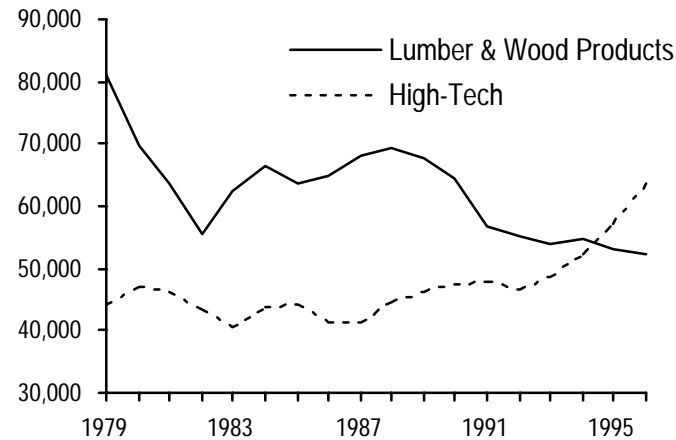
Trends for employment growth have been similar to those for population growth. Employment has grown more rapidly than population in Oregon because of increasing labor force participation rates (especially among women), a larger share of the population of working age, and an increasing number of people holding more than one job. Employment varies more than population because employment is more closely tied to economic conditions.

As for population, over 70% of Oregon's employment is located in the Willamette Valley. Accordingly, the Valley experienced the largest loss of employment in the recession of the early 1980s. The dominance of the Valley labor force means that the state trends described below are dictated by trends in the Willamette Valley: a more detailed analysis by county would show more variation.

Employment between 1969 and 1994 grew most rapidly in the 1970s, with annual employment growth above 5% in 1972–73 and 1977–78. More recently, employment growth rates peaked to just over 4% per year in 1988–89 and in 1994; the average annual employment growth rate in the 1990–95 period was 2.5%.

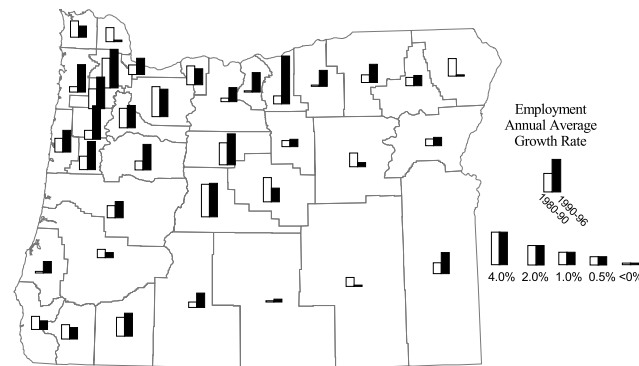
The composition of employment has changed since 1969. Figure 3-7 shows the level of employment by sector in Oregon over the 1969–1995 period. This figure clearly shows the domi-

Figure 3-8: Employment in high-technology has surpassed lumber and wood products in Oregon



Source: State of Oregon, Employment Department. Various years. Covered Employment and Payrolls. High-tech consists of the Industrial Machinery, Electronic Equipment, and Instruments industries.

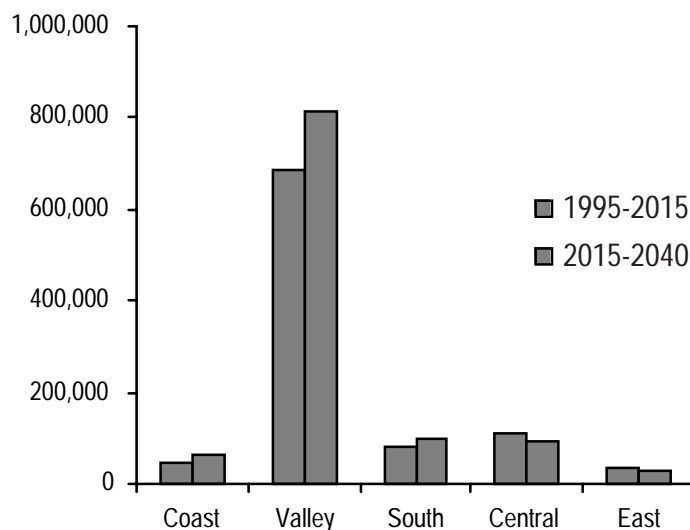
Figure 3-9: Patterns of employment growth look a lot like patterns for population



ECONorthwest
UO Geography Department, InfoGraphics Lab, 1998

Sources: Center for Population Study and Research, PSU.
Oregon State Service Center for GIS.

Figure 3-10: Most of Oregon's future population growth will occur in the Willamette Valley



Source: Oregon Department of Administrative Services, Office of Economic Analysis. 1997. Long-Term Population and Employment Forecasts for Oregon. Salem: State of Oregon. January.

nant change in the composition of employment over this period—employment growth has been led by the Finance, Insurance and Real Estate (F.I.R.E.) and Services sectors. The share of total employment in these sectors increased from 25% to 35% between 1969 and 1995. Slow growth in Manufacturing caused its share of total employment to decline from 20% to 13% over this period, while other sectors grew at rates close to the statewide average.

Looking at employment data by general sector masks another significant change in the composition of Oregon's employment—the decline of employment in the Lumber and Wood

Products industry and the concurrent growth of employment in high-technology industries (Industrial Machinery, Electronic Equipment, and Instruments). All of these industries are included in the Manufacturing sector shown in Figure 3-7. Figure 3-8 shows employment levels in these industries over the 1979–1996 period. It shows Lumber and Wood Products employment declining from its 1979 peak, and high-tech employment surpassing Lumber and Wood Products employment in 1995.

The changing composition of employment has not affected all regions of Oregon evenly:

- In every region, growth of Services employment has included jobs in restaurant, hotel, and recreation industries. Urban areas of Oregon have also experienced increases in relatively high-paying Service industries: legal, business, and health services.
- Growth in high-tech employment has been concentrated in urban areas of the Willamette Valley and Southern Oregon, particularly in Washington, Benton, and Josephine counties.
- The brunt of the decline in Lumber and Wood Products employment was felt in rural Oregon, where these jobs represented a larger share of total employment and an even larger share of high-paying jobs than in urban areas.

Oregon will continue to grow and change

Oregon's population is expected to continue to grow. A long-run population forecast by the State's Office of Economic Analysis predicts steady population growth at an annual average rate of 1.1% between 1995 and 2040. At this rate of

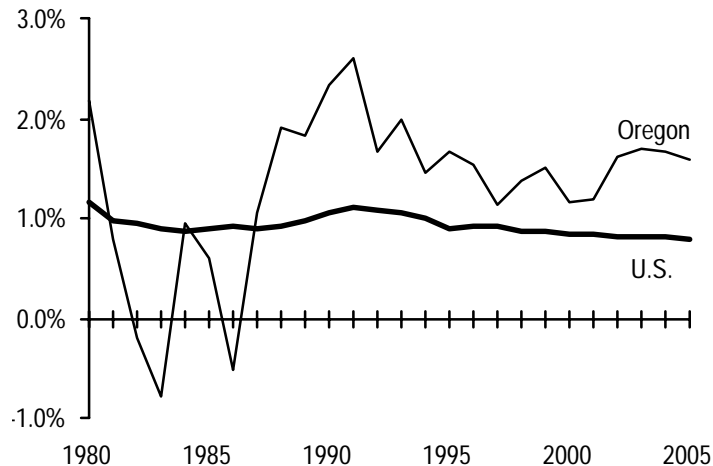
growth, Oregon is expected to add one million people by 2015 and another million by 2040, growing from 3.1 million in 1995 to 5.2 million in 2040. Over 70% of this population growth, 1.7 million people, is expected to come from net migration into Oregon.

Those forecasts make it clear why people are concerned about growth. A million more people in 30 years will need about 500,000 more housing units and the services and employment that go with them. As a rough estimate, they could create a demand for new urban land about equal to that which already exists in the Portland metropolitan urban growth boundary.

Population growth rates are predicted to be relatively even across Oregon's regions, with the Willamette Valley and Central Oregon growing slightly faster than the state. The result is that the share of Oregon's population by region does not shift more than 1% up or down over the 45-year period. Figure 3-10 shows the population forecast by region.

Actual population growth is likely to have much more variation than the steady growth rates used in the State's long-run forecast. A forecast of population growth through 2005 for the *Oregon Economic & Revenue Forecast* shows much more variation in the year-to-year growth of Oregon's population. Figure 3-11 shows the annual growth rate of the U.S. and Oregon population since 1980 and forecast through 2005. It shows the variation in Oregon's annual population growth rate, that with the exception of the recession of the 1980s, Oregon's population has grown more rapidly than in the U.S. as a whole, and this trend is expected to continue into the future. Barring a recession or other unforeseen economic conditions, Oregon's long-run population

Figure 3-11: As in the past, annual population growth rates will vary



Source: Oregon Department of Administrative Services. 1998. Oregon Economic and Revenue Forecast. Salem: State of Oregon. June.

“Forecasts are for a million more people in Oregon in the next 30 years.”

growth rate should average out to the 1.1% rate anticipated by the long-term forecast.

Many forces have affected, and will continue to affect, growth in Oregon

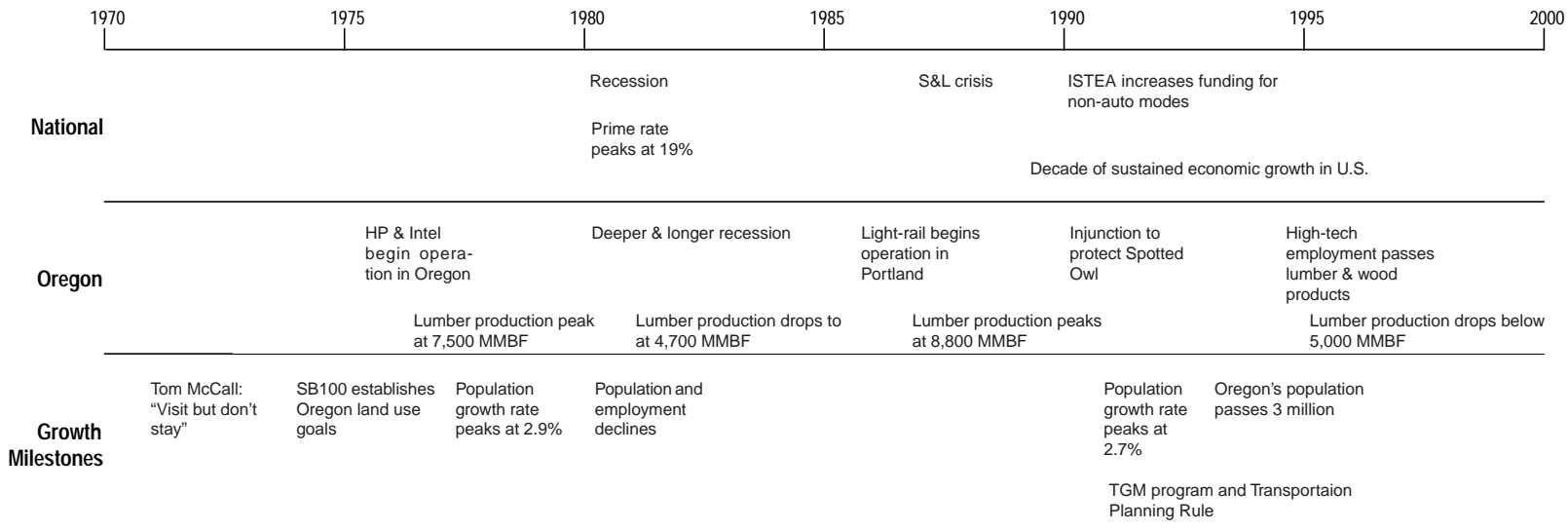
The data and figures in this chapter are pieces of a larger picture of growth and change in Oregon. The changes in Oregon have not occurred in isolation—Oregon has been affected by long-run national and international trends. The westward migration of the U.S. population, driven by economic opportunity and the increasing importance of amenities in location decisions, is likely to continue. Downturns in Asian economies notwithstanding, Pacific Rim trade will continue to be a significant part of

the nation's economy. In the last 20 years Oregon has made a transition to one of the most diversified state economies in the nation. Traditional resource-extraction industries are being supplanted by more diverse metropolitan economies. Oregon's national rank in economic diversification went from 13th in 1980 to 4th in 1992 (1st = most diversified).⁴

These changes have occurred not only because of national and international economic and demographic factors, but also because of government action in Oregon. State policy made a concerted effort to attract high-tech industries: with trade missions and offices in Japan and Taiwan, tax policy (e.g., no unitary tax, which would tax world-wide corporate income of businesses operating in Oregon), changes in Corporation

Codes, reforms to reduce the costs of workers' compensation, investments in infrastructure, and other incentives (e.g., enterprise zones and the Strategic Investment Program, which attempts to stimulate capital-intensive industries through property tax abatement). State policy on land use and environmental quality aimed at preserving the natural and cultural amenities that make Oregon attractive to its current and would-be residents and businesses. Figure 3-12 illustrates some of the key events that have influenced growth in Oregon since 1970, and in doing so repeats a theme from Chapter 2: Oregon's growth, and that of its communities, is a result of the interaction of many forces.

Figure 3-12: Many factors have influenced growth in Oregon



Chapter 4

Impacts of Growth

SUMMARY

The impacts of growth can be negative or positive. This chapter attempts to discuss impacts comprehensively, and divides them into two categories: (1) the direct costs of providing public facilities to the development (housing, buildings, and public services) that new growth requires; and (2) other impacts on economic welfare, quality of life, and cost of living.

Regarding the direct costs of supplying public facilities (infrastructure) to new development, the report finds that (1) on-site infrastructure costs (e.g., for local streets, sidewalks, sewer, water lines and meters) for a single-family housing unit are on the order of \$15,000 to \$20,000, (2) the construction costs of off-site facilities (e.g. improvements to arterial streets, sewer and water trunk lines and treatment plants, schools, fire stations) are on the order of \$15,000 to \$30,000 per housing unit for new development at the urban fringe, (3) these average costs may vary widely for particular developments because of the specifics of site and locational characteristics relative to existing off-site facilities, local standards, and other factors, (4) in rough terms, it is probably the case that for on-site and off-site public facilities (setting aside schools and major upgrades to the regional transportation system) new residential development directly pays on the order of 50% to 90% of their capital costs (through developer provided infrastructure, hookup fees, SDCs and other impact fees, special assessments, exactions, and user charges), and (5) any summary like this one is necessarily approximate and needs to be used only with a clear understanding of the assumptions required to develop it (as described in this chapter and Appendix E).

Good public policy about growth must consider more than the direct costs of building the infrastructure it requires. It must consider other impacts, positive and negative, that are no less real because they cannot be measured in dollars, or perhaps cannot be measured well at all. Growth also affects many aspects of what people see as their quality of life, and these impacts (real or perceived) are often the source of the strongest sentiments about of growth: for example, impacts on jobs, income, traffic congestion, environmental quality, and crime.

The impacts of growth can be negative or positive

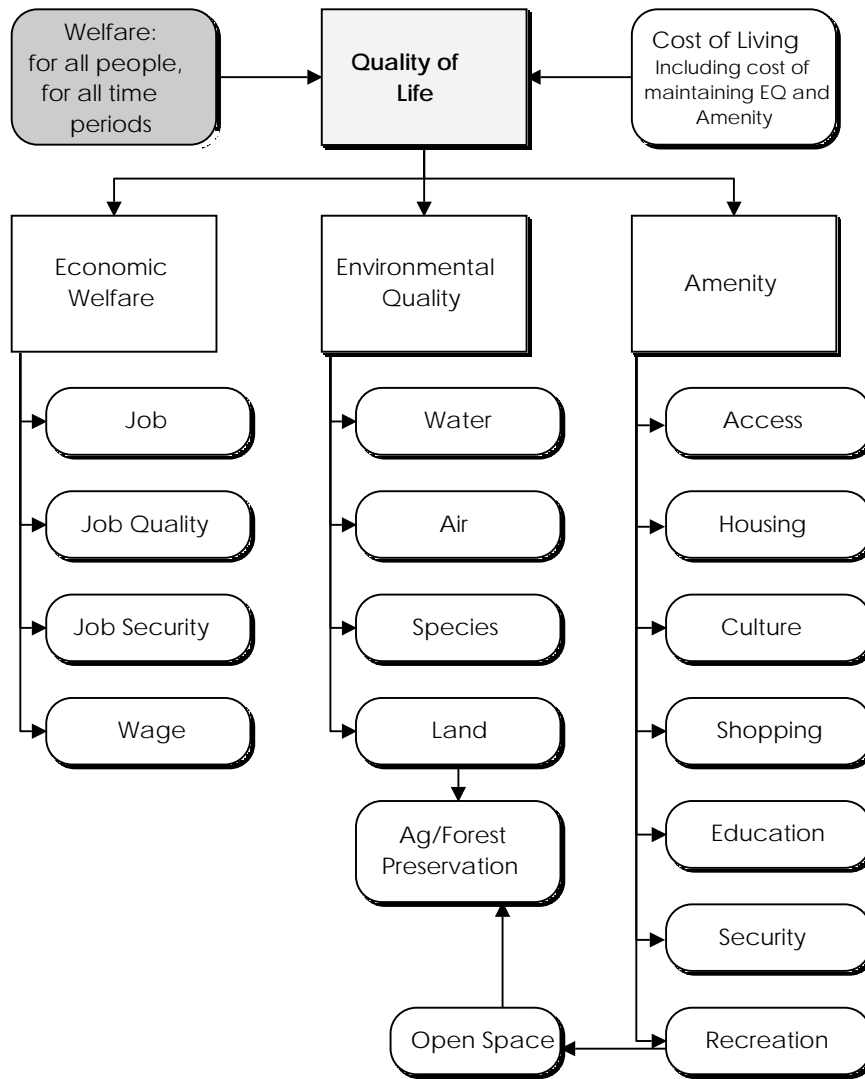
At several points this report has emphasized the importance of definitions. Nowhere are differences in definitions more apparent, and agreement more important, than when people discuss “the costs of growth.” Many of the numbers casually cited and compared in debates about costs are measuring very different things.

Any discussion of costs of growth tells at best half the story. This report has tried to consistently use the term *impacts* of growth to emphasize that those impacts may be costs (negative impacts) or benefits (positive impacts). Figure 4-1 organizes those impacts according to the aspect of quality of life that growth, and policies to manage growth, could potentially affect. Those impacts are, in broad categories, on:

- The economy (e.g., job opportunity, wage amount and security)
- Services and amenities (e.g., travel time, cost and level of service; cultural and retail opportunities)
- Social variables (e.g., change in neighborhoods and downtowns)
- The environment and natural resources (e.g., loss of farmland, changes in air and water quality)
- Cost of living (e.g., housing affordability).

There are problems with that organization, chief of which is that some of the big questions about growth do not fit neatly in those categories. For example, an overarching question about growth in Oregon is, Does growth pay its own way? That question cuts across issues of cost of living, public services, and finance. Another question is, Can growth be redirected from an

Figure 4-1: Growth, and policies to manage growth, can potentially affect many aspects of quality of life



area of the state with 'too much' to areas that 'need more' growth? Note also that cutting across any general discussion of impacts is a much more detailed discussion about their incidence: Who is impacted: Willamette Valley vs. Eastern Oregon; urban vs. rural; big city vs. small city; high growth area vs. low growth area; high income households vs. low income households?

Dealing with incidence makes any organization a problem. The ultimate concern should be about impacts on households and the individuals in them. Impacts on businesses and government are important primarily because they end up being passed on to households as workers and consumers (e.g., more and higher paying jobs; more and better quality products; lower prices), or as citizens and taxpayers (e.g., changes in the quality or cost of public services). In that context, the question "Does growth pay its own way?" gets recast as "Are current households in Oregon contributing through state and local taxes to the development of buildings, houses, infrastructure, and services that serve only households that are moving to Oregon from other states?" Or, at a sub-state level, "Are taxpayers in City X contributing to development that serves only people that currently do not live in City X?"

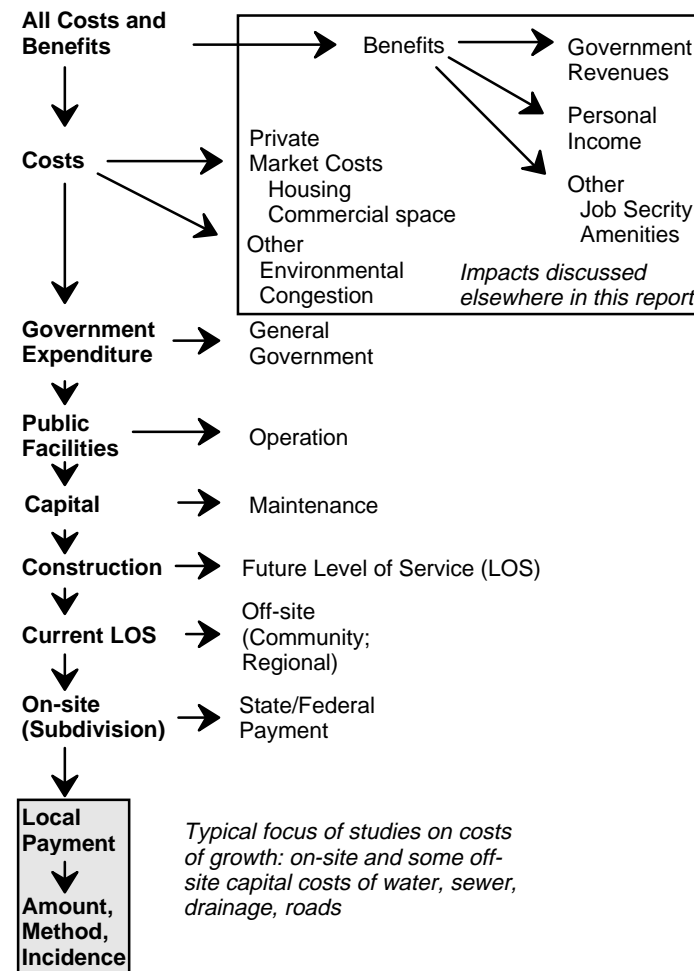
Despite the attempt of this report to discuss impacts (positive *and* negative), not just costs, most of the literature on growth impacts addresses only its costs, and does so using various definitions. In common usage, when people say some product "costs too much," they mean either that it is not a good value (what they get from the product is not worth it) or that the same product should be produced more cheaply (if producers were, for example, not so inefficient or greedy). People may complain about the high prices of a new car, a cappuccino, or a loaf of bread, but still buy them: they consider the benefits and estimate them to exceed their costs. The "cost of growth" literature, however, focuses, usually exclusively, on cost.

When benefits do get considered it is usually in the narrow sense of “revenues.” A fiscal impact analysis compares the impacts of new development on a government’s fiscal position to answer a limited version of the question, Is new development paying its own way? In the context of growth, the concern is less about, for example, the total cost of a house than about whether all the public costs of development are included in the price paid for the house. Thus, studies usually do not define the “cost of growth” to include the cost of land, lumber, and labor that go into building a new house because homebuyers are paying those costs; they usually focus instead on other costs of growth that homebuyers and others benefiting from growth allegedly do not pay.¹

Figure 4-2 shows that a definition of the impacts of growth has many components. It starts at the top with all costs and benefits, and illustrates how typical studies of the costs of growth narrow the definition of costs. Near the top, for example, a broad definition of costs includes any resources used up to accommodate growth:

- *Direct monetary expenditures by the private sector:* for example, for land, labor, and materials to build housing
- *Direct monetary expenditures by the public sector:* for example, for the construction, maintenance, and operation of public facilities at a given level of service (some of which is reimbursed through development and user fees) and for other general government functions like administration and courts (some of which is reimbursed by taxes on the developed property or future fees on its occupants).
- *Indirect costs that are usually not denominated in dollars nor paid directly:* for example, environmental degradation, stress, loss of small-town atmosphere.

Figure 4-2 Costs of public facilities are a subset of impacts of growth



How this chapter is organized: What are the impacts of growth (positive and negative)

DIRECT COSTS OF GROWTH (PUBLIC FACILITIES)

Definitions

Summary of literature on direct costs

Who pays those direct costs

Caveats (Beware simple statements)

OTHER IMPACTS OF GROWTH

Economic welfare

Environmental quality

Water supply and quality

Air quality

Species

Land

Amenity

Access

Housing

Culture

Shopping

Education

Security

Recreation

Cost of living

Typical studies of costs of growth address only a few of those costs. Most often they are limited to looking at the costs of constructing capital facilities (usually transportation, water supply, and wastewater treatment, and sometimes drainage and schools) that development requires before it can be occupied (in Figure 4-2, the bottom left corner). The narrow focus on capital facilities gets even narrower: not all facilities are considered in every study. Some studies look only at on-site facilities (i.e., the roads, sidewalks, pipes, wires, and other structures and land that are within the boundaries of a new development). If off-site facilities are examined (e.g., sewage treatment plants, improvements to arterials, schools), it is usually only partially. Nonetheless, this subset of costs (itself a subset of total impacts) has usually been the focus of the debate about the impacts of growth.

Because there is so much inconsistency in discussions of the costs of growth, it is worth repeating the central point of this section in a different way. Ultimately, the costs of growth do get paid. The questions for the public policy debate are who

pays, when, in what form, and is that fair? Some costs are paid directly, up-front, and in dollars by players in the development process. Most of those costs, and others, are paid up-front, in dollars, by the households and businesses that be-

come owners of the development. Other costs are paid later in dollars by the owners of new development: special assessments, property and income taxes, user fees. If all those fees do not cover what it costs to provide the facilities and services the development requires, then current residents and businesses pay some of those costs directly in dollars by paying more in taxes and fees than they would have if growth had not occurred. Finally, to the extent that growth causes impacts, positive or negative, that are indirect and not captured through market prices, taxes, or fees (i.e., *externalities*), those impacts hit new and current residents and businesses alike.

Thus, this chapter is organized to address two multi-faceted questions about growth:

- *Direct costs of growth: what are they and who pays?* For this report, the direct costs of growth means the costs of providing public facilities to the development (housing, buildings, and public services) that new growth requires. This definition is admittedly narrow, but necessary. Because much of the debate about growth is whether it pays its own way in this narrow sense, this report puts this aspect of impacts into its own section.
- *Other impacts of growth: what are they and who is affected?* Growth has many effects besides the need for monetary outlays to build infrastructure and structures to accommodate it. That construction can have secondary impacts (e.g., loss of farm and forest land, air quality, water quality) that are not easily measured in dollars or, in some cases, any other units (e.g., sense of community). This section provides information about all these other costs.

Direct costs of growth: what are they and who pays?

This section addresses a *subset* of costs: the direct (monetary) costs of providing public facilities to the development that new growth requires. Even with this limited definition, different studies of cost usually focus on only one of many possible questions about direct costs:

- *What are the costs of growth, per se?* Few, if any studies, have been able to adequately address this overarching question. There are many reasons, but the key one is that growth has too many dimensions to measure. Growth is more than land development. Even if growth is defined that narrowly, there are many different kinds of land development (e.g., residential, commercial, and industrial) and many different ways that development can occur (e.g., by location, design, and density).
- *What are the costs of some specific development type?* For the reasons given in the previous point, most studies of the cost of growth focus on a certain type and pattern of development. Nationally, research has been driven by the debate about urban sprawl: do low-density development patterns cost more than higher density ones? The fact that such studies exist and find differences in cost based on the location and pattern of development shows why simple statements like “growth costs \$X per housing unit” are misleading: the estimate depends on many assumptions about the type and location of housing, its density, the size and economic conditions of a particular jurisdiction, the preferences of local residents for a particular level of service, and so on.
- *What are the fiscal impacts of some development type?* This question expands from the previous one about a subset of

costs (i.e., direct public costs) to include a subset of benefits (i.e., public revenues). Many studies have been done to estimate whether particular development types cost local governments more than they contribute.

- *Who is paying the costs, and is that fair?* This question expands on the former one to look at where the revenues to pay for the direct public service costs of growth are coming from, and the extent to which it meets some normative judgment about who *should* pay.

Appendix E of this report explores these and related questions in much more detail. It provides some standards for evaluating studies of the costs of growth, discusses problems associated in applying those standards, and evaluates several studies nationally and from Oregon that attempt to measure the costs of growth. Because the issues are complex, so is the discussion, which is why most of it has been relegated to an appendix. The rest of this section summarizes only the key findings.

Comparing studies of costs of growth requires a definition and understanding of standards for evaluation

Any study of the costs of growth should be specific and clear about several categories of assumptions. The point is not that there is a single right assumption for each of the points that follow, but that results cannot be interpreted without understanding what assumptions were made:

- *The question about the costs of growth addressed.* For this report, the essential question about direct costs is: Are the new people, employees, and development that are contributing to and benefiting from growth in a community paying a fair share of the additional costs of the public facilities and services they require?

- *The subset of costs evaluated.* This report, for example, focuses on the direct costs of key public facilities; other sections discuss other impacts (both costs and benefits). But the studies reviewed in this section do not all address the same facilities, and most do not consider indirect overhead costs of service provision
- *The treatment of capital and operating costs of public facilities.* Prior to 1980, most fiscal impact analyses focused on operating expenses and ignored construction costs. Many more recent analyses of costs in Oregon have gone the other direction, estimating construction costs but not operation costs. Direct costs obviously differ substantially with decisions about which costs, how long a time period to consider, and how to treat existing excess capacity (should growth be charged for its marginal cost or its average cost?).
- *The distinction between real costs and financing.* Using financing costs to estimate costs of growth may or may not be an appropriate measure of the true economic costs of the resources that growth requires. On the one hand, when capital improvements are financed, their cost may be reported as an annual payment, which can then be added to annual operating costs to get a rough approximation of an annual equivalent cost of the service. On the other hand, when some facilities are financed over a period not equal to their expected lives, when some facilities are financed and others are not, or when facilities are partially financed while other payments come from transfers from other local or state revenue sources, financial costs may bear little relation to the real economic costs.
- *The type and pattern of growth evaluated.* For this report, the focus is on residential growth in general, and on trying

to get an average cost per new household or housing unit. Obviously, the type and location of the housing unit that is built to accommodate the new household will have an effect on the costs the new household imposes on public facilities and services. Moreover, those facilities do not service residential development exclusively—they also serve commercial, office, and industrial development. Thus, total costs of new facilities cannot be reasonably attributed to housing only.

- *The other factors that influence cost.* All cities and counties do not offer the same package of services. Differences result from many factors, which include the historic pattern of growth; prior investments in and directions for services; and the preferences of property owners for type, level and cost of service (which is in part a function of their socioeconomic and demographic characteristics). Federal and state mandates have increased requirements for local facilities and services, while a phase-out of revenue sharing has reduced payments for others. Jurisdiction size also influences costs: larger cities typically provide more services.
- *The normative assumptions.* One can ask not only, *Does* growth pay its own way? but also, *Should* growth pay its own way? The answer depends on one's assessment of what is fair.
- *The limitations of the estimates.* There is a lot of uncertainty about the estimates of the amount and composition of population, its demand for services, costs, and all the other factors that go into calculating what a fair charge for the direct costs of public facilities should be. Some of that uncertainty is inherent (we can never be sure of the future until it's the past); some of it is introduced by bad techniques and data.

The literature suggests a range for cost estimates

Appendix E evaluates studies done both nationally and in Oregon on the costs of growth: go there for a more detailed discussion of the multiple problems in interpreting the results of those studies. The rest of this section reports only the conclusion of that evaluation with respect to the direct costs of supplying public facilities (infrastructure) to new development. See Appendix E for details. *In summary, a review of the literature found:*

- Any estimate of infrastructure costs must be explicit about, at least, the facilities considered, capital and operation and maintenance costs, on-site and off-site, and marginal and average costs. Unless otherwise noted, the analysis that follows is for average, capital costs only. Which facilities, and whether they are on-site or off-site, are noted explicitly.
- Total on-site costs of neo-traditional development does not cost less than traditional development in the aggregate at the subdivision level: for reasons described in Appendix E, it may cost more. But smaller lot size means more lots (greater density) and less, in most cases, cost per lot. The costs of housing construction (i.e., the structure itself, net of on-site and infrastructure costs) of neo-traditional types are about the same as traditional dwelling types (when controlled for quality) on a square-foot basis.
- On-site infrastructure costs (e.g., for local streets, sidewalks, sewer, water lines and meters) for a single-family housing unit in a typical subdivision are on the order of \$15,000 to \$20,000. Lower costs may be possible for large scale or denser developments, though higher costs are more likely as easier sites get used and requirements for stormwater retention and open space dedication increase.

- Because on-site costs do not vary much by subdivision design, any large differences in cost per single-family housing unit are usually a result of differences in off-site costs, which are more heavily dependent on the location of the development than on its design. The construction costs of off-site facilities (e.g. improvements to arterial streets, sewer and water trunk lines and treatment plants, schools, fire stations) are on the order of \$15,000 to \$30,000 per housing unit for new development at the urban fringe. Estimates could be even higher depending on what services get included and the specifics of site and locational characteristics relative to existing off-site facilities.
- These average costs, even if correct on average, would vary a lot depending on the type of household (the socioeconomic and demographic characteristics of the household affect its demand for services).

For public policy, estimating who pays the direct costs of public facilities is as important as estimating how much they are

So what? So what if the incremental contribution of an average housing unit to the cost of construction of new public facilities (on-site and off-site) is about \$40,000 to \$50,000 (or even more)? In general, our laws and conventions are not concerned about what somebody willingly pays for something he wants—they care when he does not pay. The real question is, Are the right households paying for these public services? In summary:

- Determining who pays these costs requires a basic understanding of how taxes and fees are used to finance public facilities in Oregon.

*“Average infrastructure cost for a single-family housing in a typical subdivision:
Onsite: \$15,000 - \$20,000
Offsite: \$15,000 - \$30,000”*

“In rough terms, it is probably the case that for on-site and off-site public facilities new residential developments directly pay on the order of 50% to 90% of their capital costs.”

- Measure 50 provides some incentive for cities to annex adjoining areas sooner than they would otherwise, because it allows new construction to add to a district's tax base.
- Regarding who pays the costs of growth, new development pays its share of property tax under the new rules (i.e., everybody pays proportionally less, but new development gets no special break). The new property tax rules allow budgets to grow if new property is annexed to a taxing district. Without annexation, it is unlikely (though theoretically possible) that municipal budgets could grow if growth (and, therefore, increases in taxable value) was high.
- In response to declining property tax revenue, many local governments have turned to fees in general, and in particular to system development charges and exactions on new development to help fund off-site infrastructure. The effects of such financing mechanisms are ambiguous: they depend on many other factors. If, for example, large system development charges (SDCs) are adopted by one city in a metropolitan area, the tendency in the short run may be to move development to other cities. If the financing in those other cities, however, is inadequate to handle necessary capital expansion and maintenance, then in the longer run their financial problems could drive growth away. If all cities in a region simultaneously increase SDCs, then the impact, if any, will be on the amount of regional growth, not its distribution.
- Many communities in Oregon use property tax abatements and enterprise zones to encourage business

location, retention, and new development. This practice has been increasingly criticized as citizens question the value of continued growth in their community.

- For new single family housing the construction costs of on-site facilities are paid almost entirely by developers (either directly as special assessments, or as fees to local governments and special districts).
- Some of the off-site costs are paid by developers through SDCs. Depending on many variables, those costs will be passed forward to the eventual owners of the new development (who may in turn pass most of them on to other users via rents or leases), passed back to landowners (via reduced land prices), or absorbed by developers (through lower profits, though this outcome is unlikely over the long run). Some are paid by past, current, and future property users through user fees calculated to recover costs of capital improvements. Some off-site costs are paid by past, current, and future property owners through taxes to retire debt. Some of the off-site costs are probably deferred,² with the result that either future households will have to pay for new facilities or accept a lower level of services, or methods and technology will have to change in ways that allow level of service to be maintained with less capital investment per capita.
- Thus, in rough terms, it is probably the case that for on-site and off-site public facilities new residential developments directly pay on the order of 50% to 90% of their capital costs (through developer provided infrastructure, hookup fees, SDCs and other impact fees, special assessments, exactions, and user charges). The percentage depends on how far one goes in allocating off-site public facility costs to new residential growth, and local circumstances (e.g., for

revenue collection and services standards). The percentage would be toward the high end if one does not count very large regional facilities (e.g., light rail in Portland, new electric generating capacity in Idaho), but does count property tax contributions to debt retirement for existing capital. It moves toward the lower end if one does the opposite. For the types of facilities that the cost literature commonly deals with (sewer, drainage, roads, parks, schools), it seems unlikely that the percentage could be much below 50% because (1) probably at least 30% to 40% of the capital costs are on-site costs, which are uniformly paid by development, and (2) all jurisdictions have some combination of hookup fees, SDCs, special assessments, and exactions to pick up some of the off-site costs. For operation and maintenance, it appears that new development, with its higher value and occupancy by households with higher than average incomes, pays more than its fair share of O&M.

These summary points make the evidence sound more straightforward than it is. Every point has a counter-point and qualifications. Do households that move within a city from an old house to a new constitute new growth, or is the growth the people that move from outside the city into the old house? Are SDCs paid entirely by new houses, or do SDCs increase the prices of all housing (new and old) so that their incidence is more diffuse? Appendix E provides more detail.

When interpreting the previous estimates, remember its limitations:

- The analysis in this deals with only the direct costs of public facilities and services for residential development. One possible assumption is that those facilities and services are of a quality that there are no large spillover costs. But that

assumption is probably incorrect. For example, the pricing of roads, the operation of combustion engines, and highway congestion means that there are spillover social costs.

- The analysis at this point does not discuss any of the benefits or beneficiaries of growth. It is not only developers who benefit, nor even just those involved in development (e.g., builders, Realtors). New homeowners benefit; existing homeowners may benefit from higher property values. Businesses and profits grow. The loss of farmland has a cost (for the farmer who wants to farm and urban residents that want open space and the protection of food-growing capacity), but it also has a benefit (to the farmer who wants to sell, and to the new homebuyers that might see lower prices).
- Even if the summary estimates of capital costs of public facilities were comprehensive and exactly right and if there were no other external costs of growth, one could still present the numbers in different ways to tell different stories. One story is that the average single-family house may not be directly paying, through up-front charges, anywhere from \$5,000 to \$25,000 of the capital costs of the public facilities it requires. That statement would have to be qualified by the statement that some, maybe most, of that up-front underpayment may be being paid through property taxes, user fees, and special assessments: it depends on the specific case. An alternative story starts with the total cost of a housing unit. When a buyer pays \$200,000 for a new house, he is paying for permit fees, construction costs, public facilities, SDCs: everything that went into the cost of building the house. If the capital cost he is not paying amounts to \$10,000, then his purchase price has covered 93% of the cost of the that new housing unit: the structure, the on-site infrastructure, and the off-site public facilities.

Beware simple statements about “costs of growth”

The previous section on the direct costs of growth has tried to illustrate why the answer to a simple question like “Does growth pay its own way?” has to be “It depends.”

The essential question about growth is about welfare: (1) Is growth likely to make people in some area over some period better off, in the aggregate, and, if so (2) Does it do so without having unacceptable costs on other areas, or on subsets of people within the area being considered? Again, no definitive answer to that question is possible. It depends on:

- Characteristics of existing and new infrastructure (e.g., whether there are economies of scale), which depend in part on the pattern (primarily density) of growth
- Characteristics of existing and new infrastructure (e.g., whether there are economies of scale)
- The way growth is distributed within the region
- What the governments choose to do: local governments have the ability to determine the magnitude and, sometimes, even the direction of the welfare change.

The next section provides information about other components of welfare (i.e., besides public facilities and their costs).

Other impacts of growth: what are they and who is affected?

The previous section is narrowly focused on direct costs (primarily for capital) to the public sector (primarily local government) for some of the public facilities (primarily roads, water, and sewer) that development (primarily residential) requires. Good public policy must consider other impacts, positive and negative, that

are no less real because they cannot be measured in dollars, or perhaps cannot be measured well at all. Growth also affects many aspects of what people see as their quality of life, and these impacts (real or perceived) are often the source of the strongest sentiments about growth: for example, impacts on jobs, income, traffic congestion, environmental quality, and crime. This section assesses these impacts, organized around the aspects of quality of life shown in Figure 4-1: economic welfare, environmental quality, amenity, and cost of living.³

Economic welfare

A central aspect of quality of life is standard of living, which is strongly correlated with income. For most people, income is determined by their ability to earn money through employment or by operating a business; some receive income from investments and transfer payments (insurance or Social Security). Figure 4-3 shows personal income growth in Oregon by source between 1969 and 1996, in constant 1996 dollars.

A person's ability to earn income through employment or investments is affected by national and regional economic conditions. In general, a strong economy increases the opportunity for people to find a high-paying job and increases the returns on investments. Figure 4-3 shows total earnings declined in the early 1980s due to the national recession—that recession also caused per capita income in Oregon to fall behind the U.S. average. Oregon's per capita income has recently made gains but remains behind the U.S. level. Per capita income in Oregon and the U.S. is shown in Figure 4-4.

As shown in Chapter 3, employment in Oregon has grown faster than population since 1977. The economy has diversified. Oregon's unemployment rate has been at or below 6%

for most of the 1990s. For many people in Oregon who lived through the recession of the 1980s, Oregon was probably a better place for them in the early 1990s than it was a decade earlier. Certainly their incomes were higher, which is the most typical measure of economic welfare.

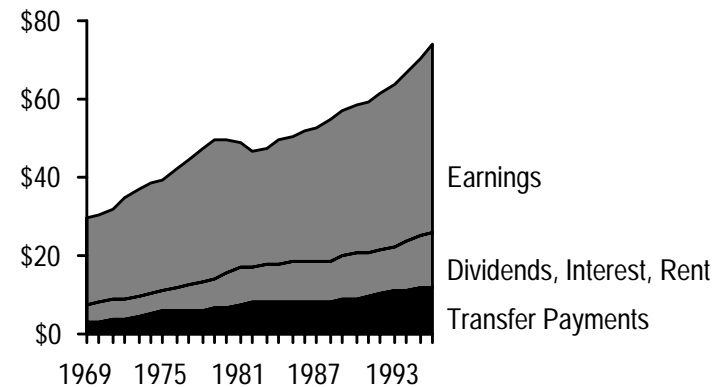
The result of a growing economy and increasing diversification has been growth in the earnings received by employees and business proprietors in Oregon. Figure 4-5 shows the earnings per worker, measured in 1996 dollars, between 1969 and 1996. This figure shows that earnings in Oregon took a sharp drop during the early 1980s recession, and have only recently begun to reach the levels experienced in the 1970s. The sharp decline in earnings was due, in large part, to massive layoffs of high-wage jobs in the lumber and wood products industry.

Oregon's strong economy has been a major force behind migration to the state. The steady influx of people has a multiplier effect, creating the need for workers in construction and government to build the housing and public facilities and provide the public services that a growing population requires. Oregon's economic growth has drawn people to the area, which in turn has created a need for more jobs.

But growth in jobs, earnings, and per capita incomes has not benefited all Oregonians equally. Much of the income growth for working families in Oregon has occurred because spouses entered the work force and all wage-earners were working more hours. Moreover, there is evidence that income inequality in Oregon is worsening—the top fifth of Oregon households earned nine times more than the bottom fifth in 1994-96, compared to seven times more in 1988-90.⁴

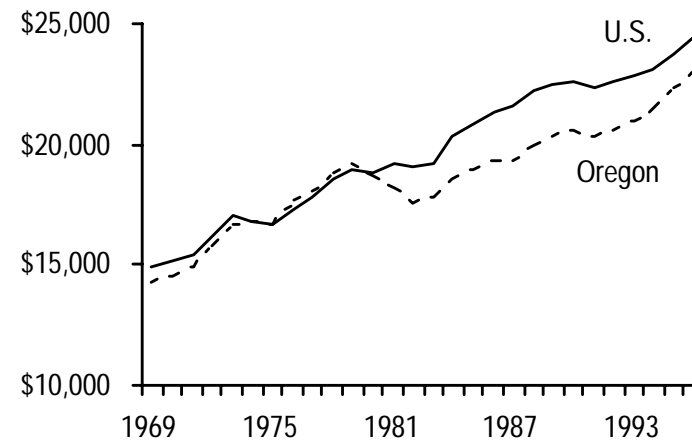
Nor has economic growth affected all areas of Oregon equally. The Oregon Economic Development Department recently

Figure 4-3: Most personal income in Oregon is from earnings



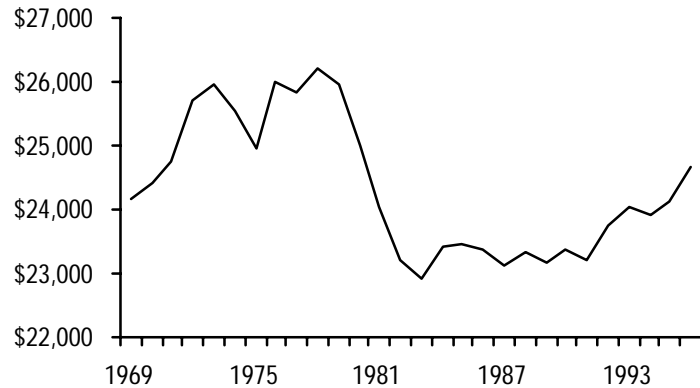
Source: U.S. Department of Commerce, Bureau of Economic Analysis. 1998. Regional Economic Information System. Compiled and converted to constant dollars by ECONorthwest.

Figure 4-4: Oregon's per capita income has fallen behind U.S. levels



Source: U.S. Department of Commerce, Bureau of Economic Analysis. 1998. Regional Economic Information System. Compiled and converted to constant dollars by ECONorthwest.

Figure 4-5: Earnings per worker are recovering after a sharp decline in the early 1980s



Source: U.S. Department of Commerce, Bureau of Economic Analysis. 1998. Regional Economic Information System. Compiled and converted to constant dollars by ECONorthwest.

ing by large corporations has caused layoffs, employment security has been replaced by a dynamic labor market that increasingly requires education and flexibility, and low savings rates have left many people unprepared for retirement. Moreover, the use of economic measures to measure well-being has been increasingly criticized. Economic indicators only measure monetary transactions, so crucial economic functions performed in households and the volunteer sector go uncounted. These measures also ignore other vital components of quality of life, such as environmental quality and urban amenities.

In sum, there is a strong link between economic growth and the growth of population and development that lead to some of the impacts of growth that people would like to eliminate or reduce. For most households, their own economic growth is desirable. It is difficult to create a strong argument that all

identified 149 communities and 15 counties in Oregon, primarily rural areas, as “economically distressed” (based on an index including the unemployment rate, the number of families living below the poverty level, and per capita income). The population of the 15 distressed counties accounts for only 12% of the total population of the state.

Despite economic growth, many people feel less secure about the future: restructur-

ing by large corporations has caused layoffs, employment security has been replaced by a dynamic labor market that increasingly requires education and flexibility, and low savings rates have left many people unprepared for retirement. Moreover, the use of economic measures to measure well-being has been increasingly criticized. Economic indicators only measure monetary transactions, so crucial economic functions performed in households and the volunteer sector go uncounted. These measures also ignore other vital components of quality of life, such as environmental quality and urban amenities.

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Environmental quality
Water supply and quality

Both the quality and quantity of water affect the quality of life in Oregon. Adequate amounts of clean water are necessary for “beneficial uses” such as drinking, recreation, fisheries, industry, and agriculture. Water quality is primarily measured by the amount of toxic organic and inorganic compounds, dissolved oxygen, suspended sediments, and temperature. Water quality and quantity are intertwined, since water of poor quality may be unusable.

To understand water supply one must start with the water rights system. The people of Oregon own all water in the state. Anyone who wishes to use water must obtain permission from the state, through the Oregon Water Resources Department (OWRD).⁵ The OWRD issues water rights, which grant a landowner permission to use the public’s water. The right specifies, among other things, the allowed amount, use, place of use, point of diversion, and “priority date.” The latter determines where the landowner stands in the queue to withdraw water from a source. The water right does not guarantee that water will be available to everyone

who holds a right. It aims only to regulate and control water use among those who hold water rights, especially in times of scarcity.

The OWRD will not issue a new water right if it believes that water will not be available at least 20 percent of the time. It uses either historical data or sophisticated hydrological models to determine “water availability,” on a basin or watershed level. Eventually, the OWRD will stop issuing new water rights for a basin, once all of the available water has been appropriated. At that point, the only way a landowner could obtain a water right is by acquiring it from someone who already owns one, through the transfer process.

The end of new water rights, and the start of water rights transfers, would indicate that a basin has evolved from a period of abundant water to a period of scarcity. In reality, the transition is not so simple. The issuing of water rights does not stop suddenly, nor does the OWRD announce that no new water rights are available for a basin. Instead, it gradually becomes more difficult to obtain a new water right, and it becomes easier to obtain one through the transfer process. But even if new water rights are available, such water rights would have low priority dates, and so would be less useful. An increasing frequency of water transfers is a good indicator of water scarcity. Such signs are apparent in some parts of the state, especially in central Oregon, where an informal market for water rights has developed.

A recent innovation in the water rights system is rights for in-stream flows. This recognizes unappropriated water in a stream as a “beneficial use”, and so the right to maintain water in a river or stream is protected in the same manner as other rights—according to the priority date. Under state law, only certain state departments may apply for new water rights for in-stream flows. Such water rights would not be very useful in protect-

Deschutes County and Water Quality

The LaPine area south of Bend in central Oregon provides an example of the connection between growth and water issues. Prior to the adoption of the Oregon land use program in the early 1970s, over 10,000 parcels, most of 1/2 to 1 acre, were created in the area between SunRiver and LaPine in the drainage of the Deschutes River. Groundwater is the single source of drinking water for the region. Over half of the parcels have developed with houses and mobile homes using septic tanks.

The Department of Environmental Quality has found that decades of growth have resulted in significant areas of deteriorated water quality. Wells in some areas are developing unsafe levels of pollutants: DEQ models predict that nitrate concentrations will exceed federal standards within 10 years. Yet owners of vacant property believe, with justification, that they have vested rights to develop.

The relationship between development and deterioration of water quality is complex: DEQ scientists allow that models of possible future effects are approximate and uncertain. Deschutes County and DEQ are in the undesirable position of potentially having to restrict development on the basis of logically reasonable but empirically uncertain conclusions.

The best evidence, however, is that a problem exists and will get worse if new development looks like past development. But what if new development looks different? The County is considering both clustering of development, and transferring development rights to areas that are less sensitive or more easily served with waste-water treatment. The new development may be the necessary impetus for a water-treatment system that would serve existing development now on septic tanks. Without the growth, the situation might get slowly worse. With growth, it could get worse in a hurry or improve, depending on the policies that deal with the impacts of growth.

ing in-stream flows, though, since they would have the latest priority dates. Alternatively, the state allows anyone to obtain an existing water right for in-stream flows. The Oregon Water Trust is the only group currently pursuing this option, focusing its efforts on the Rogue, Umpqua, John Day, Umatilla and Deschutes River basins.

Water quality in Oregon has generally improved over the past several decades. Major improvements have been made in the last 50 years in controlling direct (point-source) discharges into water bodies from industry and sewage treatment plants. But there are still many cities in Oregon with inadequate sewage treatment capacity and persistent Department of Environmen-

Wilsonville and Water Supply

Lack of consistent state policy direction frequently blocks or increases the cost of local infrastructure development. Wilsonville, one of Oregon's fastest growing cities, depends on groundwater from wells for its water supply. Groundwater levels in the aquifer are declining. The problem is so acute that Wilsonville has declared a moratorium on future development, a moratorium declared even before a new prison was sited in the city. But, the moratorium law has severe time limitations and developers are pushing for a fast solution.

The Water Resources Department has restricted future groundwater development. Water Resources also directed Wilsonville to limit its pumping and develop its existing water right on the Willamette River. The Willamette is the most cost-effective long-term water supply option available to Wilsonville.

Yet the Department of Environmental Quality has expressed concerns about whether the Willamette River water can be treated sufficiently to be safe for drinking water. These statements have contributed to local opposition to developing the Willamette as a drinking water source. Some citizens have joined the development community in urging the City to develop groundwater from the Troutdale aquifer south of the Willamette. This aquifer is already used extensively by farmers in exclusive farm use zones just south of the city limits. Land use policies are designed to protect such prime farm lands and most farm use depends on water.

The City faces a real dilemma: Try to develop wells in the Troutdale aquifer by tiptoeing around EFU land knowing the wells have the potential to adversely impact the adjacent farmers (contrary to the spirit of our land use laws) or try to develop the Willamette when other state agencies are questioning its safety.

tal Quality (DEQ) violations. Many waterways still do not fully meet standards intended to protect fish, drinking water, recreation, and other beneficial uses, and the trend may be reversing. A recent report for the Willamette Valley livability Forum found long-run improvements from cleanup of the Willamette River, but new problems emerging.⁶

Describing trends in water quality is difficult because not all water-bodies are monitored. For example, Oregon's DEQ is required by the Clean Water Act to list water-bodies that do not meet water quality standards. The 1994/96 "303(d)" list included approximately 870 stream segments, rivers, lakes, and estuaries, while the 1998 list contains 1,163 segments. The

increase in listed segments does not necessarily suggest that water quality is getting worse; it is primarily due to more refined data collection methods and new data gathered by DEQ.⁷

Surface water runoff, or non-point source pollution, is currently the largest source of water pollution in Oregon⁸—more than 90% of the total suspended solids entering the main-stream of the Willamette are from non-point sources.⁹

The amount of pollution from non-point sources, particularly from storm drains, is directly affected by population and economic growth. More people means more houses, businesses, and pavement, which increases the water runoff from these surfaces. At the same time, population growth also increases the need for clean rivers and lakes to provide safe drinking water, recreation, and other beneficial uses for humans, as well as adequate water for fish and wildlife.

Here, as elsewhere in the debate about growth, the way the real world works make quick conclusions difficult. Though development clearly increases non-point source pollution, it may be replacing agriculture, which is a big contributor to water pollution. Though getting to net impacts is tricky, it is at least the case that the water pollution of new development is offset to some degree by the agricultural pollution it replaces.

Groundwater is also a key water resource. Oregonians currently use over 700 million gallons of groundwater each day, and almost 77% of residents depend on groundwater for some or all of their drinking water. As of March 1993, DEQ was aware of over 1,300 groundwater contamination sites in Oregon. This contamination is very difficult, and sometimes impossible, to clean up. Groundwater contamination is caused by failing septic systems, overuse of fertilizers, leaking underground storage tanks, buried wastes, unlined or improperly

lined landfills, and seepage runoff from animal feeding yards.¹⁰ Again, the lack of consistent data over time hampers the ability to describe any trend in groundwater contamination, and the number of contaminated sites has been increasing due to increased awareness of the problem and resulting regulation and testing by DEQ.

Growth obviously affects water quality: if settlers and technology had not come to Oregon in 1850, our rivers and groundwater would be clearer than they are now. Whether continued growth leads inevitably to poorer water quality is a debatable point. On the one hand, the Willamette River is cleaner than it was 20 years ago because of better regulation and more public funds (in part, from growth) spent on them. More can be done for both point-source and non-point-source pollution. On the other hand, most of the easy fixes have been applied. Even if pollution per person decreases, large amounts of growth can overwhelm the improvements.

Air quality

Poor air quality can cause health problems or decrease visibility, both of which are important to quality of life. Air quality is primarily measured by the amount of various air-borne compounds and particulate matter that affect health and visibility.

Even as Oregon's population has grown, air quality in Oregon has improved. Since 1980, the percentage of Oregonians living where the air quality meets the federal ambient air quality standards has increased, reaching 100% in 1993.¹¹ The annual number of days that Portland has exceeded national air quality standards for carbon monoxide and ozone have steadily decreased since the early 1980s.¹² Portland, which was not in compliance with either the ozone or carbon monoxide standards in the early 1980s, is currently in compliance with na-

tional air quality standards for ozone and carbon monoxide.

Population growth has a direct impact on air quality because more people means more cars, and motor vehicles are the number-one source of air pollution in Oregon.¹³ The emissions from cars contribute to ozone problems in summer, and carbon monoxide problems in winter. Growth-induced traffic congestion worsens the problem: congestion leads to more automobile operating hours, and sub-optimal operating speeds, which increases the pollutants released into the air. Auto traffic also kicks up road dust, which is a major source of particulate matter.

Population growth also increases the number of fuel-powered machines (cars, lawn mowers, boats), aerosol spray cans, and other devices that pollute the air. Growth of industrial activity also affects air quality by emitting sulfur dioxide and other toxic material into the air.

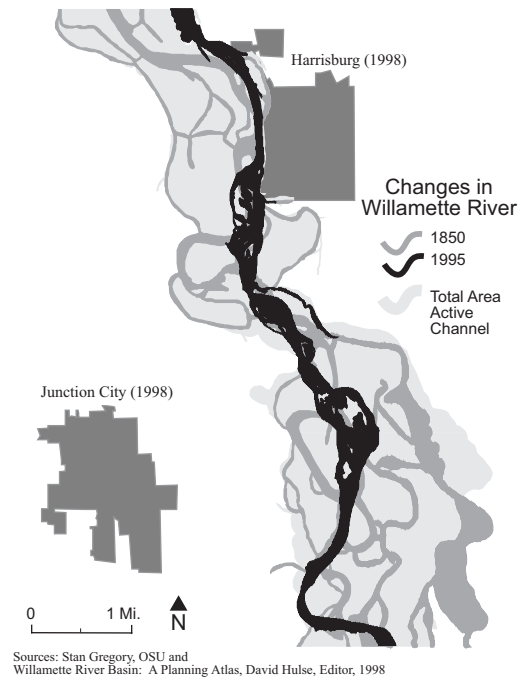
Air quality in Oregon has improved despite population growth because of improvements in technology such as automobile smog systems, and regulations to reduce polluting activities such as reliance on wood-burning stoves for heat. But gains from technology and regulation have reached the point of diminishing returns—the technology is increasingly expensive and curtailing activities requires more exacting levels of regulation. According to an analysis in *The Oregonian*, air quality in Portland is

Eight Oregon Communities are Designated as Air Quality Nonattainment Areas

The Department of Environmental Quality has designated eight Oregon communities as nonattainment areas for persistent air quality problems from excessive levels of carbon monoxide and particulate matter. Cars and trucks produce up to 90% of carbon monoxide emissions, and woodsmoke, wind-blown dust, and industrial emissions are the primary source of particulate matter. Both of these pollutants can cause health problems, and particulate matter can also reduce visibility. The nonattainment areas in Oregon are:

- *Carbon Monoxide*: Medford, Grants Pass, La Grande, Klamath Falls, and Salem
- *Particulate Matter*: Eugene-Springfield, Medford-Ashland, Klamath Falls, Grants Pass, La Grande, Oakridge, and Lakeview

Figure 4-6 Growth and development have changed the habitat provided by many rivers



expected to get worse in the next decade due to increased industrial emissions and road dust from traffic. Population growth is the primary reason these pollutants are expected to increase.

Species

Plants, fish, and wildlife contribute to quality of life by providing recreational opportunities (viewing, hunting, and fishing), medicine, food, and healthy and diverse ecosystems, and through the intrinsic value people place on their existence. The existence of plant and animal species can serve as an indicator of the overall health of the environment, which is an important contributor of quality of life in Oregon.

Humans affect the population of plant and animal species primarily through hunting and actions that reduce the quantity or quality of habitat that is essential for a species' survival. Much of the decline of native species occurred due to human activities earlier in Oregon's history—hunting beaver and otter for fur, commercial salmon fishing, conversion of prairie

and wetlands for agriculture, damming and channelization of streams for power and navigation (see Figure 4-6), logging of old-growth forests, and urbanization.

Because of these actions in Oregon's past, the quantity and quality of remaining habitat is increasingly crucial for the survival of native species. Society places increasing importance on their survival as evidenced by federal and state endangered species acts and the many efforts to protect species and their habitat in Oregon. Currently there are 30 plant and animal

species listed as threatened or endangered by the state or federal government.¹⁴ While actions are being taken to protect all listed species, the listing (or potential listing) of the Northern Spotted Owl and several species of salmon have had significant effects in Oregon.

The Northern Spotted Owl was listed as threatened in 1989, and the result of this listing and other environmental concerns has been to significantly curtail timber harvests on National Forest land in the Pacific Northwest. This example illustrates a point made several times in this report: growth has multiple impacts that interact in complex ways. Economic growth (timber harvest) caused a decrease in forest habitat, which caused the perception and public concern that a species was endangered, which led to restrictions on harvest, which contributed to both a slow-down of that aspect of economic growth and a loss of revenues to counties for all services (especially roads), which might further decrease quality of life and growth.

With the listing of coastal coho and other salmon species, Oregon has developed a plan that seeks to avoid the traditional regulatory approach used to protect species. The Oregon Plan for Coastal Salmon Restoration and the Healthy Stream Partnership rely on cooperation and voluntary activities to improve water quality for salmon and other species. The Oregon Plan involves coordination of effort by all parties, development of action plans with relevance and ownership at the local level, monitoring progress, and making appropriate corrective changes in the future.

The link between growth and species varies from direct to indirect. For example, population growth can lead to urbanization that destroys endangered plant species or habitat for animal species; logging of Oregon's forests is primarily for na-

tional and international markets rather than for growth in the state. Increased awareness and regulation has allowed some species to recover despite population growth. Efforts to protect raptors such as the Peregrine Falcon and Bald Eagle have allowed populations of these species to increase in recent years.

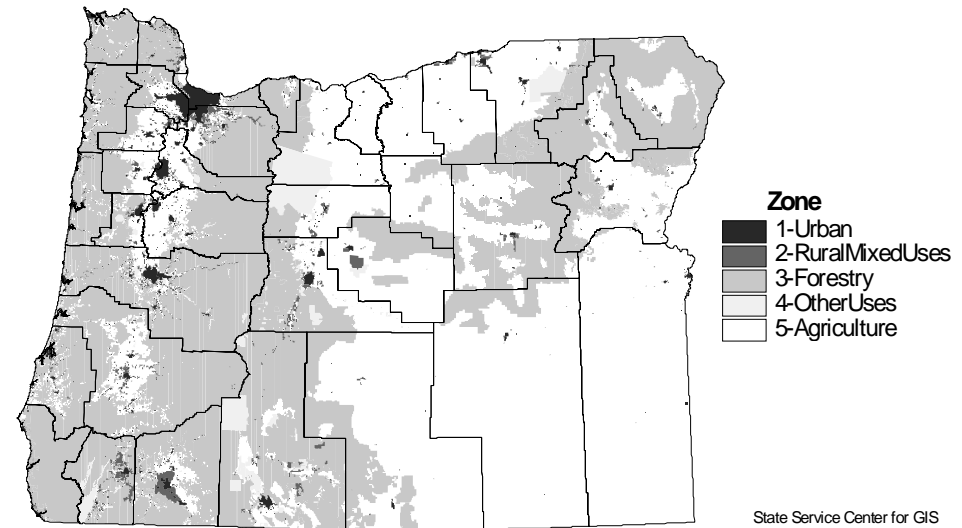
The case that growth and urbanization have a negative impact on ecosystems and the species they support is compelling. Here, as elsewhere, the question is about tradeoffs: can we grow in urban areas, and use natural resources, in a way that allows us to improve the economic and some of the amenity aspects of quality of life without losing too much of the natural system? For some, the answer is that no loss of natural systems is acceptable given how much has already been used. For others, there is still a possibility for economic use of some of the resources, while protecting the ecosystem.

Land

Land use impacts are among the most immediate and tangible impacts of growth. Development intensifies land use; those changes, in turn, have other tangible impacts. For example, conversion of agricultural land to urban uses decreases the amount of arable land, and may affect surrounding agricultural operations, which leads to a reduction in agricultural production capacity.

Figure 4-7 shows Oregon land use about 10 years ago (the last update of the statewide land use map). Even though the detail cannot be read at this scale, it is good enough to illustrate the small percentage of urban land, and its concentration in the Willamette Valley. Figure 4-8 focuses on the Willamette Valley to show how land use has changed and is expected to change. It illustrates the importance of detailed, sub-area analysis: though Oregon has a lot of agricultural land, that part of it

Figure 4-7 Most land in Oregon is in agriculture, forest, and range



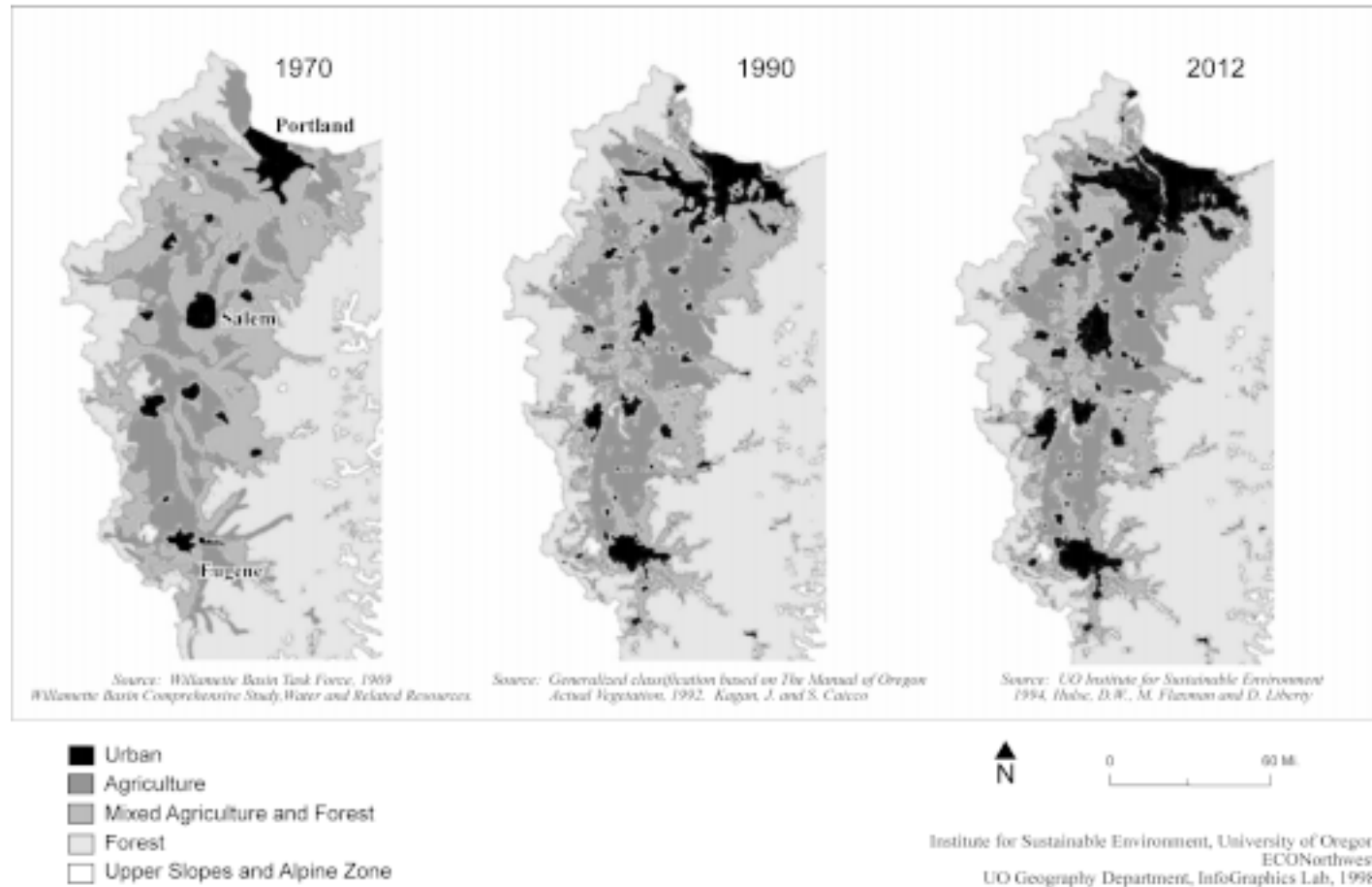
that is in the Willamette Valley is converting to urban uses more rapidly. Figure 4-9 shows how farmland has been converted in Lane County.

Impacts of growth on land use can be measured as changes in population density, the amount of agricultural and forest lands, the number of rural residences, parcelization in rural areas, densities in urban areas, and so on. This section focuses on a few of these impacts: amendments to Urban Growth Boundaries (UGBs), changes in population density for selected communities, creation of farm and forest dwellings, and rezoning or conversion of agricultural and forest lands.

Perhaps the most tangible land use impact is the growth of cities. In Oregon the expansion of UGBs is one measure of this growth: Figure 4-10 shows the change. In 1986, Oregon

Figure 4-8 Land use in the Willamette Valley has changed over the last 20 years

Willamette River Basin Land Use

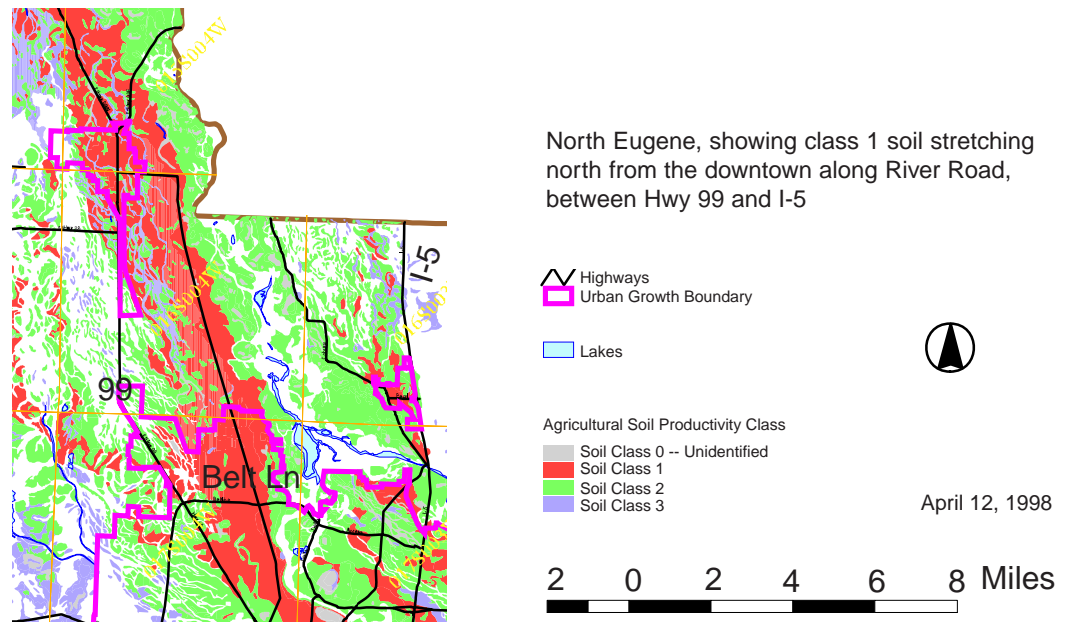


had approximately 1,200 square miles (769,000 acres) inside UGBs. Between 1987 and 1996, UGB amendments added about 13,700 acres (slightly more than 21 square miles) to UGBs—an increase of about 2%, compared to a 20% population increase during the same period.¹⁵ Most planners believe that a significant reason for the slow growth of UGBs is that they all had a 20-year supply of buildable land within their UGB in 1986, and the limits of UGBs on land supply have only recently been felt.

While UGBs expanded relatively slowly compared to population, some of those expansions occurred on agricultural and forest land. Moreover, the expansions are not uniform: some areas have substantial urbanization at relatively low densities outside of urban growth boundaries. Those losses mean potential losses to economic production now and in the future. A key part of the debate about growth is about the protection of these resource lands for economic, ecological, and recreational reasons. State law gives a heavy weight to their protection. Here, as elsewhere, the issue is about tradeoffs: is it more efficient to have urban growth at the fringe and lose some resource land, or constrain that conversion by policies that push urban growth into existing urbanized areas? The answer depends not only on an assessment of the value of resource land preserved, but also of the efficiency and direct costs of providing urban services (discussed previously in this chapter).

More than 50% of the 13,700 acres added to UGBs between 1987 and 1996 was land zoned at the time for agricultural and forest uses. The overall amount of agricultural and forest land added to UGBs is a tiny percent (less than 0.001%) of the total amount of farm and forest land. This figure, however, understates the impact of development on farm and for-

Figure 4-9 In some areas, urban development occurs on prime agricultural land

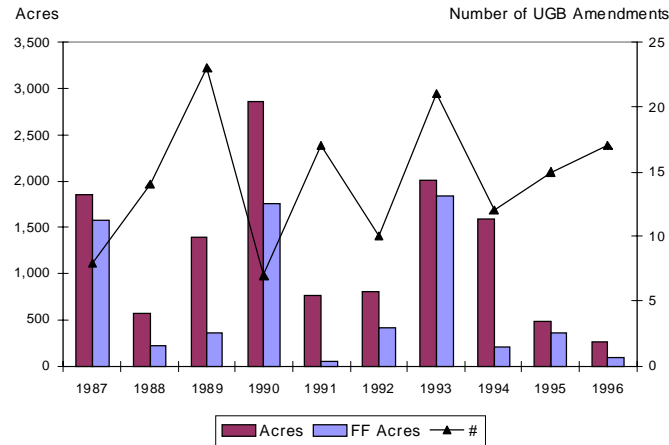


Source: Map prepared for Paul Atkinson by the University of Oregon G.I.S. lab

est lands: it does not include, for example, land outside UGBs that gets converted to non-resource uses. One estimate is that over 57,000 acres of agricultural land have been converted to urban uses (both inside and outside UGBs) in the past decade.¹⁶ In the context of the Oregon planning program, however, land inside UGBs is supposed to be converted to urban uses. For example, in the Portland metropolitan area the vast majority of farm and forest land that urbanized between 1980 and 1994 was inside UGBs.¹⁷

Density is another key measure of land use change. Table 4-1 summarizes from a recent review of densities measured

Figure 4-10 Additions to UGBs vary substantially year to year: on average, about 1,400 acres per year have been added to UGBs between 1987-1996



Source: DLCD, 1997

Table 4-1. Population and housing densities have increased between 1970-1990 in a sample of Oregon cities

1990 Population	Population Density (Persons/Acre)			Dwelling Density (DU/Acre)		
	1970	1990	Change 70-90	1970	1990	Change 70-90
<2500	3.6	4.2	0.6	1.2	1.4	0.2
2500-4999	3.2	4.2	1.1	1.1	1.7	0.6
5000-9999	3.9	5.6	1.7	1.2	2.1	0.8
10000-19999	4.5	4.9	0.3	1.9	2.0	0.1
20000 or more	5.3	5.1	-0.2	1.8	2.0	0.2
Total	4.8	5.1	0.3	1.7	2.0	0.3

Source: Oregon Department of Transportation, Research Unit (1998).

in persons per acre for 20 Oregon communities between 1970 and 1990. It indicates a 6% increase in population densities between 1970 and 1990. Several communities (Canby, Central Point, and Troutdale) had density increases in excess of 2 persons per acre, while others (Bend, McMinnville) had decreases. While population densities increased moderately, densities in dwelling units (DU) per acre increased by more than 26% from 1.8 DU/acre to 2.2 DU/acre. These figures include *all* acres within the city limit, not just acres in residential use.¹⁸

Besides losses to urban development, agricultural and forest lands also face pressure from urban residents who desire a rural lifestyle on large lots close to urban areas. Some of these residents have no desire to continue agricultural or forest operations on their lands, and some object to intensive agricultural and forest practices on nearby land. The impacts of such rural development include fragmentation of farm and forest tracts, and a low-density residential land use pattern that makes the provision of urban services expensive.

One measure of the proliferation of residential uses on resource lands is the amount of farm and forest land redesignated or zoned for other uses. Between 1987 and 1996, about 16,800 acres of agricultural land was rezoned to other non-resource uses. About 5,900 acres of forest land was rezoned to other non-resource uses during the same period.¹⁹ Such rezonings, however, do not necessarily mean that the land is taken out of agricultural production.

The US Department of Agriculture tracks the conversion of nonfederal resource lands to urban uses.²⁰ Between 1982 and 1992 over 150,000 acres of crop, pasture, range, and forest land were converted to urban uses in Oregon. But

other numbers give some perspective. That acreage amounted to just over 0.5% of the total acres of resource land in Oregon, and Oregon's percentage change was lower than any other western state. For prime soils, Oregon converted about 55,000 acres to urban uses during the same period, about 1.6% of the base: a lower percentage than most western states (except Idaho), but higher than the US average of 1.1% (during this period Oregon had to accommodate slightly greater population growth: 12% compared to 10% for the US as a whole).

Another measure of the impact is approvals of dwelling units on farm and forest lands.²¹ Dwelling units developed on farm lands are either classified as "farm" (i.e., the dwelling unit is directly related to the farm operation) or "non-farm." About 275 farm and 325 non-farm dwelling units were approved each year between 1987 and 1996. More than 700 dwelling units were approved each year between 1990 and 1996 on lands zoned for forest use.²² The rate of development for these dwellings on farm and forest land declined after tighter regulations in 1993/94.

As with other impacts, population growth in Oregon clearly contributes to changes in land uses (for good or ill), but its relative importance is hard to quantify. Even in the absence of population growth, economic and demographic changes will continue to increase demand for rural residential development. It seems likely, however, that without that growth Oregon land use law would not allow cities to justify amendments to UGBs (not just the modest ones that have occurred, but the larger ones that will occur to handle forecasted growth). Thus growth probably means that more resource land will change to urban uses.

Amenity

Access (transportation)

Between 1982 and 1995 in Oregon, population has grown 18%, the number of drivers licenses has grown 34%, real per-capita income has grown 26%, the number of registered vehicles has grown 35%, and the real price of gasoline has declined 39%.²³ All those factors increase travel: vehicle-miles traveled on arterials and collectors grew 59% during the same period. But the number of lane-miles on arterials and collectors in Oregon grew only 6%.²⁴ The result: more congestion.

As with other impacts, population growth is not the only cause of the problem. Real incomes, on average, have been increasing. That's a benefit of growth, but it also means that people spend more money on transportation. With the real price of gasoline decreasing, every dollar spent buys more miles on the road than it used to. The biggest congestion problem—freeway and major arterial travel in metropolitan areas—is largely a result of the fact that everyone with a car can access those roads at any time. For water, telephones, movies, and many other congestible goods, prices increase at peak times to ration access and avoid gridlock. Not so for transportation.

Whatever its causes, people perceive traffic congestion to be increasing, and the data support their perceptions. In a na-



Congestion creeps down I-5.

As the Portland region grows, development along I-5 is causing traffic congestion that is costing the state and local governments millions of dollars. In recent years, this problem has spread from Tualatin to Wilsonville and Woodburn.

Wilsonville's population more than doubled in the 1980s and increased another 50% between 1990 and 1996. Development around Wilsonville's two interchanges exploded, and the resulting traffic caused extreme traffic congestion conditions at the interchanges—by the mid-1990s, morning and afternoon traffic at Wilsonville exits had reached gridlock conditions. Current construction projects at these interchanges and on Wilsonville Road have a total cost of more than \$17 million, including \$8 million from the City of Wilsonville. Without funding from the City, the state would not have made these improvements for years.

Woodburn now faces the same situation—its population has grown 20% in the 1990s, and a significant amount of development has occurred around the I-5/Hwy 214 interchange. In addition, daily freeway traffic has increased by 50% between 1987 and 1997. The result is that afternoon traffic fills the I-5 off-ramps and backs up onto the freeway, and Hwy 214 is clogged for over a mile into Woodburn. Additional population growth and development, including a 232,000 sq. ft. factory outlet mall, threatens to make the situation worse. One proposed solution is to rebuild the I-5/Hwy 214 interchange at an estimated cost of \$10 million, which neither ODOT or the City can afford.

tional study of congestion in 1982, Portland was ranked as the 20th most congested metropolitan area in the country. By 1994 Portland's congestion index had risen by 27% and Portland was the 15th most congested metropolitan area.²⁵

More is lost to congestion than time: it takes a little bit of our sanity and humanity as well. Studies are hardly necessary to prove to most people what they have experienced first hand: driving has moved steadily from pleasurable to stressful. Fifteen years ago a trip from Eugene to Portland on I-5 was usually and mostly a trip on the open road; now it is trucks and tailgating, construction and congestion for the entire length. One reaction has become prevalent enough to get a name: *road rage*.

Any city with an expanding developed area is obviously going to need new highways and other transportation improvements. Highway planners generally agree that in areas of high demand

they cannot build enough roads at a reasonable cost to solve problems of congestion as long as access is priced as it is: more highway capacity eventually fills up, and any new capacity is more expensive and less effective than the capacity we already have. Though new construction is often preferred by local governments when the state is paying, planners and policy are increasingly focused on influencing the demand for travel and encouraging denser land uses to facilitate trips by means other than the single-occupant auto. But the evidence is strong that demand (behavior) will change little if the inducement is moral rather than monetary, and density could result in even more auto trips in the same area (even with improvements in other transportation options). Congestion is going to get worse.

A 1998 report by ODOT concludes that there will be no inexpensive or painless ways of avoiding significant congestion increases in the future. Over the next twenty years, Oregon's population is expected to increase by about 30%, which will lead to a 38% increase in travel miles. Even if metropolitan areas are successful in reducing travel miles per capita as called for in the Transportation Planning Rule, travel miles will still grow substantially. If pricing of highway travel does not change, increases in highway capacity will be needed to avoid growing congestion.²⁶

Transportation preservation and finance are other transportation problems. Here, as elsewhere, the effects of growth are ambiguous. Whether growth comes or not, existing highways and bridges have to be maintained. Most state and local studies conclude that the cost of needed preservation far outstrips identified funding. The chief source of revenue for preserving and expanding the transportation system is the gas tax, and increases in that tax have not kept pace with inflation.

Though highway transportation dominates concerns about growth, other modes get congested as well. Air travelers are united in their criticism of construction at the Portland airport, and the delays and inconvenience it causes. Population growth in Portland gets only part of the blame. Deregulation of the airline industry has allowed airlines more freedom to respond to market conditions, resulting in reduced levels of service and increased prices at smaller airports. For example, the Eugene Airport is served by only 3 airlines while Portland is served by 17 passenger airlines. A comparison of lowest round-trip airfares from Eugene and Portland show flights from Portland are consistently cheaper, averaging \$175 less than flights from Eugene for the same destination.²⁷ The Eugene Airport estimates 36% of passengers originating in their market area drive to Portland for lower airfares.²⁸ But the overall impact of deregulation and increased air travel out of Portland has been lower cost travel for airline passengers.

Housing

A previous section on costs of growth defined the principal focus of this section to be the costs of public facilities and who pays for them. There are good reasons, however, to be concerned about not just the cost of public facilities, but the total cost of housing. Minimum shelter and food are basic to any societally acceptable definition of quality of life, and together make up the bulk of expenditures by low-income families. As housing costs have risen in Oregon, the concern about housing has extended to middle-income families.

In 1990, about 12% of Oregon households fell below the federal poverty level. While this number has not changed significantly since 1990, other data paint a more grim pic-

ture of housing affordability. Housing is generally considered affordable if a household spends no more than 30% of their income on housing and utilities. Households that pay more than 30% of their income for housing and utilities are considered to experience “cost burden.” In 1996, 38% of Oregon homeowners experienced cost burden; this figure increases dramatically for renters—nearly 60% of renters experienced cost burden in 1996.²⁹

Housing prices and costs increase for many reasons, but all are fundamentally a result of the interplay of forces—both market and policy—affecting the supply of housing units and the demand for them. A recent study of housing development costs in Portland (White et. al. 1997) provides a good description of the components of housing cost and found that:³⁰

- When measured either per square foot or per person housed, the direct costs of single-family housing (i.e., the costs paid for in dollars by the developer of the housing) are less than those for multi-family housing. Compared to single-family costs per square foot, those for multi-family are almost 25% greater; those for mixed use are over 30% greater.
- When costs are measured per unit, the conclusion flips: single-family units costs are about 35% more than multi-family units (but only about 6% to 8% more than multiplexes (duplexes, quads) or mixed-use housing).

These findings provide yet another example of tradeoffs for public policy. If the objective is to provide some generic product called “shelter” at low cost, then denser, smaller units will do that, but households, if they have the means, will choose to purchase more than minimum space and quality: it’s worth it to them. If more square footage is what they want, then in many cases, it is cheaper to provide at lower densities in single-family units.³¹

“In 1996, 38% of Oregon households spent more than 30% of their income on housing and utilities.”

The Oregon Housing Affordability Study (in progress) is addressing state-wide housing issues.³² Some preliminary information documents rising housing costs in Oregon, both absolutely and relative to other regions:

- Since 1980, the housing price index has increased to 143% (using a 1980 base of 100%) in Oregon, compared to 114% nationwide, and 137% for Pacific states.
- The median sales price of homes “listed” in the Multiple Listing Service increased nearly 90% in Portland and 80% in Eugene/Springfield between 1990 and 1997. The national average increase was slightly less than 30%.
- The median sales price for all homes increased nearly 90% in the Portland PMSA, 84% in the Eugene PMSA, 79% in the Salem MSA, and 51% in the Medford MSA between 1991 and 1997. Median prices increased 27% nationally.
- The median sales price in 1997 was \$155,000 in the Portland PMSA, \$123,000 in the Eugene PMSA, \$119,000 in the Salem MSA, and \$199,000 in the Medford MSA between 1991 and 1997. The median price nationally was \$127,000.

The housing story gets told differently depending on the data cited. Clearly housing prices are rising in Oregon, especially in the metropolitan areas of the Willamette Valley. Eugene and Portland have made headlines in the last year as being among the top 10 least affordable housing markets in the nation. But Table 4-2 shows a picture: despite large increases in housing prices, the relative cost of housing in Portland and Eugene (as measured by cost-of living indices) are still below national averages. The forthcoming Housing Affordability Study may help resolve some of these issues.

Much of the debate in Oregon about growth and housing price centers on the effects of Urban Growth Boundaries on the prices. There is general agreement that prices have been rising faster in Oregon metropolitan areas than elsewhere in the nation. Advocates of tight UGBs blame rising demand; opponents blame lack of supply because of a government-induced scarcity of buildable land. Some middle ground is probably the right place to stand, since prices are determined by both supply and demand forces. Most detailed studies of UGBs find prices higher inside the boundary, though there is disagreement about the relative importance of the contributing causes.³³

Whatever the reasons for the increases in housing costs, state and local policymakers are concerned about it and trying to address it through many different policies: housing development corporations, preservation of affordable housing stock, fee waivers, and so on.³⁴

In addition to housing values, other aspects of housing in Oregon have changed since 1990. For example, legislation passed in 1991 requires cities to plan for manufactured housing as a “needed” housing type. Manufactured units now account for more than one-quarter of new housing units in some communities. Manufactured housing increasingly offers an affordable housing alternative to units built using conventional methods.

Homelessness is a growing problem in Oregon. The 1990 Census reported 2,977 homeless in Oregon. That figure, however, probably underestimated the extent of homelessness in Oregon. In 1993, a “One Night Shelter Count” showed a total of 5,196 persons, 2,077 adult males, 1,345 adult females, and 1,744 children applying for services that one night.³⁵

Culture

In most cases, the existence of cultural amenities is closely linked to population. Larger communities tend to have more cultural facilities such as museums, galleries, theaters, performing arts centers, and professional sport arenas, and more activities associated with those facilities. The largest concentration of these amenities exists in Portland and Oregon's other major urban areas (Eugene, Salem, Medford).

There is not much debate that bigger or higher quality facilities require more people to support them. Whereas for other impacts we have focused almost exclusively on residential population growth, the existence and quality of some cultural amenities depends on the growth of non-resident population—i.e., tourists—as well. Thus, Oregon has a diversity of cultural amenities not only in its metropolitan areas, but also in smaller places that can attract tourists: Ashland, Jacksonville, Newport, Hood River, and Bend.

Measuring the impact of growth on the amount and quality of cultural amenities is difficult.³⁶ But anecdotally, it seems logical to argue that cultural amenities are a benefit of growth (any negative impacts that result from the attraction of people and cars to those amenities are discussed under other headings in this section). The Ashland Shakespeare Festival, the Britt Festival, the Bach Festival, and others seem to get better over time, and their improvement is linked to the revenues they generate from growing. Portland in this decade makes everyone's "quality places" list, and the scope and quality of its cultural amenities contribute strongly to its rating.

For want of a better heading, one could also include in this category all the psychological benefits and costs that come with having more people in one place. Though the extrapolations from the density of rats in laboratory cages to urban popula-

tions have been discredited, most people's personal experience is that more people can occasionally cause stress. As a trivial but indicative example, Colorado's population boom required a shift to 10-digit phone numbers for local calls. The example also illustrates a recurrent theme: costs are usually accompanied by benefits, and vice versa. In Colorado, the telephone demand was less from new people than from fax machines, second phone lines, wireless phones, and pagers: all things that households and businesses find beneficial.

Shopping

Shopping is no longer an activity that fulfills peoples' daily needs—many people consider shopping a leisure activity. The evidence verifies what people already know: shopping and shopping opportunities have increased substantially over the past decades. To some extent, it is those shopping opportunities that define growth.

In 1987, 18,712 retail stores had sales of \$16.8 billion. In 1992, 19,561 retail stores had sales totaling \$24.2 billion, a 44% increase in total retail sales. For the same period paid employees (full- and part-time) engaged in retail trade increased 11%.³⁷

The growth of shopping opportunities is driven by growth in aggregate disposable income, which is a function of growth in both population and income. Inflation-adjusted per capita personal disposable income increased by 7% between 1990 and 1996. In 1996, Oregon had 473 shopping centers accounting for 54 million square feet of retail space. This represents a 4% increase in retail space from 1995.³⁸ In 1994, Oregon had more than 20,000 retail establishments that employed over 100,000 workers and generated \$3.7 billion in payroll.

More shopping opportunities, however, come at a cost. The advent of malls and discount retail stores make it easier for

people to get to a broader array of shopping opportunities, but profoundly impact downtown areas, local economies, and transportation patterns. Moreover, visual preference surveys have consistently found that people dislike the appearance of “big box” stores. While big box stores are flourishing, many residents lament the demise of downtown areas and the homogenization of retail opportunities. Communities have long sought approaches that ensure the continued success of downtown areas and independent local retailers. These efforts have met with mixed success.

Technology is also increasing shopping opportunities available to consumers. Mail order retailing increased by more than one-third between 1990 and 1994. Internet shopping is similar to mail order shopping in many respects. While providing more shopping opportunities, the Internet could also decrease demand for retail space and the amount of driving for retail purposes. Internet shopping clearly offers some convenience, but will probably not replace traditional shopping for many consumers as long as people perceive shopping to be as much a leisure activity as a way to meet daily needs.

The availability of health care facilities (doctors offices, hospitals) are another aspect of consumer choice. Growth allows economies of scale and scope: one typically finds more and higher quality health care options as concentrations of population increase.

With respect to this impact alone, growth is positive: it generally provides more choice of retail goods, easier access, and lower prices. In doing so, it imposes costs (transportation, land use, community values) that are discussed elsewhere in this report.

Education

Population growth has a direct impact on the need for educational services: more households mean, eventually, more stu-

dents.³⁹ Because the linkage is so strong, all Oregon school districts develop enrollment forecasts to assist in delivery of educational services. Between 1988 and 1997, population and school enrollment in Oregon grew at nearly the same rate, about 1.6 percent annually. Enrollment forecasts suggest this trend will continue at least through the 2001-02 academic year.⁴⁰

While enrollment has grown at about the same rate as population, the number of full-time equivalent (FTE) teachers decreased by nearly 1,800 (about 0.7% annually) between 1988 and 1997. As a result, the average student/teacher ratio (which is not the same as average class size) increased by over 13%, from 17.7 in 1988 to slightly over 20 in 1997.

School funding has been an issue in Oregon since the passage of Ballot Measure 5 in 1990, which limited property taxes collected for education to \$5 per \$1,000 of assessed valuation. As a result of Measure 5, Oregon shifted from a locally-funded system of public education to a state-funded system. Before the passage of Measure 5, 26% of the total budget for public schools came from the state; in 1997-98, nearly 59% came from the state. In 1997, Measure 50 further limited property taxes for schools.⁴¹ Despite these financial changes, on average, public schools in Oregon spent more on education every year between 1995 and 1998 (without adjusting for inflation), and more per student. At the same time, however, the ratio of students to schools and students to teachers both increased.⁴²

Related to funding problems (and ultimately to other issues about the impacts of growth on development patterns) are issues of school siting. The incentives are strong for school districts to site new schools at the urban periphery: land costs are lower, political problems are less (schools have become locally unwanted land uses), and the state picks up

70% of the transportation costs. To the extent that school districts opt for peripheral locations, they are inconsistent with a spate of state policy that encourages greater density of new development.

If the discussion of growth and education is limited to building new schools for new students, it is clear that communities that are growing very rapidly often have difficulty expanding educational facilities fast enough to accommodate growth. As a previous section showed, the costs of these facilities is substantial. But changes in technology and institutional arrangements may mitigate the need for more space for more students. Moreover, the quality of education depends on much more than facilities.

The Oregon Department of Education uses a number of standardized tests to evaluate education in the state. State tests are “criterion-referenced,” meaning student performance is evaluated by predetermined standards. Between the 1991-92 and 1996-97 academic years, statewide tests of 3rd, 5th, 8th, and 10th grade students showed improvements in math and reading, and held steady in reading. Class of 1997 graduates averaged the highest scores on the SAT exam since 1972.

There is a substantial literature on the measurement and evaluation of K-12 education. No one believes that standard test scores measure everything, or even that they do a complete job of measuring math and reading skills. Bigger budgets are no assurance of better education, but quality teachers are, and more money may attract and hold them. The connection between growth and the quality of education is too complex to put much faith in any correlations about the direction of the impact: it could be positive or negative.

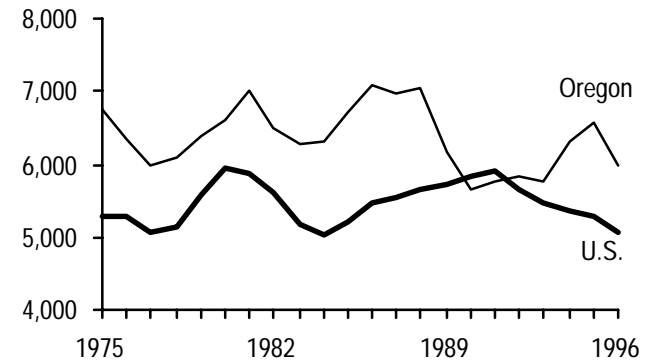
Security

A basic need is to feel safe. Housing gives security from weather, health care from disease, seat belts and air bags from the worst consequences of traffic accidents. This section, however, focuses on security from crime.

Figure 4-11 shows Oregon’s total crime rate has fluctuated widely over the past twenty years. In contrast, the U.S. total crime rate grew slowly between 1984 and 1991, and has since declined. Oregon’s crime rate has been higher than the U.S. for most of the years shown in Figure 4-11. According to the Oregon State Police, crime is concentrated in Portland, Salem, and Eugene—these cities have 24% of Oregon’s population but reported 32% of total crimes in 1994.

People are increasingly concerned about crime, sometimes despite falling crime rates. In Oregon, this increasing concern led to passage of several anti-crime initiatives by Oregon voters, including Measure 11 in 1994 which established mandatory minimum sentences for specified crimes. The result of Measure 11 and other crime measures has been a prison population that is increasing at a faster rate than total population—in the 1995–2005 period, Oregon’s population is projected to grow at an annual average rate of 1.4%, while prison population is projected to grow at an average of 5.2% per year. Figure 4-12 shows Oregon’s prison population since 1985, with a forecast through 2008.

Figure 4-11: Oregon’s crime rate has fluctuated widely



Source: U.S. Federal Bureau of Investigations, annual. *Crime in the United States*.

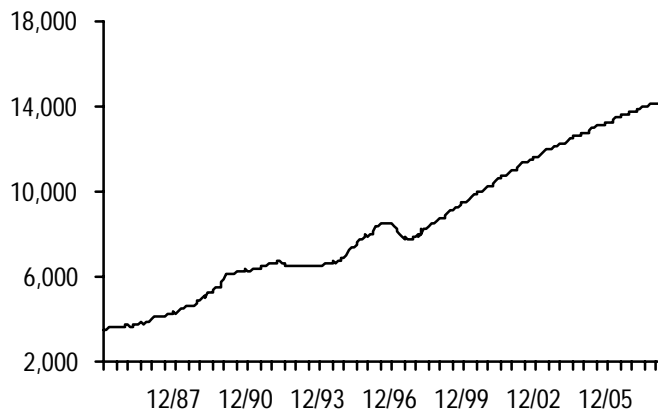
The evidence in Oregon suggests there is not a link between population growth and reported crime rates—Figure 4-11 shows that Oregon’s crime rate has fluctuated widely over the past twenty years, while population has grown steadily over this period. But state level data may mask strong associations at a local level. Obviously there are more felonies committed in Portland than in Corvallis: the more interesting question is whether there is statistical evidence or a perception that one is more likely to be a victim of a crime in one place or the other.

Whether supported by data or not, it is clear that many people act on their perception that denser urban areas are less safe. “Gated communities” surrounded by security walls are appearing more in Oregon. Concerns about security are also being addressed in designs for new development. Designing “defensible space” is particularly important for multi-family and neotraditional single-family development, because security

concerns are often a criticism of high-density development.

As with other issues, it may not be growth itself that creates less security. In the larger picture, the unique impact of population growth is probably small compared to the socioeconomic and demographic characteristics of that population, changing societal values, school funding, state policies and budgets for crime prevention and criminal justice.

Figure 4-12: Oregon’s prison population is expected to grow rapidly through 2008



Source: State of Oregon, Department of Administrative Services. 1998. Oregon Economic and Revenue Forecast.

Recreation

Oregon has long held a reputation as a recreation destination. More than half of the land in Oregon is in public ownership, and 90% of public lands in Oregon are held by the U.S. Forest Service or the Bureau of Land Management. In addition to federal lands, Oregon has a nationally-recognized state parks system. Moreover, most communities and counties have parks systems.

Population growth increases demand for recreational facilities and opportunities. The State Parks Department and most communities use standards to determine how much and what type of recreational facilities to develop. While these standards vary, many communities have a difficult time meeting these standards. Without developing new facilities, more people will compete for the same facilities leading to inevitable conflicts. Moreover, many communities and agencies are finding it difficult to garner public support for parks funding.

The Oregon state parks system provides an excellent example. The Oregon state parks system, established in 1913, presently has more than 200 properties. In 1995, state parks had 92,000 acres, more than 41 million visits, and over \$11 million in revenues.

In 1980, voters passed an initiative prohibiting use of gas tax money for parks. State park user fees, federal funds, recreational vehicle registration fees, and a small part of the state general fund shouldered the burden of funding parks. As a result, few additions have been made to the state system since 1980; the State Parks Department has had difficulty maintaining the system. In 1996, the state Parks and Recreation Commission ordered the closure of 65 parks, a resolution that was staved off by a last-minute budget fix. The future of the state parks system, however, remains uncertain because of ongoing budget problems.

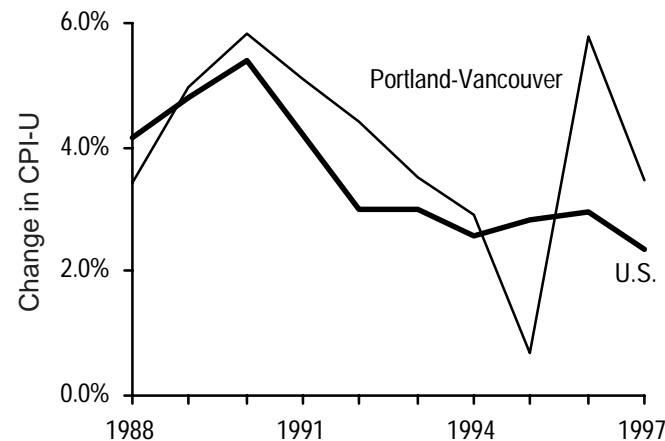
Communities are using a variety of approaches to address park and recreation needs. Some communities have moved towards privatizing many recreational programs. Many have adopted exactions and systems development charges to help provide land and fund park development and maintenance. Others have decreased the level of service, cutting programs, or decreasing maintenance. Land management agencies have initiated pilot fee projects that require users to pay fees for trail access and entrance to many recreational sites.

Population growth has direct impacts on parks: more people want to use them. But other factors contribute substantially. Incomes have risen: people have leisure time and money to spend on outdoor technology: RVs, boats, jet skis. Travel books, tourist brochures, and the internet get more and more information out about Oregon's "best places"—local knowledge is no longer a price of admission. A recent newspaper article commented on increased conflicts for surfing spots in California that resulted from Internet posting about little-known spots and optimal conditions. The only ways that highly desirable recreation locations can be preserved in the face of this rising demand is with regulation (of time and type of use), pricing, or additional funding to expand their capacity to handle the demand.

Cost of living

Prices for consumer goods have been generally increasing in the U.S. and Oregon since the Great Depression. National inflation rates were historically high (for the U.S.) in the 1970s but have since declined to levels of 2–3% per year in the 1990s. Prices in the Portland-Vancouver area have grown slightly faster than the U.S. average in most years since 1970. Figure 4-13 shows, for example, between 1990 and 1997 consumer prices grew at an average annual rate of 3.7% in Portland-Vancouver compared to the U.S. average of 3.0%.

Figure 4-13: Consumer prices have grown faster in Portland-Vancouver than in the U.S.



Source: U.S. Department of Labor, Bureau of Labor Statistics. Annual. "Consumer Price Indexes for All Urban Consumers." Monthly Labor Review. January.

While overall price levels are increasing, the prices of some goods are declining. For example, the prices of electronic goods such as computers, stereos, and televisions have declined because of technological innovations in the manufacturing process, and the real (inflation-adjusted) price of gasoline is currently lower than it has been since the late 1950s due to worldwide market conditions. These trends are true for the U.S. and Portland-Vancouver area.

However, the Consumer Price Index indicates that prices in general have increased faster in Portland than in the U.S., and the result is that the cost of living in Oregon is slightly higher than the U.S. average. Table 4-2 shows a cost of living index for Oregon cities in 1996, where the U.S. average is 100. This index is designed to represent the cost of living for persons

employed in mid-management occupations. The composite index shows the cost of living in Oregon cities is 6%–9% higher than the U.S. average. The indexes for components of cost of living show Oregon cities are more expensive for utilities, transportation, and health care, and less expensive for groceries. The results for housing are mixed, with Salem more expensive and other Oregon cities less expensive than the U.S. average.⁴³

Chapter 2 explained the expected relationship between growth and cost of living: cost of living is a measure of how prices bring the relative attractiveness of a region back into equilibrium with other regions. Thus, if growth in Oregon does cause many aspects of quality of life to deteriorate, one should expect to see cost of living in Oregon decrease relative to other regions whose quality of life is not deteriorating.

An identification and description of key impacts of growth does not lead to clear conclusions about the net impacts of growth

Chapter 1 notes that this report is not intended to determine whether growth is good or bad for Oregon and its communities. Even if this report does an adequate job of describing

types of impacts on a statewide level, it does not begin to cover the ways people in different circumstances are impacted by various aspects of growth. People do not share in the benefits and costs equally. Even if the ideal data were available (per Figure 2-4, information on all types of impacts, on all types of people, in all different locations, for all time periods), those data do not lead inevitably to a conclusion about the net impacts of growth: such a conclusion requires assumptions and value judgments. Chapters 2 and 4 have provided more detail on the reasons for that conclusion.

Nonetheless, it is not likely that people who care about growth issues in Oregon will reach the end of this chapter without some conclusions about the desirability of growth in Oregon. Those conclusions will imply a direction for public policy about growth: to encourage, discourage, or manage it. But a decision about specific policies requires an understanding of what they are, how they influence growth and its impacts, and what other impacts (usually costs) they themselves have. Chapter 5 attempts to make some progress toward that understanding.

Table 4-2: Oregon’s Cost of Living is Higher Than the U.S. Average

City	Composite	Groceries	Housing	Utilities	Transportation	Health Care
Eugene	108.3	93.4	73.6	105.0	115.7	104.1
Portland	109.1	99.7	89.2	112.8	124.0	104.1
Salem	106.0	95.1	103.6	108.4	124.9	101.8

Source: ACCRA. 1997. ACCRA Cost of Living Index, Third Quarter 1996. As reported in U.S. Department of Commerce, Bureau of the Census. 1997. *Statistical Abstract of the United States 1997*. Table 755.

Chapter 5

Tools for Growth Management

SUMMARY

The report uses “tools” or “policies” generally to mean any legislation, administrative rules, programs, investments, or other actions by some unit of government that affect the way growth occurs. Those policies may affect growth directly (e.g., a limitation on building permits) or indirectly (e.g., by requiring pollution control devices that increase costs of new business development and, thus, reduce the amount of new development, at least in the short run).

Growth management tools can be categorized in many different ways. The categorization used in this report is based on the question: What aspects of growth can public policy influence? (which, in turn, may affect the amount, location, and type of growth itself).

With the exception of policies that allow state or local governments to place direct limits on natural increase or migration, governments in Oregon have about every type of tool that has been tried anywhere in the country to manage growth. They address land use or intensity, design, public facilities, other aspects of environmental quality, other fees, taxes and incentives; and the process of how decisions are made. Any community that can get an agreement on how much and what type of growth is desirable can assemble a consistent package of tools to encourage or discourage growth, and to shape its form, provided, of course, that it can convince its citizens (or others: state and federal agencies, developers) to pay for the form they want.

Nonetheless, there are actions that the state could take that would allow or encourage local governments to address growth issues more thoroughly. They include policies to revise tax codes, add local flexibility, and create new funding sources or increase state funding to local government.

This chapter and the previous one make it clear that there is no single package of growth management tools that will be right for every jurisdiction. Communities differ in many ways (size, location, socioeconomic characteristics and desires of citizens, to name a few), and those differences will lead to differ-

ent opinions about the amount and type of growth that is desirable, and what constitutes a fair way to pay for that growth. Despite differences in desired results, the process for agreeing on growth policies is likely to be similar across jurisdictions. It will have to include some level of public debate that considers, among other things, alternative futures; full benefits and costs, and who they fall on; tradeoffs; and state requirements and regional implications.

In this report, “tools for growth management” means the policies currently or potentially available to state and local governments in Oregon to change the way growth occurs. The report uses “policies” generally to mean any legislation, administrative rules, programs, investments, or other actions by some unit of government that affect the way growth occurs. Those policies may affect growth directly (e.g., a limitation on building permits) or indirectly (e.g., by requiring pollution control devices that increase costs of new business development and, thus, reduce the amount of new development, at least in the short run).

As Chapter 2 noted, a broad definition of growth and its impacts leads to a broad definition of growth management tools—a majority of government policies in land use, economic development, and public facilities address some aspect of quality of life (welfare) that growth influences.¹ Those policies vary along at least three key dimensions:

- *Amount of regulation.* Least flexible are regulatory policies that say “You must do this” (e.g., you must hook-up to municipal water and wastewater lines to develop in some urban growth boundary). Slightly more flexible are regulations that say “You must not do this” (e.g., you must not have more than eight units per acre in some residential zone, but if you want less we won’t stop you). Even more

flexible are performance standards (e.g., for storm water, you can build what you want as long you don't increase downstream flows by more than 5%).

- *Amount of incentive.* The flip-side of regulation is incentive: instead of prohibiting what is not desired, policies encourage what is desired. Incentives usually take the form of cost reductions (e.g., tax abatement to encourage chip manufacturers to build and bring jobs to a city) or regulatory reductions (e.g., if you build this way, you can have more density than the underlying zoning allows).
- *Amount of pricing.* Pricing overlaps with regulation and incentives. Parents regulate when they tell a child “Mow the lawn”; they use incentives when they say “I’ll give you \$2 if you mow the lawn”; they use pricing when they say “Your weekly allowance will be reduced by \$1 per day until the lawn is mowed.” Pricing is used commonly and crudely in some policies (e.g., sewer and water hook-up fees); more sophisticated applications are usually suggested by economists, and occasionally applied (e.g., emission fees for pollution, pricing (tolls) by time and location for transportation).

Growth management tools can be categorized in many different ways

Defining growth management as government action that affects quality of life is too broad. For this report, we use a narrower definition: growth management tools are any plans, policies, ordinances, programs, investments, or other actions that seek to influence, directly or indirectly, the rate, amount, type, location, or quality of future development in a jurisdiction.

Even with this narrower definition, the literature on growth management covers dozens of tools that have been applied with varying levels of success.² A comprehensive review of those tools is beyond the scope of this report: this chapter provides an overview only. For such an overview to cover the range of potential tools, some type of classification system is required. Several systems are possible:

- *By type of impact.* Tools are commonly classified by impacts on (i.e., the growth of or changes in) things like population, housing units, industrial and commercial development, jobs, environmental quality, public facility and services, or community character and livability. Chapters 2 and 4 of this report use a similar classification system.
- *By part of the physical environment affected.* Various growth management tools target different parts of the physical environment. Some tools are designed to protect the natural environment (i.e., wetlands, air quality, soil erosion, agricultural lands), while others specifically target the built environment (i.e., design standards, infill and redevelopment policies). Some, such as urban growth boundaries affect both natural and built environments by determining where growth will occur. This type of organization would presumably have to have additional categories for non-physical effects (e.g., on the economic and social environments).
- *By jurisdictional level.* Tools exist at the federal, state, and local levels. The Environmental Protection Agency air quality standards are federal standards that must be implemented by local jurisdictions. Oregon’s statewide land use planning system contains numerous growth

management policies. Local jurisdictions can adopt and implement a broad range of growth management tools.

- *By location of growth.* Different tools get applied where growth is desired (e.g., in urban areas; in higher density areas) than where growth is not desired (e.g., farm and forest land). Tools for suburban areas may be different from those for central cities, tools for large cities different from those for small cities.
- *By type and degree of government intervention.* Most growth management tools rely on one or a combination of approaches: regulations, incentives, and pricing.

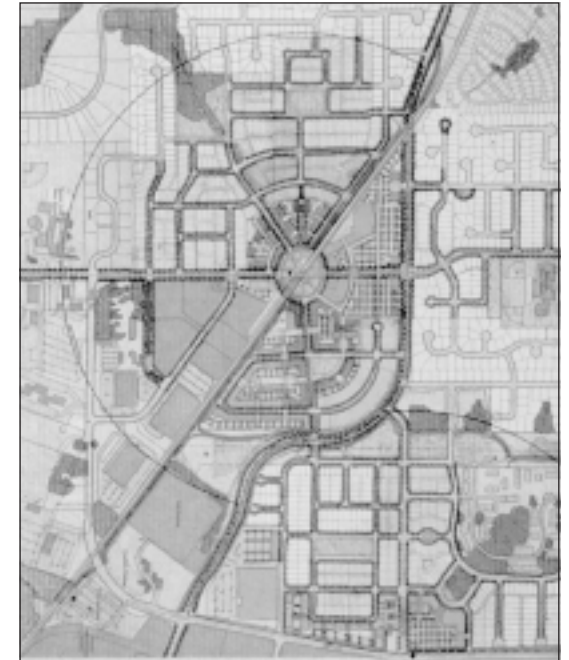
Moreover, growth crosses many boundaries and is crossed by many considerations. A tool that addresses land use impacts may also affect economic development and the environment. Tools regarding where services will be provided may also affect their costs. Financing cuts across all aspects of the growth and development process.

In short, there is no professional agreement on a classification system for growth management tools. Each study is free to invent its own, as this one does. The following system is similar to ones that organize by impacts of growth. It is based on the question: *What aspects of growth can public policy influence?* (which, in turn, may affect the amount, location, and type of growth itself). Growth may be limited directly (the first category), or it may be managed in a way that it is accommodated while its negative impacts are mitigated (the rest of the categories).³ Public policy can aim to affect:

- *The amount of population, employment, or built space.* Growth management tools can try to limit directly growth itself (as defined in this study, growth means more

population, employment, or development). Examples include moratoriums on residential building permits or sewer hookups, or caps on commercial square footage.

- *Land use or intensity.* Tools that regulate the location, type, and intensity of land uses are in common use: they can be found in virtually any municipal zoning ordinance. Most zoning ordinances divide a city into districts; each district has specific requirements that define the permitted uses of land and buildings, the height and size of buildings, the supply of parking spaces, and other characteristics of development.
- *Design.* Two developments that have the same location, types of use, and density can look and operate quite differently: design matters. Examples of growth management tools addressing design include design standards or review boards, landscaping buffers, and tree conservation requirements.
- *Public facilities.* Public facilities allow growth, mitigate its impacts, and provide amenity. The impacts of growth frequently manifest themselves first through inadequate infrastructure: traffic congestion, overcrowded schools, inadequate sewer treatment facilities, or inadequate water supplies are a few examples. Managing infrastructure has obvious linkages to location of growth, environmental quality, and financing.



Examples of public facility tools include concurrency requirements (i.e., requirements that adequate levels of on-site and off-site public facilities be provided at the same time as buildings are constructed), capital improvement plans, and facility performance standards.

- *Other aspects of environmental quality.* Growth management tools also address a variety of environmental quality issues. Many tools applied at the local level are in response to federal or state standards (e.g., for water or air quality, wetlands). Federal and state requirements, however, are not the only reason that communities adopt such tools. Environmental quality is inextricably linked to people's perception of quality of life. Communities have applied a variety of tools to address environmental quality such as open space requirements, wetlands preservation, riparian buffers, and cluster development
- *Other fees, taxes, and incentives.* Jurisdictions are increasingly searching for fiscal tools to better link the cost of providing public services for individual developments to those who directly benefit from those developments. Such tools include system development charges, exactions (i.e., fees or in-kind contributions exacted as a condition of development), special taxing districts, and tax increment financing. Other incentives include write-down on land and service costs, tax and fee abatement, and the use of municipal financing authority to lower private development costs.
- *The process of how decisions about growth are made.* Tools in this category include institutional change (e.g., enabling or encouraging regional government or regional problem solving), better public involvement and representation

(e.g., on annexation and development issues just outside city limits), mediation, and education.

The categories above underscore the inter-relationships and multiple objectives that characterize most growth management tools. The overlaps that exist among the categories create difficulty in defining a system that allows tools to be classified in mutually exclusive categories. The classification system used in the next section suffers from these same limitations, but is consistent with the system described above.

State and local governments already use many tools to manage growth

Tools that regulate various aspects of the built environment have been applied in U.S. communities for decades. Traditional planning tools such as zoning have been widely applied in U.S. communities since the 1930s. The concept of "growth management" emerged in the late 1960s with national interest in environmental protection at that time. In concept, "growth management tools" can either discourage or encourage growth: policies to encourage economic development are growth management tools under this broad definition. In practice, most growth management tools aim generally to accommodate growth while mitigating its negative impacts.

A comprehensive discussion and evaluation of growth management tools is beyond the scope of this study and readily available in the literature on growth management.⁴ Table 5-1 gives some examples of typical tools organized by the aspect of growth they try to affect (as outlined in the previous section). It briefly describes what advocates of a particular tool hope it will achieve, and the aspect of quality of life most likely to be affected by the application of the tool.

The Oregon statewide planning goals, and the administrative rules that define and implement them, are the foundation for most city and county growth management policies. They all develop comprehensive land use plans and implementing ordinances. Communities over 2,500 must have capital improvement plans and transportation system plans. All cities must have Urban Growth Boundaries that provide a 20-year supply of buildable land.

Many Oregon communities use tools beyond those required by statewide planning statutes. Many have system development charges for some public facilities, level-of-service standards, or design review. Few have used minimum density requirements, building caps, urban service boundaries, focused public investment plans, or transfer of development rights.

Many studies have addressed the effectiveness of growth management policies in Oregon.⁵ They find the following patterns of development in various parts of the state:

- Development at densities lower than planned
- Leapfrog and dispersed development in urbanizable areas
- Inconsistent development charges, impact fees, and other exactions across jurisdictions
- Overburdened public facilities, and development in areas lacking the full range of urban services
- Lot and building designs that discourage future redevelopment at higher intensities
- Less than planned amounts of infill development and redevelopment of decaying areas
- Less-than-planned amounts of development that allows and encourages trips other than by single-occupant vehicles.

Table 5-1: Many types of policies are used by or available to local governments in Oregon. Some examples...

Aspect of growth the tools affect/tools	Assumptions about the beneficial impacts of the tool (assuming efficient implementation)	Aspect of quality of life affected	
		Primary	Secondary
Amount of Growth			
Building Caps	Growth, after some point, is not beneficial: its net negative impacts either cannot or will not be controlled by other policies	EQ	A
Employment Limits		EQ	A
Economic Development	Diversifies economic base; increases employment	EW	
Land Use/Intensity			
Community Planning; Visioning	(Includes public involvement) Improves all aspects of quality of life	EQ/A/EW	-
Zoning (traditional)	Preserves amenity; reduces cost of conflict and spillovers. Incentive if upzoning.	A	-
Zoning (minimum density)	More efficient use of public infrastructure.	EQ	
UGB/Annexation Policies	Preserves farmland; encourages efficient provision of services	EQ	A
Building Caps	Reduces growth and all the presumed net negative impacts connected with it	EQ	A
Development Plans	Amenity; environmental protection; more efficient use of services	A/EQ	-
Transfer of Development Rights	Preserves farmland, open space, and natural areas by creating marketable rights	A/EQ	-
Greenspace Acquisition	Preserves farmland, open space, and natural areas by buying them	A	EQ
Development Permits	Ensures plans and standards get implemented	EQ	A
Design			
Design Review	Preserves amenity; potential protection to natural systems	A	EQ
Design Overlay Zones	Same	A	EQ
Performance Standards	Same	A	EQ
Public Facilities			
Level of Service Standards	Maintains health and safety; preserves amenity and environmental quality	A/EQ	-
Service Extension Limits	Reduces the amount and spread of growth	EQ	-
Capital Improvement Plan	Defines the location and timing of public facilities and services	EQ	EW
Focused Public Investment	More efficient use (and therefore lower cost) of public facilities and services	EW/EQ	-
System Development Charges	Growth pays greater share of cost: more efficiency and equity; less growth and fewer impacts	EW/EQ	-
Hookup Charges	Same	EW/EQ	-
User Fees	Same	EW/EQ	-
Other Environmental Quality			
Emission Regulation	Maintains health and safety; preserves amenity and environmental quality	EW/A	-
Emission Fees	Same	EW/A	-
Other Fees and Taxes			
Site Value Tax	Shift of tax to land encourages density and efficient use; equity	EW	-
Tax Increment Financing	Encourages growth, and in places deemed desirable	A	-
Federal Grants	More money to accommodate or control growth	A/EQ/EW	-
Process			
Public Involvement	Leads to better decisions, consensus, or at least partial agreement on approach	A/EQ/EW	-
Education	Provides citizens and policy makers with information, which leads to better decisions	A/EQ/EW	-
Mediation	Avoids litigation	A/EQ/EW	

Recent state and local efforts related to growth management

DLCD case studies on growth outside and inside UGBs

TGM funded research: many local studies; statewide study on growth management tools (*Tools of Trade*) and Adequate Public Facility Requirements

ISTEA: federal mandate and funding for integrated planning

Transportation Planning Rule: state mandate for integrating land use and transportation

DLCD periodic review: TSPs; buildable lands; consistency of local plans with regional growth forecasts

Regional problem solving: e.g., Deschutes, Clatsop, Metro 2040

Eugene Growth Mangement Study: multi-year effort to define a future development pattern

Community Solutions Team; Integration Task Force

Quality Communities (Governor's Executive Order 97-22) Quality Development Objectives

Willamette Valley Liveability Forum

Willamette Basin Commission

EPA: Pacific Northwest Consortium: ecological model for Willamette Basin

ODOT's Strategy for Integrating Transportation/Land Use

ODOT statewide model: transportation, economics, land

Oregon Transportation Plan, corridor plans, and Area Commissions (J-PACT, MWACT, RVACT)

EDD's new Directions in Economic and Community Development

Oregon Housing Affordability Study

"New Directions" for economic and community development

State and local governments have begun to respond to these and other findings about the patterns and impacts of development. By the mid-1980s many parts of Oregon had crawled out of a five-year economic slump and have been growing ever since. By 1990 some of the negative impacts of that economic growth were being felt, especially in areas with high growth rates. New ways of managing those impacts were explored (e.g., the transportation planning rule, minimum density zoning, specific location plans, intergovernmental agreements, specific development plans, and a number of other tools).⁶ The emphasis of current policy with respect to reducing, controlling, or encouraging growth is definitely influenced by prevailing economic conditions.

Ten years of a growing economy have enabled Oregon's communities to focus on tools to manage the impacts of the development that is a manifestation of economic growth. Institutional mechanisms have also improved for coordinating policy among the five

state agencies with primary responsibilities for managing growth in Oregon.

In 1995 Governor Kitzhaber established the Community Solutions Team, composed of the directors of the five state agencies that have the most direct effect on the physical development of communities (the Departments of Land Conservation and Development, Transportation, Environmental Quality, Housing and Community Services, and Economic Development). He charged the group with integrating investments and coordinating programs in order to be more effective at solving local and regional community development problems. A sidebar shows some of the new efforts related to growth management.

Some additional tools might be helpful

With the exception of policies that allow state or local governments to place direct limits on natural increase or migration, governments in Oregon have about every type of tool that has been tried anywhere in the country to manage growth. In most cases growth management is not a lack of policy tools, but a lack of agreement within a community about which ones to pick up and how hard to swing them. Any community that can get an agreement on how much and what type of growth is desirable can assemble a consistent package of tools to encourage or discourage growth, and to shape its form provided, of course, that it can convince its citizens (or others: state and federal agencies, developers) to pay for the form they want.

Such agreement, of course, is difficult for the reason already described in this report: different people, different goals, facing different impacts. People and groups argue strongly at both the state and local level for different policies. The result is often a policy to please each interest, which collectively results

in little change to the trajectory of public policy. Significant increases or decreases in growth or any of its impacts require complementary, not offsetting, policies.

That said, there are certainly actions that the state *could* take that would allow or encourage local governments to address growth issues more thoroughly. Following are some possibilities (these are *not* necessarily recommendations of the Task Force, which are contained in Chapter 6):

- State legislation could be adopted to allow System Development Charges (SDCs) for schools, electricity, fire and emergency services, police.
- The State could revise its tax structure. Many possibilities exist; here are a few examples. A shift to a sales tax would probably reduce Oregon's relative advantage for retail and disadvantage for residential property tax and influence the type of land development on both sides of the Oregon/Washington border. Reducing or eliminating current tax deferral on farmland inside UGBs would encourage development. Economists have long argued that a property tax on land, rather than land and improvements, is more efficient, less distorting, and would encourage greater density of development in urban areas.
- The State could allow more flexibility for local solutions. This suggestion can be interpreted in different ways. First, for reasons noted, local governments already have flexibility: within the context of state and federal mandates, they still have substantial room to either encourage or discourage growth, or to require mitigation of its impacts. Thus, more flexibility would mean going even farther toward local decision. Second, it may mean that local governments are willing to meet mandated

federal and state performance standards, but they want to be able to implement creative local solutions in place of standard ones that the mandates require. That seems a reasonable request: if objectives can be achieved more efficiently, provide the flexibility to allow it to happen. Third, it may mean that local governments want relief not only from the means prescribed by the federal and state mandates, but from the ends as well. For example, some counties would like more flexibility to choose a future growth forecast to plan for, rather than having to use the forecasts of the state economist. The state could go even farther: it could allow jurisdictions the flexibility to grow less by repealing requirements for a 20-year supply of land and removing limitations on moratoria.

- State funding to local governments could be increased, or new local funding mechanisms authorized. Though local governments may have the legal authority for growth management actions, and may desire to mitigate some of the negative impacts of growth, they may lack the money to undertake them. One might argue that they have the authority to raise the money locally, and that local revenue generation would be consistent with getting growth to pay its full costs. Alternatively, one could argue an overriding state interest in local growth management makes state funding desirable. Funding for economic development, infrastructure, and intergovernmental coordination would be useful to local governments.

Some tools require big action at the state level: changing the tax structure would require legislative action *and* widespread public support. Others, such as expanding SDC legislation to allow charges for new schools would require legislative approval but probably would find public support. But many of the things

“Local governments in Oregon have many tools they can use to influence the amount, type, location, rate, and design of growth. Nonetheless, the state could adopt policies that would allow or encourage local governments to address growth issues more thoroughly.”

that have been suggested during this project can be done without new legislation: for example, DEQ can raise emission fees, special districts can raise fees based on new estimates of full costs of service, local governments can offer and rescind tax incentives or shift toward performance zoning.⁷

To what degree can these tools be expected to address some of the big issues about growth?

Community growth management programs employ a combination of the tools discussed in the previous section. But do these programs—these collections of tools—do a good job of addressing the aspects of growth that people are concerned about? Public testimony and Task Force discussion raised dozens of questions about growth during this study. Each of these questions could have been the topic of a separate study, or at least a separate chapter. The rest of this chapter addresses a few of the more general ones to provide a sense of the ability of growth management tools to deal with the negative impacts of growth.

Can we grow less?

At the *state* level, a review of the components of population growth provides some insight into this issue: nearly one-third of the state's forecast population growth over the next 20 years will come from natural increase. In other words, even if Oregon were to close its boundaries to migration, population would still increase unless people move out.

Given the likely range of policies that fit with the likely local authority and political will of state decisionmakers, the state can probably reduce population growth, but cannot eliminate it. If one takes statewide growth as a given, at least in the short run, a relevant question plays out at the local level: Can some communities in Oregon grow less? Theoretically, communi-

ties could adopt policies that would strictly limit the expansion of urban services, and as a result growth. Oregon's land use program, however, requires UGBs to contain a 20-year supply of land:⁸ they must accommodate forecasted growth. (Their lever for slowing growth is to forecast less of it, which would need to be justified by growth-reducing land use and infrastructure policies that they intend to adopt.) Moreover, if the restrictive policies achieve a desired end of making one community more attractive than the alternatives, the pressure for growth will increase, and so may growth in the long run.

Within a region, it is almost certainly possible to redistribute growth—ideally from communities that don't want it to those that do. In the Portland region, with multiple cities and counties offering different mixes of service and policies, growth can shift. Shifts *across* regions (e.g., Western to Eastern Oregon) are discussed in the next section.

Finally, note that at some level it has to be the case that we can use public policy to get less growth if we believe that we can use public policy to get more growth. State and local governments now have in place tools to encourage some types of economic development. If they have any affect, then eliminating them would lead to less growth. Similarly, they have policies that, while not necessarily aimed at this goal directly, have the secondary impact (at least in the short run) of reducing growth (e.g., regulatory environmental protection that may increase the cost of development). Changing those policies could increase growth if that were desired.

In sum, the range of policies that are typically described for managing growth can probably not make Oregon grow at 10% per year any more than they can make it grow at 0%. It takes national economic conditions to make that happen: policies

over which Oregon policy has little control. Oregon can, however, adopt policies that make its expected long-run population growth rate of 1.9% per year move a little in either direction. At the local level, more significant changes are possible.

Can we redirect growth from one part of the state to another?

For every period in Oregon's history, the majority of its growth has occurred in the Willamette Valley. If, as some people believe, the negative impacts of growth now outweigh its benefits in the Willamette Valley, and if other parts of the state want growth, then a reasonable question is whether a combination of state and local policies can redirect growth from one part of the state to another.

A study for the Puget Sound Council of Governments (ECONorthwest 1990) found that neither state nor local governments had made concerted efforts to redistribute growth from one region to another. Moreover, not only had they not tried, none had wanted to. While the effort to redistribute growth may have few precedents, the literature offers empirical and theoretical insights on the issue. If citizens of a region *want* to slow economic and population growth, they can do it through intelligent design and aggressive implementation of state and local policies.

The growth foregone in metropolitan areas of the Willamette Valley, however, will not necessarily redistribute itself to other parts of the state. Part of the foregone growth would not occur at all. The other part would be much more likely to occur in other urban centers along I-5 (e.g., Seattle, Vancouver (BC) with possible spillover to Vancouver (WA), Sacramento, San Francisco, or Los Angeles) than in Klamath Falls, Ontario, or Pendleton.

The reasons are straightforward. Portland's economy—both its size and composition—is not simply a larger version of Pendleton's economy. It more closely resembles Seattle. Those resemblances are not limited to geography and topography. For example, Portland provides specialized cultural, legal, medical, and financial services that are not available in Pendleton. The firms and households that will make up Portland's expected growth through 2020 will make their decisions based on their own evaluations of the advantages and disadvantages of Portland's scale, complexity, and location. If they are denied them in Portland, they will find them in Seattle, Vancouver (BC), or San Francisco sooner and at less cost than they will find them in Pendleton.

The idea that we are redistributing some given population of new households and jobs is not the right way to think about the issue. There is a link between the urban and rural, western and eastern, economies of Oregon, but it is more likely to be complementary than offsetting: eastern Oregon is more likely to grow if the Portland economy does also.⁹

Thus, it is probably best for the purposes of this policy question to think about different regions in the state; the answer is then more clear. Some regions (*or communities within regions*) can adopt policies that encourage growth while others adopt



policies whose effects, at least in the short run, are to slow it down. The result of those policies will look like a redistribution of the growth that had been forecast, but will, in fact, be composed of different households and firms than would have existed in the absence of those policies.

Can we grow smarter?

If growth is going to occur, can policies mitigate its negative impacts? In general, yes: most of the policies in Table 5-1 have that objective and can have that effect. More specifically, considerable work has been done nationally and in Oregon on ways communities can grow “smarter.” Smart growth initiatives typically aim to direct resources to revitalize older developed areas, preserve valuable resource and open space lands,

and discourage the continuation of urban sprawl.

Table 5-1 shows examples of policies that can do all those things. Smart growth initiatives are closely related to growth management programs—so closely that it is hard to distinguish how policies for smart development would differ from those for good growth management. Both attempt to balance economic development with impacts on communities and the environment. Both use many of the same planning and fiscal tools.

At least a dozen states are presently considering or have adopted smart growth initiatives. In Oregon, the Transportation and Growth Management Program initiated a “Smart Development” program to provide grants to communities to help develop and enhance more livable environments.¹⁰ In keeping with the theme of this chapter is the question of net impacts: is this mitigation of the negative impacts of growth enough to justify a continuation of other policies that allow us to enjoy the benefits of growth like economic security, consumer goods, and urban amenities? There is no neat quantitative answer to that question: unanimous agreement at the local or state level is impossible.

Can we change the incidence of cost?

A broad range of cost-recovery techniques are available to local governments to pay for public services associated with growth. Communities may, and do, take different approaches to paying for growth; approaches that presumably reflect a community consensus on who should pay for what and when. Those approaches, implicitly or explicitly, are the local decision about what is a fair incidence of cost. Thus, communities clearly have the ability to shift the incidence of cost to one group or another.

Financial tools such as exactions, system development charges, and hookup fees place the initial incidence of cost on developers. Most of those costs, in most cases, are ultimately passed on to the consumers of the development: some may be shifted back to landowners; almost none stay with a developer or builder.

A change in government policy almost always has a redistributive effect: it benefits and burdens some people more than others. More important than an answer to the general questions about whether growth management policies can affect the incidence of cost (yes, they can and almost always will), are answers to the more specific

Smart Development

Uses land and resources efficiently—Smart development is compact and reuses existing sites and buildings wherever possible.

Is located in cities or areas with full urban services—Smart development supports existing development or creates centers of new development to make the fullest use of existing services.

Mixes Uses— Smart development combines many activities, including commercial, retail, education and recreation, with housing. This allows people to take care of much daily need without driving, and creates a lively and safe environment in the community.

Encourages transportation choices— Smart development connects a community’s existing network of walkways, bicycle paths and streets and provides direct routes to housing, employment, commercial services, schools, parks and public transportation, if available.

Uses detailed, human-scale design—Smart development is designed to the scale and comfort of people, and uses locally-appropriate design to reinforce a community’s identity and heritage.

Smart Development Principles developed by TGM in cooperation with Livable Oregon.

questions about the incidence of costs and benefits from the application of a specific policy in a specific location. A previous section of this chapter provided some information on that topic, but an evaluation of the distribution of costs of all policies or combinations of policies is beyond the scope of this study.

Can we deal with regional problems?

Few of the impacts of growth tie closely to political boundaries like city limits and county lines. One jurisdiction's growth can have an impact on another that is downstream, downwind, or down the street. Eugene, at the southern end of a Valley with northwest prevailing winds, suffers from the effects of field burning in other counties. An arterial built by one jurisdiction may have its excess capacity consumed by growth in another.

The economist's solution to the problem of spillovers is to "internalize the external costs." One way to do that is with prices. If air pollution from motor vehicles operating in Portland is polluting air to the south, charging emission fees (which may reduce driving) provides incentives to car owners to get less polluting vehicles, and creates revenues to offset the costs that people to the south of Portland may bear.

Another way to internalize costs is to expand jurisdictional boundaries until external costs are appropriately small: in other words, to establish some form of regional decision making. Metro is widely considered a model regional government in the U.S. It deals with the regional issues of transportation, land use, greenspaces, and so on. The Minneapolis/St. Paul regional government is a notable example for its regional tax-base sharing. Other formal institutional arrangements in Oregon are Metropolitan Planning Organizations and Councils of Government.

Less formal regional arrangements are also available and in use in

Oregon: the Regional Problem Solving¹¹ program, the Willamette Valley Livability Forum, and watershed councils are a few examples.

Can we improve the public's participation in decisions about growth be improved?

There are plenty of indications that public participation needs improvement. There are many complaints about local process ("I wasn't notified," "the decisions were already made"). The movement for voter approval of annexations derives in a large part from a belief that city governments do not fairly represent interests of the people most directly affected by those annexations. The success of that movement (all seven local initiatives for voter-approved annexations on the ballot in November 1998 passed) means voters are asking for more involvement in local choices about the pattern and jurisdiction of growth, if not also its amount. The spate of ballot initiatives could be construed as a strength of public participation or a reaction to the inability of elected representatives to make decisions that reflect the desires of their constituents.

Public involvement can certainly be increased, and the funding to allow it to be more expansive and substantive can also be increased. Thus, it can be improved.

More relevant, however, is some assessment of whether cost-effective improvements are possible. No matter what they choose for a community decisionmaking process, local governments will be criticized. If they do little, the criticism is obvious. But if they do a lot, the criticism is that they are being ineffective and wasting taxpayer money.¹² Thus, local governments want to find some middle ground: a citizen involvement process that is fair, substantive, appropriate to the scale of the problem, and effective in getting in a timely man-

Public Involvement in Regional Policies for Growth

Oregon jurisdictions have been at the forefront nationally of regional planning for growth and citizen participation in that planning.

The two best known, and related efforts, come out of the Portland metropolitan area. *Region 2040* started in 1990 as some general goals: it evolved to a regional plan for land use that is binding on cities and counties in the region. *LUTRAQ* was organized and funded by non-profit groups, and grew out of citizen concerns with highway planning in the Portland region. The study won national planning awards and has become a model for both the political and technical aspects of grassroots efforts in transportation and land use planning.

Many cities—Eugene, Salem, Corvallis, and Albany, to name a few—have had (or are currently involved in) extensive efforts to get citizens involved in growth management issues. Eugene, for example, spent over a year on *Shaping Eugene*, which ultimately led to workshops and surveys for citizens that asked them to consider the many conflicting aspects of growth (the positive and negative impacts, as described in this report) and to make decisions about a vision and the policies consistent with it. In parallel to that effort was one by a nonprofit group that spent a year facilitating education and discussion about growth in Eugene among a small group representing diverse interests.

Other efforts have crossed political boundaries to look at regional solutions. The Regional Problem Solving program has funded pilot projects in Clatsop, Deschutes, Jackson, and Polk/Yamhill Counties. The Rogue Valley Civic League, a two-county, non-profit was organized to provide a neutral forum for public dialogue about regional issues, and has produced a “Regional Vision Plan” for Jackson and Josephine Counties. Several cities in Umatilla County joined together to address community needs arising from rapid employment growth.

alternatives. One possible implication is that cities need more flexible state requirements that would allow them to remove some of the buildable land that is unlikely to be annexed from

ner to decisions that people agree were made openly.

The principles and techniques for effective public participation have been well known for decades and have been applied extensively in Oregon. More recent and slightly different applications in Oregon include local designs charrettes, extensive polling and focus groups, real-time electronic voting on policy preferences, and small-group process for conflict resolution and mediation.

Clearly, more citizen participation of this type has a process cost. But the structure of that participation could also change how planning gets practiced in Oregon. For example, voter-approved annexations mean, at a minimum, that a city should not simply assume that it will be able to grow into contiguous areas that are already partially urbanized. Thus, it must do additional planning to consider

their buildable land inventories: the result would be different, probably larger, urban growth boundaries.

Deciding on the best tools requires judgment, but some guidance is available

This chapter and the previous one make it clear that there is no single package of growth management tools that will be right for every jurisdiction. Communities differ in many ways (size, location, socioeconomic characteristics and desires of citizens, to name a few), and those differences will lead to different opinions about the amount and type of growth that is desirable, and what constitutes a fair way to pay for that growth.

This report has argued, however, that managing growth is just another way of talking about planning for a future. Despite decades of looking for an alternative, the general steps for that kind of public planning are hard to improve on. It requires a community to engage its citizens in a discussion of facts about growth; possible futures (alternatives) and the impacts of those alternatives on the community and surrounding communities; and how those alternatives could be achieved (the policies). Figure 5-1 illustrates a typical process.

That discussion is not easy. Appendix E gives an example of some of the thorny issues about fairness that underlie decisions about a system development charge for schools. Other policy changes are equally difficult. In trying to decide on a position on growth and a package of policies to support that position, local governments should have some level of public debate that considers:

- *Alternative futures.* What's likely? What's desirable?
- *Local responsibility for global problems.* To what extent, and how, should local policies attempt to address larger

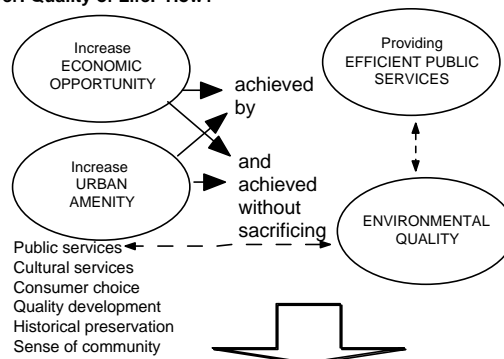
problems like population growth, global warming, resource depletion, and social justice?

- *Full social costs, externalities, and distributional impacts.* Chapter 4 shows that impacts of growth are much greater than the costs to local governments of providing public facilities. What are the biggest impacts of a particular policy course, and how are those impacts likely to be distributed (including impacts that occur outside local boundaries)?
- *State requirements; other local and regional policy direction.* Impacts cross boundaries in both directions: what other levels of governments do can have big impacts on the success of local policy. Do local policies fit into a consistent state and regional framework for dealing with growth?
- *Tradeoffs.* Because there are options, there are tradeoffs. As some factors that contribute to quality of life become more scarce, local policy may want to take stronger steps to protect them. Local government is the logical place for taking a collective, long view of what a place could and should become. Some risk assessment is required: given inherent uncertainty, which actions best protect quality of life? Are some things becoming so scarce that they need protection, even if the cost is greater than current market prices might suggest the protection is worth?
- *Consistency.* It is common for government policies, in an effort to give something to all interests, to offset one another. Choose a future and realign local policy to work consistently toward it.

Figure 5-1: One way to structure a local discussion of growth and growth management

**What is the city trying to achieve by managing growth?
In other words, What are the goals?**

Answer: Quality of Life. How?



1 GOAL SETTING

The amount and the distribution of the impacts (benefits and costs) over time is important.

What are the policies that the City has used in the last 10–20 years to achieve these goals?

Should there be growth?

Should there be growth? As a matter of policy, is the City for, against, or neutral on growth?

Answer: may not be answered directly in a specific policy statement, but other policies imply the answer. Most cities in Oregon, at a minimum, have accepted and tried to accommodate growth. Some policies have actively sought to encourage growth (ECONOMIC DEVELOPMENT). Those policies, however, can change.

Given, at a minimum, the acceptance of growth, what has the City done to reduce its negative impacts?

Implemented policies to:

- Get growth to the right place (LAND USE/LOCATION: planning, zoning, growth boundary)
- Get growth designed right (DESIGN: subdivision ordinances, design review)
- Get adequate services to growth to avoid negative impacts (SERVICES: sewer, water, roads)
- Mitigate the negative impacts that do occur (MITIGATION: wetlands reclamation, transit)

**2 REPORT CARD
POLICY HISTORY;
POLICY FRAMEWORK**

What policies are available for future growth management, and how well do they work?

3 EVALUATION

How do the policies relate to each other? How do they interact with market forces?
How are they likely to work?

Chapter 6

Conclusions and Recommendations

SUMMARY

This chapter summarizes how the Task Force interprets information in Chapters 2, 3, 4 and 5 in the context of public policy. Only conclusions and recommendations on which the Task Force members agreed unanimously are included in this chapter

The Task Force agreed on three categories of conclusions:

- How communities and regions within Oregon are growing.
- *How and when communities pay for, and benefit from, development.*
- *Tools communities may use to address growth-related issues.*

The Task Forces recommendations address regional problem solving, protection of natural resources, better financing and some new financing mechanisms, state-funded technical assistance to local governments, and the creation and funding of a subsequent task force to address in more detail certain growth issues identified in this report.

Chapters 2, 3, 4 and 5 summarize the information the Task Force reviewed during its investigation of the impacts of growth. It also considered more detailed information presented in appendices and attachments to this report, including public testimony, both oral and written, on growth and growth management issues. Collectively, this information constitutes the facts about growth and its impacts that the Task Force was charged to assemble.

This chapter summarizes how the Task Force interprets these facts in the context of public policy. The Task Force drew several conclusions from the facts, and then agreed on eight recommended next steps. The specific charge to the Task Force did not require it to go any farther than getting agreement on facts about growth (i.e., Chapters 2-5). The members decided,

however, that they would make recommendations whenever they could reach unanimous consensus.

Conclusions

How communities and regions within Oregon are growing

1. Different rates of growth affect communities differently and the impacts of growth vary by local conditions

Communities throughout Oregon are changing. Some communities are growing rapidly due to an influx of people and jobs. Others are distressed due to the loss of local jobs and services. This report references several studies that suggest that the per capita costs of growth are higher in both slow and fast growing communities than in communities growing at a moderate pace. Slow-growing communities have difficulty raising the funds to pay for services. However, it is clear that higher rates of growth do not solve a jurisdiction's revenue problem. Fast-growing communities have more difficulty managing the effects of growth than slow- or moderately-growing communities.

The Task Force also concluded that the type and magnitude of growth impacts, both good and bad, vary significantly depending on local conditions. Variables such as geography, growth rate, methods of paying for growth, levels of healthy civic engagement on growth issues, and size of the community, among others, can have a substantial effect on growth impacts.

2. Communities should consider growth and development-related issues in a regional context

Community development issues are complex and interrelated, often affecting surrounding jurisdictions. For

example, if a community decides it wants to focus its community development efforts on creating jobs rather than on providing housing, surrounding communities may receive additional pressure to provide housing for people who are attracted to the area for job opportunities. This type of jobs/housing imbalance within a community may also affect the level of congestion on roadways connecting the jobs and housing as people travel longer distances to and from work.

Another example might involve a community that does not want to grow (e.g. a town surrounded by high-value farmland). If decisions about if, where, when, and how communities should grow are made in a regional context, communities that want to grow and that can absorb that growth (e.g., are surrounded by lower-quality soils) may agree that they are better suited for development than those communities surrounded by high-quality soils.

Regional treatment of issues also presents opportunities to tailor state policies to local needs. Sometimes implementing a policy regionally rather than locally is more sound given that many issues transcend local boundaries. For example, the Regional Problem Solving Program provides money to local governments to solve problems in a regional context.

3. Communities must be cognizant of the relationship between growth, natural resources and quality of life

Fast-growing communities cannot sustain high growth rates without affecting quality of life and environmental quality. Even communities growing at a moderate or slow pace should be cognizant of how growth affects the quality of the natural and built environment. Air, water and other natural resources have a finite supply. If a community

grows, it should develop in a way that minimizes negative affects on regional environmental concerns and available natural resources (e.g., available water, air quality, etc.)

How and when communities pay for, and benefit from, development

4. Paying for growth-related infrastructure presents a significant challenge to many Oregon communities

The amount of population and employment growth forecasted for Oregon cannot occur without the construction of public facilities. For new single family housing, the construction costs of on-site facilities (e.g., local streets, sidewalks, sewer, water lines and meters) are on the order of \$15,000 to \$20,000 per housing unit. Developers initially pay those costs either directly by building the infrastructure themselves, through special assessments, or as fees to local governments and special districts. In turn, developers pass these costs on to purchasers.

The construction costs of off-site facilities (e.g., improvements to arterial streets, sewer and water trunk lines and treatment plants, schools, fire stations, parks) are on the order of \$15,000 to \$30,000 per housing unit. Some of these costs are paid by developers (and purchasers) through System Development Charges (SDCs) and exactions or dedications; some are paid by current and future property owners through taxes to retire debt; funding for some projects is also available through federal grants and revenue sharing.

Some of the off-site costs are probably deferred, with the result that either (1) future households will have to pay for new facilities or accept a lower level of service, (2)

methods and technology will have to change in ways that allow level of service to be maintained with less capital investment per capita, or (3) growth will need to be slowed or stopped. Studies reviewed by the Task Force showed that in most cases there is a gap between the level of off-site costs incurred by a community and the revenue available to cover those costs. The amount of the gap varies from community to community and there is strong debate about the size of any shortfall. The Task Force did not resolve this debate.

Communities may be able to reduce the costs of growth by selecting development patterns that use infrastructure efficiently. The most efficient growth pattern may vary depending on unique local conditions.

Shortfalls in revenues that would enable a jurisdiction to construct and maintain public facilities at current levels of services are a problem regardless of a community's rate of growth. Slow-growing communities have difficulty raising funds for infrastructure to support growth. Fast-growing communities have trouble building infrastructure to keep up with growth.

This problem is particularly acute for transportation. State gas tax revenues are not adequate to pay for transportation needs, and cannot be spent for transit, which in some cases might be an efficient alternative to road construction.

In some cases, financing mechanisms do not raise revenue when revenue is needed. Large capital investments require up-front financing, while the revenues often flow in small increments over time. Taxes and fees also are not assessed at the time when land is added to urban growth

boundaries, even though significant property value is created by this act.

5. Oregon's tax system affects the resources available at the local level to deal with growth-related issues

Oregon's tax system increasingly relies on income tax revenues; the state does not have a sales tax and property tax increases have been limited by voters. Income taxes are highly responsive to growth, meaning that more revenue is generated during high growth periods and in fast growing communities than during slow-growth periods and in slow-growing communities.

Income taxes are collected and spent by the state. Local governments rely heavily on property tax revenues which are limited through voter-approved initiatives. Property tax revenues provide a relatively constant flow of revenue, but are less responsive to growth. Local governments must bear much of the cost of providing the infrastructure needed to support growth, but do not have a revenue stream commensurate with the need.

For example, state law requires state income tax revenues that exceed forecasts to be returned directly to taxpayers as the income tax "kicker". Local governments seeking funds to pay for growth related infrastructure costs have no access to this growth-related income, nor has there been an adequate method of projecting this income within the forecasting formula.

This study did not examine whether redirecting revenues from state to local governments would eliminate or reduce the infrastructure funding gap or have other consequences.

Tools communities may use to address growth-related issues

6. Communities may need to use incentives to foster the type of development they desire

Not all communities in the state are growing rapidly. In many counties and small cities, public policy is aimed at encouraging growth, not restraining it. It is important to focus public attention and resources on small slow-growing communities that want to encourage growth as well as to help fast-growing communities to deal with the effects of growth or to assist them in slowing growth.

If slow-growing communities hope to grow at rates in excess of what market forces would cause, they will need to offer incentives to stimulate development that is compatible with local, regional, and statewide needs. For example, financial incentives may be used to encourage development that reinforces downtowns and community centers as well as helps to diversify a local economy.

Rules and regulations only permit development to occur; they do not make it happen. Land may be zoned for commercial, industrial or residential development, but that does not ensure development will occur. Many Eastern Oregon communities that have an adequate supply of land zoned for economic development purposes are unlikely to get a type and amount of development consistent with community goals unless they target investments and offer incentives, or unless there are significant changes in market patterns and market development.

Incentives can also be used to focus growth in moderate- or fast-growing communities in downtowns, main streets and neighborhoods rather than on the urban fringe. For example, if land near community centers is more expensive than is land on the urban fringe, different types of incentives could be crafted to reduce the cost of the land near the community center. Similarly, if development on infill sites is more time consuming, incentives and tools could be offered to encourage developers to choose to build on infill locations.

7. State agencies need to integrate their programs better to respond to local needs

Many communities believe that state agencies do not act consistently when implementing programs and policies. An example cited is the inconsistency between the Oregon Department of Transportation (ODOT) and the Department of Land Conservation and Development (DLCD). DLCD encourages higher-intensity, mixed-use development patterns in certain locations, while ODOT sometimes recommends denial of such development on the basis that such development will overburden state highways or that congestion problems on existing roadways will be exacerbated. This can create frustration at the local level.

Another issue cited is that state programs need to respond to a range of community development issues. What works to enhance the quality of life in one community may be inadequate in another. State agencies need to work more collaboratively with each other to find the most appropriate and effective ways to achieve state policy goals in ways that work in local areas.

The committee was briefed on the Governor's Community Solutions Team which was established to integrate the programs of state agencies, and to work together to solve community development problems, rather than simply run agency programs. The team consists of the directors of five state agencies whose programs and investments most directly affect the physical development of communities and regions across Oregon. These agencies are Economic Development, Environmental Quality, Housing and Community Services, Land Conservation and Development, and Transportation. State agencies need to support local and regional efforts to maintain and build livable communities through collaboration and creative problem solving. To do this, it is often necessary to break down the institutional barriers that exist between them.

8. Use existing tools to achieve community goals

Chapter 5 outlined the range of tools available to address community development issues. Communities have access to the tools that can help them shape or direct growth. However, the Task Force heard that some jurisdictions need technical and financial assistance to help identify how to apply available growth management tools in a manner that supports local priorities and visions. The Task Force also heard that additional tools are needed to enable communities to encourage, direct, or slow growth.

9. High-quality design is important

The debate about growth is not just about how much, but what kind. Two developments of identical size and density can have very different impacts on their community depending on how they are designed.

Community acceptance is closely tied to good quality design that is sensitive to impacts on surrounding properties and whether the development contributes or detracts from the aesthetic value of the community. High-quality design and construction may, however, increase housing cost.

10. Citizens are increasingly concerned about if, how, and when their community should develop

Many people and community representatives indicated that citizens are feeling increasingly disconnected from their local governments on growth issues. One example of this trend is the recent increase in local initiatives to amend city charters to require a public vote prior to approval of annexations.

Business, civic, and government leaders must constructively respond to growing citizen concerns about growth-related issues and quality of life in communities. The intensity of citizen concern has reached the point that failure to act may jeopardize Oregon's land use planning program and the economic future of the state.

"Business, civic, and government leaders must constructively respond to growing citizen concerns about growth-related issues and quality of life in communities. The intensity of citizen concern has reached the point that failure to act may jeopardize Oregon's land use planning program and the economic future of the state."

Recommendations

1. The State Legislature and Department of Land Conservation and Development need to ensure that adequate tools exist so that communities will participate in sound regional planning for purposes of protecting farm and forest land and achieving other statewide goals. For example, the Regional Problem Solving Program, which provides resources to local governments to help address problems that are regional in scope has met with some

success and should be funded by the legislature. The State should also consider ways to coordinate the timing of the periodic review processes within a region to make it more conducive to addressing regional problems.

2. The State should study whether there are better ways, within a regional context, to limit growth in certain areas for purposes of natural resource protection.
3. The added value created when property is added to urban growth boundaries should be taxed by the local jurisdiction for the purposes of defraying the cost of growth and promoting affordable housing.
4. The State should develop mechanisms that would allow local governments to finance infrastructure needs in a timely manner. One mechanism could be a state-funded loan fund available to municipalities.
5. The State Legislature should increase the gas tax to fund transportation improvements across the state and should also create funding mechanisms for local transit needs.
6. State agencies should increase their efforts to coordinate their activities and programs with one another, consistent with the Community Solutions Team approach.
7. As a follow-up to this project the state should consider increasing technical assistance to local government officials on matters of managing growth. One useful product would be a growth management “how to” manual to help local governments use existing tools as effectively as possible to advance their unique vision for their community’s future. This can be in the form of a written manual, workshop, or a web-site.

8. A new committee or task force should be convened during the 1999-2001 biennium to more thoroughly research issues and oversee implementation of these recommendations. This group should specifically address the basic fairness issues surrounding the question, “who should pay for growth?”, and should also consider the adequacy of tools available to local governments to slow or stop growth. The Legislature should allocate sufficient time and resources to allow the group to thoroughly address the range of issues.



Appendix A

Endnotes

Chapter 2

¹ For a more detailed description of how regions and metropolitan areas grow see an appendix to this report, and O'Sullivan (1994), Moore and Thorsnes (1994), ECONorthwest (1994). For the importance of metropolitan growth, and of capturing suburban growth, to central cities, see Rusk (1993).

² See ECONorthwest (1994) for a longer discussion of the importance and essential components of a full-cost framework for evaluating growth-management policies.

³ For an overview of this perspective, see the material submitted to the Task Force from Tom Bender, which provides evidence of ecosystem misuse, resource depletion (especially fossil fuels), and population growth, and argues that growth has immense costs (both direct and social) that could be avoided by population stabilization, transition to renewable resources, and a four-fold reduction of consumption.

People with this perspective often advocate sustainable development as an alternative to today's level of growth and consumption. Sustainability is a philosophy about limits, connections, the importance of natural systems, social justice, and civic engagement. The literature on sustainable development is strong on underlying philosophy, information about global ecological limits, and suggestions for local process, but weaker on tradeoffs and applications to regional growth management. In general, its policy recommendations derive directly from its assumptions: since sustainable local development means less consumption, more conservation, and greater community awareness and participation, desirable policies include recycling, energy conservation, non-auto transportation, protection of farm land, tight urban growth boundaries, greater urban density, and more substantive public involvement (Krizek and Power 1996).

Chapter 3

¹ Much of the data in this report is available by county. Oregon has 36 counties, and describing conditions and trends for each individual county would be complex and possibly confusing for the reader. To simplify our presentation we grouped counties into five regions, based on physical proximity and economic ties. The composition of these economic regions are as follows:

Coastal Oregon: Clatsop, Columbia, Coos, Curry, Lincoln, Tillamook. *Willamette Valley:* Benton, Clackamas, Lane, Linn, Marion, Multnomah, Polk, Washington, Yamhill. *Southern Oregon:* Douglas, Jackson, Josephine. *Central Oregon:* Crook, Deschutes, Hood River, Jefferson, Klamath, Sherman, Wasco. *Eastern Oregon:* Baker, Gilliam, Grant, Harney, Lake, Malheur, Morrow, Umatilla, Union, Wallowa, Wheeler.

² Frohnmayer, Dave. 1993. "The New Pioneers." *Old Oregon* (Autumn): 23-27.

³ Frohnmayer, Dave. 1993. "The New Pioneers." *Old Oregon* (Autumn): 23-27. Judson, Dr. Dean H. 1994. *The Oregon In-Migration Survey*. Salem: State of Oregon, Employment Department.

⁴ State of Oregon, Oregon Progress Board. 1997. *Oregon Shines II: Updating Oregon's Strategic Plan*. Salem: Oregon Economic Development Department. January 21.

Chapter 4

¹ They may also be concerned about housing affordability, an issue covered later in this report.

² See Carson (1998, 36-40). If, for example, the facilities that we build do not completely handle all external costs (e.g., waste

water treatment), then costs of future cleanup are being deferred. Similarly, if this decade's growth is using and not adding to excess capacity built in previous decades (e.g., highways, bridges, dams), then some costs of growth are being deferred.

³ The same warnings apply: (1) most of the information is at the state level—it cannot be directly applied to any particular city, which may have a situation substantially different from general statewide tendencies; and (2) the analysis is an overview: it cannot provide enough detail about any individual impact and its effects from and on all aspects of growth (amount, rate, location) to allow quantified conclusions about the net impacts of growth.

⁴ Bernstein, Jared. Forthcoming. *The State of Working America*. As reported by Sleeth, Peter. 1998. "Wages Slowly Regain Ground." *The Oregonian*. September 27. p. B1.

⁵ There are some important exceptions; for example, homeowners do not need permission to extract a limited amount of groundwater for domestic use.

⁶ Willamette River Basin Task Force, September 1988. *A Proposed Framework for Tracking the Health of the Willamette Watershed*.

⁷ State of Oregon, Department of Environmental Quality. 1998. Restoring Water Quality Through Oregon. February. <http://waterquality.deq.state.or.us/wq/303dlist/303dFactSheet.htm>

⁸ Surface water runoff, or non-point source pollution, is currently the largest source of water pollutants in Oregon. When it rains, water washes over driveways, roofs, agricultural lands, streets, lawns, construction sites, and logging operations picking up soil, garbage and toxics. Pollution from surface water runoff is hard to detect and control because it doesn't come

from a single source like a factory or sewage treatment plant. Instead, many everyday activities and traditional land use practices allow pollutants to wash into our waters. Non-point sources of pollutants include: (1) Household chemicals and soaps running off driveways, roofs and yards into streets and down storm drains directly to streams and rivers. (2) Fertilizers and pesticides running off agricultural lands and urban areas such as yards, parks, golf courses and landscaped areas. (3) Oil, anti-freeze, and other toxic materials running off roadways into storm drains or directly into streams. (4) Soil erosion which comes from construction sites, logging activities and agricultural lands. (5) Failing septic tanks that cause both surface and groundwater pollution. (6) Livestock and pets, such as dogs, which pollute the water with bacteria, cause erosion, and destroy aquatic habitat. State of Oregon, Department of Environmental Quality. 1998. *Water Quality Overview*.

⁹ Willamette River Basin Task Force. 1997. *Willamette River Basin Task Force: Recommendations to Governor John Kitzhaber*. December.

¹⁰ State of Oregon, Department of Environmental Quality. 1998. Water Quality Overview. <http://waterquality.deq.state.or.us/wq/wqovr.htm>

¹¹ State of Oregon, Oregon Progress Board. 1997. *Oregon Shines II: Updating Oregon's Strategic Plan*. Salem: Oregon Economic Development Department. January 21.

¹² State of Oregon, Department of Environmental Quality. 1998. *Carbon Monoxide Summary (ppm), Portland 4th and Alder, 1979-1997*. Data provided to ECONorthwest by DEQ Air Quality Division.

¹³ State of Oregon, Department of Environmental Quality. 1998. *Air Quality Overview*. <http://www.deq.state.or.us/aq.aqover.htm>

¹⁴ This list includes all animal, fish, and plant species currently listed as threatened or endangered by the State of Oregon or Federal government.

Animals/Fish. Aleutian Canada Goose, American Peregrine Falcon, Bald Eagle, Borax Lake Chub, Brown Pelican, Bull Trout, Columbian White-Tailed Deer, Foskett Speckled Dace, Hutton Tui Chub, Kit Fox, Lahontan Cutthroat Trout, Lost River Sucker, Marbled Murrelet, Northern Spotted Owl, Oregon Chub, Oregon Silverspot Butterfly, Shortnose Sucker, Sockeye Salmon, Steller Sea Lion, Warner Sucker, Western Snowy Plover, Wolverine

Plants. Applegate's Milk-Vetch, Bradshaw's Desert-Parsley, Golden Paintbrush, Macfarlane's Four-O'clock, Malheur Wire-Lettuce, Marsh Sandwort, Nelson's Checker-Mallow, Water Howellia, Western Lily

U.S. Department of Interior, Fish and Wildlife Service. 1998. *Listed Species by State/Territory as of June 30, 1998.* <http://www.fws.gov/r9endspp/statl-r1.html#LnkOR> and State of Oregon, Department of Fish and Wildlife. 1998. *Questions and Answers About the Oregon Threatened and Endangered Species Act.* <http://www.dfw.state.or.us/ODFWhtml/InfoCntrWild/PDFs/BKGT%26E.pdf>

¹⁵ Acres in UGBs from DLCD estimates of acreage by zoning: <http://www.lcd.state.or.us/backinfo/zontot.htm>; UGB amendments from DLCD: <http://www.lcd.state.or.us/backinfo/ugbsum.htm>.

¹⁶ Northwest Land Conservation Trust, in Oregon Department of Land Conservation and Development (1997). *Population Growth Affects Agriculture.* http://www.oda.state.or.us/information/Growth_Affects_AG.html

¹⁷ 1000 Friends of Oregon (1997). "Farm and Forest Land Protection." *Landmark.* February. Page 4.

¹⁸ Oregon Department of Transportation, Research Unit (1998). Draft Indirect Land Use and Growth Impacts: Phase 1 Report.

¹⁹ More than 14,000 acres were rezoned to industrial use by the Port of Umatilla. Oregon Department of Land Conservation and Development (November 1997). County Acres Replanned and/or Rezoned from One Rural Zone to Another Rural Zone by Type of Zone and Year. <http://www.lcd.state.or.us/backinfo/pamapsum.htm>.

²⁰ USDA-NCRS National Resource Inventory. Information provided by Mark Tilton, Beaverton Office.

²¹ Oregon Department of Land Conservation and Development (September 1997). Exclusive Farm Use Report, 1995-1996; Forest Use Report, 1995-1996.

²² 1000 Friends of Oregon (1997). "Farm and Forest Land Protection." *Landmark.* February. Page 5.

²³ Bureau of the Census . Various years. *Intercensal Estimates of the Total Resident Population of States.* Bureau of the Census . 1985 & 1997. *Statistical Abstract of the United States.* Bureau of Economic Analysis. 1997. *Regional Economic Information System.* Oregon Department of Transportation, DMV Various years. *Oregon Motor Vehicle Registrations by County.* Energy Information Administration. 1998. *State Energy Price and Expenditure Report 1995.*

²⁴ Oregon Department of Transportation, Transportation Planning Section. 1998. *Statewide Congestion Overview for Oregon.*

²⁵ ODOT. 1998. *Statewide Congestion Overview for Oregon.*

²⁶ ODOT. 1998. *Statewide Congestion Overview for Oregon*.

²⁷ Eugene Airport. 1998. "Lowest air fares from Eugene," Eugene: *Register-Guard*, September 6. Morris Travel. 1998. "Lowest airfares from PDX last week," Portland: *The Oregonian*, September 6.

²⁸ Scudder & Associates. 1997. *Ticket Lift Study: Eugene Airport*.

²⁹ Oregon Progress Board (1996). *Oregon Population Survey*. <http://govinfo.kerr.orst.edu/ops/>

³⁰ White, Bole, and Sheehan, (1997). *Affordable Housing Cost Study, An Analysis of Housing Development Costs in Portland, Oregon*.

³¹ In discussions about growth in Oregon it is often asserted or implied that multi-family housing is less expensive. The findings of White (1997) for Portland give mixed evidence. Multi-family housing costs less per unit, but there is more to the story.

People have a lot of experience with consumer purchases, and they know lowest price does not necessarily mean greatest value. People do not buy a generic product called "shelter" any more than they buy generic products called "car" or "stereo" or "dinner." Yes, that one's the cheapest, but this one tastes better, is more nutritious, and is big enough that I'll have left-overs for lunch tomorrow.

The food analogy has other parallels for the debate about growth. People worried about population growth and the ability of natural systems and technology to provide food for more people usually argue that population growth should be reduced. An extension of the argument is that for a given amount of population, natural limits to carrying capacity suggest some people should either eat less, or more nutritiously and lower

down the food chain. If some people lack the means to produce or purchase basic nutritional requirements, social programs like school lunches and foreign aid should assist them.

By analogy, if the goal for housing were to produce a uniform shelter unit as efficiently as possible, then denser, multi-family housing has advantages. But when people consider all the things they want housing, many see single-family housing as a better value. The Portland study shows they get more space per dollar, or they get other attributes they want.

As with other aspects of growth, one's choice of policy depends in part, perhaps strongly, on one's view of ecological limits. On the one hand, if resources are very scarce, standardized and modest products will conserve them. Some economists have argued that a better theory of economics, one consistent with ecological systems and limits, is one that aims to satisfy basic needs with a minimum of throughput (rather than one that aims to provide whatever people are willing to pay for at the lowest price). On the other hand, generic products certainly limit consumer choice and, thus, satisfaction, and may be seen as an abridgement of personal freedom and an obstacle to creativity.

³² Bay Area Economics (1998). *Draft Oregon Housing Cost Study, Phase I Report: Market and Economic Trends*. July.

³³ An evaluation of these studies is presented in City of Eugene (1997). *Urban Growth Boundary and Related Policies, Data and Analysis Report*. November.

³⁴ See, for example, Metro's recent *Housing Needs Analysis* for a list of potential policies.

³⁵ Southard, P.A. (1994). *An Overview of Homelessness and Social Service Responses in Oregon*.

³⁶ One measure of commitment to cultural amenities is funding for arts programs. Oregon ranked 44th nationally in state-wide per capita funding of arts programs in 1996. State of Oregon, Oregon Progress Board. 1997. *Oregon Shines II: Updating Oregon's Strategic Plan*. Salem: Oregon Economic Development Department. January 21.

³⁷ U.S. Bureau of the Census (1997). *Census of Retail Trade*.

³⁸ Bureau of the Census (1997). *Statistical Abstract of the United States, 1997*. Table 1279.

³⁹ “Eventually” because demographic shifts in the existing population can cause school enrollments to decrease even as total population is increasing.

⁴⁰ Oregon Department of Education (1997). *Ten-Year Historical Profile of Education Statistics*. <http://www.ode.state.or.us/stats/profile.pdf>.

⁴¹ Measure 50 reduced the maximum assessed value of property for the 1997-98 tax year, limited future growth in assessed value to 3% annually, and permanently fixed the maximum tax rate for each tax district, based on the 1997-98 levy.

⁴² Oregon Department of Education, from National Public <http://www.ode.state.or.us/stats/finance/ncesexph.htm>.

⁴³ The relative cost of housing here is opposite that shown by median sales price data in Chapter 3. The opposite results arise from measuring prices for different segments of the housing market. The cost of living data is meant to measure the relative price levels of goods for a “mid-management standard of living,” so the prices measured by the index are only for those goods and services that correspond to that standard of living. Median sales price data for housing, however, is based on sales prices for all housing.

Chapter 5

¹ Chapter 2 also showed why it is always difficult, if not impossible, to quantify rigorously the impacts of any growth management policy on aggregate welfare: that aggregate calculation requires the consideration of all impacts, on all people, now and in the future.

² In *Managing Growth in America's Communities*, Porter (1997) indicates that 59 distinct growth management tools exist.

³ Note that the categories overlap, and that tools to manage and mitigate growth, if they become very expensive, will have the effect of limiting growth as well (e.g., fees for facilities deemed necessary to protect environmental quality potentially could raise the cost of development enough that growth slows down as a result). Alternatively, if such tools achieve their desired goals efficiently, then quality of life could increase and attract more growth.

⁴ See, for example, Kelly (1993), Nelson and Duncan (1995), Porter (1994), ECONorthwest (1994).

⁵ ECONorthwest (1991). *Urban Growth Management Study: Case Studies Report*. Salem: Department of Land Conservation and Development.

⁶ Transportation and Growth Management Program, Department of Land Conservation and Development and Oregon Department of Transportation, 1996. *Tools of the Trade*. <http://www.lcd.state.or.us/issues/tgmweb/pub/tools.htm>. This publication provides a detailed discussion of innovative growth management tools and examples of communities that are applying those tools.

⁷ Tools that local governments genuinely lack the authority to implement are largely a subset of financing tools: for example,

SDCs for schools, or a state sales tax. In most other cases, local governments have the *authority* to implement more or stronger tools, but have not done so for many reasons. In some cases, the argument for state action is to compel local jurisdictions to take actions that they can already take if they wanted. While the rhetoric of local government is uniformly in favor of local control, the reality is occasionally some local governments favor state regulatory requirements so that they have a compelling reason to adopt growth management policies that would otherwise remain stuck in a gridlock of local debate.

⁸ A main reason is to reduce any impacts on land price and, thus, housing that could otherwise result from a restricted supply of buildable land.

⁹ Because the Portland economy has a big influence on the demand for the products and services that Pendleton provides.

¹⁰ Transportation and Growth Management Program, Department of Land Conservation and Development and Oregon Department of Transportation (1996). <http://www.lcd.state.or.us/issues/tgmweb/smart/smart.htm>

¹¹ In 1995, the Oregon legislature authorized a process that allows local governments, state agencies, citizens, and affected organizations to work together to address problems that extend beyond city or county boundaries. The act allows LCDC to acknowledge regional solutions that include plan changes and regulations that do not fully conform with the Commission's rules. The pilot project is scheduled to end in December 1998.

¹² Asking for that input does not guarantee that a community consensus will emerge on what the community should look like in the future or how to get there. The huge expenses associated with broad-scale citizen involvement processes and the

expectations that accompany those expenditures further increase the risk to local decisionmakers. For example, Eugene ran extensive public involvement processes as part of *Eugene Decisions* and *Shaping Eugene's Future*. That process did not insulate the City from the criticism that it already had an agenda, or that the process was both too little and cost too much.

Appendix D

¹ ECONorthwest (1994). *Evaluation of No-Growth and Slow-Growth Policies for the Portland Region*, Chapter 4.

² Or also as *external economies of scale*—external because they do not result from the internal operation of a particular firm.

³ *Wages* are a colloquial way of expressing the term usually used by economists to describe the objective of growth: *increases in real per incomes*. Those increases are typically assumed to be the best proxy measure available for the true objective: (Pareto optimal) increases in welfare. The assumption is that if people have more money they are better off because they can buy more of what they want.

⁴ One of the critiques of a strict no-growth policy is that it would not only stop in-migration: it would also require out-migration to counterbalance the growth from natural increase. In the extreme, some people criticize no-growth policy as requiring “our sons and daughters to move somewhere else.” In fact, of course, even policies aimed at a very low growth in population would probably not include residency cards—people would be free to move. The point is that if slow growth is achieved by increasing prices, then people who are mobile and lower-income (including sons and daughters) are the most likely to migrate from the region.

⁵ *The Oregon In-Migration Study* (Oregon Employment Division, 1991) found that Oregon's recent arrivals took an average pay cut of about \$4,500 per household.

⁶ Such as: the impact of national and international policies and economic conditions; the anchoring effect of homeownership on mobility; and the fact that wanting to be near friends and family is typically the most important reason given by newcomers to a region (to name a few).

⁷ Note that here, as throughout this appendix, we are dealing generally with a metropolitan region as a whole. There is ample evidence that the size of the whole can be declining at the same time parts of the whole can be growing. Thus, individual communities in a metropolitan region may feel they are growing too fast even as the region itself might be growing slowly. We do not try in this appendix to describe sub-regional dynamics.

⁸ Edwin Mills the dean of urban economists, has been more forceful: "There is no such thing as optimum metropolitan area size." (personal communications, 1994).

⁹ See Landis and Sawicki (1988:336), in which the authors conclude that while the "*Places Rated Almanac* may be of some use to footloose migrants, the volume contains some basic conceptual and measurement problems and therefore is of little use to planners who are attempting to evaluate and understand localities' quality of life."

¹⁰ Job opportunity could also be considered a component of quality of life, and could be influenced by economic development policies. We grouped job opportunity in this diagram as a subset of wages.

¹¹ For example, federal and state investment in sanitary sewer and water systems contributed to growth and suburbanization after World War II. The full costs of those systems was often

not considered either: for example, Portland is looking at a billion dollars to correct its sewer system; the Northwest will spend or lose more than that as it deals with the loss of salmon from hydroelectric facilities. The list goes on: in every case, we got more growth than we would have if we had been paying full cost.

¹² This distinction gets fuzzy because some jurisdictions may actually want to affect the rate of growth, but they attempt it indirectly through public facility policy or changes to the UGB.

Appendix E

¹ For estimations of the costs of public facilities and services, most studies do not allocate a portion of the costs of administrative overhead (e.g., city manager, finance, legal, city council) which might be around 10% of the general fund budget. But if those same facilities are provided by a single-purpose special district (e.g., a water district), then the overhead costs are probably rolled into the connection fees and user charges: if those fees and charges are used as measures of costs, then they include more costs than are included in other studies.

² For those costs to be truly comprehensive, one would also have to assume that the public facility would be designed and sized in such a way that there would be no significant spillover (external) costs: e.g., that a sewer treatment plant would handle wastewater in such a way that there would be no measurable deterioration in water quality. The reality, however, is that good design, by definition, does not attempt to eliminate all risk of externalities: to do so would be prohibitively and inefficiently expensive because eliminating each additional increment of risk gets increasingly expensive. Environmental regulation has increased substantially over the last 30 years to eliminate some

of the worst externalities (e.g., lack of tertiary sewage treatment, or frequent overflows from the treatment plant), but failures still occur. The next section on indirect impacts addresses some of these issues.

³ That thinking is consistent with economists' conclusion that "current and future residents will face the true economic costs [assuming no external costs] of the facilities they use if the local government finances all capital facilities through bonds and if the terms of the bonds are identical to the useful lives of the facilities." (Altshuler and Gómez-Ibáñez 1993, p. 79).

⁴ (Fischel, 1990)

⁵ For example, with 80% and 90% federal funding for LRT, did Portland pay the cost of growth? There is no simple answer: it requires more details on interim and ultimate sources of funds, and assumptions about the extent to which LRT is dealing with existing transportation problems.

⁶ The studies span a couple decades, so the costs they report are not directly comparable: \$1,000 today does not buy as much infrastructure as it did 20 years ago. We cite the cost estimates as reported in the studies, note the year of the estimate, and provide in parentheses an equivalent estimate in 1998 dollars (i.e., what would that infrastructure cost today). Such adjustments are very rough, but better than no adjustment at all (which is the case in many studies). In some cases, the studies do not report the year of the cost estimates, so we have had to guess. All estimates are brought to 1998 dollars using a Gross Domestic Product deflator for the personal consumption index of the gross domestic product from the Economic Report of the President.

⁷ For example, there is no documentation of whether the study

is looking at on-site or off-site costs, or what services are included in the category of "utilities."

⁸ Her work illustrates the importance of definitions for studies that try to determine that one pattern of growth (typically, higher-density) costs less than another. What level of geography is density being measured at: subdivision, neighborhood, city, or region? The densities, analysis, and implications for policy are different for each.

⁹ Ladd (1998), Nelson (1988), and Altshuler and Gómez-Ibáñez (1993) do address the incidence of costs.

¹⁰ In his original work Foder implied that all the costs he estimated were net costs to existing citizens of growth. His subsequent response to LCOG's analysis (October 1996) considers SDCs, but only SDCs, as offsets to the costs he estimates.

¹¹ One good reason not to include O&M costs is that for many facilities (schools is an important example) the burden of new households on O&M is paid through property taxes or user fees.

¹² The stream of these annual O&M costs would have to be discounted to present value, and converted to a cost per unit. That discounting could lead to present values that are on the order of 10 to 20 times greater than the annual cost.

¹³ ECONorthwest (1998), for example, has done work for a large Oregon corporation showing its operation yields net fiscal benefits to government when all costs and payments are considered. The key to a large surplus is capital intensity for the employer and high incomes for the employees, conditions typical of many high-tech firms.

Appendix B Bibliography

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Appendix C

Glossary

Actual Housing Mix and Actual Net Density—As defined by state statute, the housing mix (e.g., single-family, multi-family) and density (dwelling units per net acre) that has actually been developed in the community in the last five years or since the last periodic review, whichever is greater. (See “net vacant acre.”)

Adequate Public Facilities Requirements (APFRs)—Regulations to ensure that public facilities and urban services are provided at the same time as new development. Also called “concurrency.”

Affordable Housing—Housing is affordable when households with incomes at or below 80% of the area median income pay no more than 30% of their gross income on housing costs, including rent or mortgage payment plus utilities and insurance.

Assessed Valuation—The market valuation estimated on real estate or other property by a government for the purpose of levying taxes.

Available Housing—The net number of existing housing units available to meet projected housing requirements.

Buildable Lands Inventory—A study of lands inside the UGB that are vacant, available, and suitable for urban development.

Buildable lands—Lands in urban and urbanizable areas that are suitable, available and necessary for residential uses. Buildable lands include both vacant land and developed land likely to be redeveloped.

Capital Improvements—New or expanded public facilities that are relatively large-size, expensive, and permanent. Some common examples are streets, public libraries, water and sewer lines, and park and recreation facilities.

Capital Improvement Plan or Program (CIP)—A multi-year (5-6 years) plan for the construction of capital improvements that includes a discussion of their timing and cost.

Central Business District (CBD)—An area within a city which has a centralized, high concentration of retail and service businesses, governmental offices and facilities, financial districts, professional offices, hotels and motels, cultural, recreational and entertainment establishments, colleges and universities, residences, appropriate industrial activities, and transportation facilities. (Often same as Downtown.)

Community Development Corporation (CDC)—An organization meeting the statutory definition of a Community Development Corporation as recognized by the State of Oregon.

Comprehensive Plan—A plan prepared by a local government which establishes policies and land use designations to achieve and support the statewide planning goals.

Comprehensive Plan Density Ranges—The lowest permitted density and the highest permitted density for each comprehensive plan designation.

Concurrency—A requirement that public facilities and urban services necessary to meet the demands of new development are in place to accommodate development as its impact occurs. Same as adequate public facility requirements.

Constrained land—Land that is not part of the buildable land inventory because of physical impediments (e.g., steep slopes, floodway) or legal impediments (e.g., designated wetlands or riparian area) to development.

Current Population—The most recent annual Portland State University population estimate of study area population.

Current Vacancy Rate—The actual vacancy rate of dwelling units in the study area, distinguished between owner occupied and rental properties.

Developed land—Parcels that have improvements on them with no vacant areas.

Development Codes—Zoning and subdivision ordinances and standards to implement comprehensive plan policies.

Economic sector—A specific industry or group of inter-connected industries.

Exactions—Discretionary fees, dedications, or off-site improvements imposed as a condition of approval to mitigate off-site impacts of a development. These may vary by project.

Floodplain—The area adjoining a stream that is subject to inundation by flood. The floodplain consists of two parts:

1. **Floodway**: the channel of a river or other watercourse and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than 0.2 feet.

2. **Floodway fringe**: The area of the floodplain lying outside the floodway.

Focused Public Investment Plan—A plan that specifies the location and timing of planned public facility improvements in specific areas. Can be used to focus growth to sub-areas within an urban growth boundary.

Fringe Area—Urbanizable land or future growth area that is at the edge of an urban area.

Geographic Information Systems (GIS)—Computer-based tools for capturing, integrating and presenting geographically

related data items, such as natural resources, population information, zoning information, housing development, utility locations, and roadways.

Government assisted housing—Housing that is financed in whole or part by either a federal or state housing agency or a housing authority as defined in ORS 456.005, or housing that is occupied by a tenant or tenants who benefit from rent supplements or housing vouchers provided by either a federal or state housing agency or a local housing authority.

Gross Vacant Acre—An acre of vacant land before land has been dedicated for public right-of-way, private streets, or public utility easements. For example, a standard assumption is that between 20% and 30% of land in a subdivision is used for streets and utilities: if so, then a gross vacant acre will yield only about 35,000 sq. ft. (70%-80% of a full acre) for lots. (See “net vacant acre.”)

Group Quarters—All persons not living in households are classified as living in group quarters. Two general categories of persons in group quarters are recognized: (1) institutionalized persons and (2) other persons in group quarters such as dormitories (also referred to as “noninstitutional group quarters”). Persons in group quarters are not considered to be living in housing units.

Household—One or more persons residing together as a unit [e.g., a single person, married couple (with or without children), unmarried persons who share the same dwelling]. The National Affordable Housing Act of 1990 made the terms “household” and “family” almost synonymous though the U.S. Census Bureau still distinguishes between family and non-family households.

Housing Need—The gross number of housing units needed to accommodate the population expected in a study area for the planning period.

Housing Unit—A house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from outside the building or through a common hall.

Industrial Base—Those industries which make up a community's economy; industries creating the most impact and job creation.

Industry—A distinct group of productive or profit-making enterprises including forestry, fishing, hunting and trapping; mining; construction; manufacturing; transportation; communication, electric, gas and sanitary services; retail and wholesale trade.

Infill Development—New construction activity occurring on vacant parcels located within an area which is predominantly developed.

Infrastructure—The original, specific definition of *infrastructure* — the *sub*structure of basic utilities on which structures (residential, commercial, industrial) get built — has been lost. Infrastructure is now synonymous with “public facilities” and can include not only roads and water, sewer, and electric lines, but also police and fire stations and equipment, schools, parks, and other public buildings. The variability in the definition contributes to problems in defining the costs of growth.

Institutional Uses—Include publicly owned parcels, parks, governmental, or public facilities and are considered unavailable for development.

Land Use Plan—A graphic depicts existing and future land uses and intensities. It shows land use compatibility and spatial relationships, establishes the physical form of the community and identifies urban design opportunities. A land use plan serves as a guide in the preparation of zoning ordinances and zoning district maps.

Leapfrog Development—New development that is not contiguous with existing development and leaves vacant land in between.

Level of Service (LOS) Standard—Minimum capacities or performance standards required for adequate public facilities. For example, standards can address emergency service response time, water pressure, and/or park acres per 1,000 population.

Living Quarters—Living quarters are classified as either housing units or group quarters. Usually, living quarters are in structures intended for residential use (for example, a one-family home, apartment house, hotel or motel, boarding house, or mobile home). Living quarters also may be in structures intended for nonresidential use (for example, the rooms in a warehouse where a guard lives), as well as in places such as tents, vans, shelters for the homeless, dormitories, barracks, and old railroad cars.

Minimum Comprehensive Plan Density—The lowest number of units permitted per acre for development by a comprehensive plan designation.

Multi-modal—Capable of accommodating a variety of transportation modes, such as buses, automobiles, rapid transit,

rail, bicycles and pedestrians. A multi-modal transportation hub is a facility for the transfer of passengers or goods between different modes of transportation.

Natural Resources—Elements relating to land, water, air, plant and animal life, and the interrelationship of those elements. Natural resource elements include soils, geology, topography, flood plains, vegetation, wildlife, surface and groundwater and aquifer recharge zones.

Neighborhood—An area of a community with characteristics that distinguish it from other community areas. It may be defined by physical barriers such as major highways and railroads or natural features such as rivers. It may also be distinguished by unique architectural, historical, social, or ethnic characteristics.

Neighborhood Facility—A public facility that is typically within a one-half mile radius of the residents it serves.

Neighborhood Shopping Center—Generally sells goods necessary to meet daily needs, occupies up to 10 acres, has up to 130,000 square feet of gross leaseable area, and draws its clientele from a 5-minute driving distance. Typically this type of center is located on a secondary arterial or major arterial.

Net Vacant Acre—An acre of vacant land after land has been dedicated for public right-of-way, private streets, or utility easements. A net vacant acre has 43,560 square feet available for construction, because no further street or utility dedications are required: all the land is in lots.

Nonconforming Use—A use or activity that was lawful prior to the adoption, revision, or amendment of a zoning ordinance but that fails by reason of such adoption, revision, or amendment to conform to the present requirements of the zoning district.

Owner-Occupied—A housing unit that is owned by the household living in it.

Partially vacant land—Parcels or tax lots with some development, but vacant portions large enough to develop.

Periodic Review—Regularly scheduled DLCDC reviews of local government comprehensive plans and implementing ordinances. Jurisdictions may have to revise their plans and policies to bring into compliance with the statewide planning goals.

Persons per Household—The average number of persons in each household, as determined by dividing the total population of persons in a jurisdiction's households by the number of households.

Population In Households—The total number of people living in households other than group quarters.

Public Facilities—Roughly synonymous with “Infrastructure” (see definition above). In the broadest sense, all of the facilities and equipment that have typically been provided by the public sector (e.g., water and sewer pipes and treatment plants, police stations and vehicles, schools, libraries). In current use, the term covers all such facilities, even if they are not provided by public entities.

Public Facility Plans—A component of a comprehensive plan that describes the types and levels of urban services required to support planned development for areas inside a UGB.

Public housing—Housing available only to low-income households which is owned and administered by a public or non-profit agency.

Public Investment Area (PIA)—Identifies an area where a local government plans to focus public facility improvement spending over the next five to seven years.

Redevelopment Potential—Parcels or tax lots with developed structures that are likely to be demolished and new buildings constructed in their place.

Regional Shopping Center—Contains a wide range of retail and service establishments, occupies 50 to 100 acres of land, has at least one or more anchor stores, and contains over 400,000 square feet of leaseable space. It usually has direct freeway access and draws clientele as much as a 45-minute drive away.

Renter Occupied—A housing unit that is owned by other than the household occupying the unit, including units rented for cash and those occupied without payments of cash rent.

Seasonal Housing Units—Housing units available only for temporary use through the year.

Sense of Place—The characteristics of a location that make it readily recognizable as being unique and different from its surroundings. A feeling of belonging to or being identified with a particular place.

Shadow Plat—A planning tool whereby initial low-density development of a large property is according to a site plan that makes it easier to further subdivide and develop the property at planned densities at some future time.

Special Needs Population—For the purpose of providing affordable housing, this term refers to the physically and mentally disabled, the elderly, and the homeless.

Specialty Shopping Center—A shopping center whose shops cater to a specific market and are linked together by an architectural, historical or geographic theme or by a commonality of goods and services. Varies in size and location.

Specific Plan—A custom land use plan and development criteria for a given geographic area. A specific plan may detail (a) the location and density of land uses; (b) the list of permitted and conditionally permitted uses; (c) development standards such as building setbacks, building heights, lot coverage, and parking requirements; (d) public infrastructure such as a circulation system, street improvements, street lights and drainage systems; (e) architectural guidelines including architectural styles, themes and building materials; and (f) landscape guidelines such as types of trees and planting materials for public parkways and private front yard setbacks.

Streetscape—The elements that constitute the physical makeup of a street and that, as a group, define its character, including building frontage, street paving, street furniture, landscaping, awnings and marquees, signs, and lighting.

Strip Center—Commercial or retail development, usually one store deep, that fronts on a major street.

Super Regional Shopping Center—Includes retail, office, entertainment and service uses, occupies over 100 acres, has four or more anchor stores and contains over one million square feet of leaseable space. (Usually this type of center is developed with direct freeway or expressway access).

System Development Charges (SDCs)—A uniform fee collected by local governments to pay for off-site public facility improvements to mitigate impacts associated with a development.

Tenure—Whether a housing unit is owner or renter occupied. Owner Household - A dwelling whose principal occupant is the owner of the dwelling. Renter Household - A dwelling that is not occupied by its owner.

TGM—The Transportation and Growth Management Program of the Oregon Department of Transportation and the Department of Land Conservation and Development.

Traffic Demand Management Strategies—Policies or programs aimed at reducing the volume of traffic and the distance of a trip by influencing the manner in which people travel to work. Examples of traffic demand strategies include carpooling, congestion pricing, and providing a financial subsidy for transit riders.

Transportation Planning Rule—An administrative rule adopted by the Oregon Department of Land Conservation and Development that provides details regarding what cities, counties, and metropolitan areas in Oregon must do to comply with state land use laws (Goal 12, Transportation).

Transportation System Plan—Identifies street types and transportation modes, and defines design criteria for all street elements such as signage, bus stops, lighting, etc. Required of larger cities in Oregon for the Transportation Planning Rule.

UGA—An Urban Growth Area is the land inside the UGB but outside city limits that represents the future growth area of a city. Also referred to as urbanizable land.

UGB—An Urban Growth Boundary separates urban land from rural land. It shows the outermost limit of urban development over the next 20 years.

Underutilized Property—Property with land or buildings that are at least 50 percent vacant or that are abandoned, dilapidated, or otherwise impaired by physical deficiencies. (See “partially vacant” and “redevelopment potential.”)

Urban Centers—Characterized by mixed or concentrated commercial, public and residential uses at a regional scale which capture the highest practical proportion of projected regional population while supporting the development of an efficient and effective high capacity transit system.

Urban Design—A process to creatively shape a city’s physical form, image or identity. An integral part of the process of city and regional planning. It is primarily and essentially three dimensional design but must also deal with the non-visual aspects of environment such as noise, smell, or feelings of danger and safety, which contribute significantly to the character of an area.

Urban Land—Land inside and adjacent to cities that is served by urban services and is intensively developed.

Urban Reserves—An area outside a UGB to be maintained as the most likely future expansion of the UGB during a 20-50 year period.

Urban Services—Public facilities that serve urban development, including sewers, water, fire protection, parks, open space, recreation, streets, roads and public transit.

Urbanizable Land—Land inside a UGB that represents the future growth area where development and urban service extensions will take place.

Appendix D

Why Cities and Regions Grow

This appendix is primarily a reprint, with a few additions and editing, of work done by ECONorthwest for Metro in Portland.¹ It provides detail on the process of growth that would have overloaded Chapter 2. Its purposes are to give more information about the causes of growth to readers wanting the detail, and to document the assertions in Chapter 2 that (1) the process of growth is complex: many market and policy factors interact, and (2) such complexity means that simple statements about the impacts of growth at a minimum do not tell the full story, and may tell the wrong story.

Introduction

Development of a metropolitan region takes place in an environment of market forces constrained by public policies. Most policies evolved over decades, and the market has evolved with them. There is no static and no right answer about what policies a region should adopt to control growth.

Three long-term trends dominate 20th century urbanization of population and employment in the United States: (1) increasing concentration of population and employment in metropolitan areas, (2) decentralization of population within metropolitan areas (suburbanization), (3) decreasing population density within metropolitan areas.

The fundamental economic forces that drive urbanization, and how they interact with public policies, is much more complicated than policymakers typically acknowledge. Ultimately, residents of a region must make a tradeoff between after-tax income and the environmental and urban amenities that a region has to offer. If all were growing at the same time, it would induce migration, which would cause one or more of them to decrease. Because of the number of variables involved in estimating the net impacts of growth, and the complexity of their

interactions, the best one can hope for is an approximate description of impacts to stimulate and inform public debate about growth-management policies.

The fundamental economic (market) forces that drive urbanization

Though the growth in the proportion of the population living in urban areas must slow, continued growth in the national population (expected to occur at about 1% annually, mostly in metro areas), combined with changes in regional economies, guarantees continued growth and change in metropolitan areas.

Why do cities exist? The short and simple answer is that some locations offer lower production costs for businesses. Competition forces businesses, and their employees, to those locations. Of interest, and much less simple to describe, are the reasons production costs are lower in metropolitan areas.

The most fundamental source of lower production costs in cities is that many goods and services can be produced at lower unit cost when produced at relatively high volumes. *The economic advantage that comes from putting people together with machines under one roof is one of the primary forces of urbanization.*

Some cities grew larger than others principally because of differences in accessibility. Transporting inputs (including raw materials, manufactured inputs, and labor) to the business and outputs to market is a significant cost for most businesses. Some locations offer lower total transportation costs than others. Some manufacturing firms, for example, locate close to input sources, others close to markets. The most attractive locations provide good access to both. Because freight can be transported by water in very large quantities, areas with good ports have always attracted urban growth. Most of the largest cities in the U.S.

are located on navigable waterways. The location of rail lines also played a major role in the development of many cities in the U.S. Within the past several decades, the interstate freeway system and the location of air terminals have heavily influenced the growth and change of metropolitan areas.

The competition for areas that reduce transportation costs gives cities their most significant characteristic: high-intensity development near particularly accessible (and, therefore, attractive) places. One of the reasons that cities can grow large in population is that businesses (and households) can economize on high-priced land. All businesses need land, some more than others (e.g., manufacturing activities typically require more land per worker than office activities). Most, however, can make significant adjustments to the high price of land caused by competition for locations with good access to transportation. They can, for example, build vertically. Innovations in the construction of tall buildings, and in the transport of freight and people vertically, fueled the growth of the largest cities in the late nineteenth century. Those businesses that can best economize on land (such as office firms) occupy the most centrally-located land. *The ability to substitute capital for high-priced land is another of the principal forces of urban growth.*

Though access to inter-urban transportation systems attracts businesses to urban areas, the characteristics of the transportation system within the city also strongly influence growth. Large cities grew not only from technological changes that allowed development skyward, but also from changes that reduced the cost of travel on the ground. Before about 1850, most workers commuted by foot, which strongly limited the length of commutes and the number of workers that could access a particular area. The innovations of the horse-car, the electric streetcar, and the automobile progressively increased

the amount of land area within commuting distance of places particularly attractive to businesses. These innovations in intra-city transportation made possible the growth of very large metropolitan areas.

The auto, truck, and highway have been particularly important in the development of modern multi-centered metropolitan areas, such as Portland. Both households and a wide variety of businesses can use highways to access relatively low-priced land in suburban areas while maintaining links to all parts of the metropolitan area. The trend toward suburbanization that started with the electric streetcar, accelerated with the development of autos, trucks, and highways is now decelerating as highway systems are being completed. These highway systems now are the dominant influence on patterns of development in metropolitan areas.

One additional economic force is fundamental to the growth of cities: growth itself. The concentration of a large number of households and businesses makes possible the local production of a wide variety of highly specialized goods and services. Many of these goods and services can be found nowhere other than in large metropolitan areas; nowhere else would their producers enjoy the demand that allows them to exploit the scale economies necessary to produce at reasonably low cost. Examples of these goods and services are specialty food stores and restaurants; specialists in law, medicine, and financial services; and manufacturers of key components of specialized machinery. Businesses and workers also benefit from the relatively large pool of skilled workers and specialized employment found in large cities. In general, the economic relationships that size encourages are numerous, highly complex, and fundamental to the economic efficiency of metropolitan areas. Economists refer to the cost advantages that sheer size provides as *economies of agglomeration*.²

Modern metropolitan areas exist as a result of the combined forces of agglomeration and scale. The long-term (two centuries old) trends toward the growth of large metropolitan areas have been driven by extremely powerful economic forces. The economic benefits of that growth to the nation as a whole and to the residents of urban areas is difficult to measure but certainly very large. The source of much of the growth in per-capita income experienced over the last two centuries is in cities. Short of a revolutionary improvement in transportation technology (such as the matter transporter used in the Star Trek television series) metropolitan areas will continue as vital sources of economic growth and centers of culture.

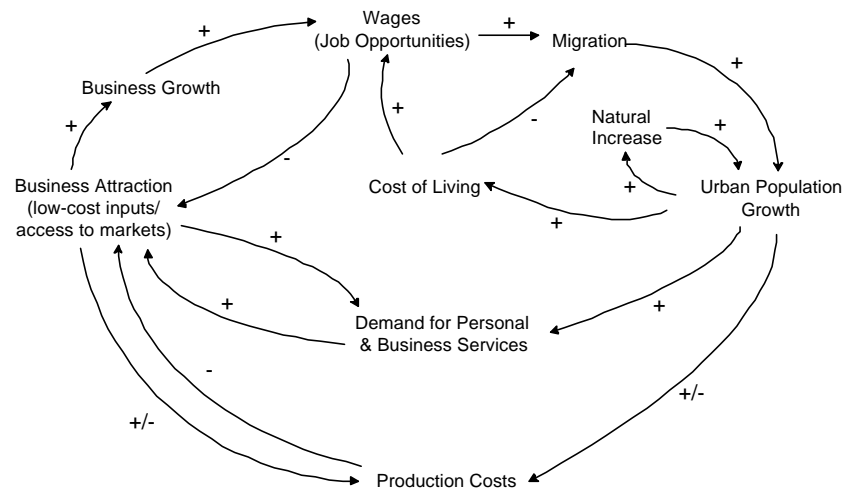
The causes of growth and change in modern metropolitan areas

Cities and regions change because people move. People have been moving off the farm and into large cities for centuries. They have also moved from city to city (and from other countries), which accounts for a much larger share of the change in metropolitan population now that the major rural-to-urban shift has passed. The development of sound policy depends on a clear understanding of the reasons people move to urban places. We describe those reasons in this section.

The conventional and prevailing economic theory of interregional migration holds that people move to find better jobs: people follow jobs. This conventional theory suggests that growth and change in the location and size of cities can be understood by explaining the causes of changes in the location of employment. The theory focuses on the effects of technological improvements on the location decisions of manufacturing firms. The idea is that large cities grow around manufacturing firms that choose locations that minimize the costs of transporting inputs to the factory and outputs to market.

Figure D-1 illustrates the process of urban growth embodied in the conventional theory. It lists the key variables that influence urban growth, simplified in the figure to mean *population growth* (on the right) and *business growth* (left top). Arrows show the dominant relationships between the variables. (We emphasize *dominant*; other relationships certainly exist.) A plus sign means a positive impact: the first variable causes the second variable (at the end of the arrowhead) to increase; a minus sign means the opposite. The signs follow the standard rule of algebra when multiplied: a negative times a positive is negative; a negative times a negative is positive. For example, since *cost of living* decreases (-) *migration*, which increases (+) *population growth*, increases in cost of living decrease population growth (- times + equals -).

Figure D-1 : The conventional theory of urban growth



Source: ECO Northwest based on Myers, 1989, p. 93.

Consider first the top half of Figure D-1, which illustrates how growth begins. Something (e.g., a technological change) increases the attractiveness of a region to a business (*business attraction*), which increases *business growth*. The lower costs of production at that location allows the firm to offer *wages*⁶ high enough to attract workers from other areas; the growth of the firm usually also means more *job opportunities*. More jobs and higher wages leads to *migration*, which causes *urban population growth*. The population growth is augmented not only by migration, but also by *natural increase* (the excess of births over deaths for the existing population).⁴

This relationship explains, for example, the long-term growth trends in cities located, like Portland, on natural harbors. Natural harbors first attracted urban development as improvements in the technology of shipping freight by sea gave port cities good access to distant markets. Natural endowments often gave (and continue to give) one area cost advantages in the production of some commodities over other areas. Areas near Portland could supply agricultural and forest products at relatively low cost in exchange for manufactured goods produced in cities on the eastern seaboard. These *comparative advantages* make possible gains from trade, given sufficiently low transportation costs. Until this century, most commodities, whether produced at a factory or at home, could be shipped most cost-effectively by firms that invested in ships, equipment to load them, and people that could sail them. Thus, economies of scale in shipping encouraged the growth of port cities. As shipping companies attracted workers to ports, other business followed—businesses that served shipping companies (ship builders, financiers, accountants) and retail firms that sold goods to workers.

With time, Portland grew not only because it served as a distribution and collection point for goods coming from and

going to the Willamette Valley, but also for all of the reasons described in the previous section. The Willamette and Columbia Rivers, rail lines that converged at Portland, streetcars, and the highway system all give the Portland area key transportation advantages over any other area nearby. As a variety of industries—including wood products, ship building, and even beer brewing—took advantage of Portland's accessibility, the city grew. That growth itself improved Portland's prospects for further growth improving the range of specialized goods and services available in the metro areas.

These effects are shown on the bottom portion of Figure D-1. *Urban population growth* and *business growth* increase the *demand for personal and business services*, which directly increases the attraction of the area for business, which contributes to more urban population growth. Agencies charged with economic development try to lure new manufacturing firms to an area because they expect that the factory and its workers will support a variety of service-oriented businesses. Urban growth has indirect effects that further stimulate growth.

The argument so far suggests that well-located metropolitan areas might grow without bound as agglomerative economies reduce production costs. Some seem to (e.g., L.A., Mexico City). A particular technological improvement, however, usually has limited effects on the growth of most urban areas (when Boeing grows Seattle grows, but not without bound). What slows the process of growth? Often it is the effects that accompany the growth itself: the congestion, higher land and housing prices, and other disamenities associated with growth eventually increase the costs of production: the marginal costs of these disamenities surpass the benefits of further agglomeration.

Figure D-1 shows the sources of the increases in production costs. First, as population grows, so typically does the *cost of living* in the city. The increase in the population increases the demands for all products, some of which can be supplied only at higher prices: land for housing and commercial services, transportation, and a variety of urban services. (Offsetting some of the increase in the cost of living are potential decreases in the cost of goods and services because of scale and agglomerative economies.) Increases in the cost of living slow migration directly by discouraging workers who are considering a move, and indirectly as higher wages discourage more firms from locating in the city. Increased population also increases production costs by increasing the cost of non-labor inputs, such as land and business services. Given a limited supply of land with good access, land prices increase as the urban area grows, which directly increases production costs for the manufacturer, and indirectly increases production costs by increasing the cost of business services.

Urban growth stops when the costs of growth exceed its benefits to new arrivals. Growth occurs when some change allows the growing city to offer a better combination of wages and cost of living than other cities. Firms and workers respond by moving away from cities or regions with less favorable combinations of wages and living costs. The movement away from low-wage, high-cost cities reduces living costs relative to wages in those cities (living costs may decrease, as they have recently in many California cities; wages may rise; or both).⁵ At the same time, the growth of the high-wage, low-cost city decreases wages relative to the cost of living (again, living costs may rise as, for example, housing prices increase, wages may fall with the influx of workers, or both). This process of economic adjustment continues until an *equilibrium* regional development

pattern is established: in other words, until regions offer roughly the same total advantages to migrants (though the mix of advantages summing to the same total may differ).

Note that this apparently straightforward process is sufficiently complex to make forecasting future growth in population and employment highly uncertain. First, it is difficult enough to identify just the key variables and their antecedents and successors in a chain of cause and effect. Second, it is difficult to foresee the changes in these variables that influence growth. Third, the complexity of the growth process makes it difficult to predict how much an area will grow given the initial impetus. For example, Figure D-1 shows the population growth of an urban area has effects that can move in opposite directions: (1) it increases the cost of living and some production costs; and (2) it decreases other production costs because of agglomerative economies. How much the urban area grows depends in complex ways on the characteristics of the city: the types of goods and services produced, the ability to accommodate new households, and so on.

Remember that Figure D-1 is what we called the *simple* model of urban growth. The actual process is much more complex. Figure D-1 leaves out, among other things,⁶ an important determinant of urban growth: the level of amenities, livability, or (as we will refer to it in the rest of this report) *quality of life*. That variable is particularly important to the arguments of slow-growth advocates.

Though conventional theory suggests that people move when the wages offered somewhere else exceed their current wage, a large proportion of migration in the U.S. is no longer from low-wage to high-wage areas. Instead, amenities like a warm climate, access to recreation, and clean air appear to attract people. The value of quality of life is so important that we

have coined the phrase “the second paycheck” to make explicit the relationship we will describe shortly: that people make location decisions based on wages (the first paycheck), quality of life (the second paycheck), and cost of living (what the first paycheck can buy). A complete theory of inter-regional migration must recognize that not only do people follow jobs, but jobs also follow people.

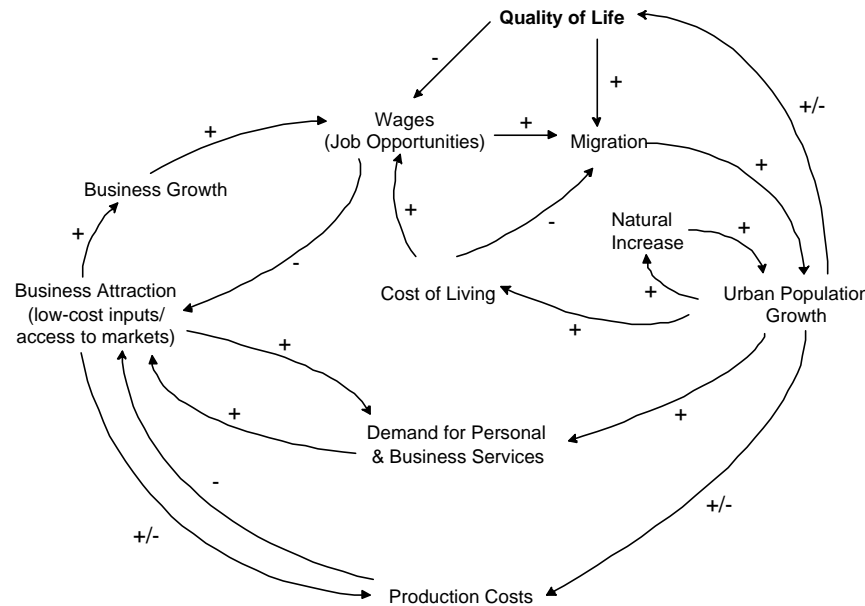
Much of the recent growth in employment in the region has been in high-tech, specialty metals, plastics, and professional services, not the traditional resource-based industries. The Port-

land area has grown sufficiently diverse to provide the intermediate inputs (marketing, legal services, technical support) necessary to support many non-traditional industries. Many of these industries use highly-skilled workers who value the kind of environmental amenities the region has to offer: relatively clean air and water, low traffic congestion, good restaurants, art galleries, and public facilities, and good access to recreation. A skilled worker can move to the region and bring her job with her or find one relatively easily.

Figure D-2 adds to Figure D-1 to include the effects of difference in the quality of life between regions. Suppose quality of life improves *relative* to other areas in the region (for example, because quality of life decreases in California or Seattle). If other things remain constant, a relative improvement in quality of life attracts new residents. Labor supply increases, which decreases wages and attracts new business (the minus sign on the arrow from wages to business growth indicates that higher wages reduce business growth, so lower wages will increase business growth). People do not follow businesses to the region: businesses follow people who are willing to accept a lower wage for improved quality of life.

Aggregate growth in a region stops when inter-regional equilibrium re-establishes itself.⁷ Growth in population and employment increase the cost of living, decrease wages, or reduce quality of life until the people are indifferent about where they live. Equilibrium is re-established when the combination of quality of life, wages, and the cost of living makes the overall standard of living comparable to that in other areas. The important point is that disproportionate regional growth (migration) will slow down as the standard of living (as measured by wages, the cost of living, and quality of life) becomes similar across regions. In economic terms, migration slows

Figure D-2 : A newer theory of urban growth



Source: ECO Northwest based on Myers, 1989, p. 93.

down when real incomes in one region decrease relative to those in other regions.

Some people in Portland focus groups suggested that there is an optimum metropolitan-area size (say 100,000 to 500,000 people), and that the Portland metro area had or would soon exceed its optimum size. Given this belief, they argue for either slower growth or growth policies that would create new cities.

Our analysis suggests that the complexity of the economic activity both within a single urban area and within the system of metro areas in the region and nation prevents any clear definition of optimal city size.⁸ Well-located cities usually grow to take full advantage of their location. That growth provides higher incomes, better job opportunities, and a much richer variety of goods and services. It almost certainly also implies some decrease in the quality of important amenities such as environmental quality and access to recreation. The types of trade-offs that affect the quality of life are so numerous, however, that determining a single optimal metropolitan area population is almost certainly impossible.

A very large metropolitan area can, for example, possess better environmental quality than even much smaller ones. As we argue below, public policy plays a crucial role making a particular set of trade-offs. Though we have no doubt that metropolitan area growth will hurt some aspects of the quality of life (for example, more people in the Portland area certainly means larger crowds at the ski areas and the coast), the trade-offs available make it hard to demonstrate that, for the range of city and Metropolitan sizes that exist in Oregon, any particular size is clearly too big. The benefits and costs of metropolitan growth to its citizens depends more on how growth is handled than on the amount of growth.

Nonetheless, though urban and regional economists generally agree that there is no such thing as an optimum metropolitan size, there are probably many people in the region who feel that the Portland metro region is somehow “just too big;” that it has exceeded or will soon exceed a size they feel was better for them. Some researchers have tried to quantify these feelings about the quality of life by rating cities on multiple variables. While the ratings are great news items and a boon for growth promoters, they are not much more: their methods do not withstand scrutiny.⁹ Though difficult to measure, those feelings about a region gone wrong are real and probably not uncommon.

The role of public policy in metropolitan growth

To this point the models that we have described have not included any reference to public policy. Clearly the policies that a region adopts can have an influence on all of the variables contained in Figure D-2. Figure D-3 shows some of the relationships. The chief influence of public policy is through its impacts on *production costs* via the provision of *public infrastructure and services*, and on *quality of life* via effects on *environmental quality*, *urban amenities*, and *infrastructure and services*: the three factors at the center of Figure D-3. The bottom of Figure D-3 shows in more detail some of the components of these general categories that policies can influence.

The three factors (environmental quality, urban amenities, and the capacity and quality of infrastructure and services) simultaneously provide a definition of *quality of life*: they are the things that public policy must encourage if people are to perceive that their second paycheck is anything more than chump change.¹⁰

Public policies influence virtually all aspects of urban development. Local governments provide most of the infrastructure needed for important urban services: transportation, water,

sewer, and drainage. Local governments regulate the provision of other services: electricity, natural gas, and garbage collection and disposal. The conditions under which these services are provided can affect the pattern of land development. Local governments control land development directly via a wide range of land-use and building regulations: zoning, building codes, development guidelines, and so on. Effectively designing new policies to control growth requires a clear understanding of how existing public policies influence growth.

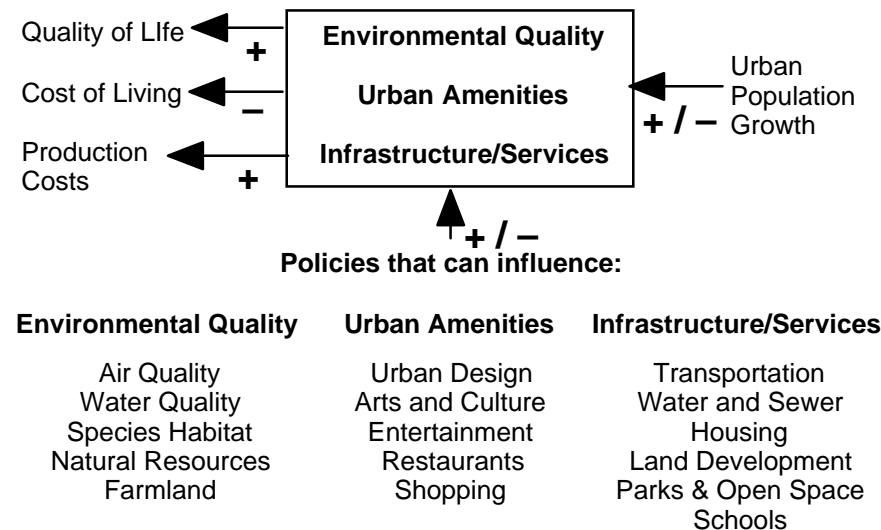
Public policy in the U.S. evolved as the country developed. Policy in the 19th century focused on war and defense (both

international and domestic), protecting individual liberties, and assisting in the development of North America's vast resources. Most of the people who immigrated to North America were poor by today's standards, and were most concerned about improving their economic condition. Municipal governments did not have the power and resources to monitor and regulate the activities of individuals that local governments have today. Even today, although most people enjoy a very high standard of living by historical standards, many people feel strongly that government's major role should continue to be to assist in the development of natural resources.

It is hard to over-emphasize the importance of the objective of increasing growth and development in the evolution of local public policy. Local governments grew because they could contribute significantly to growth and development. Only in the last 30 years has there been a significant shift toward conservation of resources as an important objective of public policy. Until very recently local government policy was directed mainly toward the growth of the community: if not toward stimulating growth, then certainly to accommodating it. Though the commitment to conservation has increased in strength in recent years (largely as a result of the increases in incomes made possible, in part, by policies to promote growth), in most communities the commitment to policies that promote growth and development remains strong.

Transportation illustrates the typical pattern in the historical development of public policy. In the 19th century the transportation policy that existed was aimed at growth and development, primarily of ports and railroads, secondarily at urban-streetcar systems. Those transportation systems were provided almost entirely by the private sector; public policy focused on keeping private markets efficient by regulating mo-

Figure D-3 :The role of public policy in urban growth



Source: ECO Northwest based on Myers, 1989, p. 93.

nopoly power, and subsidizing the private development of transportation systems. In the 20th century, policy shifted toward government provision of transportation services. Highways and transit, originally provided privately, became the domain of the public sector. Transit systems shifted to public control; the highway system was almost entirely public. The focus remained on developing capacity, not curbing its growth.

Given the successes of all public works during the depression of the 1930s, and the growing demand for high-quality roadways, the public supported large-scale government construction of highways and related infrastructure. As with the coming of the streetcar, it was easy for the public to envision the benefits of a system of urban expressways. The new expressways could supply low-priced land for both residential and commercial purposes. Moreover, given current populations, sufficient capacity could be built to provide convenient access to all parts of the city. Not surprisingly, the construction of urban expressways had the same effect on well-located urban areas as had the streetcar systems constructed at the turn of the century: it allowed these cities to grow. The highways opened up large quantities of low-priced land with good access to inputs and markets to commercial and industrial development. They also provided access to the land workers wanted for housing.

We have no doubt that autos, trucks, and highways contributed immeasurably to the economic vitality of urban areas and to the standard of living enjoyed by urban residents. The public investment in transportation infrastructure that has occurred over the last several decades almost certainly contributed more to urban areas than it hurt them. This is true not in spite of growth, but because of growth. The reason businesses and households move to cities in response to infrastructure investments is that urban areas offer them something better than

they currently have. They gain from the move. It is frustrating to current residents to see the new highway expected to speed travel quickly become congested. The highways were built because the existing facilities already were congested. The businesses and households that move to the now more attractive city put pressure on a wide variety of urban services. They also, however, make possible the supply of the wide range of goods and services typically found in cities, and they increase wages and the range of employment opportunities. It is easy to focus on the nice aspects of the city before it grew, and fail to consider the benefit of the growth.

The growth that transportation policy stimulated, however, caused the same kinds of problems experienced earlier with construction of streetcar systems: large parts of cities remained crowded and dirty as more people poured in, land and housing prices increased, and the highway system became congested. The auto itself, which was used to escape the poor environmental conditions in the city contributed significantly to the degradation of urban environments.

It is only in the last third of the 20th century that public policy has given serious attention to the impacts of the growth in transportation capacity. The problems emerged first as air pollution, but recently have expanded to include all the things that transportation policy and the growth of access can affect: the economic impacts of congestion, consumption of farmland, land use patterns that cause social and fiscal problems, and so on. Unfortunately, some of the policy responses only exacerbated some of the problems. The natural response to congestion and high land prices was to widen existing highways and build new highways to undeveloped areas. The response was the same: more growth, more congestion, higher land prices, and more air pollution. Going back to Figure D-1, improvements to the

highway system decreased production costs, which attracted employers to the city. The employers offered wages high enough to attract workers. The process continued until the combination of wages, the cost of living, and the quality of life more-or-less equalized between cities and regions. Some urban areas grew more than others because of their accessibility and the characteristics of businesses and natural environments.

The problem with public policy isn't that it focuses too much on expanding public infrastructure and services that encourage growth, but that it often fails to treat directly and effectively the most important problems associated with growth. For example, policy typically treats congestion by increasing roadway capacity. That would work if the volume of traffic remained constant. But the new capacity decreases the cost of travel in the short run, which encourages people to take more trips, and to change travel modes, routes, and times. In the long run, some people move farther from their destinations (which increases the amount they travel) and people move into the urban area. The new highway capacity often fills up very quickly. This realization has led to the recent thrust of transportation policy: a renewed interest in the full impacts of transportation investments on *all* systems, and an emphasis on having people pay the full costs (of operation, maintenance, lost time to others, pollution, and so on) of their trips.

The basic evolution of transportation policy is a pattern repeated (with important variations) in policies for all public services related to the development of land and the resources it contains:¹¹ full scale support of development for two centuries, tempered in the last 30 years by a growing awareness of the impacts of that development as the frontier disappears.

Returning for this example to policies more directly associated with growth management, we note four general categories of regulatory growth management techniques being used in the U.S. today (Kelly 1993:43):

- Adequate public facilities requirements
- Urban growth boundaries
- Growth phasing programs
- Rate-of-growth programs

Jurisdictions in Oregon rely primarily on policies in the first two categories, and to a lesser extent the third, to manage growth. We are not aware of any jurisdictions that have policies aimed directly at changing the rate of growth.¹² Adequate public facilities and growth phasing are closely related: the former focuses on the impacts of development on public facilities to ensure adequate capacity; the latter on the timing of growth in particular locations (but usually based on the availability of services). In addition, there are several nonregulatory (or quasiregulatory) techniques to affect the timing, amount, location, and quality of growth: things like land acquisition, annexation, economic development incentives, and the development of regional facilities (especially major highways). All of these techniques are used by at least some jurisdictions in Oregon. Chapter 5 discusses the potential impacts of the various categories of policies.

The model of growth we have presented in this chapter requires merging Figure D-2 with Figure D-3. The result is Figure D-4.

Even as Figure D-4 makes the process and determinants of growth more complex, it does not make them complicated enough. It's

Direct costs of growth: What are they and who pays?

This appendix addresses a subset of costs: the direct (monetary) costs of providing public facilities to the development that new growth requires. For a framework for thinking about the full costs of growth, go to the beginning of Chapter 4. Even with this limited definition, different studies of cost usually focus on only one of many possible questions about direct costs:

- What are the costs of growth, per se? Few, if any studies, have been able to adequately address this overarching question. There are many reasons, but the key one is that growth has too many dimensions to measure. Growth is more than land development. Even if growth is defined that narrowly, there are many different kinds of land development (e.g., residential, commercial, and industrial) and many different ways that development can occur (e.g., by location, design, and density).
- What are the costs of some specific development type? For the reasons given in the previous point, most studies of the cost of growth focus on a certain type and pattern of development. Nationally, research has been driven by the debate about urban sprawl: do low-density development patterns cost more than higher density ones? The fact that such studies exist and find differences in cost based on the location and pattern of development shows why simple statements like “growth costs \$X per housing unit” are misleading: the estimate depends on many assumptions about the type and location of housing, its density, the size and economic conditions of a particular jurisdiction, the preferences of local residents for a particular level of service, and so on.
- What are the fiscal impacts of some development type? This question expands from the previous one about a

subset of costs (i.e., direct public costs) to include a subset of benefits (i.e., public revenues). Many studies have been done to estimate whether particular development types cost local governments more than they contribute.

- Who is paying the costs, and is that fair? This question expands on the former one to look at where the revenues to pay for the direct public service costs of growth are coming from, and the extent to which it meets some normative judgment about who should pay.

Although discussion of definitions and assumptions is tedious, it is essential for a fact-finding study such as this one. Different studies of costs of growth measure different aspects of those costs, in different units, over different levels of geography and time periods. In most cases, simple comparisons across studies is inappropriate. Without clear statements of definitions and assumptions, the debate about costs of growth is primarily rhetorical, and the evaluation of policies primarily political. Regardless of whether such a decisionmaking process is desirable or inevitable, the objective of this report has been to provide a technical basis for the debate about growth by describing the technical issues as clearly and fairly as possible.

Comparing studies of costs of growth requires a definition and understanding of standards for evaluation

Such a description begins with a list of principles for evaluating any study of the costs of growth to make sense of what is being measured. Any such study should be specific and clear about:

The question about the costs of growth addressed

For this report, the essential question about direct costs is: Are the new people, employees, and development that are contrib-

uting to and benefiting from growth in a community paying a fair share of the additional costs of the public facilities and services they require?

The subset of costs evaluated

Fig 4-2 shows all the different levels of costs that might be addressed. This section of this appendix, for example, focuses on the direct costs of key public facilities; other sections discuss other impacts (both costs and benefits). But the studies reviewed in this section do not all address the same facilities, and most do not consider indirect overhead costs of service provision.¹

Figure 4-2 also shows where study methods differ significantly and make simple cost comparison incorrect. Some studies of public facility costs look only at on-site costs for facilities that serve the development exclusively (e.g., interior roads and sidewalks in a subdivision, pipe to hookup to water mains and sewer trunk lines). Other studies consider off-site costs (also called neighborhood, community, or central costs) that can be attributed to the site development (e.g., more capacity in arterial streets, water mains, wastewater treatment plants, schools, parks, and jails).²

The treatment of capital and operating costs of public facilities

An analysis of the direct costs to government of providing public facilities must state how it is calculating those costs. From an economist's perspective, the desired measure of cost would be an annual equivalent value that accounted for the stream of costs that it would take to plan, build, operate, maintain, decommission, and salvage some public facility over its useful life.³

Think of it this way: if construction on a new residential development were begun today in a community, how much

money should it ask a developer to put in an escrow account so the full stream of costs (capital, operation, maintenance, and (perhaps) environmental clean-up) could be paid for when the costs came due?³

No studies, however, attempt such a measure. Prior to 1980, most fiscal impact analyses focused on operating expenses and ignored construction costs (Altshuler and Gómez-Ibáñez 1993, p. 79). Many more recent analyses of costs in Oregon have gone the other direction, estimating construction costs but not operation costs.

Further complicating the cost analysis is the treatment of excess capacity and full life-cycle costs. What is the efficient level of excess capacity to design for, and how should it be paid for? If, for example, a current wastewater treatment plant has a peak capacity 50% greater than the largest historical demand recorded, should growth have to pay for a part of a new treatment facility that won't have to be built for another 20 years? Or does the growth actually reduce costs for existing residents by paying average-cost prices for use of the system while its additional cost burden is hardly noticeable? This is a question about average versus marginal costs, and potential economies of scale.

Moreover, jurisdictions can reduce current costs by reducing quality of construction and maintenance, both of which could reduce the effective life of the facility and, thus, the period over which its costs should be amortized. The cost differences that result cannot be handled by studies that do not take a life-cycle approach to cost estimation.

The distinction between real costs and financing

Using financing costs to estimate costs of growth may or may not be an appropriate measure of the true economic costs of

the resources that growth requires. On the one hand, when capital improvements are financed, their cost may be reported as an annual payment, which can then be added to annual operating costs to get a rough approximation of an annual equivalent cost of the service. On the other hand, when some facilities are financed over a period not equal to their expected lives, when some facilities are financed and others are not, or when facilities are partially financed while other payments come from transfers from other local or state revenue sources, financial costs may bear little relation to the real economic costs.

Concern in Oregon about the financing of infrastructure, however, is not about methodological distinctions between real economic costs and the stream of financed costs that pay for them. Rather, it is about the ability of government to raise enough revenue to pay for needed and desired public facilities, and the fairness of who pays. The two largest sources of tax revenue in Oregon are income and property taxes, which together account for approximately 75% of total state and local tax revenue.

Changes in Oregon's income tax reflect changes in the state's economy. Personal and corporate income tax collections have grown rapidly in the 1990s because of an increase in population, per-capita income, national corporate profits, and the share of corporate profits allocated to Oregon. The electronics industry is now the largest payer of corporate income taxes in the state. Income tax collections surpassed property taxes as the largest source of state and local revenue in 1994, caused by growth in income tax collections and declines in property tax collections that resulted from ballot measures to reduce them.

Before Measure 5, the total amount of tax revenue to be raised (the tax base) was divided by total assessed value in the taxing

district to calculate a tax rate. A tax base could not increase more than 6% per year without voter approval. Under that system, local voters determined the level of property tax revenue to counties, cities, and school districts. Property tax revenue was the largest source of school district funding, accounting for over half of all school district revenue.

Ballot Measure 5, passed by voters in 1990, limits the property tax rate to \$10 per \$1000 assessed value (i.e., 1% of assessed value) for non-school taxes, and limits the tax rate limit for schools to \$5 per \$1000. These limits were added to the Oregon Constitution: they can not be increased by local voters, but local voters can approve taxes beyond the limits to fund capital improvements. Measure 5 requires the State to replace lost property tax revenue to schools, effectively creating a state-funded school system.

Ballot Measure 50, approved by voters in 1997, limits the property tax rate and growth of property values. Measure 50 rolled back the assessed value of property to 1995-96 levels less 10%, and limited growth of the assessed value to 3% per year. Under this system, the property tax rate in Oregon is no longer applied to the actual market value of property, but rather to a lesser assessed value. There are exemptions for new construction, re-zoning, and subdivisions.

In addition to limiting the assessed value of property, Measure 50 required a 17% cut in tax levies, and permanently froze the resulting tax rate. Levies for bonds are exempt from this cut. The combination of fixed permanent tax rate and the 3% limit on assessed value growth effectively limits property tax revenue growth to no more than 3% per year plus increases for new development, either from new construction within a jurisdiction, or an expansion of its boundaries (e.g., annexation).

Voters can approve levies beyond the permanent rate, but only at general elections or an election with 50% voter turnout. Operating levies beyond the permanent rate are limited to five years, and capital levies to ten years. Bond levies are exempt from the time limits of Measure 50, but must be approved by voters in a general election or in an election with at least 50% voter turnout.

A basic understanding of state and local finance is necessary to any assessment of the costs of public policies and services, and of who pays them. The important relationships between the tax system and growth in Oregon include:

- Economic growth has increased personal and corporate income tax revenue, and changes in the economy have changed the composition of industries paying the largest share of corporate taxes, and has increased the share of income taxes paid by residents.
- Economic growth also increased residential property values, which caused property taxes to increase even under Measure 5 limits, which in turn contributed to the approval of Measure 50.
- Measure 50 provided some incentive for cities to annex adjoining areas sooner than they would otherwise, because it allows new construction to add to a district's tax base.
- Regarding who pays the costs of growth, new development pays its share of property tax under the new rules (i.e., everybody pays proportionally less, but new development gets no special break). In high growth areas it is theoretically possible for municipal budgets to increase more than they would have under the old rules (e.g., a lot of new development in a city, combined with a 3%

increase in assessed value of existing property, could increase tax revenues by more than the old 6% lid).

- The loss of local control of school district funding prevents communities from voting to increase funding for higher-quality schools. While state funding and equalization may be desirable for reasons of equity, the quality of schools has historically been a key determinant of residential local decisions. The effects of that limitation on location decisions, however, may not be great since desirable school districts will continue to have the capital and human resources, and local support, to find ways to remain good districts.
- The shift in Oregon's tax system to increased reliance on income taxes has increased the sensitivity of funding to changing economic conditions. An economic downturn could have a significant effect on the state General Fund and, consequently, on school funding.
- In response to declining property tax revenue, many local governments have turned to fees in general, and in particular to system development charges and exactions on new development to help fund off-site infrastructure. The effects of such financing mechanisms are ambiguous: they depend on many other factors. If, for example, large SDCs are adopted by one city in a metropolitan area, the tendency in the short run may be to move development to other cities. If the financing in those other cities, however, is inadequate to handle necessary capital expansion and maintenance, then in the longer run their financial problems could drive growth away. If all cities in a region simultaneously increase SDCs, then the impact, if any, will be on the amount of regional growth, not its distribution.

- Many communities in Oregon use property tax abatements and enterprise zones to encourage business location, retention, and new development. This practice has been increasingly criticized as citizens question the value of continued growth in their community.

The type and pattern of growth evaluated

For this report, the focus is on residential growth in general, and on trying to get an average cost per new household or housing unit. Obviously, the type and location of the housing unit that is built to accommodate the new household will have an effect on the costs the new household imposes on public facilities and services. Moreover, those facilities do not service residential development exclusively—they also serve commercial, office, and industrial development. Thus, total costs of new facilities cannot be reasonably attributed to housing only. Some studies, especially those that take a public utility rate perspective on cost analysis, deal with this problem by estimating costs per equivalent dwelling unit (e.g., assume that 2.5 employees have the same impact on a water system, on average, as a single-family dwelling unit).

The other factors that influence cost

All cities and counties do not offer the same package of services. Differences result from many factors, which include the historic pattern of growth; prior investments in and directions for services; and the preferences of property owners for type, level and cost of service (which is in part a function of their socioeconomic and demographic characteristics). For example, the amount of driving in the US, and therefore need for highway facilities, has grown two to four times faster than population in each of the last five decades, leading to conjecture that land development itself may account for only 25% to 50% of the increase in driving and highway demand (Altshuler and Gómez-Ibáñez 1993, p. 64).

Federal and state mandates have increased requirements for local facilities and services, while a phase-out of revenue sharing has reduced payments for others. There is ample evidence that many state agencies and local governments, faced with requirements for more services, inflation, and budget limitations, make ends meet by deferring maintenance (in essence, borrowing from the future). Whether mandated or locally chosen, different standards for level of service can easily change costs by a factor of two or more (Frank 1989, p. 11).

Jurisdiction size also influences costs. Larger cities typically provide more services. To some extent, that results from different regulatory standards, and from the need for a critical mass of demand to allow certain services to take advantage of economies of scale that lower the per capita costs. Increasing per capita expenditures may also be a result of the effects of the amount and density of population (i.e., congestion). For example, more people means that some intersections now need traffic lights. Several studies find the relationship between metropolitan growth and per capita public sector expenditures to be U-shaped: when controlled for other variables, per capita spending is higher at low growth rates, declines with growth, and then increases after the growth rate reaches some level.

The larger the jurisdiction the smaller the impacts of a new household (that might have higher marginal costs) on average service costs of all households, the more likely that excess capacity will exist and mean decreasing marginal costs for growth, and the more likely that external benefits and costs will be internalized.

The normative assumptions

One can ask not only, Does growth pay its own way? but also, Should growth pay its own way? The answer depends on one's

assessment of what is fair. Considerations of equity add a layer of complexity to questions about the cost of growth. Consider:

- Fiscal zoning. Municipal governments have incentives to use land use policy for fiscal purposes.⁴ While law prohibits many types of discrimination, it does allow municipalities police powers regarding the type, density, and standards for land uses. Should municipalities be allowed to adopt high standards and full-cost recovery policies if that means that only high-income people can afford new housing?
- The principles and mechanisms for recovering costs. There are at least four notions of a fair way to charge for a good or service. For goods in the market place, one of them is used exclusively: if you have the money, you can have the product (ability to pay). That mechanism is deemed fair: an informed buyer and seller agree to an exchange that makes both feel better off. For collective goods provided by government, however, other principles get applied. People could get charged based on their share of the costs (e.g., what share of the sewage treatment plant they use), their estimated benefit (much harder to calculate since people have incentives to underestimate their benefit), or special status (e.g., half-price for senior citizens, independent of their cost, benefit, or ability to pay).

The financing of schools illustrates the problems. If education were purely a private good, then school districts could be run like businesses and students or their parents could be charged for the full cost. But there are other public benefits to education (the development of better citizens through shared understanding and values), and an argument that everyone has a right to a good education, whether they can pay or not. Lee (in Nelson 1988, p. 305)

argues that “to the degree that there is a public purpose, the costs should be borne by the community, with the share falling on each taxpayer bearing no relationship to the load placed by the taxpayer on the educational system....the number of school children associated-directly or indirectly-with new development is not only irrelevant, it should be illegal for impact fee purposes.” Thus, whether and to what extent system development charges should be used to finance schools depends a lot on bigger decisions about education and fairness.

- Initial versus final incidence of cost burdens. Ultimately, most of the direct facility costs of new development get paid by someone or the development cannot occur. There is no free lunch, and municipalities have to balance budgets. Thus, the question about growth is more about who pays, and in what form, than about total cost.

What public facility costs are paid directly by developer (e.g., on-site streets); what costs are paid indirectly by developer (fees paid to municipalities and special districts for public facilities that they install, either on site or off site); and what part not covered by developer/builder fees that the public sector must pick up? Even if a developer pays initially, the final burden gets distributed to different groups (landowners, developers (as landowners, or just as developers), new residents, current residents, other state and federal taxpayers) depending on the conditions of supply and demand.

For housing, the direct costs are usually borne primarily by households buying or renting. If some of the direct infrastructure costs are recovered via impact fees, for example, in markets where buyers and renters are sensitive

to price, some of those costs will be pushed back to landowners in the form of lower land prices. Most studies conclude that the shift to landowners will be small (Nelson 1988, p. 316 and Altshuler and Gómez-Ibáñez 1993, p. 100), but that conclusion is debatable and dependent on many variables. The counter-argument is that in a large urban housing market, the new housing in any given year is a small percentage of total stock, so the price of new housing (adjusted for constant quality) is determined by the price of existing housing. Thus, a developer cannot simply charge more to cover the SDC: in the short run the developer pays; in the longer run, land prices must drop to capitalize the SDC. This effect will be most likely for SDCs that are for services that are not an obvious and direct benefit to the individual property (e.g., for an SDC to pay for off-site road improvements or regional parks, compared to an SDC to pay for sewer treatment capacity).

But if homeowners and renters are paying most of the costs, how are the costs distributed among them? Consider, for example, that not all people buying new houses are new to a community. Much of the development that occurs in a community gets occupied by households and businesses that already reside in that community and pay fees and taxes. Are they the ones that should pay the cost of growth? Or should the burden fall on those households and businesses that are moving into the area and are most directly responsible for population growth? How that question gets answered implies different methods of charging for growth.

Moreover, the population of a jurisdiction changes composition even as it grows. In Oregon, on average, less than half the households in the state live in the same house

they lived in five years earlier; over 25% lived in a different county. Even with an assessment that perfectly matched facility life, current taxpayers pay more for the system than future ones: people who pay early pay more because payments do change in time as inflation makes future payments less valuable. Property taxes complicate the picture further, as do taxes paid to state and returned to local governments, and federal grants.⁵

The limitations of the estimates

Finally, and perhaps most obviously, there is a lot of uncertainty about the estimates of the amount and composition of population, its demand for services, costs, and all the other factors that go into calculating what a fair charge for the direct costs of public facilities should be. Some of that uncertainty is inherent (we can never be sure of the future until it's the past); some of it is introduced by bad techniques and data.

Differences in objectives, scope, definitions, assumptions, methods, and data in studies of costs of growth make comparisons, and some of the conclusions derived from the, questionable

National studies

We compare several key studies against these principles. Some studies regarding the costs of development are cited in almost any cost study. The classic, *Costs of Sprawl* (Real Estate Research Corporation 1974), is of limited use: not only is it 25 years old, but it has been shown to have methodological flaws (Windsor 1979). Recent work on development costs starts with Frank (1989), whose report is itself a summary of the best studies he reviewed going back to 1955. Much of the more recent work has been done in the context of fiscal impact analysis by Burchell (Burchell 1997; Burchell and Listokin 1995;

Burchell, Listokin, and Dolphin 1985). Other significant work on costs comes from the literature on development impact fees (Nelson 1988, and Altshuler and Gómez-Ibáñez 1993) and on property tax (Ladd 1998).

Some of the works cited above are themselves summaries of other studies-this report must compress those summaries even further. All the points listed above about different research questions (e.g., the costs of growth, or the costs of different patterns of growth?) and methods (construction vs. operation, on-site vs. off-site, total cost vs. costs unreimbursed directly at the time of development, differences between residential and non-residential demand patterns and marginal costs) apply. With the obvious caveats, here are the key points.⁶

Frank's (1989, 39-41) conclusion from his review of cost studies is that when all on-site and off-site capital costs for streets, sewers, water systems, storm drainage, and schools are counted they amount to about \$35,000 (\$1987, which would be about \$50,000 in \$1998) per dwelling unit for a low-density residential pattern. That estimate depends heavily on the assumed location of the dwelling units from central facilities and on the density of the development. Frank shows different reasonable assumptions that cause costs to be from about 50% to 250% of that base estimate. Service standards have big effects: capital costs for schools and streets across jurisdictions vary by a factor of two. He notes that costs can be reduced even further if standards are reduced, but that such reductions are usually only acceptable with less density, which means that distance-related costs (roads and pipes) will increase and at least partially off-set the savings (assuming water and sewer hookups to a central system). His conclusion is that "in most communities, costs beyond the neighborhood level are not fully passed on to the consumer as part of buying a house...." Note

that though he reviewed studies that looked at O&M costs, his summary is for capital costs only.

Frank also notes an obvious point that is critical to any estimate of the costs of growth: marginal costs vary substantially because of big differences in unused capacity. If cost estimates are based on having growth connect to existing infrastructure that has excess capacity, those estimates will be lower. Frank found that if only marginal costs are considered, scattered, infill development has the smallest short-run impact on cost because it takes advantage of unused capacity.

The American Farmland Trust (1986 and 1995) has sponsored studies related to the costs of growth: their focus is the cost of different patterns of growth; their conclusion is that denser patterns are preferable because they cost less and also save farmland. The 1986 study for Loudoun County, Virginia, is notable for its documentation of assumptions and adherence to most of the underlying economic principles described in this report. It did not actually estimate total cost, because it noted that the costs of local streets and water and sewer hookups are paid by developers. The study looked primarily at off-site capital costs and all other costs of government operation, including costs for schools, road maintenance, water and sewer, public safety (police, fire, EMS), health and welfare, and general government. The conclusion was that these costs were about \$3,500 to \$5,000 per household (\$1986, which would be about \$5-7,000 in \$1998; Table 4, page 32), with denser patterns costing less. About 2/3 of the costs were for school operation and instruction.

The work of Frank and others since Frank is identified and briefly summarized in Burchell et al. (1998), which is primarily based on his previous summary (Burchell 1995). Burchell's work in New Jersey is a state-level analysis of the relative costs

of alternative development patterns. He looks at roads, water, sewer, and schools, but his reference to the study does not include sufficient documentation to determine exactly what components of those costs are being measured. His results are not reported in his summaries as a cost per dwelling unit. His summary table (Burchell 1995, 17) allows the calculation of an average cost per household, which is about \$33-\$36,000 (\$1992 [but some mixing of different years], which would be about \$37-\$41,000 in \$1998). That estimate allocates total infrastructure costs for all development to only households: if employment were considered with standard assumptions for equivalent dwelling units, the allocation might be more like \$20,000 per household. Burchell also cites a study by Duncan (1989) but does not provide enough detail to determine what aspects of capital costs that study is measuring.⁷ Despite these problems, Burchell summarizes from three studies to argue that certain service costs are less expensive under compact development than under traditional development. He estimated “compact” costs as a percent of “sprawl” costs to be about 75% for local roads, 80% for utilities, and 95% for schools.

Like Burchell, Ladd (1998) has done substantial work on government cost and growth, and has done a review of that literature. While most other work on costs makes estimates based on the assumed characteristics of subdivisions, her work is done at a metropolitan scale.⁸ She finds a U-shaped relationship between the rate of population growth and growth in local government per capita spending. On average, for a few hundred metropolitan areas, spending declines at low rates of population growth (less than 1% per year) and then rises at an increasing rate after the annual population growth rate reaches about 3.8%. Among the reasons: in fast-growing counties state governments do not maintain their share of state-local spend-

ing; fast-growing counties have larger capital expenditures. Ladd concludes that “the results suggest that new development, as measured by population growth, may not pay its way when population growth is rapid.” (Ladd 1998, 67). A corollary is that in slow-growth areas, more people could reduce per capita spending and reduce tax burdens.

With respect to density, Ladd finds that it has the same U-shaped impact on spending as she found for growth, and that greater density is associated with higher public sector costs. Higher density requires more public expenditure to deal with what Ladd refers to as “the harshness of the environment.” For example, the costs of pollution and the need for expenditures on pollution control are greater when people are closer together: the pollution impacts more people.

The maturation of the neo-traditional development movement has led to some tests of its initial assertions about cost savings. In general, the findings are that neo-traditional development does not cost less in the aggregate at the subdivision level, but smaller lot size means more lots and less cost per lot (Steuteville 1998). A study in Oregon (ECONorthwest 1995) found similar results, and that housing construction of neo-traditional type costs about the same on a square-foot basis.

That study also supports the conclusions of other studies: that infrastructure costs depend more on the location of the development than its design because of significantly different impacts on off-site costs. Many analysts agree with Kain (1967, quoted in Frank (1989, 23)) that the cost of inter-neighborhood (i.e., community) facilities “depends primarily on the shape and size of the region being served rather than on density.”

The conclusion that distance from central facilities leads to

greater off-site costs has been used by many planners to argue that leap-frog development is inefficient. From an economic perspective, however, greater off-site costs are not necessarily bad. Peiser's empirical work (1989) suggests that over time discontinuous development patterns actually promote higher density. He examined lot sizes over time along major arterial roadways in Dallas, TX; Montgomery County, MD; and Fairfax County, VA). He found higher densities (i.e., smaller lot sizes) in later in-fill development than in the original development.

The studies cited so far focus on subsets of the total costs of government services that are needed to accommodate growth. Most do not focus on exactly who is paying for those services and through what mechanisms.⁹ Dauter (1998) attempts to sort out what developer pays and what households subsequently pay through user charges and property tax. He looks at the full range of capital costs and municipal services growth requires for cities in Texas. His conclusion is that new subdivisions, because they are higher than average value, will pay more than the average amount into the general fund for general fund services like police and fire protection, parks and recreation, libraries, and municipal courts. The amount of debt that can be supported by revenues from the new subdivisions (e.g., development fees, ongoing user charges) exceeds the amount of capital improvements cities have provided to these areas. Despite uncertainties and limitations (e.g., he looked at water, sewer, storm and streets, but not schools, which were not municipally provided), the findings make it clear that growth already pays a lot of its direct costs on public facilities.

Oregon studies

In addition to all the other criticisms of national studies, Oregonians can add one: Oregon is different. Direct costs might not be that much different, but service standards, densities,

and fee structures certainly will be. What do Oregon studies say about the costs of growth?

Carson (1998) is the most recent Oregon work on costs of growth, the bulk of which deals with not the total cost of growth per se, but who does, should, and could pay for the public facilities and services that growth requires. A subset of the report deals with costs. Carson summarizes six studies into a single table (Carson 1998, 31). Four of the studies are national. For several reasons cited above, only the Frank study (1989) has enough documentation to merit citing the numerical estimates. The two other studies are from Oregon: one by Fodor (1996; updated 1997), and one by Conder (1997).

The Fodor study of public facility costs in Eugene has been well publicized in Oregon: references in policy debates to new residential growth costing \$20,000 to \$25,000 per housing unit are usually based on the findings of this study. With respect to the principles discussed above, the report gets a mixed review. On the positive side, it states explicitly that it is evaluating only a subset of costs, it documents where the cost estimates came from, and it provides reasonable ballpark estimates of some of the costs of adding new public facilities. On the negative side, a minor problem is that the cost estimates are from different states and not standardized to constant dollars. More importantly, the analysis appears to assume that any of the estimated costs not paid by system development charges is a cost that is borne, unfairly, by other citizens in Eugene.¹⁰

A study for the City of Eugene by Lane Council of Governments (1996) in response to the Fodor study found some of the costs of facilities to be similar, but also found, as did Dauter (1998), that many of those costs were being paid by develop-

ers and subsequent users of the developed space. Carson makes the same point. Among LCOG's conclusions:

- Eugene's City Council has been explicit about the costs of public facilities and how they should be funded. Many costs are paid initially by developers in a number of ways:
- As part of their construction cost. E.g., on-site streets
- As fees or special assessments for on-site facilities. E.g., sewer and water hookup. For example, sewer and water fees were calculated by the utility to cover all operating and capital needs. Where metering is possible, such a system has several advantages over impact fees. Yet other facilities and services, typically those of general and regional nature, are funded on an ongoing basis by property taxes, to which residents of the new development contribute.
- As SDCs for off-site facilities. LCOG concludes that the SDCs charged cover 100% of the costs of the facilities that the City Council has decided can and should be covered by SDCs. The Council decided not to cover regional parks or regional transportation through SDCs because of their general benefit to the entire community: user fees and general funds are used instead. The Council could not cover schools or fire, because state law does not allow SDCs for those facilities.
- School and fire costs in Eugene do not rise in proportion to growth. LCOG showed, for example, that the long-run trend in Eugene has been for a relatively stable school-age population despite substantial growth, and argued that most of the reasons for a new fire station were unrelated to growth.

- The large majority of the direct costs of growth for public facilities are paid for either up-front by the development that accommodates that growth, or over time by those occupying that development through special assessments, user fees, and property taxes.

One point illustrated by differences in the Fodor and LCOG findings is the importance to the calculations of things like excess capacity, a short-run versus long-run perspective, and marginal versus average costs. Fodor is correct that eventually growth will be great enough that new public facilities will be required (and that, in that sense, those facilities are a cost of that growth); LCOG is correct that those relationships are not the linear ones that Fodor implies—excess capacity and changes in technology, service standards, institutional relationships, and pricing may reduce future costs in real terms.

Conder (1997) did his work on cost as part of the Metro evaluation of the public facility costs of urban growth in the Portland area. His memo, though short, comports with many of the principles above. He distinguishes between on-site and off-site costs, builds to regional totals from hypothetical subdivision costs, brings cost estimates to constant dollars, notes that he is looking at capital costs only (and for only a subset of services), estimates the components of those costs individually, and effectively calculates an up-front capital cost per dwelling-unit equivalent. It does not, however, consider life-cycle or O&M costs: it implicitly assumes that all growth happens today and builds facilities to today's standards to accommodate that growth.

Carson cites Conder as estimating a cost of about \$23,000 per single-family dwelling unit (\$1996, which would be about \$24,000 in \$1998), which he then compares to estimates (by

facility type) from other studies. This type of comparison, typical in much of the planning literature, illustrates the problem noted previously: simple comparisons of costs from different reports give an inaccurate picture. Conder's cost estimate is for on-site and most off-site public facilities (including parks, jails, and some new arterials, but not including major improvements to the regional transportation system), reported in 1996 dollars for dwelling-unit equivalents (which means that costs are not allocated exclusively to single-family, or even residential, development). Fodor's cost estimate is for a substantially reduced subset of those costs, reported in dollars from different years, and allocated exclusively to single-family development. Frank has yet a different subset of costs reported in 1989 dollars. The Burchell estimates are not comparable at all: they are costs in millions of dollars for the entire state of New Jersey.

ECONorthwest (1995) developed cost estimates for on-site public facility construction costs (local streets, sidewalks, water, sewer, electrical, and lighting) for two prototypical subdivisions: traditional and neo-traditional. Attempts were made to control for type, number, and quality of units, and expected demographic mix. The results were consistent with subsequent national studies showing no absolute cost savings for on-site public infrastructure (streets; water, sewer, and gas pipe; and electrical conduit) for neo-traditional development. At best, the total cost per acre of typical public infrastructure is no greater for neo-traditional development than for a standard subdivision: depending on the amenities provided, it may cost more per acre.

But any greater site cost is offset by two considerations. First, the amenity of a neo-traditional development may be greater: open space, design, and other factors make its housing a more

desirable product for buyers, who may pay more to live in such a development. Second, the neo-traditional pattern usually has smaller lots (more density), which means more lots to distribute on-site costs to. The end result of the ECO study was that the cost per lot is about the same: about \$12,000 for construction only (\$1995, including hook-up fees, which are typically based on service-provider estimates of the cost of the hook-up). Adding in design engineering and contingency, and updating to current dollars would bring that estimate to about \$15,000 to \$18,000 in \$1998.

Conversations with engineers and developers conducted as part of the research for this project suggest that number is in the ballpark, but could easily be higher, and maybe a little lower. Increased standards and, increasingly more difficult sites as all the easiest lands get used up, might cause those cost to be higher. Moreover, the estimates do not include other on-site costs that might be offered or exacted (e.g., open space, trails, and especially storm water retention). Costs could go lower for larger scale developments, where the costs can be spread over more lots, or for different jurisdictions, which have different site conditions and standards. In summary, \$15,000 to \$20,000 is probably a good estimate of the costs of designing and building all the on-site public services that a new single-family subdivision would require, with costs quickly moving toward the higher end. Note that these on-site costs only: they do not include, for example, systems development charges.

Most if not all of those on-site costs are paid as part of the development process. The ECO study also concluded, consistent with other national studies cited above, that "off-site public costs are primarily affected by the overall pattern of development [especially the location of the development relative to

central facilities] and public infrastructure capacity.” (ECONorthwest 1995, 4-6).

The most recent study we reviewed aimed at estimating public facility costs of growth was done as part of Metro’s urban reserve analysis (W&H Pacific 1998). The study looked at only the off-site (regional) costs of constructing and operating wastewater, stormwater, drinking water, and transportation facilities to serve 49 urban reserve areas (URA) in the Portland Metropolitan area. The study was empirically based, looking at the topography of each URA and its proximity to existing facilities. By including the present value of annual operation and maintenance costs (O&M)-i.e., an average annual payment that would have to be made to cover the long-run stream of slightly variable O&M costs-the study gets at an estimate of life-cycle costs (unlike Conder (1997) for example, which estimates only a one-time capital cost).

The study did not look at other types of public facilities: for example, schools, police and fire, and electrical distribution systems. Transportation costs did include new arterials and collectors estimated to be needed to link to the regional highway system, but did not include any improvements to the existing regional highway system to accommodate more growth beyond those envisioned in the regional transportation plan, regional transit improvements or costs, or new signalization. For this study, W&H Pacific estimated total signalization costs and allocated it to dwelling units to calculate an average cost per new dwelling unit of \$865.

The estimated costs per dwelling unit varied significantly from one URA to another, but most were in the range of \$15,000 to \$40,000. Some costs were exceptionally high because the servicing costs were high and the estimated growth of dwelling

units in a URA was low. The average off-site costs per dwelling unit for 37 URAs considered typical are shown in Table E-1. Adding in the estimated cost for signalization brings the total to \$24,300.

ECO’s work on on-site costs can be combined with that of W&H Pacific’s work on off-site cost to get a rough estimate of the capital costs for the subset of public facilities that have typically been included in analyses of the costs of growth. The combination is rough because not all facility types are included in the off-site costs (e.g., electrical and gas transmission lines, regional transportation costs) and the ECO estimate is for one-time capital costs only, not for O&M or life-cycle costs. But if we limit the analysis to one-time construction costs, we get an estimate of roughly \$35,000 per average single-family unit (\$15,000 to \$20,000 on-site, plus \$18,500 off-site). O&M probably adds \$5,000 to \$7,000.

There is plenty of evidence that the capital costs for schools (K-12) is on the order of \$10,000 to \$20,000 per pupil. If one assumes \$15,000 per pupil, an average household size of 2.4 persons, and that school-aged (K-12) children are about 15% of the population, then an average household adds 1/3 students and potentially creates a part of a demand for a new school that could lead to an additional \$5,000 of cost; other

Table E-1 Off-site infrastructure costs: construction and O&M

Present Value of Costs in 1998 Dollars			
	Construction	O&M	Total
Wastewater	5,600	1,800	7,400
Water	5,700	600	6,300
Stormwater	2,400	1,200	3,600
Transportation	4,800	1,300	6,100
Total	18,500	4,900	\$23,400

Source: W&H Pacific, Public Facility, Metro Urban Reserve Productivity Analysis, September 1998, and additional calculations for this study.

studies have estimated that cost to be \$10,000 or higher, especially if land costs are included at current market prices.¹¹

The result of these assumptions is that the incremental cost for the public facilities discussed so far (i.e., the ones typically considered in fiscal impact studies) imposed by an average new household if it requires a new single-family housing unit is on the order of \$40,000 to \$45,000 (perhaps even \$50,000). That average cost, even if correct on average, would vary a lot depending on the type of household (the socioeconomic and demographic characteristics of the household affect its demand for services). One could add other capital costs as well.

Sooner or later incremental growth will use excess capacity for other services as well: eventually it will contribute to the need for a new police or fire station, library, park, swimming pool, jail, solid waste transfer station, city hall, and municipal court, as well as other general government plant and equipment. In many cases some of that need will also be attributable to existing development. For example, the increased congestion of and demand for transportation facilities over the last 20 years in Oregon resulted more from increased per capita demand than from more people. Nonetheless, using this reasoning, and depending what detail one goes to in identifying and quantifying public costs, we would not be surprised if the incremental impact of a new household could eventually lead to additional capital costs of another \$5,000 to \$15,000. Adding these to the previous estimates would bring the estimate of total capital costs for public facilities to \$45,000 to \$60,000 per household/housing unit.

Note that these are just the capital costs, which are most often what studies and discussions of cost of growth address. One could also, however, consider operation and maintenance costs

as part of the cost of growth.¹² Those costs occur year after year, so they have to be summed over some time period (which should probably be the life of the facility) and discounted to a present value. The present value of O&M costs for all capital facilities and services is probably on the order of \$25,000.

For public policy, estimating who pays the direct costs of public facilities is as important as estimating how much they are

So what? So what if the incremental contribution of an average housing unit to the cost of construction of new public facilities is around \$50,000? In general, our laws and conventions are not concerned about what somebody willingly pays for something he wants—they care when he does not pay. The real question is, Are the right households paying for these public services?

To keep it simple, let's start with an average estimate for capital only. The number could be higher or lower, but assume that \$50,000 covers all the incremental capital costs that, in the long-run, are necessary to accommodate a household occupying one new single-family unit. Embedded in the \$50,000 is approximately \$15,000 to \$20,000 of assumed costs for on-site public services. In most places in Oregon these are paid by developers and passed on to buyers and renters of residential property. The other \$30,000 to \$35,000 is for off-site costs for sewer, water, transportation, drainage, schools, and other public facilities. In most jurisdictions in Oregon, some of these costs are paid with SDCs, which may range from roughly \$2,000 to \$10,000, depending on the jurisdiction. Some are paid with special levies (e.g., Washington County's levy for major street improvements). Some are paid by federal and state revenue sharing and grants, whose ultimate source of revenue

is primarily income and gas taxes paid by everyone. Some may be paid in some jurisdictions by the general fund, which means all local taxpayers are contributing. These costs do not include increments to O&M costs.

Who is paying for that residential growth? The answer depends on some assumptions, most importantly about when and in what form the costs of growth should be paid. Consider:

- Wherever metering is possible, user fees do the best job of having the people who impose costs pay them. The essence of the complaint about costs of growth is that the growth does not pay. Thus, if a new household is paying a user fee (say to a water, sewer, or electrical utility) that is calculated to cover operation, maintenance of existing facilities, replacement, and capital expansion, one could argue that the household is paying its share of costs. The counter-argument is that but for that household (and other new ones like it) user fees could be kept lower for existing users. Issues of prior capital investment and debt financing complicate the issue. But in an ideal situation, if all capital and O&M costs are adequately covered in local user fees calculated by service providers around Oregon, then there is a reasonable argument that each new household pays approximately its fair share, and does so for only as long as it lives in Oregon and uses public facilities.
- For regional facilities that are not easily or desirably financed from user fees (e.g., open space, fire stations, schools), there is a reasonable difference of opinion. On the one hand is the argument that, but for new growth, additional open space, schools, and so on would not be needed: thus, the new facilities should be paid for with SDCs, which will fall directly on developers and be passed

on to occupants of new buildings. On the other hand are the arguments that the occupants of new buildings are not exclusively—perhaps not even primarily—new to the community; that existing residents enjoy investments made by people that preceded them; and that new residents will contribute a fair share by paying the property and income taxes (usually greater than average) that support general government expenditures on these types of facilities.

- For operation and maintenance, a justifiable and simplifying assumption is that new growth pays its proportional share through standard cost-recovery mechanisms. For most cities, a large part of road maintenance is funded with their share of state gas taxes. School operation is primarily funded through state income taxes, personal and corporate, that are passed back to school districts. Thus, though the costs per student of K-12 education are large, it is likely that people moving into new houses are paying more than average property and income taxes, which is how public school operation is funded. If maintenance is being deferred (as it appears to be in many cities and the state for some transportation facilities and for buildings), growth is responsible for only its (small) proportional share of that deferred cost. In other words, that cost is probably not appropriately classified as a cost of growth.

Again in rough terms, trying to put some boundaries on the estimates, the evidence reviewed leads us to conclude it is probably the case that for on-site and off-site public facilities new residential development directly pays on the order of 50% to 90% of the capital costs (through developer provided infra-

structure, hookup fees, SDCs and other impact fees, special assessments, exactions, and property taxes).

The exact percentage will vary by jurisdiction, depending on things like the local type and level of service, the details of the cost-recovery structures of service providers, and how one chooses to treat future property tax payments and users fees, some of which may be paying down financed capital costs. If a city in a smaller region (which will have a less complex regional transportation system) also provides most public facilities through enterprise funds and special districts, then its recovery rate will be toward the higher end. Even where these conditions do not apply, 50% still seems like a reasonable lower bound because (1) probably at least 30% (and maybe as much as 40%) of the capital costs for public facilities are on-site costs, which are uniformly paid by development, and (2) all jurisdictions have some combination of SDCs, special assessments, and exactions to pick up some of the off-site costs. For operation and maintenance, it appears that new development, with its higher value and occupancy by households with higher than average incomes, pays more than its fair share of O&M.

Identifying all the costs is difficult, but tracing through who is ultimately paying the costs, and who should be paying the costs, adds even more complexity. Should the cost of Portland's LRT or a new bridge, neither of which would have happened without growth but now benefit all households, be allocated to new households only? The question of who does and should pay the capital costs for K-12 schools provides a good example of how difficult this kind of analysis can be. Consider:

- How should future school capital costs be calculated? As the Eugene analysis shows, the need for new schools is not a linear function of population growth. One precedent for calculating an SDC, probably preferable to per-unit

factors, is to develop a 10-to-20-year capital improvement program for schools, identify those improvements that are strictly needed to respond to growth, and allocate that cost to new units based on estimates of their contribution (by type of unit and assumed demographic characteristics) to the need for the new facilities.

- Should school costs be borne in SDCs by childless households who, after paying taxes in the community for 20 years, move across town to a new house?
- Assume that a roughly uniform SDC for schools is adopted in a region. That cost gets capitalized into not only the prices of new housing, but also existing housing. The result is a one-time benefit for owners of existing housing, many of whom had the advantage of using schools paid for before they moved to the region. And because Measure 50 limits the growth of assessed property value, that increment in value does not result in more property taxes as long as property values are increasing at least 3% per year anyway. The combined effect of an SDC and Measure 50 is to shift even a greater burden for school to new development.
- More fair than having new housing pay for schools is to have users pay for schools. There are private schools in Oregon that charge tuition. But the consensus in the US and Oregon has always been that equality means equal opportunity, and that requires equal access to public education regardless of means. An SDC may not be the most fair way to provide that public good.
- The previous points notwithstanding, ultimately new residential growth will reach a point or occur in a location where new school facilities are required. It is that

assumption that makes the argument for placing the cost of those facilities on growth. A school SDC, crude as it is, pushes some of those costs on new residents.

When interpreting the previous estimates, do not forget several qualifications:

- The analysis in this deals with only the direct costs of public facilities and services for residential development. One possible assumption is that those facilities and services are of a quality that there are no large spillover costs. But that assumption is probably incorrect. The pricing of roads, the operation of combustion engines, and highway congestion means that there are spillover social costs. Many cities in Oregon have sewage treatment systems that fail in the rainy season. If, to accommodate growth, we build and price facilities no better than we have in the past, then there will be some additional costs of growth on society (though in that example current development also contributes to those costs).
- The analysis at this point does not discuss any of the benefits or beneficiaries of growth. It is not only developers who benefit, nor even just those involved in development (e.g., builders, Realtors). New homeowners benefit; existing homeowners may benefit from higher property values. Businesses and profits grow. The loss of farmland has a cost (for the farmer who wants to farm and urban residents that want open space and the protection of food-growing capacity), but it also has a benefit (to the farmer who wants to sell, and to the new homebuyers that might see lower prices).
- Even if the summary estimates of capital costs of public facilities were comprehensive and exactly right and if there were no other external costs of growth, one could still

present the numbers in different ways to tell different stories. One story is that the average single-family house may not be directly paying, through up-front charges, anywhere from \$5,000 to \$25,000 of the capital costs of the public facilities it requires. That statement would have to be qualified by the statement that some, maybe most, of that up-front underpayment may be being paid through property taxes, user fees, and special assessments: it depends on the specific case. An alternative story starts with the total cost of a housing unit. When a buyer pays \$200,000 for a new house, he is paying for permit fees, construction costs, public facilities, SDCs: everything that went into the cost of building the house. If the capital cost he is not paying amounts to \$10,000, then his purchase price has covered 93% of the cost of the that new housing unit: the structure, the on-site infrastructure, and the off-site public facilities.

Beware simple statements about “costs of growth”

The previous section noted in several places a key point: it is dealing only with the costs of public facilities. The larger question about the impacts of growth requires an evaluation of other costs and benefits of growth as well. Thus, a conclusion that growth does not pay the full cost of all the public facilities it requires is not the same as saying that growth is a net loss to a community. Chapter 4 shows the many other impacts that must be considered (some additional costs, some additional benefits) before such a conclusion could be justified. Even the answer to a narrower question about what percent of the capital costs growth pays for depends on several categories of assumptions:

- Treatment of costs and benefits. Among the conclusions that can be drawn with confidence from the review of

studies of the impacts of growth is that they deal with different impacts, defined and measured in different ways. Ladd (1998, 63) summarizes the economists' consensus about fiscal impact analysis: "a bastardized form of benefit-cost analysis...[that] cannot by itself provide appropriate signals about whether new development should be allowed, even in the absence of equity concerns about the people who are excluded." Decisions about growth policies require at least a qualitative assessment of benefits and costs, including external ones. The perspective of this report is broader than fiscal analysis. In concept, it cares about the impacts of growth on welfare.

- Perspective. One's conclusions about the impacts of growth can vary based on whether one is looking at a neighborhood, city, region, or state; at the near-term or long-term; at household welfare or fiscal impacts on local government; at high-income households or low-income ones.
- Residential vs. nonresidential growth. How will we measure and attribute costs to growth-as new people or as new buildings? To make the discussion of direct costs of growth manageable, the previous section used an "average" dwelling unit with an "average" household as the units of analysis. But the real world has substantial variation in housing and household type, and in their combined impacts on the demand for public facilities and services. Moreover, in a typical city only about half the land is in residential use, and about 1/4 of the assessed value is in commercial and industrial property. In other words, commercial and industrial development is a significant part of growth, and that growth will have different requirements and pay different amounts for public facilities.

An analysis of the type above for commercial and residential property is beyond the scope of this report. The conventional wisdom has been that non-residential growth was fiscally beneficial to a jurisdiction: that it typically contributed more to revenues than it required in costs of service. Burchell's work (1998, p. 56) describes a fiscal impact hierarchy, in which most residential categories are negative or break-even, retail is break-even, and all other business categories are fiscally positive (at a municipal level). Ladd (1998) summarizes those studies, concluding that improvements in the methods of fiscal impact analysis are likely to show those benefits to be less than commonly believed. Most recent studies cited on the topic in the national literature have given mixed results. At a minimum, the conclusion should be that the net impacts of commercial and industrial on a local government's fiscal position depends on local conditions.¹³

- The studies reviewed. Studies have sponsors; researchers have opinions.

The essential question about growth is about welfare: (1) Is growth likely to make people in some area over some period better off, in the aggregate, and, if so (2) does it do so without having unacceptable costs on other areas, or on subsets of people within the area being considered? The answers to those questions depend, among other things, on:

- Characteristics of the old and new populations
- Characteristics of existing and new infrastructure (e.g., whether there are economies of scale)
- The way growth is distributed within the region
- What the governments choose to do: local governments have the ability to determine the magnitude and, sometimes, even the direction of the welfare change.

Thus, questions about the net benefits of growth cannot be answered only by an evaluation of how much public facilities to serve growth cost, and who pays those costs. It requires a consideration of all the impacts of growth shown in Figure 4-1 and discussed in Chapter 4.

Appendix F

Acknowledgments

The members of the Governor's Task Force on Growth were:

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Staff to the Task Force included consultants and agency staff. ECONorthwest was prime contractor; Terry Moore of ECO was project manager and principal author of this report. He was assisted with research by Bob Parker and David Helton. Mike McKeever and Kimi Iboshi-Sloop of McKeever/Morris prepared for and facilitated the Task Force meetings, and prepared most of the Task Force's findings reported in Chapter 6. Jim Meacham and Masao Matsuoka of the InfoGraphics Lab of the University of Oregon prepared most of the maps in the report. Tom Davis, James Kapla, and Andy Mortensen of

W&H Pacific assisted with estimations of infrastructure costs reported in Appendix E. Skip McFarlane did the graphic layout for the final report.

Robin McArthur Phillips was the Governor's staff person in charge of the project. Margaret Van Vliet assisted her with day-to-day management and agency coordination, and worked with a sub-committee of the Task Force to draft Chapter 6 of this report. Sheryl Glenn assisted with all aspects of preparation for Task Force meetings.

Many other people gave of their time to comment on various aspects of the project as it developed. Some did so at public meetings; other submitted written material; others responded via fax and phone. They are too numerous to name, but they know who they are: on behalf of the Task Force members and staff, thank you for helping us improve this report.

Despite those improvements—the result of many rounds of review—this report will certainly have many omissions (the scope of the topic makes that inevitable) and some errors. As prime contractor and principal author, ECONorthwest is responsible for any such errors, and hopes that there is more in this report to use than to criticize.



Governor John A. Kitzhaber

Healthy Streams Partnership PRINCIPLES AND AGREEMENT

Oregon Healthy Streams Mission Statement

The Oregon Healthy Streams Partnership will integrate private sector energy, resources and knowledge with the public sector to improve the health and function of aquatic systems and enhance beneficial uses of water for future generations. The integration of our best scientific information with intensive monitoring of individual water bodies will help test and refine our knowledge of aquatic systems, water quality standards and management alternatives. The partnership will address all of the factors impacting water quality in high priority streams in the most intensive and progressive manner possible while also enhancing positive ongoing programs throughout Oregon.

The strategic prioritization of streams and the integration of available resources and programs will greatly assist and increase the effectiveness of ongoing programs. Collective knowledge, positive cooperative efforts, stewardship incentives, increased technical assistance and outreach, and educational programs will be implemented at all levels of planning and management.

Working to develop a new level of trust, cooperation and knowledge will build a permanent partnership and stewardship process that will carry to future generations. Managing for the proper function of aquatic systems and watersheds will help make those systems more productive for all beneficial uses, improve water quality and develop a legacy and model of how to work together for shared goals and objectives.

Principles:

The parties to this agreement believe the following principles are important as a foundation to restoring Oregon's streams to a healthy condition.

- Oregonians strongly support protecting and improving water quality in Oregon's streams.
- Although there have recently been significant voluntary programs undertaken to improve stream health, many of Oregon's streams do not meet the state's water quality standards.
- Statewide, the causes of stream impairment include point source discharges from commercial, industrial, and residential land uses in urban and suburban areas as well as non-point source discharges from agriculture, forestry and urbanized landscapes, recreation and natural conditions.
- Failure of the state of Oregon to address water quality issues will result in the U.S. Environmental Protection Agency becoming responsible for water quality management in Oregon.
- To effectively improve water quality, stream function and watershed health, all Oregonians must support protection and enhancement programs and modify damaging activities in a cooperative manner.
- Science based educational programs and research projects are necessary to develop effective watershed programs.

- The development of collaborative ways to solve problems requires the identification of all causal factors, the development of alternative solutions and the effective implementation of locally appropriate solutions.
- Attainment of proper functioning condition is a primary element in achieving water quality standards associated with non-point source pollution.
- Oregon has several legislative authorities in place to address water quality problems based on the Clean Water Act and Oregon's water quality laws administered by the Departments of Environmental Quality, Forestry, and Agriculture.
- The state can not effectively implement Oregon's laws to address the water quality problems facing the state with current staffing and funding resources.
- In order to enhance Oregon's watersheds over the long term, the state must consistently invest in watershed restoration.
- The parties believe that integrated solutions that include all landowners in the planning and implementation are necessary to improve water quality in Oregon.
- The Governor and the parties will reach out to the legislative leadership to make this approach work.

Agreement:

This agreement identifies the general approach and limitation that all parties have discussed and agree to in order to address the non-point source water quality problems facing Oregon.

- Water quality management area plans for agricultural areas designated under Senate Bill 1010 for the stream segments on the 1996 303(d) list will be adopted by the Board of Agriculture by July of 2001. Watersheds with listed and/or candidate species will be given special consideration in setting priorities. (See Attachment A for description.)
- Total Maximum Daily Load requirements will be completed by July of 2007. Prioritization of the basins to work on will be completed by January 1997. (See Attachment B for description.)
- An agricultural water quality management area plan must be completed before enforcement action is taken under Senate Bill 1010. Landowners shall also be notified and given reasonable opportunity to respond.
- The parties agree to cooperate with the Department of Agriculture in developing administrative rules that specify a procedure for the public to notify the agency and trigger an investigation and appropriate enforcement action where a violation of an adopted plan is demonstrated.
- The parties agree to support the staff for the Departments of Agriculture and Environmental Quality necessary to meet the time schedules in this agreement.
- Individual landowners and community groups, for example, watershed councils, Soil and Water Conservation Districts and interest groups, will be eligible for project funding to improve and monitor water quality while area management plans are being developed, and to share in the implementation of water quality plans.
- Projects/programs will be eligible for statutorily defined technical assistance grants from watershed improvement grant funds, given priority to those projects/programs which directly result in on-the-ground improvement.
- The parties agree to work with the legislature to secure a dedicated fund for watershed improvement programs emphasizing projects designed to achieve water quality standards.
- All parties agree to work in good faith to secure the funding and implement the approach established in this agreement.
- The parties encourage the Governor to submit a recommended budget to the Legislature to fund and implement the provisions of this agreement. The Governor has developed a recommended budget to meet the time frames of this agreement that totals \$5.8 million for 19 FTE's each in both the Department of Agriculture and the Department of Environmental Quality. The Governor has also identified a need and proposal for a dedicated watershed improvement fund providing \$20 to \$35 million per biennium. (See Attachment C for the budget summary and Attachment D for a description of the improvement fund.)
- All parties agree to work together on the implementation of this cooperative partnership to improve water quality in Oregon. (See Attachment E for elements of Work Plan.)

Participants:

John A. Kitzhaber, Governor

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ATTACHMENT A

PROCESS FOR IMPLEMENTING SB 1010

Declaration of Water Quality Impairment

When the Department of Environmental Quality (DEQ) issues a notice of water quality impairment, either through the listing of stream or stream segments in accordance with the Environmental Protection Agency's (EPA) 303d process or by establishing a TMDL, the Oregon Department of Agriculture (ODA) through its SB1010 authority will establish its non point pollution control process in the affected area.

Geographic Boundaries Set

Once the ODA has been notified of a 303d listing or the establishment of a TMDL, it will in consultation with DEQ, identify the boundaries of the proposed area for the purpose of implementing the SB1010 planning process. Basins or sub-basins will be prioritized in order of response when a large number are identified through the 303d listing process.

Appointment of a Local Advisory Group

Once boundaries have been set a local advisory group will be established to provide the maximum amount of local input to the water quality management area(basin) plan. Advisory groups wherever possible will include affected landowners, members from public interest groups, representatives of local governments, and such technical experts as needed to help the advisory panel create a credible plan.

Local Management Agency

The ODA may choose to use the services of a local agency to serve as technical support for the planning process. Local agencies could be Soil and Water Conservation Districts (SWCD's), watershed councils or even county commissions.

The use of such an entity to provide support for the advisory group is seen as an excellent means to keep the planning focus local and coordinate efforts of all parties involved.

Note: The process described in this document applies only to the agricultural sources of non-point source pollution impacting water quality limited basins. Other sources will be addressed through other processes as defined in state or federal law.

Creation of a SB1010 Water Quality Management Area (basin or sub-basin) Plan

The local advisory groups with the help of technical advisors will draft a plan that addresses the water quality concerns contained in the 303d or TMDL listing. Contained in the plan must be:

1. Problem identification
2. Goal statement of water quality objectives
3. Measures needed to establish goals
(describe prohibited conditions)
4. Implementation schedules
5. Guidelines for public participation process, including state and local government roles and responsibilities.
6. Compliance establishment and reviews
7. Monitoring of plan for effectiveness
8. Plan review schedule and revision process if conditions warrant.
9. Enforcement process and strategy

Once the draft plan is forwarded to ODA, the agency will consult with DEQ and the Environmental Quality Commission on the sufficiency of the plan to meet water quality impairment concerns. After consultations the plan is reviewed in public during local hearing. Comments and suggestions are reviewed by the agency and incorporated as needed and forwarded to the Oregon State Board of Agriculture for hearing and adoption by rule.

Plan Implementation

Once a plan has been adopted by rule the local management agency will seek to implement the plan. Technical assistance, cost sharing, education programs and demonstration projects will be utilized as the initial means to introduce the plan and the needed corrective actions.

Area-wide farming and ranching conditions that are creating water quality impairment will be identified and targeted with funds to help mitigate identified problems. If problems persist additional technical help will be employed to correct deficiencies where and when possible.

Landowners who choose not to participate and ignore the requirements of water quality management area plans will be notified of prohibited conditions and offered assistance. If conditions persist because of inattention on the part of the landowner the ODA will identify plan violations and proceed with enforcement action.

Areas Outside ODA Jurisdiction

Federal lands controlled by either the Department of Interior (DOI) or the United States Department of Agriculture (USDA) will be consulted about the basin plan and encouraged to participate in the implementation process. Tribal lands managers will be notified of the basin planning process and invited to participate in the planning and implementation process. In either case the State of Oregon does not have authority to regulate these entities and must seek cooperation from the affected federal or tribal agencies.

Water Quality Management Area (basin) Plan Review

After four years, the local advisory panel along with ODA will review the implementation progress of the plan. At this time assessment will be made to determine whether the plan continues to be sufficient to meet and address water quality concerns established under the 303d or TMDL process. If timeframes and benchmarks are being met no further plan modifications will be required. If deficiencies are noted the plan will be revised following the process established for plan adoption.

Certification of TMDL Compliance

Once a TMDL including the SB 1010 basin plan is approved by EPA, DEQ will remove it from the 303d list.

Voluntary Farm Plans

After the prioritization of basins or sub-basins for the planning process, area-wide public meetings will be held to explain the SB 1010 process. Agricultural industry groups will be encouraged to hold SB 1010 workshops with the assistance of the local Oregon State University (OSU) Extension Service Agents and/or the Designated Management Agency. During this time farmers and ranchers whose property is near or whose operations are affecting stream segments, will be encouraged to seek a voluntary farm management plan. The farmers who participate in the voluntary farm or ranch management plan will be provided directed technical assistance as well as be given immunity from the regulatory process during the creation and implementation phase of their plans.

Technical Assistance

Technical assistance may be provided by a number of entities including industry technicians, OSU Extension Service, SWCD's, private consultants and agency personnel.

Voluntary Farm/Ranch Plan Elements

Voluntary farm or ranch plans must contain a statement identifying the water quality problems, which the plan addresses, a management strategy that addresses those problems, options of practices for improving water quality conditions, a list of intended results, a timetable for implementation practices and projects, a list of resources needed, and identify technical help necessary to complete implementation of the plan. Also included should be a discussion of methods to determine how progress is being made toward stated goals should be included in the plan summary.

Voluntary Farm and Ranch Plan Approval

Once the voluntary farm and ranch plans are completed they will be reviewed with the ODA to determine if they adequately address the water quality concerns identified. The plan review will include the farmer/rancher and any technical help utilized in the drafting of the plan. Included in this review will be a timetable for site visits to verify plan implementation. Once accepted the landowner or manager is free to proceed with implementation of the plan.

ODA funds allocated for basin projects either through direct grants or cost-sharing will first be directed to those farmers/ranchers who have entered into a voluntary plan.

Voluntary Farm and Ranch Plan Coordination with Basin or Sub-Basin Plan

Since in many situations local farmers and ranchers will be encouraged to seek voluntary plans and to begin implementing water quality friendly practices before the basin area plan has been adopted, a plan alignment review will take place at the conclusion of the area-wide planning process. At this time if any issues are contained in the basin area plan but not addressed by the voluntary farm/ranch plans the voluntary plans will be updated to include any issues that are absent.

Role of Industry Associations and OSU Extension Service and Local Soil and Water Conservation Districts

Industry groups, OSU Extension Service and local SWCD's are essential players in the implementation of the SB1010

process. The industry through state or federal grants from the ODA may employ water quality technical experts to help farmers and ranchers construct voluntary plans and to conduct area-wide educational seminars on achieving water quality through sound management practices. OSU Extension Service and local SWCD's may also offer technical assistance and set up demonstration projects in the water quality limited basins. OSU Extension and SWCDs will also be eligible for state and federal grants to carry out water quality initiatives.

Non-Participation in Voluntary Farm Plans

Not all farmers or ranchers in a water quality limited basin will choose to participate in the adoption of Voluntary Farm water quality plan. Once basin water quality management area plans have been adopted by rule these producers are however responsible for implementing practices that adhere to these plans. In the event of discovery that farm or ranch management practices are causing degradation to water quality, the farmer/rancher will be notified. Technical help will be offered by the local management agency or other source to solve the particular problems of the land manager and a schedule of correction will be negotiated. If additional water quality violations take place ODA may proceed with enforcement action.

Enforcement Action

If a farmer or rancher is found to be in violation of the SB1010 Water Quality Management Area Plan and is not progressively working with the department or the local management agency the farmer or rancher may be issued a Notice of Violation. At this time the ODA may enter into a compliance agreement with the landowner or seek an enforcement remedy.

After one year has elapsed from the date of adoption of a water quality management area plan, the department, upon request from a group or individual asserting that provisions of the plan are being violated by a landowner or group of landowners, shall investigate and make a finding within 90 days as to whether any violations have occurred. Should these assertions be found accurate in part or whole, the department shall within 30 days enter into enforcement action according to the provisions of the local water quality management area plan, or statewide SB 1010 implementation rules.

To request an investigation and finding of the manner discussed above a group or individual must:

1. remit to the department a \$200.00 non refundable filing fee and,
2. provide specific evidence of alleged violations of the water quality management area plan.

Time Line for Basin Management Plan Completion

The Oregon Department of Agriculture is committed to having all basin plans included in the 303d/SB1010 process completed by the end of four years (July 1, 2001).

While initiation and implementation of basins plans will begin as they are approved, full implementation in some cases will depend on DEQ's ability to establish TMDLs.

Attachment B

DRAFT DEQ DEVELOPMENT PROCESS FOR TMDLs

1. Based on existing data developed from DEQ water quality monitoring throughout Oregon and evaluation of data collected by other agencies DEQ lists those stream segments, lakes and estuaries which don't meet water quality

standards on the 303(d) list. As of June 1996, 870 stream segments and other waters in Oregon's 91 sub basins have been listed.

2. In consultation with affected agencies and interests, DEQ develops criteria for and then ranks and prioritizes water quality limited waterbodies for TMDL development.

3. DEQ either forms a local advisory group for priority areas including the public, major interests, federal agencies, state agencies, major industrial and municipal dischargers, or uses existing watershed councils, or other groups, as the advisory group for the TMDL establishment. The advisory group is kept informed throughout the entire process; makes recommendations and provides a forum for discussion of issues. If a subbasin is primarily agricultural, a group will be established in the SB 1010 process which could serve as the advisory group for TMDL development.

DEQ establishes the appropriate geographic areas (basin, subbasin, watershed or segment) and pollution parameter(s) to be addressed for TMDL development and assigns responsibility for corrective action including determination of Designated Management Agencies (like Agriculture, Forestry, federal land owners etc.) Meetings of the advisory group are public.

4. DEQ, in conjunction with Designated Management Agencies, the advisory group and other stakeholder groups, conducts an assessment of the area characterizing the water quality problem, identifying potential causes and sources (point, non point and natural conditions) and estimates relative contributions to the problem. For agricultural areas, this is done by ODA and its advisory group, with appropriate DEQ technical participation. Increased monitoring or data evaluation may be needed at this step.

5. In areas where water quality problems are related primarily to agricultural and forestry non-point sources (DEQ estimates this constitutes 75% of the 91 sub basins in Oregon), DEQ will work with federal and state agencies, watershed councils, communities, counties, SWCD's and others to identify data needs, collect, manage and analyze data and provide results to stakeholders such as members of the 1010 group, forest landowners, federal and state agencies, including Designated Management Agencies.

6. In areas which have numerous sources of pollution, (DEQ estimates these complex areas constitute 25% of state subbasins) including both point source and non-point sources, data collection and analysis will be more intensive and modeling and possible pollution trading analysis will be required. Based on this work, DEQ will develop the total load the stream is capable of handling without exceeding water quality standards.

7. Individual point sources and classes of non-point sources are assigned a load allocation. The load allocation will result in individual permit limits being modified to meet the allocation. This is often a process which takes time to review with the permit holders to assure they are getting their fair share of the wasteload allocation, and to assure that the technology or other measures they propose to use will meet that wasteload allocation. Incorporating the load allocation into the permits could occur when they expire, prior to when they expire or in a way that all of the permits are modified in a subbasin on the same five-year schedule. Public participation in the permit modification process will often extend times for its completion. A time frame for compliance may be included in a separate compliance schedule. This is usually five years or less.

Any city, county or special district may be asked to develop a plan for activities which are under their jurisdiction. For example, large cities which provide pretreatment of industrial waste into their sewage treatment systems may need to revise those pretreatment permits. Counties may need to review their road maintenance efforts. Cities or counties may need to develop water quality management plans of handle urban stormwater runoff.

Non-point sources would be provided a load allocation as well. This allocation may be made to the entire group or subgroups within a non-point source category (Agriculture, Forestry or large components of such groups).

DEQ compiles plans from the Designated Management Agencies and its own permit load limits for point sources into a TMDL document. By this time DEQ will have reviewed all of the plans and permit load limits to assure that in combination, over time, they will attain water quality standards.

8. In primarily non-point source areas, the water quality management plans prepared by the DMAs will be consolidated into a TMDL for that area after a technically-based evaluation by DEQ, together with appropriate water quality data and monitoring requirements.

A. The Department of Agriculture implements its SB1010 process. Its plan, after a technically-based evaluation, will be included by DEQ in the TMDL.

B. The Department of Forestry prepares a plan to implement the Forest Practices Act. Its plan, after a technically-based evaluation, will be include by DEQ in the TMDL.

C. Federal agencies are asked to reach agreement with DEQ on their plans to meet their share of the load allocation.

D. Any other state or federal agency as appropriate is asked to reach MOU's with DEQ on their share of the plan.

9. Public hearings are held on the proposed TMDLs which are then finalized. (Note: TMDL "equivalents" are also subject to a DEQ public hearing prior to submission to EPA)

10. DEQ submits TMDLs to EPA for approval.

11. When approved by EPA, DEQ will remove the subbasin, basin or stream segment covered by the TMDL from the 303(d) list.

12. DEQ throughout this process and after submission to EPA will implement the permit changes required by the TMDL and the Designated Management Agencies will implement the measures developed by them.

13. DEQ, in conjunction with cooperating agencies or groups, continues to monitor water quality to determine if progress is being made. DEQ reviews progress with the Designated Management Agencies to ensure that their plans are being implemented.

14. DEQ reviews and evaluates the monitoring data and requires revisions of point source and non-point source permits and non-point source plans, if necessary. In the event that the monitoring shows that improvements in water quality are not taking place along the timeline identified in the TMDL, it may be necessary to re-list the stream on the 303(d) list.

DEQ estimates that 75% of the 91 sub basins in Oregon are primarily affected by forestry or agricultural non-point source activity. Of these 68 subbasins, 50% are federally owned lands. The other 50% are either privately owned lands or mixed federal, state and ownership.

The remaining 25% of the 91 subbasins (23) are affected by municipal sewage treatment plants, industrial discharges, urban stormwater runoff, construction activities, agriculture and forestry and citizens.

COMPONENTS OF A TMDL

1. Problem statement
2. TMDL loading calculations
3. Target or goal
4. Actions planned/agency responsible
5. Implementation schedule including interim targets & deadlines
6. Monitoring plan
7. Evidence of public participation

Attachment C

Healthy Streams Partnership 1997-99 Budget Proposal

The Healthy Stream Partnership representatives have agreed to work together to obtain the following funding through a dedicated revenue source.

Agency	Activity	Funding Millions of Dollars
ODA	Implementation of SB 1010 water quality program	2.9 (19 FTE)
DEQ	Preparation of Total Maximum Daily Load allocations as required under the Clean Water Act	2.9 (19 FTE)

NOTE 1: Although funding for implementation of the Coastal Salmon Restoration Initiative is not a part of the Healthy Streams Partnership Agreement, they are shown here because they will be part of the Governor's budget proposal. Salmon funds include the following:

ODFW	Technical assistance to watershed councils and landowners, monitoring, improvement of the riparian tax credit program, etc.	2.2
WRD and GWEB	North and central coast water masters, data collection and analysis, grants administration, etc.	2.1
ODF	Stewardship assistance, fish presence surveys, watershed assessments	1.3
DSL	Fill and removal field staff	.2
DLCD	Coastal non-point pollution control program	.1

NOTE 2: The state will seek federal assistance in funding off-stream storage, stream gauging, marine survival studies, screening of diversions, alternatives to push-up dams, and groundwater studies.

Attachment D

WATERSHED AND RIPARIAN HABITAT CONSERVATION INVESTMENT FUND

The Healthy Streams Partnership representatives have agreed to work together to obtain from \$20 to \$35 million per biennium through a dedicated revenue source that would be continuously appropriated.

Purpose

The purpose of the Watershed and Riparian Habitat Conservation Fund is to:

- (a) provide funding for watershed and riparian habitat conservation activities that include; planning, coordination, assessment, implementation, and monitoring;
- (b) provide funding for watershed and riparian education efforts including peer education of stream processes for landowners;
- (c) provide funding for the acquisition of fee or protection of interests in land of less than fee from willing sellers

for protection of watershed resources.

(d) provide funding to implement watershed enhancement plans developed by watershed councils or water quality improvement plans approved by Dept. of Agriculture or DEQ.

(e) provide funding for the purposes of the Governor's Watershed Enhancement Board as provided by law.

Use of Funds

Funds from the Watershed and Riparian Habitat Conservation Investment Fund may be used for any purpose listed above if:

(a) there is a match from other program funds, in-kind services, or other investment in the project by the landowner or others.

(b) the projects funded are reviewed by a technical committee and found to be of merit.

(c) the project provides a public benefit either through improved water quality, fish and/or wildlife habitat, or other public benefit.

(d) funds are used for acquisition by public or qualified non-profit entities, it will only involve willing sellers and a "good neighbor" policy for management of acquired properties will be implemented.

Fiscal Management

1. The fund shall be continuously appropriated for the purposes of the fund.
2. The annual funds appropriated and not expended shall remain in the fund.
3. The fund will be available to receive revenue from:
 - (a) federal grants or appropriations,
 - (b) private donations or bequests, or
 - (c) other revenues suitable and applicable to the purposes of the fund.

Attachment E

Healthy Streams Partnership Implementation Work Plan

Action	Responsible Party	Schedule
Brief legislative leadership on the agreement	HSP	November
Sign agreement and hold press conference	HSP	On or before November 12
Develop outreach to local levels. Hold public meetings to explain the program and its implications in communities throughout the state.	Agriculture lead, varied attendance	November/December
Discuss program with Senate Natural Resource Interim Committee	HSP	December
Meet with legislative committee chairs	Governor	March
Review and discuss priorities. Develop better		

information on public lands
distribution and agricultural
area priorities.

ODA, DEQ

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The Oregon Health Plan

General Description

The Oregon Health Plan is a comprehensive health reform strategy predicated on public values, clinical efficacy, and cost-effectiveness. These three factors are at the heart of the Plan, from the prioritized list of health services to ongoing improvements in public and private purchasing of health care. The Plan relies on public/private partnerships for its successes in improving the effectiveness and accountability of all health care and health insurance programs in the state. Its mission is to improve the health of Oregonians. The primary method for achieving this mission is to increase the availability of an adequate level of high quality health care at an affordable cost.

Specific goals include:

- Reducing the percentage of Oregonians without health coverage
- Containing the rate of growth in health care expenditures
- Eliminating cost shifting
- Improving quality (clinical, process, science, and administration)
- Promoting accountability for explicit priorities based on public input

Conceived in the late 1980s by then-Senate President John Kitzhaber, the Plan rests on an evolving body of legislation passed by the Oregon Legislature in the sessions from 1987 through 1997. The Plan includes both government programs and public/private collaborative efforts.

Government programs include:

- Medicaid expansion through an 1115 demonstration waiver (1989)
- Insurance market reforms (1991, 1995, 1997)
- Children's Health Insurance Program (CHIP) for uninsured children with modest income who are not eligible for Medicaid (1997)

Public/Private collaborative efforts include:

Insurance Pool Governing Board (IPGB) program for small businesses not previously offering employee health insurance (1987)

- Oregon Medical Insurance Program (OMIP) program for high risk individuals able to afford health insurance who are denied private coverage due to pre-existing conditions (1989)
- Family Health Insurance Assistance Program (FHIAP) for uninsured families with modest income, requiring subsidies to afford private health coverage (1997)
- Oregon Coalition of Health Care Purchasers (1999)
- Oregon Corporation for Health Care Quality (2000)

Results

Overall, the gains have been substantial. At any given time, the OHP participated in covering nearly 400,000 Oregonians. In an unduplicated count, over one million Oregonians have at one time or another used the OHP. From 1990 to 1999, the percentage of Oregonians without health insurance has dropped from 18% to 10%. For children, the percentage without insurance has dropped over the same period from 21% to 8%.

In addition to expanded public coverage, a substantial portion of these gains occurred in commercial organizations. It is widely believed that the Medicaid expansions contributed to the commercial gains by helping to control cost shifting.

Through its various health insurance programs, the Plan directly funds coverage for approximately 400,000 Oregonians. Through its quality improvement efforts, cost-containment strategies, and insurance market reforms, the Plan has enabled thousands to gain and retain health coverage. Equally important is the fact that Oregon's cost and quality profile compares quite well with national experience. Oregon's costs (both overall and per service) have been among the lowest of the states, and the quality of health care is high, whether measured through patient satisfaction surveys or clinical indicators.

Outlook for the Future

The next legislative session will bring new opportunities to improve the health of Oregonians. These opportunities will be found not only in health reform, but also in education, housing, the Oregon Children's Plan and in the continued enhancement of economic development statewide. Wherever health is at issue, the Oregon Health Plan will serve as a platform for increasingly efficient use of limited public resources to improve the quality of life for all Oregonians.

For information about applying for the Oregon Health Plan:

- Oregon Health Plan Application Center: 1-800-359-9517

For other information, contact:

- Office for Oregon Health Plan Policy and Research: (503) 378-2422, Ext. 407
- <http://216.218.233.168/ohppr/>

- Medicaid/Children's Health Insurance Program (CHIP): 1-800-564-9669
 - <http://www.omap.hr.state.or.us/chip/>
- Family Health Insurance Assistance Program (FHIAP) 1-888-564-9669
 - <http://www.ipgb.state.or.us/Docs/fhiaphome.htm> **and**

Oregon Medical Insurance Pool (OMIP):

- <http://www.cbs.state.or.us/external/omip/>
- Insurance Program Governing Board 1-800-542-3104
 - <http://www.ipgb.state.or.us/>

Insurance Market Reforms: (503) 947-7202

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JOHN A. KITZHABER, M.D.
Governor

The Oregon Livability Initiative

Oregon's population has grown by 500,000 since 1990. In the next 20 years, our population is expected to grow by another 700,000. Our challenge is to channel this growth so it does not reduce the quality of life that has defined Oregon for generations. Governor Kitzhaber believes that together, we can manage how and where our communities grow to make sure that growth doesn't overwhelm us.

This means acting now to build communities in our metropolitan areas that prevent sprawl, make wise use of our existing land and provide transportation choices. It means acting now to encourage economic growth in Oregon's rural communities; communities which want and need a stronger, more diverse job base. And it means making state government work in a better, more coordinated fashion to help businesses and communities.

This white paper will discuss The Oregon Livability Initiative. Under this initiative, we will create a fund to encourage job creation in rural Oregon, investments in affordable housing, transportation, water, sewer and strong downtowns.

In short, this initiative seeks to revitalize downtowns and mainstreets, reduce sprawl and traffic congestion, reward development of affordable housing and rebuild rural and distressed economies. We will also restructure the state's community development approach so that we better coordinate these investments.

The Oregon Livability Initiative consists of two parts: The 21st Century Community Fund and the Community Solutions Team.

The 21st Century Community Fund will leverage existing revenues from both the Oregon Lottery and transportation funds to invest in affordable housing, transportation, water, sewer and main streets.

The Community Solutions Team is a new way to plan and deliver assistance from state government to local communities and businesses. It brings together the Oregon Department of Transportation, the Department of Land Conservation and Development, the Economic Development Department, the Oregon Housing and Community Services Department and the Department of Environmental Quality, to work with local communities and business. The Community Solutions Team will develop an integrated investment plan for the state. The plan will bring transportation, economic development, housing, planning and infrastructure investments together to solve unique regional and local problems around the state.

The 21st Century Community Fund

This new fund, made up of existing revenues, specifically will target the following areas:

Rebuild rural and distressed economies. The prosperity of the last decade has not been evenly distributed across Oregon. Too many parts of rural Oregon have not shared in the growing incomes and job base that has occurred in metropolitan parts of the state. The 21st Century Community Fund will seek to bring jobs and economic diversity to rural and distressed Oregon communities that want and need it by:

- Providing more financial incentives for job creation;
- Increasing infrastructure investments that support job creation while maintaining quality communities, and,
- Ensuring industrial zoning is adequate and removing unnecessary barriers to its development and is supported by commercial services and housing.

Reward development of affordable housing. Over the last several years, housing in Oregon has become much less affordable. The 21st Century Community Fund will seek to reverse this trend and create housing stock that is affordable to lower and middle income Oregonians by:

- Investing in Oregon's Housing Trust Fund which is used to help finance new housing;
- Leveraging housing funds in the Department of Human Resources to construct permanent affordable housing units;
- Providing financial incentives (other than financing) for developers to build affordable housing, and,
- Developing a location-efficient mortgage program that rewards people who make a choice to live near transit and other services. Such programs allow people to borrow a greater proportion of the cost of a home.

Revitalize downtowns and mainstreets. Towns large and small need to retain a strong downtown commercial and residential section in order not to become merely a series of strip malls strung out along state highways. Such strong downtowns provide places for people to gather, live, shop and recreate. The 21st Century Community Fund will help revitalize downtowns by:

- Discouraging strip commercial development along Oregon's high volume, high speed state highways such as Highway 97 through Bend and Redmond or Highway 99W through Newberg;
- Providing financial incentives for development that brings together housing, commercial, and retail uses in one location;
- Serving downtowns and mainstreets with transportation investments that support their function as community centers, and,
- Providing financial and regulatory incentives for retail uses to locate in downtown and mainstreets.

Reduce sprawl and traffic congestion. We can no longer afford to encourage development that both creates the need to drive more miles, clogs our roads and state highways and undermines our mainstreets and downtowns. The 21st Century Community Fund will address the joint problems of sprawl and congestion by:

- Building street networks that carry local traffic to reduce congestion on state highways;
- Purchasing access rights along high volume, high speed state highways;
- Creating a statewide transit network connecting high speed rail in the valley with bus connections around the state and leveraging Department of Human Resources transportation funding to better serve the elderly and disabled, and,

- Providing financial incentives for "infill" development.

Community Solutions Team

Historically, state government has exacerbated some community development problems by making investments and administering programs and regulations in a fragmented and uncoordinated manner. In order to change development patterns and target growth we must change the way government does business. We can no longer develop transportation systems, land use plans, housing and economic development solutions separately. This fragmented approach can lead to mutually undermining investments.

Business as usual will not be able to deliver the investments called for in the 21st Century Community Fund in a strategic, coordinated fashion. Governor Kitzhaber is proposing to deal with this challenge with the Community Solutions Team.

This approach recognizes that Oregon's communities are diverse and changing. High growth rates in Bend, Medford, and the Willamette Valley have challenged the ability of those communities to respond to traffic congestion, sprawl, strip commercial development, and the need for open space and affordable housing.

Conversely, towns such as Coos Bay, Enterprise, John Day and Lakeview have been especially hard hit by downturns in the timber and agricultural industries and need new jobs to maintain their communities.

Every community in the state has a different challenge. In some jurisdictions the priority may be affordable housing, in another the need is for a new water system, or the clean-up of an old mill site. In each case the solution must fit the problem.

Currently this new approach is being piloted in four regional partnerships around the state by bringing state, local, business and citizen leaders together to identify problems and develop solutions.

Such an approach was used to ease the growing pains created by the expansion of the Snake River Correctional Facility in Ontario. State agencies worked hand in hand with the leaders of Vale, Ontario, Nyssa and other affected communities to ensure the growth in population caused by the prison expansion didn't overwhelm the community.

The Community Solutions Team approach also helped bring new, mixed-use development to Martin Luther King Jr. Blvd. in Portland. Oregon Housing and Community Services Department, the Oregon Department of Transportation and other state agencies worked with the City of Portland and neighborhood leaders to bring about traffic pattern changes on the boulevard and encourage mixed use developments which combine residential and retail uses.

Using this approach for planning and delivering investments under the 21st Century Community Fund will ensure that these investments are locally desired, don't undermine or conflict with other government efforts and are part of an agreed-upon strategy.

Conclusion

Twenty five years ago, Oregon developed a much-heralded statewide land use program. People from all over the country have come to learn about this remarkable Oregon story.

What that program gave us was the ability to stop the rural subdivisions on some of the best farm and forest land in the world. It gave us urban growth boundaries to draw a line between the country and our cities and towns.

It is a plan that preserves our farm and forest lands by using regulations to protect them. It is a plan we need to defend and keep for our children and their children.

Now we face a new challenge: To ensure that the growth that is coming will come in a way that enhances and protects

our quality of life within our communities instead of diminishing it.

For this challenge our statewide land use system is not enough. The Oregon Livability Initiative is the plan for the next 25 years; the second phase of Oregon's plan to grow on our own terms. It is a plan based on strategic investments and incentives. It is a plan designed to make each and every investment contribute to creating quality places to live in the next century.

[Home Page](#)



The Oregon Strategy for Social Support Policy Paper

Governor's Office of Health, Human Services and Labor

Introduction

An overarching objective of the Kitzhaber Administration is to improve the social and economic health of Oregon in ways that will be sustainable over time. Investing in people is the best -- and perhaps the only -- way to achieve that goal, since the strength and stability of any society depends on a body of citizens who are as independent and productive as possible.

The reality is, however, that not all citizens are equally productive and self-sufficient. Many of them depend, either permanently, or temporarily at different times of their lives, on some form of support from others, including that provided by state government.

Oregonians have a long tradition of helping to care and provide for those who are unable to do so for themselves. Governor Kitzhaber endorses that tradition. At the same time, he believes that changing circumstances in the late 20th century warrant a re-examination of the way in which the state provides support for our citizens in need.

With few exceptions, the state's method of delivering social supports has not changed for the last 30 years. In order to determine what changes may be necessary, the Governor believes we must first answer some fundamental questions:

- What are our intended outcomes?
- What are we currently doing to achieve them?
- Are we doing it right?
- Are the right people doing it?
- Are the right people getting the help they need?
- And are we getting the outcomes we want?

This paper describes a new vision for Oregon's system of social support. It outlines Governor Kitzhaber's Human Investment Framework, summarizes the findings and recommendations of his original Work Group on Social Support Investment (SSIWG), and suggests policy directions as a basis for future action, aimed at achieving the highest possible degree of independence and productivity for all Oregonians.

Underlying Assumptions

Governor Kitzhaber's policy on Human Investment and Social Support rests on several underlying assumptions:

- That everything we want to accomplish as a state depends on a thriving economy. A strong economy provides the resources necessary to fund the services and programs for which the state is responsible -- education, public safety, transportation, environmental protection, economic development, and a variety of human service programs.
- That a strong economy depends on the wide availability of well-paying jobs *and* on a workforce capable of filling those jobs. A key factor in the ability of communities to maintain or increase their well being is the economic opportunity available to their residents. When people lack decent-paying jobs or a way of moving into them, the social and economic health of the state as a whole is diminished.
- That a well-trained, highly skilled workforce depends upon the strength of our education system. While a great number of jobs could once be performed by workers with less than a full high-school education, success in the 21st century will require both a wider range of knowledge and a higher level of skills than has ever before been necessary. In fact, much of the increased demand on our social service, welfare, and criminal justice systems is due to the new inability of under-educated individuals to find work that pays well enough to support themselves and their families.
- That in order for children to be successful in school, and in order for adults to be successful at finding and maintaining employment, certain social supports must be present in their lives. Not only are these supports necessary for educational and/or workforce success, their presence makes achieving success easier for most people, while their absence will usually produce a bad outcome. Examples would be access to health care, access to transportation, adequate nutrition, and safe, affordable housing. Such supports are provided in some cases by government, but more often by families, neighbors, churches, and community organizations.
- That in an era of limited resources and a growing number of competing demands, it is essential that we invest prudently. Efforts should be focused and money should be spent in ways that will produce the greatest long-term benefit for the state as a whole. In particular, increasing the independence and productivity of needy Oregonians would allow more public dollars to be spent on further increasing the productivity and livability of our communities and our state.

This means, in part, eliminating inefficiencies and redundancies in current programs, as well as identifying and filling any gaps that may exist or may be likely to develop. It also means promoting a greater degree of partnership and shared responsibility among state agencies, between state and local government, and between the public and private sectors.

Historical Background

Human Investment Framework

In the spring of 1996, Governor Kitzhaber developed the Human Investment Framework, a process involving hundreds of Oregonians, which established the goals for Oregon's approach to investing in its people. It recognized that no individual is literally self-sufficient, that everyone depends on support from family and community (both public and private) at various points in a lifetime in order to achieve success in school and in the workplace.

It held that such success was a matter of shared responsibility among state and local, public and private partners, including individual Oregonians. Government is responsible for the cost-effective use of public resources and is accountable for measurable results from the use of those resources. Private employers, as important community members and good citizens, are responsible for providing economic opportunities to the public. Individuals are responsible for working to improve their lives by striving for economic independence, rather than relying on public support for their daily expenses.

The Human Investment Framework also held that it is in the best long-term interests of all concerned -- individuals, families, the community and the state -- to provide those social supports that will assist as many citizens as possible to become contributing members of society. This strategy helps people to be independent and productive rather than merely maintaining them in positions of dependence.

Social Support Investment Work Group

The task of determining which social supports were most necessary to achieving the highest possible degree of independence and productivity was given to the 28-member Social Support Investment Work Group, appointed by the Governor in May of 1996. The Group was asked to identify the specific social supports most critical to achieving educational and workforce success, to define the most appropriate role of state government in providing those "core" supports, and to recommend some strategic investments and/or interventions which would increase the availability of such supports to those most in need of them.

(A "support" should be distinguished from a "service," which is simply one means of delivering a support. Supports are delivered in various ways by numerous people and organizations -- e.g., families, churches, community service groups, government agencies.)

Core Social Supports

The Work Group compiled a list of 26 social supports which appear to be most critical in helping individuals achieve success in school and in the workplace. From this list, the Group then selected ten which it recommended should be reviewed immediately. The rationale was that, because of the inter-relationships which exist between various social supports, focusing attention in certain areas first could, in some cases, lessen the need for other supports later on. For example, availability of child care is critical to individuals getting and maintaining employment -- or finishing their education so they can obtain family-wage jobs. This abbreviated list includes, in alphabetical order:

Access to diagnosis and early evaluation
Access to in-home assistance
Access to health care (including specialized medical care)
Access tobacco, alcohol and other drug treatment
Affordable, safe housing
Available and accessible child care
Employment opportunities
Life skills assistance
Non-residential physical and mental health therapy
Opportunities to learn outside the formal educational system.

Three additional supports are in the review process during 2000:

Access to transportation
Adequate nutrition
Access to mental health services

Levels of Vulnerability

Individuals will need different types and amounts of social support, depending on their circumstances and on their stage of life. In order to make it easier to understand who may need what kind of support, and when, the Work Group divided the normal lifespan into six stages: early childhood, school age, adolescence, young adult, adult, and seniors. It also designated three types of population according to the degree of social support likely to be needed by each.

Those who make up the **general population** (the majority of Oregonians) need very little social support from state government either because their situation does not require it or because they are able to obtain it from family or community.

The **at-risk population** indicates persons who need short-term social support from the state in order to overcome a temporary barrier to eventual independence and productivity. The at-risk nature people's lives will depend on their particular situation at any given time. For example, a person who is at-risk for access to health care as a child may or may not be at-risk for obtaining affordable housing as an adult.

Those with an **identified condition** are individuals who may require ongoing social support from the state or from some other source in order to be as independent and productive as possible. These people make up the smallest percentage of Oregon's population.

Key Hydraulics and Opportunities for Strategic Intervention

The Work Group also identified three broad issues -- outside the core social supports -- which directly affect personal independence and productivity, and which thus have a bearing on the need for social supports: substance abuse, particularly underage alcohol consumption; school failure, which is alarmingly high among Oregon's minority students, especially Hispanics; and lack of available and affordable housing.

The Group characterized these broad issues as "key hydraulics," because addressing (or failing to address) any one of them will have an impact on other parts of the system. And

because individuals whose lives are affected by these particular problems account for a high number of those who require services from state agencies. Strategic investments in these areas would help reduce preventable costs and would yield the greatest payback over time.

For example, underage substance abuse characterizes 85 percent of incarcerated youth and 82 percent of juvenile parole violators, as well as a substantial number of those who drop out of high school. In addition, alcohol-related car crashes remain the number one killer of teenagers, while the other leading causes of death among teens and young adults -- homicides, suicides, and drowning -- are also associated with alcohol use. And substance abuse accounts for at least one out of every five dollars Medicaid spends on hospital care.

Alcohol use among Oregon eighth graders has risen from 23 to 30 percent between 1990 and 1996, and research indicates that alcohol is a "gateway" drug. That is, it leads to the use of more serious illicit drugs like marijuana, cocaine and heroin, which translates into immeasurable social and economic costs. Investments aimed at preventing young people from abusing alcohol in the first place, and at treating those who have already started, would reduce the incidence of numerous other social problems -- e.g., school failure, juvenile crime -- in the future.

The same is true of school failure. School drop-outs account for 36 percent of incarcerated adults, 35 percent of incarcerated youth, and 14 percent of individuals receiving public assistance. Unemployment rates for high school dropouts are more than double the rates for high school graduates.

Focusing on improving the academic achievement and graduation rates for Oregon's minority students, who now make up 16 percent of primary and secondary school enrollment, would have a positive impact in these areas. It would reduce the probability of arrest by 90 percent, of welfare dependence during adulthood by 35 percent, and of out-of-wedlock pregnancy (which places additional burdens on our health care and welfare systems) by 50 percent for these individuals.

Lack of available, affordable housing presents much the same picture. Research has linked insufficient housing with public health risks, substance abuse, and increases in crimes against people and property. Historically, lower income Oregonians have counted on inexpensive housing as a way to balance their budgets, and they are considered cost-burdened if they must spend more than 30% of their income on housing. The Oregon Population Survey indicates that in 1998, 70% of renter households and 38% of homeowner households who were below the median income of their respective groups were cost burdened. In December 1999, the number of households on wait lists for housing authority subsidized housing was 17,645.

These Oregonians are left with little money for food, clothing, transportation, education and other life necessities. As a consequence, far too many are living in unsafe housing, sharing housing with other families, making frequent moves, or, at worst, becoming homeless. Investments that would increase housing opportunities for high risk, cost-burdened Oregonians would be a simultaneous investment in their increased independence and productivity.

Roles & Responsibilities

The new vision for Oregon's system of social supports involves a major shift in approach. In the past, the state has been widely and actively involved in providing direct services to those in need. Under the new approach, the state would provide fewer direct services itself and instead would partner with communities in the design and delivery of core social supports. The rationale is that because essential social supports affect individual lives, these supports will be most effective if they are designed and delivered at the local, community level, rather than by the state, which has a more distant relationship with those involved.

Depending on both the nature of the support and the people who need it, the state might:

- provide services directly;
- provide funding for a particular support -- either to individuals or to a program or service provider;
- oversee the quality of a particular service through regulation or licensing;
- serve as an investment partner with local government or other local entity;
- serve as a catalyst to stimulate the existence or delivery of a particular support;
- provide technical assistance (e.g., convening work groups, providing data) to local communities and governments in their efforts to provide social supports; or
- have no involvement whatsoever in the provision of social supports.

Policy Directions - The Oregon Strategy

The new vision for Oregon's system of social support includes policy directions as a basis for future action at both the state and the community level.

State Directions

Having identified a list of core social supports, and having sorted out the responsibility for putting those supports in place among state agencies, work groups are undertaking an analysis of current state agency programs and practices. The goal is to increase efficient and effective delivery of supports through cooperative efforts. This involves clarifying each state agency's role and aligning or adjusting these roles in order to reduce redundancies and fill in gaps. The following work groups have completed their analyses and have forwarded recommendations to the Governor:

- Access to diagnosis and early evaluation
- Access to in-home assistance
- Access to health care (including specialized medical care)
- Access to tobacco, alcohol and other drug treatment
- Affordable, safe housing
- Available and accessible child care
- Employment opportunities
- Life skills assistance
- Non-residential physical and mental health therapy

In addition three groups are currently reviewing the core supports of access to transportation, access to mental health services, and adequate nutrition.

Community Directions

The work groups are working with community and private sector partners to identify local responsibility for designing and delivering core supports at the closest community level. This includes involving citizens, service organizations, businesses, non-profit providers, local government agencies and others in the partnerships necessary to assure the availability of supports that will increase the health and safety of children, families, and communities. These efforts, in turn, will lay the foundation for long-term independence and productivity.

Results

Much of the work done by through the collective efforts of the many participants in the Oregon Strategy is already paying dividends. Systematic changes are being made in many areas. Some examples include:

- Funding streams for delivery of alcohol and drug treatment services have been fragmented with numerous agencies providing uncoordinated services. Now the rate structure for treatment will be revised to allow wraparound services and continuing care.
- To promote the development of safe and affordable housing, funding processes will be consolidated and priorities established for projects. Oregon Strategy groups have worked to coordinate housing needs of Oregon's most vulnerable citizens.
- Early childhood supports include an agreement by public and private providers to use common screening tools for medical and social risk factors.
- In order to make family day care safer, basic safety standards will be required as well as criminal history checks.
- To improve access to transportation, mechanisms will be established to coordinate human services transportation with public transit and student transportation systems.

Conclusion

This is Governor Kitzhaber's vision for investing in people. He believes that the strength of our state is directly linked to the self-sufficiency and productivity of Oregonians, and the Oregon Strategy for Social Support is a means to that end. He further believes that state, community, and private sector partners must share responsibility for helping individual Oregonians reach their highest potential as students, workers, and citizens.

The Governor is committed to those social policies which are most likely to produce educational and workforce success. He is hopeful that when fully implemented, his new approach to social support investment not only will reflect the realities of today's world, but also will help every Oregonian--as individuals and as members of society--to reach the highest possible degree of independence and productivity.

For additional information about the Oregon Strategy for Social Support, contact the Governor's Office of Health, Human Services and Labor at (503) 378-6895.

Last updated: April 2000

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If you wish to contact Governor Kitzhaber - [Click Here](#).

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OREGON SOLUTIONS

I always like to look on the optimistic side of life



7 For How To Save Money In Hard Economic Times



If you are struggling with massive personal credit card debt and feeling exhausted to discover a legitimate way to eliminate your dues, you are left with two options. Either it is possible to choose to file a bankruptcy suit or you can try to remove your credit card debt settlement debt for less with the help of a debt reduction program. Filing a bankruptcy case is not the first thing you need to do if you are burdened with debt. It should be your final resort as it contains lots of disadvantages which will befall on your financial career. What about the other option- debt settlement?

Look regarding your job with flexible hours to accommodate your class schedule each semester. Whatever how you slice it or dice it when your boss won't work around your school schedule; 3-5 years within the line you'll have a be ultimately the same positioning. What you do today determines what may occur to you later. Make sure that are generally making solid decisions which have been taking you in the direction of the goals. I've had several students proclaim to me that all they ever wanted to perform was become an elementary teacher. However, due to their work schedule, they were not able to nicely in my educational psychology course. Their behavior was an indicator that their dream coaching may never come true because they want a bachelor's degree always be an elementary teacher.



Monopoly Economics Economics TOPIC UGC NET ECONOMICS
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I tend to be offering the program and we barter with someone in which has something which we need it is us only our daytime. If we are already too busy maybe that lacks any value to us,

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however, if we aren't entirely reserved we just earned a new client that loves us. If our work has slowed up for a season it is a

valuable method that aid keeps the calendar booked and release more new leads while they recommend anyone. It gets us in them because we made a compelling offer that nobody else did and the next time they desire our service they are coming to us! If they have a friend looking for all our service they are recommending our website!

Our core product the Reishi Fraction 3 is the most significant invention from a president of Academia Sinica in Taiwan and its primary function is for immune modulating and anti-tumor. With associated with easy economic topics on this particular RF3, it really is proven in order to work.

Any faxing is not necessary. Applying process will be finished your effectively realization online toy. Applicant must have an age of 18 years. No need to travel at anywhere because you could apply from your residence. Banking account will be a money collector with regard to you because lenders will directly convey finance to who's. The applicant can pick lenders from entirely of mortgage lenders. Proper examination on the internet can a person to get the best lender according to any wants. Cheaper in interest area best efficient technique to carry out all natural economic topics harms. Applying and receiving funds, both processes are uncomplicated.

In order to possess a blueprint for success, is considered the be very clear as to WHY searching for network marketing today. Is actually your goal of joining the network marketing business opportunities? What do you wish to escape it? If you do not achieve success, how ultimately affect you? Why is it important which you should achieve the battle?

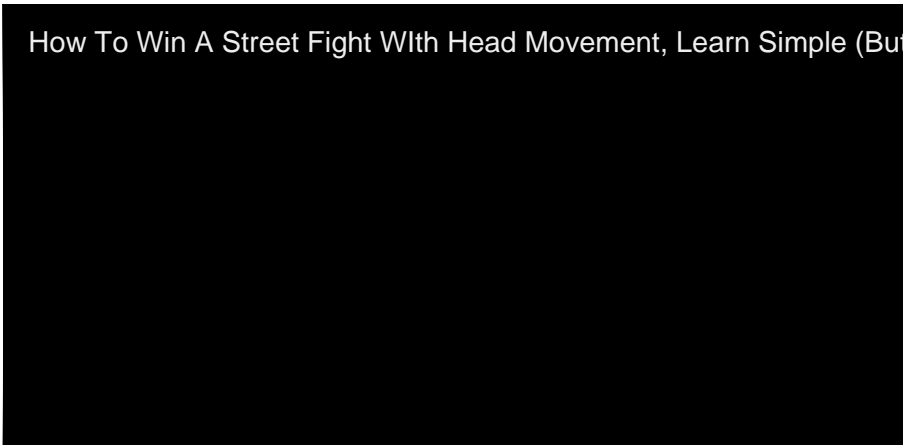
Getting a first-rate research paper topic and writing the essay usually is essential from a student's lifespan. Whether it is the written by the student himself or along with a professional firm, the research paper topics and the way in how they are written is so critical.

November 4, 2017 | Posted by: admin | Posted in: Uncategorized | Bookmark this post

How The On The Internet Stock Trading Market Works



Before you technique, a lender, know what you need the loan with regard to and have a good estimate of this cost. If there is a number associated with things to cover, make a list. Tend not to ask for any more than that which you strictly need. Stick to your decided payment dates, amounts. Even though short-term [no credit check military loans servicing](#) loans-term lenders do not depend on credit reporting agencies with regard to approvals, they are obliged in order to report defaults.



How To Win A Street Fight Wlth Head Movement, Learn Simple (But Awesome) Street Fighting Techniques

Along the road associated with stock market trading, lay the particular abandon vehicles of investing methods. Vehicles that were possibly left behind because of inefficiencies or perhaps because of a crash where the residents financially died in the automobile or the drivers got away before the inevitable.

He or she also adds that investors cannot learn a lot through winners because they take care of their particular traders. The losers, however, can teach new traders classes that they will remember for a lifetime. Simply by not making the same error the next day, they can always respect trading as a new chance every day. Stock market trading now is impacted by lessons from the past.

Not keeping up with technology: Nowadays, most successful day investors use a secure high-speed web connection. They also have instant access to real-time market news. This retains them alerted of unexpected currency price changes and also any other urgent Forex how to practice day trading news.

Another reason that day trading could be so advantageous is that your prevent losses typically are smaller sized, letting you leverage up your placement to “supercharge” your increases by trading on the perimeter. Of course, this can work towards you just as quickly. Investing on margin can work each way so always be cautious using it.

Starting off with the first-day stock trading suggestion is to “do not really over trade”. You must remain disciplined at all times and wait for the right trades to come. Rely on your system and once you determine the best trade of the day, after that go all out! You should stay with trading only one or more periods a day. You’re crucial to long-term success and consistent income is to make a few huge trades daily instead of plenty of small trades.

This investing software is placed in the category regarding expert [35000 loan unsecured](#) stock advisors from the very reason that it would not only give advice; this runs the entire process of trading, from the selection of good gives of stock to taking advantage of00 the profits. It functions the very own veteran trader the fact that does whatever you want it to perform – except pay your own bills.

You don’t have to make a fortune along with every trade you create. You don’t have to become a millionaire in late every trading day. Below is stock market tip #7: You may not. The people that shoot for that will glory every day are the types that are losing fortunes, not actually making them. What you need to do will play above the contour. Don’t be average, but you extraordinary. Extraordinary has So many risks to worry about. Fortunes are created gradually. It takes discipline plus consistency. Something the “average” trader lacks.

July 29, 2017 | Posted by: admin | Posted in: Uncategorized | [Bookmark this post](#)

Information On Pay Day Loan



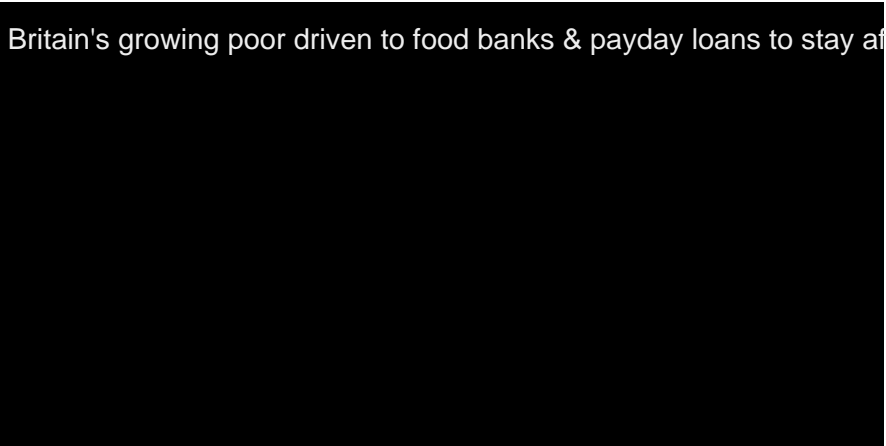
The bank teller or manager will certainly ask you for a couple of documents when you want to avoid payment. He or she will need the number of the verify, the date a person wrote the checkout, the name of the payee, plus the dollar amount of the look at. That means you can’t only write a check to a lender, get permitted and forget about the checkout. You should understand [About Payday Loan Helpers](#) You should make of which check accountable within your check register simply by asking yourself what variety check it is and exactly what the exact dollar amount is correct down to the nickels and dimes.



The debt counselor may help you get rid of your help with payday loan lawsuit. Always taking out payday advances might signify that there is a larger fiscal issue, and to support your situation you need to talk to someone who can help you get from this situation.

In order to remove an advance financial loan to consolidate payday loans you will need a valid type of identification (a real form of identification is just really needed in the event you chose to take your loan to [consolidate payday loans out](#) from a brick-and-mortar lender store, in contrast, to from a website), evidence of you job together with your income and pay period of time, and a valid in addition to active checking account. The lending company will use your income pay period to determine the amount you are eligible to be lent and when you are paying your loan rear.

A woman who gets \$1,500 web bi-weekly finds himself embroiled in an unpredicted financial issue in addition to the need of much short-term cash, after which she turns to some payday loan provider.



Even if you have got very poor credit, it really is still possible to obtain an immediate approval how to

reduce payday loans, your own credit will not be checked out. The only thing the lenders can do is to check your job status and earnings level. The lender is mainly concerned with if you are in a position to repay the loan sum within a timely approach, usually within a couple of to four weeks right after receiving the borrowed amount of cash.

Carry out pay off your debts. Focus on the debt that has the greatest interest, usually credit cards or an account having a local store. Put all you can into eliminating that costly hearth.

Still probably not convinced? Let us offer the advantages of consolidation regarding payday loansx. First of all, your income back time is usually lengthened. Payday loans are believed as short term and once you avail of this kind of assistance, it is moved into a long-term financial loan.

December 21, 2016 | Posted by: admin | Posted in: Finance | [Bookmark this post](#)

The Most Effective Debt Relief – Will There Be Such A Thing?

Usually make where you can spend by income your spending to be controlled by a promise and prevent using charge cards. Be sure to store around you'll be able to think you're able to manage to cover the statement promptly. Till you drop in case you are sure you can meet with the expenses you can, needless to say, shop. But it occurs that you just fall victim to obligations and maintain looking for consolidation firm to resolve the debt problem online at [You can pay back your credit debt](#), spend any previous wellness-related payments, if not place the cash towards starting a whole new enterprise.

June 14, 2016 | Posted by: admin | Posted in: Payments | [Bookmark this post](#)



Oregon
Secretary of State
Dennis Richardson

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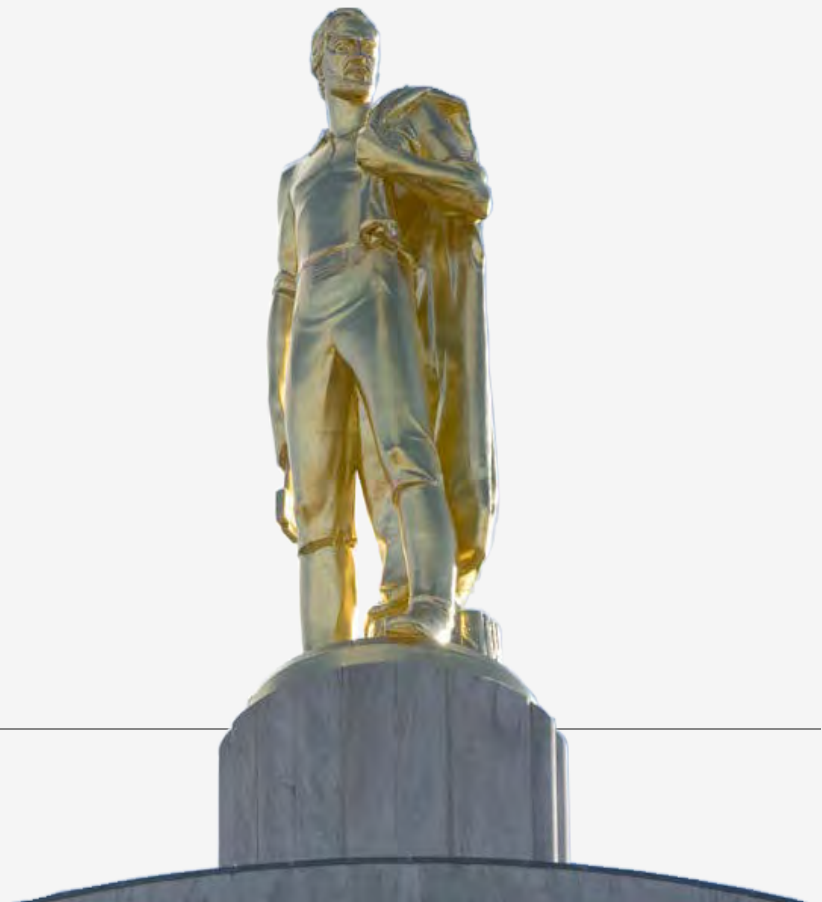
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- Start over on the [Home](#) page.
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Tribal Gaming Compacts

Tribe Compacts:	Burns Paiute	Coos	Coquille	Cow Creek	Grand Ronde	Klamath	Siletz	Umatilla	Warm Springs
AMENDMENT I						I	I		I
AMENDMENT II						II			II
AMENDMENT III	III					III			III
AMENDMENT IV	IV					IV			IV
AMENDMENT V						V			V
AMENDMENT VI						VI			
AMENDMENT VII						VII			VII
AMENDMENT VII						VII			VII
AMENDMENT VIII									
AMENDMENT IX									IX

Note: These files require the [Adobe Acrobat Reader](#), available free.

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Department of Education 2001-2003 General Fund Resources

	General Funds Appropriated for ODE	Reductions to Date	Additional 5% General Fund Reduction	
Department Operations	45,678,891	(7,955,494)	(1,869,816)	-21.5%
Data Integrity Assurance	10,325,000	(10,325,000)	0	-100.0%
Oregon Schools for the Blind and the Deaf	17,447,200	(668,000)	(831,686)	-8.6%
<u>Grant in Aid</u>				
EI/ECSE	89,113,952	(3,500,000)	(4,243,582)	
Regional Programs	32,878,088	0	(1,629,651)	
Hospital Programs	2,160,675	0	(107,097)	
Long Term Care & Treatment	18,305,207	0	(907,325)	
Oregon Prekindergarten	61,917,541	(1,500,000)	(2,994,684)	
Talented & Gifted	220,329	(20,000)	(9,930)	
Student Leadership Centers	862,084	(85,000)	(38,517)	
Workforce Development	188,741	(18,000)	(8,463)	
Low Performing Schools	1,042,054	(1,042,054)	0	
Junior Achievement	92,250	(50,000)	0	
Frontier Learning Network	919,917	(50,000)	(43,119)	
Oregon Public Education Network	2,306,250	(200,000)	(104,399)	-7.9%
Total 2001-03	283,458,179	(25,413,548)	(12,788,269)	-13.5%

Oregon Department of Education
A Discussion of the \$12.8m Budget Reduction

- I want to discuss the impacts of reductions of the Oregon Department of Education, and want you to understand that the Department, like school districts, directly operate or support instruction to students and must face the same difficult decisions school districts do resulting from the \$12.8m reduction.
- The Oregon School for the Blind and the Oregon School For the Deaf reductions will mirror the actions school districts will have to take as I just explained.
 - 17 staff, including 5 teachers, will be eliminated;
 - An additional 19 staff will be put on reduced hours;
 - Eliminates all athletic programs, and School for the Blind sports and recreation programs;
 - Closure of Howard Hall, a dorm on the School for the Deaf Campus.
- The Department of Education operated Early Intervention/Early Childhood Special Education Program will also experience reductions similar to school districts.
 - Reduces general fund resources by an average of \$600 per infant, toddler and preschooler with disabilities across the state.
 - The funds pay for teachers, teaching assistants, speech therapists, physical therapists, psychologists, nurses, and a variety of other professionals needed to implement services described in these children's service plan which are required by federal laws.
 - Added to the direct effect of reducing services to these vulnerable children, the reductions will most likely result in violating federal requirements which will put the Department at extreme risk of litigation brought by parents and advocates.
- Three additional special education programs supported by the Department of Education include the Regional Programs for Low Incidence Students, Hospital Programs and Long Term Care and Treatment Programs.
 - The effect of the reductions are:
 - \$325 per student enrolled in Regional Programs;
 - \$190 per student enrolled in Hospital Programs;
 - \$1,200 per student enrolled in Long Term Care and Treatment Programs.
 - The programs are operated by school districts and ESDs, which will have the same cost cutting alternatives available – reductions in the services provided by teachers, instructional assistants and other professionals. The programs may also shortened school years as these agencies make decisions based on the State School Fund reductions.

- The reductions will run the same litigation risk as I described earlier, but, since the students enrolled in these programs are the legal responsibility of their school districts, the reductions will put the school districts at risk as well as the state.
- The Oregon Pre-Kindergarten Program reduction will dramatically affect services to pre-school children.
 - The effects of the general funds reduction are approximately \$123 per preschooler. These funds are used to pay for teachers, instructional assistants and related instructional costs such as transportation, books and materials, facilities. These expenses directly related to educating preschool children will be reduced or eliminated.
 - The reductions will eliminate all expansion of services, which, when coupled with Oregon's student growth patterns, the Department will actually lose ground. We will drop from serving 50% to serving 45% of Oregon's preschoolers;
 - The reduction will eliminate the Department's ability to meet the state target of 100% participation by 2004;

These programs serve children from Oregon's poorest families. These families cannot go elsewhere.

- The reduction to the Oregon Public Education Network (OPEN) will eliminate the Teachers Resource Center Clearinghouse.
- Unexpected affects, ones not obvious on first glance, is best represented by School Nutrition. Because of the expected reduction in school days in school districts across the state, the Department estimates that:
 - \$6.3m will be lost in federal revenue distributed to school districts for school lunch programs;
 - \$884,000 will be lost for school districts' earned commodity value; and
 - \$2.1m will be lost for school districts' school breakfast programs.

These lost federal funds are to assist Oregon's poorest families.

- The reduction of approximately \$1.8m in Department operations will have dramatic effects on our ability to assist school districts. These include:
 - Eliminates services for charter, private, home and alternative schools.
 - Eliminate second language, arts, physical education, curriculum and instructional support to teachers and administrators in Oregon schools.
 - Elimination of any new Data Base Initiative reports.

OREGON DEPARTMENT OF EDUCATION
Budget Reduction Scenarios for 2002-03 School Year*

Examples of Resource Reduction

Statewide Effect

Current Reductions

1. \$82 Million Cut - Eliminate \$112 School Improvement Fund & add \$30 million to School Fund	Eliminates programs supported by the School Improvement Fund. Cuts 1.5 FTE in reading specialists in elementary schools and eliminates programs to provide additional instruction time for students not meeting standards.	Cuts a total of 1,120 reading specialists in elementary schools or eliminates 6 school days.
2. \$96 Million Cut - Drop in Local Revenues and Increases in Enrollment since Governor's Rec Budget	Cuts 1.0 FTE in specialists from elementary and middle schools, 2.0 FTE in specialists from high schools, and 0.5 FTE in counselors from middle and high schools.	Cuts a total of 1,350 specialists and 215 counselors or eliminates 7 school days.
3. \$50 Million Cut - Veto of HB 4056 - Revenue Bonds - \$50 million	Cuts .5 FTE classroom teachers from elementary schools, 1.0 FTE classroom teachers from middle schools, 1.5 FTE classroom teachers from high schools.	Cuts a total of 780 teachers. Increases class sizes in elementary schools by 1.0 student, in middle schools by 1.0 student, and in high schools by 1.0 student or eliminates 3 school days.

Potential Reductions

4. \$202 Million Cut - K-12 share of \$482 million across-the-board cut	Cuts 1.5 FTE classroom teachers from elementary schools, 3.0 FTE classroom teachers from middle schools, and 6.0 FTE classroom teachers from high schools. Also cuts 0.5 FTE middle school counselors and 1.0 FTE high school counselors.	Cuts a total of 2,850 teachers and 290 counselors. Increases class sizes in elementary schools by 3.0 students, in middle schools by 3.0 students, and in high schools by 4.0 students or 14 school days.
5. \$150 million Cut - if Endowment Fund transfer defeated	Cuts 1.5 FTE classroom teachers from elementary schools, 2.0 FTE classroom teachers from middle schools, and 3.5 FTE classroom teachers from high schools.	Cuts a total of 2,320 teachers. Increases class sizes in elementary schools by 3.0 students, in middle schools and high schools by 2.0 students each, or eliminates 12 school days.

Total \$598 million

8,710 FTE or 42 school days

02-03 Original Budget \$7.327 bil. **(State School Fund Formula Revenues)**

29,350 FTE 175 school days

*Based on Quality Education Model Scenarios for education costs

Examples of School District Impact Statements

School District	Budget Cuts	Budget Cuts #1 & #2	Proposed Budget Cuts #3,4,5
Klamath Falls City SD Total Budget: \$30.5M Student Enrollment: 4,038	#1 & #2 \$1.9M #3 \$400,000 #4 \$1.6-1.7M #5 \$1.2M <hr/> TOTAL \$5.2M	<ul style="list-style-type: none"> • Did not replace 16.5 teachers due to retirements/attrition • Did not replace 2.5 administrators due to retirements/attritions • Delayed purchase of text books • Cut purchase of supplies by 10% 	<ul style="list-style-type: none"> • Cut 54 teachers and operate full school year – class sizes of 40 to 50 – teach basic classes only <li style="text-align: center;">Or • Operate current program as long as \$'s last. General days would be cut from school year.
Pendleton SD Total Budget: \$24.0M Student Enrollment: 3,510	#1 & #2 \$1.75M #3 \$300,000 #4 \$1.2 #5 \$900,000 <hr/> TOTAL \$4.15M	<ul style="list-style-type: none"> • Closed an elementary school • Reduced staff by 34 positions (19 teachers) 	<ul style="list-style-type: none"> • Reduce school year by 34 days. • 2.4M is 10% of budget • School starts today: <div style="text-align: center;">August 29th</div>
Portland SD Total Budget: \$360.8M Student Enrollment: 52,908	#1 & #2 \$17.8M #3 \$5.0M #4 \$20.0M #5 \$15.0M <hr/> TOTAL \$57.8M	<ul style="list-style-type: none"> • Eliminate 9 school days • Additional educational program reductions 	<ul style="list-style-type: none"> • Eliminate 17 school days • Additional educational program reductions
Salem-Keizer SD Total Budget: \$239.5M Student Enrollment: 36,163	#1 & #2 \$ 15.0 M #3 \$ 3.5 M #4 \$ 13.0 M #5 \$ 4.4 M <hr/> TOTAL \$ 35.9 M	<ul style="list-style-type: none"> • Reduction in elementary literacy programs, field trips, teacher in-service training, and staff development opportunities • Reduce school year by 12 days • Increase in class size • Eliminate 29 Reading Recovery teaching positions 	<ul style="list-style-type: none"> • Still under consideration—will be seeking community input for additional budget cuts
Youth Corrections and Juvenile Detention	Youth Corrections and Juvenile Detention budget reductions will include reductions in teaching positions and school days as applied to school districts.		

BUDGET REDUCTION PLANNING

OREGON UNIVERSITY SYSTEM

August 29, 2002

Chancellor Richard Jarvis

OVERVIEW OF REDUCTIONS TO DATE

- At the close of the 2001-2003 legislative session, OUS was appropriated \$834.4 million. So far this year, the OUS has experienced \$50 million in General Fund reductions, which translates into a 6% reduction in the OUS appropriation as of today.
- These cuts have come during a period of rapid growth, with enrollments estimated to increase by as much as 10% in this biennium. In the past five years, enrollments have grown by 24%, and the demand curve for access moves relentlessly upwards into the future. These budget cuts, when combined with rapid and sustained enrollment growth, double and triple the negative impact on Oregon's public university system.
- To address the budget reductions, the OUS implemented a hiring freeze almost one year ago that is aimed at sheltering instructional support for our growing enrollment, while reducing overall personnel costs.
- The budget cutting so far has served to protect instruction, which has required an extra detrimental burden for research, public service, and other non-enrollment-driven programs.
- This new budget cut of nearly \$40 million will raise the overall reduction to \$90 million, or nearly 11% of the OUS biennial General Fund appropriation. With the reductions compressed into the remaining nine months of the budget year, the problem is compounded tremendously.
- It is estimated that up to 3,000 students were denied access as an outcome of the \$50 million reduction. Denial of access not only means some students did not enter our universities; it also means some of our current students were closed out of courses and had their programs delayed; it also means some of them will have to stop out. For those students there is an immediate and ongoing financial impact. For our institutions, denial of access means lost tuition revenue of the order of an additional \$11 million.

PRELIMINARY PLANNING FOR THE \$38.9 MILLION REDUCTION

- Before I review the following impact statement, I want to begin by saying that, although I've only been in Oregon for a short period of time, I have already learned that we must not repeat in this new and drastic budget cut the destabilization of the System that occurred in the Measure 5 era. Therefore, I am committed to protect quality and stability in academic programs for the students we can serve with the remaining budget resources. This means that access, now and in the foreseeable future, will be limited in the face of such enormous

reductions in the instructional budget, especially when it is compressed into a single academic year.

- What you have before you is the impact from the next \$38.9 million in General Fund budget reductions from the Board's planning this year, and the reduction scenarios prepared for the next biennial budget. This will be the beginning point for our work.

Impact of Additional \$38.9 Million General Fund Reductions

On the basis of the reduction planning developed in November 2001, subsequently modified through the earlier reductions, and shared earlier with the Governor and legislature.

- \$7.35 million reduction in Statewide programs:
 - OSU Statewide Public Services (Extension Service, Agricultural Experiment Station, and Forest Research Laboratory) reduced by an additional 7%, which will limit OSU state out-reach programs and agricultural research, and could affect federal funding support.
 - \$28.65 million reduction to Instruction and Instructional Support:
 - Eliminate hundreds of class sections
 - Reduce enrollments up to 6,500 (5.5% of biennial fundable enrollment of 117,200)
 - 500 faculty and staff lay-offs
 - Limit program access for 2003-2005 (permanent limitations)
 - Reduce tuition revenues by \$21.5 million, compounding General Fund reductions
 - Further reductions in support programs: Libraries, student counseling, public safety, etc.
 - Instructional funding falls to the 37th percentile of OUS peers.
 - \$2.9 million reduction to Engineering Initiatives:
 - Reduce Board/state commitment to increase number of engineers and computer scientists. Step back from commitment for qualitative enhancements to attain national standing
 - State and national perception will be of restricted opportunity for access to quality four-year universities in Oregon; will reduce both student and faculty interest to pursue Oregon as an option.
 - The ability to implement lay-offs and close programs is highly problematic given collective bargaining and legal/contractual conditions of employment. Moral obligations to continuing students should be considered as well.
-
- The final product may not have the same shape, but it will reach the total of \$38.9 million, for a combined cut of almost 11% from the biennial General Fund appropriation.

- We must begin the exercise immediately, because each day of delay makes the task worse, and time is running out. Our Board has already been engaged in an intensive strategic planning effort, and we must be sure that the immediate actions taken to meet this crisis are consistent with the essential goal of a sustainable university system of the quality demanded by Oregonians.
- We will begin the work immediately, but before we step off into the deep end of this new budget reduction, I will consult with the presidents of each of the seven OUS institutions. Preliminarily, I have asked the presidents to give me their first look at campus budget reductions before the State Board of Higher Education's Executive Committee meeting on September 20. This will allow me to discuss the preliminary budget cuts with the presidents and Executive Committee, and give our constituents time to give their inputs, before a final decision is reached and implemented no later than the full Board meeting on October 18.
- Let me close by saying that the route for success for Oregon in the knowledge economy of the 21st Century is not going to be achieved by subtracting the resources needed by K-12, community colleges, and the public university system to prepare Oregon citizens for that future. Reducing the budgets for education reduces the horizon of Oregon's social, civic, and economic progress, to the lasting detriment of every Oregonian.

Testimony before Governor Kitzhaber
On Impact of Budget Reductions
8/29/2002

For the record Camille Preus-Braly - Commissioner of Community Colleges.

Appreciate the opportunity to speak directly on the impact of budget reductions.

Agency General Fund budget as adopted	\$ 474,528,195
Agency Operations	2,659,258
Community College Support Fund	467,068,191
Oregon Youth Conservation Corp	448,661
Current Agency General Fund budget	\$ 404,500,221
Community College Fund Shift	(55,961,053)
Additional Budget Reduction	(14,066,921)
Agency Operations	(81,163)
Community College Support Fund	(13,899,546)
Oregon Youth Conservation Corp	(26,212)
Agency General Fund including proposed cuts	\$ 384,451,153
Additional Budget Reduction	(20,049,068)
Agency Operations	(131,081)
Community College Support Fund	(19,704,860)
Oregon Youth Conservation Corp	(21,159)

First, I would like to speak to the impact of cuts to the agency operations budget. The general fund pays for whole or part of 11 employees within CCWD. In light of the proposed cuts we will continue our hiring freeze on two positions and will likely be required to proceed with staff layoffs. An alternative option is to reduce our share of General Fund match for the federal Carl Perkins grant, but doing so would reduce services at both the state and local community college level to professional technical programs.

The larger impact of the proposed across the board cuts comes to the community college support fund. Currently the reduction 19.7 million coming

from direct cuts in services to community college students. This cut comes in addition to a nearly 14 million dollar cut taken in Special Session #2.

Examples of the impact of nearly 35 million dollars to community colleges:

Reduced access to students and businesses - clearly there will be less options for first time freshman, returning students, workers who have been laid off and individuals and businesses who look to community colleges to bring competitive skills to those already working.

Enrollment continues to increase across the state at an average of +5% per year. Over 400,000 students come to community colleges each year and our capacity to serve them is decreasing.

As enrollment increases and state funding decreases (state general funds make up approximately 50% of the operating revenue for colleges) colleges are making the conscious choice to downsize their colleges. Historically, when students register for classes, and classes fill up, the colleges have maintained waiting lists so when there was a sufficient number of 'wait listed' students another section of the class would be offered. That will not happen now. Colleges can no longer afford to continue to expand class offerings, they simply do not have the resources. The additional cut of 19+million could affect the access to community colleges for as many as 14,000 students.

Tuition continues to increase. Nearly every community college has raised tuition anywhere from \$3 to \$10 per credit hour. And, although community colleges remain a quality bargain for a post secondary education we cannot avoid the reality that as tuition closes in on \$2,000 per year some of the most needy, and deserving students, will not be able to afford the price.

Program reductions will continue. After the second special session many colleges reviewed their program offerings with an eye to reducing and eliminating any program that wasn't attracting a full complement of students. Many profession technical programs fall into this category. Colleges are making difficult decisions to cut programs

in order to save resources but some of these programs provide the very high skill, high wage jobs Oregon needs for economic recovery.

Ability to respond to business needs is also in jeopardy. As colleges continue to seek ways to reduce costs they have reviewed the ways in which they can serve businesses, as they can no longer help support and underwrite the cost of building a custom training program. This means the business who cannot provide all the funding for such customization - that particular piece that keeps them competitive and profitable - putting at risk the real economic engine colleges have provided to their communities.

Attached is a report prepared by Blue Mountain Community College on the impact of the budget reductions to their college. It is clear in reading this report that Blue Mountain specifically, and all community colleges, are fighting for their very existence within their communities. The comprehensive mission of Oregon's community colleges is at risk, and, so too are the citizens of Oregon who count on the community college for skill development, economic development and as a vital community resource.

Blue Mountain Community College **Impact of Reductions in State Funding**

Blue Mountain Community College (BMCC) students, employees and the services provided to taxpayers have been seriously impacted by the reduction in community college state funding. The possibility of additional reductions in state funding is hard to even imagine. BMCC has used all available reserves. If the fund balance were to drop any lower, the College would be required to borrow money to maintain operations.

BMCC has already made the largest tuition and fee increase in the College's history this year with a 23% increase. However with additional reductions in state funding, BMCC will consider an additional \$10 or 23% increase in tuition and fees. This would be a total increase of 46% in one year.

Besides eliminating all counselor positions, all instructional middle management, a custodial and an athletic support position, BMCC has eliminated the Skills Center Programs, OATC (Oregon Advance Technology consortium) and all funding to support four-year programs (EOCCC). The College is in the process of eliminating the Mechanical Technology, Criminal Justice and the Industrial Maintenance Technology programs. Final action for these three programs is expected during the first week of September. With reduced funding, the College must look to eliminate additional programs, which may include the Theater program, the Human Services program and cut the music program in half and make reductions to the dental program. In addition to all other reductions, the College has identified a required across the board spending reduction of 3.5%. However, that may increase to as much as 6% or more. Finally, the College would significantly reduce all funding for instructional equipment, equipment repairs & maintenance and building repairs & maintenance. Currently, all building maintenance projects have been put on hold.

With the current and the proposed reductions, Blue Mountain Community College would eliminate 16 faculty positions or 25% of the College's general fund full time faculty. In addition, BMCC would eliminate 17 management and support staff positions or 23% of the General Fund staff.

Reduced funding for Blue Mountain Community College has and will have a critical impact for all students, staff and taxpayer services in northeast Oregon. Reduced funding will continue to erode the ability of community colleges to fulfill their mission in serving students and taxpayers.

In summary, the changes for Blue Mountain Community College include the following:

- Higher student tuition and fees by as much as 46%.
- Elimination or reduction of 10 different programs.
- Elimination of 33 positions or almost one-fourth of the College's general fund staff.
- Elimination and reduction of services to students and taxpayers.
- Elimination or reduction of funding for replacing and maintaining equipment.
- Elimination or reduction of funding to maintain buildings.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
1	OMAP	Reduce OHP pharmacy reimbursement to Average Wholesale Price (AWP) minus 17% and dispensing fee. Implementation date: January 2003	867,408			1,005,883		Payments to pharmacies will be reduced, possibly without their ability to obtain similar reductions in cost from the manufacturers. Pharmacies in WA and CA are currently threatening to drop out of Medicaid over similar issues. There may be access problems for clients.
2	OMAP	Do not distribute the Safety Net Clinic funding. Implementation date: October 2003. (\$1,000,000 reduction already taken at the February 2002 Emergency Board)	1,200,000					Safety Net Clinics provide health care to persons who have barriers to accessing health care. Barriers may include: lack of insurance; inability to pay; geographic isolation; personal, cultural and/or linguistic needs. Failure to allocate these funds to the safety net clinics may impose a financial hardship on some clinics with inadequate operating margins. Some individuals may have more difficulty accessing health care without these resources and there will more pressure on hospital emergency rooms.
3	OMAP	Change beginning date of Health Plan eligibility for adults/couples and families to the first of the month following eligibility determination. This would impact about 120,000 eligibles. This action would require federal approval which could affect the implementation date. Currently, OHP eligibility is effective with the date of request. OMAP pays medical costs retroactively to the date stamped on the application. This change would reduce the retroactive period for which OMAP is liable by the time between the date of request and the first of the next month. Implementation date February 2003. OMAP savings only, further savings in MH budget.	1,663,369			2,460,004		Clients would still receive six full months of eligibility. Mental Health Services would have increased costs for clients which meet the criteria for civil commitment and OHP eligibility since the State must pay for their hospitalization and federal match is only available when they become eligible. This may result in a cost shift to providers. This policy change may encourage eligible persons to apply for coverage before they are ill; thus, contributing to our goal of providing preventive care. This would likely keep some substance abuse clients from getting treatment since providers may not be available when clients need to start treatment.
4	OMAP	Eliminate outlier payments for DRG hospitals and reduce DRG unit value. This action eliminates outlier payments to DRG hospitals and reduce inpatient and outpatient reimbursement levels to DRG hospitals by 24%. Outlier payments are an additional payment made at the time a claim is processed for exceptionally costly services provided to Medicaid clients.	3,375,000			4,991,386		This would impact 28 DRG hospitals through out the state. This change may impose a financial hardship on some hospitals with inadequate operating margins.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
5	OMAP	Eliminate remainder of Mental Health/Alcohol & Drug portions of the Oregon Children's Plan. Implementation date: December 2002 - Impacts over 500 clients It is estimated that there are 26,132 firstborn children and families who have, or are at risk of developing, mental health and addiction conditions. This program is designed to prevent or treat those conditions.	2,600,000					Failure to treat these children and their families will create added problems for early education systems, child welfare, and ultimately juvenile justice. Untreated, these children and their families may experience poor outcomes, including abuse, neglect & domestic violence rates, juvenile and adult crime rates, poor school preparedness, increased use of special education, increased grade repetition, higher drop-out rates, poor maternal reproductive health, higher use of public assistance, and higher unemployment rates.
6	OMAP	Reduce Oregon Health Plan eligibility for pregnant women and children down to 133% of the Federal Poverty Level. Implementation date: April 2003 due to federal approval requirement. Impacts 2,500 clients. OMAP savings only, additional savings in the MH budget.	953,623			1,410,340		Pregnant women and children lose ready access to health care. They may show up in emergency rooms or safety net clinics with more severe health issues. A lack of prenatal care can result in increased health problems for the mom and the newborn child.
7	OMAP	Eliminate CHIP program. (W/OHP2, CHIP can not be reduced before adult couples & families) Impacts 20,000 children. Implementation date: April 03 due to federal approval requirement. OMAP only, additional savings in the mental health budget.	1,194,596			3,088,645		Children without ready access to health care may result in a decreased immunization rate, school attendance issues and sicker children seeking treatment from emergency rooms and public clinics.
8	OMAP	Eliminate medically needy program for 8,395 clients who are elderly or disabled. These clients generally suffer from disabilities and chronic illnesses that can only be successfully managed through the utilization of maintenance prescription drugs. Implementation date: Jan 03 - OMAP savings only, further savings in SDSA budget.	6,897,091			10,200,309		Elimination of the Medically Needy Program will result in clients without access to necessary medication, such as those needed for heart conditions, seizure disorders, and HIV infections. Without medications and no alternative source of prescriptions some of the clients would deteriorate to the point that they would require long term care services. There also exists the possibility of increased mental health services as the lack of sustaining medication could generate psychiatric issues that would require hospitalization. Cost could shift to General Fund only in mental Health programs.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
9	OMAP	<p>Reductions to this point are insufficient to reach the target for OMAP. The remaining \$12 million GF cannot be reached without reducing benefits by moving the line on the prioritized list of services, implementing reductions which require Legislatively adopted statutory changes, or reducing services and/or eligibility if the OHP-s waiver is approved.</p> <p>A reduction in services from a line change would require federal approval. In the past the federal government has been very negative in their view in moving the line any further. To reach this amount of savings, the line would have to be moved from 566 to 514 on the prioritized list of health services.</p> <p>Implementation date: January 1, 2003.</p>	12,020,487			22,111,282		<p>Some of conditions which would no longer be covered include: diabetes with end stage renal disease; treatable cancers of the esophagus, liver, pancreas, and gall bladder; eye injuries; disorders of the vestibular system; incontinence; salivary gland disease; rectal prolapse; social phobia, dental related issues, and amputation of the toe.</p> <p>Alternatives to the line change include actions requiring statutory changes such as Type B hospital reimbursement reductions, removal of groups of services like adult dental or mental health, or lowering eligibility thresholds to less than 100% of the federal poverty level for adults/couples.</p> <p>If the OHP-2 waiver is approved there is greater flexibility allowed to the department to change benefit levels in the OHP standard benefit and in the number of clients served.</p>
	TOTAL		30,771,574	-	-	45,267,849	-	
1	SDSD	<p>Eliminate GF for Retired Senior Volunteer Program. The program coordinates and provides 4,500 volunteers for such programs as social services for seniors and people with disabilities, academic tutoring and mentoring to people inschools, etc. During the 1999-2001 biennium, the local RSVPs provided 4,500 volunteers who were involved in projects reaching more than 50,000 children and seniors and providing more than 350,000 hours of volunteer services. Implementation date is November 1, 2002.</p>	93,000					<p>15 local RSVP projects are impacted by the cut. RSVP projects integrate with social services and public safety agencies and schools in local communities to provide a variety of volunteer services, including social services to seniors and people with disabilities; academic tutoring and mentoring to young people in public schools and community colleges, and community policing and senior crime prevention programs. This cut in funding will negatively impact the local RSVP's ability to continue the valuable local programs and services they implement.</p>
2	SDSD	<p>Eliminate nursing facility inflationary increase (rebasng) for 2002-2003. This requires notice to MLTCRAC and approval from the November Emergency Board prior to notice of rulemaking. Earliest implementation date is January 1, 2003. Approximately 5400 clients and 138 nursing facilities with Medicaid contracts are impacted. The average daily decrease is \$3.26 per client.</p>	993,218			1,499,800		<p>Facilities may be forced to curtail expenses since this will be a real decrease in revenues received. The largest part of nursing facility expense is associated with direct care staff wages and benefits.</p>
3	SDSD	<p>Move 198 Spousal Pay clients to Medicaid Services. Implementation date November 1, 2002.</p>	1,076,109					<p>These severely impaired clients will no longer be able to receive long term care from the their spouses. All will qualify for other Medicaid long term care services.</p>

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
4	SDSD	Restructure Special Needs Payments for Oregon Supplemental Income Program (OSIP) clients. Special needs payments are available to supplement one time needs for long term care clients who are receiving SSI or who are receiving Medicaid waived services. Implementation date is Dec 1, 2002.	500,000					Eliminating special cash payments may cause a need for more expensive long-term care services up to and including nursing care. Additionally, by eliminating special needs payments the state risks being out of compliance with federal regulations. Non-compliance would make the state ineligible for title XIX payments for quarters containing a month in which compliance was not met.
5	SDSD	Reduce the average monthly Assisted Living Facility rates from approximately \$1,550 to \$1,125 by December 1, 2002. This requires notice to MLTCRAC and approval from the November Emergency Board. Rule changes are not needed. Approximately 3,200 of the 3,450 clients in ALFs would be impacted and it is expected all 163 ALF providers that participate in Medicaid would be affected.	3,299,262			4,982,018		At this payment level, 21 of the 43 assisted living facilities financed by Oregon Housing and Community Services likely move into technical default. Many of these are located in rural parts of the state and may be the only long-term care resource in the community. Urban providers may choose to curtail Medicaid access. If facilities were forced to close due to default, residents (both Medicaid and private pay) may have to seek alternatives outside of their local communities. Rural facilities may also start to close since they generally have a higher Medicaid census than urban facilities and the impact of a rate reduction at this magnitude will be felt more quickly.
6	SDSD	Eliminate balance of Oregon Project Independence (OPI) for the remainder of the biennium. OPI is a state-funded program providing long-term care services to low income people age 60 and older not receiving Medicaid services. In-home services will be eliminated to approximately 3,000 clients currently receiving OPI. The program's original intent was to keep seniors in their own homes instead of an institutional setting. 5% of the clients return as Medicaid cases. Effective October 2, 2002.	2,684,505			357,834	(0.74)	One-third of OPI clients have survival priority levels between 1 and 3. In-home services will be eliminated to approximately 3,000 clients currently receiving OPI. These individuals will have to rely upon their own resources and some may not be able to remain at home, resulting in spend down to Medicaid eligibility. Many OPI providers are low-income home care workers. Programs are administered by local AAAs. A number of the small, rural AAAs will be put at risk of having to close all of their seniors programs.
7	SDSD	Eliminate Medicaid Long-Term Care for clients receiving in-home hourly services in Survival Priority Levels 15 - 17. 1,536 clients in these priority levels need some assistance and/or need a structured living environment. 824 in-home clients will be eliminated from services. Approximately, 40% will return to services over an approximate 21 month period. (16% are expected to return over the remaining 8 months of this biennium). Of the remaining balance of clients, 66% will return to Personal Care. Additional savings will occur in OMAP's budget. Implementation date is November 1, 2002.	1,615,216		176,441	2,272,240	2.30	Clients at these levels require assistance with bathing and grooming and may require mobility assistance. In addition, many of these clients have significant additional health issues such as diabetes, hypertension, heart conditions, behavioral health needs and require assistance with medications. Clients who lose Medicaid eligibility because of the loss of waived services will have difficulty accessing needed medical service. There will also be loss of employment for in home care givers.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
8	SDSD	Eliminate General Assistance Program for 2,472 clients with a long-term disability. This program provides grants to individuals who are unable to work because of long-term disability. Implementation date is December 1, 2002.	6,406,655			908,026	5.80	Increased acute care emergency room visits, increased demand for homeless shelter space, and increased demand for city and county services. General assistance cases known as "service cases" are both Medicaid eligible and eligible for services. As long as service levels remain covered, these 200 service clients would continue to receive the cash grant to pay for room and board in Medicaid long-term care services.
9	SDSD	Eliminate medically needy program of 8,395 clients who are elderly or disabled. Implementation date is January 1, 2003. See description in OMAP section.	1,397,519			1,263,859	13.78	When program eliminated by OMAP, 15% of the clients return as long term care cases. Only 67 clients phased in during the balance of 2001-2003. See impact description in OMAP section.
10	SDSD	Eliminate Medicaid Long-Term Care for clients receiving in-home hourly services in Survival Priority Levels 10 - 14. 4,826 clients in these priority levels need substantial assistance with eating, mobility, and other activities of daily living in a structured living environment. 2,589 in-home clients will be eliminated from services. Approximately, 40% will return to services over an approximate 21 month period (16% are expected to return over the remaining 8 months of this biennium). Of the remaining balance of clients, 66% will return to Personal Care. Additional savings will occur in OHP. Implementation date is November 1, 2002.	4,982,980		616,991	6,932,654	7.22	Clients in these levels require assistance with mobility, toileting, and/ or eating and in addition have substantial physical or behavioral health needs. Most have significant chronic health conditions and require daily medication assistance. Many new clients would require 24 hour care services. Absent care supports, protective service issues would escalate for many of these clients. Those clients who lose Medicaid eligibility because of the loss of waived services will have difficulty accessing needed medical services. There will also be substantial loss of employment for in home care givers.
11	SDSD	Eliminate Medicaid Long-Term Care for clients receiving 24 hour care services in Survival Priority Levels 10 - 17. 1,515 clients in these priority levels need substantial assistance with eating, mobility, and other activities of daily living in a structured living environment. 901 will be eliminated from services. Approximately, 50-60% will return to services over an approximate 21 month period (18% are expected to return over the remaining 8 months of this biennium). Of the remaining balance of clients, 66% will return to Personal Care. Implementation date is November 1, 2002.	4,952,830			7,375,440	1.57	Clients receiving 24 hour in home live in, substitute care, or nursing home care would be at high risk for rapid deterioration, including potential emergency room or hospitalization services with the loss of care services. Most of these clients have significant chronic health conditions and require daily medication assistance as well as health monitoring. Many of these clients have dementia or other behavioral health needs and require 24 hour supervision. Care facilities would evict clients because of lack of Medicaid payment. Protective service would escalate dramatically since housing and care services would not be available for clients who have no or limited family supports. Clients who lose Medicaid eligibility because of the loss of waived services would have difficulty accessing medical care. There will be further loss of employment for in home care givers and for staff in 24 hour living settings.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
12	SDSD	Eliminate Medicaid Long-Term Care for clients care services in Survival Priority Levels 7-9. 624 clients in these priority levels require assistance with eating, mobility, and other activities of daily living in a structured living environment. 320 will be eliminated from services. Approximately, 50-60% will return to services over an approximate 21 month period (18% are expected to return over the remaining 8 months of this biennium). Of the remaining balance of clients, 66% will return to Personal Care. Implementation date is November 1, 2002.	2,406,575		241,608	2,904,372	1.60	Clients in levels 7 through 9 are at high risk for rapid deterioration, including potential emergency room or hospitalization services with the loss of care services. Most have significant chronic health conditions and require daily assistance for basic life activities like toileting and eating. Many of these clients have dementia or other behavioral health needs and require 24 hour supervision. Care facilities would evict clients because of lack of Medicaid payment. Protective service would escalate dramatically since housing and care services would not be available for clients who have no or limited family supports. Clients who lose Medicaid eligibility because of the loss of waived services would have difficulty accessing medical care. There will be further loss of employment for in home care givers and for staff in 24 hour living settings.
	TOTAL		30,407,869	-	1,035,040	28,496,243	31.53	
1	MH	Eliminate mental health Office of Consumer Technical Assistance. This program provides technical assistance to mental health clients often provided by former clients of the system. (October 2002)	221,250					Eliminating this program would end statewide consumer technical services to adults who are developing support networks, serving on mental health advisory groups at local, state and national levels; a highly successful annual conference for consumers would be eliminated; major opposition would develop from hundreds of consumer/survivor activists who would view this as a withdrawal of state support for recovery and recognition of the role of consumers in improving the public mental health system.
2	MH	Eliminate funding directed to local mental health services' plans (HB 3024). A portion of this amount has already been taken. Planning funds have been distributed to counties.	2,433,864					House Bill 3024 embodies the recommendations of the Governor's Mental Health Alignment Work Group. Removal of the funds to support the process will eliminate much needed local collaboration between the Local Mental Health Authority (LMHA) and such entities as local law enforcement, juvenile justice, adult corrections and other allied service providers. Given the dramatic increase in demand for services, particularly with respect to acute and long term care, eliminating collaboration would stall potential systemic remedies to an already existing resource crisis.
3	MH	Eliminate mental health supported employment program for 180 people with mental illness. These programs provide employment opportunities for clients in the mental health system. Supported Employment services include: Supervision and job training with the consumer; on-the-job visits; consultation with employer; job coaching with the consumer; counseling; skills training; and transportation. (November 15, 2002)	765,853					This will remove 180 people with mental illness from services that make it possible for them to work. The 13 programs that support these people will close. These people will lose their jobs and need some level of service to avoid becoming civilly committed. They are at risk of local hospitalization, homelessness, and crime.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
4	MH	Eliminate 135 non-Medicaid Psychiatric Day Treatment (DARTs) slots. These programs provide mental health services to children and adolescents. Medicaid eligible clients would still be funded. (December 2002)	2,414,195					This would deprive children of access to critical treatment in times of psychiatric crisis. Costs will shift to schools, the juvenile justice system, and inpatient care. There will be a destabilization of children in foster care, and an increased need for out of home placements. Providers with low Medicaid participation will close.
5	MH	MH component of reductions in OMAP including the change in the date of eligibility, reduction income eligibility for PLM and CHIPs. See description in OMAP section.	532,082			705,381		See impact descriptions in the OMAP section.
6	MH	Delay opening of new Oregon State Hospital (OSH) ward planned for January 2003 until next biennium.	930,000					The caseload problem for this population remains and grows. Potential for additional legal action. Clients may have to stay in local jails longer.
7	MH	Eliminates 11 beds for psychiatric residential services for children and adolescents. This a reduction in residential bed capacity of 3.6%.	238,682			352,993		These youth are often in the custody of DHS - Child Welfare and cannot successfully live at a lesser level of care. Without 24-hour psychiatric treatment, their illness will worsen, they will fail in school, be removed from their families and may commit crimes and end up in the juvenile justice system.
8	MH	Reduce community mental health services for non-Medicaid adults and children by reducing medication and treatment access for 1,700 clients. (December 2002)	3,180,379					Without access to appropriate medication and treatment, 1,700 adults with mental illness will be unable to continue functioning in the community. Those with jobs will be unable to continue working and may end up being civilly committed or may commit crimes. Will affect those who need less intensive services first. Without treatment services, the illness of these clients will worsen. Some will require hospital treatment and may end up homeless.
9	MH	Eliminate funding for 182 beds of adult mental health residential treatment, which is 27% of capacity. This would end housing, supports, treatment including medication management, for an estimated 290 adults with the most disabling psychiatric conditions.	928,382					These persons would become homeless, many would commit crimes or become suicidal. All would be at risk of psychotic episodes, civil commitment, and increased psychiatric hospitalizations. The costs of these consequences would far exceed savings both this biennium and in future biennia.
10	MH	Cut remaining community mental health services for non-Medicaid adults and children eliminating outpatient services for an estimated 2,000 adults and 3,500 children.	3,180,379					Without access to appropriate medication and treatment, another 2,000 adults and 3,500 children with mental illness and children with severe emotional disturbance (SED) will be unable to continue functioning in the community. Those adults with jobs will be unable to continue working and may end up being civilly committed or may commit crimes. Children with SED will be unable to succeed in school. Will affect those who need less intensive services first. Without treatment services, the illness of these clients will worsen. Some will require hospital treatment and may end up in foster care or homeless.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
11	MH	Close Portland psychiatric unit, transferring half of patients to the Salem campus of the Oregon State Hospital. OSH-Portland is a 68-bed intermediate care psychiatric hospital, located in a facility leased from Legacy Healthcare until March 31, 2005. The majority of the 33 patients leaving OSH-Portland will not have placements available in the community.	1,300,000		143,775		9.50	Impacts include: no early termination clause in the lease; would significantly increase the admissions wait list for state hospital beds; the wait list increase will increase the number of patients and length of stay in community acute care hospitals; insufficient community hospital psychiatric beds will impact other systems, for example, law enforcement, jails, emergency rooms; necessary to stop admissions to OSH-Portland on October 1, 2002; there are insufficient structured and supervised placements for seriously mentally ill persons in the community; there may be public safety issues in discharging patients without adequate supervision; civilly committed patients transferred from forensics and the loss of beds by closing OSH-Portland will result in severe overcrowding on Adult Treatment Services wards in Salem; construction/remodeling of usable ward space at OSH-Salem must begin immediately; would be unable to open a new forensics ward on January 1, 2003 as appropriated by the Legislature to meet mandated caseload; would require a forensics 2001-03 budget reduction to be TLC; would place civilly committed patients within the secure forensics perimeter, thereby curtailing treatment and movement options for those patients; legal risk in housing civilly committed patients and forensics patients by program, rather than on an individual, as-needed, case-by-case basis; remodeled ward space at OSH-Salem would cost at least \$1,000,000 and the available timeline would make it very difficult to finish by January 1, 2003.
	TOTAL		16,125,066	-	143,775	1,058,374	9.50	
1	DD	State Operated Community Program Savings. Savings occurred resulting from a change in staffing pattern and increased use of existing staff for duties formerly contracted. These duties include client functional and behavioral analysis.	515,097			761,828		Flexibility to respond to unexpected increased program costs is reduced by taking management actions toward these savings. Services to clients will be reduced as staff perform additional functions.
2	DD	State Operated Crisis Home. Eliminates stabilization and placement planning for 20 children with Developmental Disabilities per year. These children are in crisis in their current living situation.	368,260			542,210	11.73	Permanent successful placement for children with developmental disabilities will be hampered by the lack of crisis programs that will address their specific needs. The result of this will be an increase of failed placements for these children.
3	DD	Staley Agreement/Universal Access. Eliminates all non-24-hour care consolidated under the Staley Settlement Agreement, for children and adults with developmental disabilities. A total of 4,373 people will lose services, including 2,088 people who are already enrolled in services and 3,661 people scheduled to begin receiving services under the Settlement agreement. Ten regional brokerage programs established to provide services will close their doors. Clients would lose services as of December 1, 2002.	12,705,332			6,863,022	10.08	County crisis and emergency services will experience a significant caseload increase. Many of the people that lose services will be returned to state care by local courts, through the civil commitment process. This reduction would also constitute a breach of the Staley Settlement Agreement and the plaintiffs are likely to resume their case in court. States that have taken similar disputes to court have typically been ordered to provide services, at significantly higher cost than the current agreement. An estimated 640 jobs will be lost by people currently employed to provide services for this population.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
4	DD	Reduce DD Group Homes: Eliminates residential services through closure of some group homes for 427 people with developmental disabilities. Elimination of these services would leave people without residential services. DHS is reviewing the spending so far for the universal access program. It appears there may be one-time savings as the rollout of this program continues. These savings would offset some or all of this reduction.	3,196,125			892,575		These individuals are unable to care for themselves. In addition to mental retardation or other developmental disabilities, these individuals typically have complex behavior or medical conditions. Many were former residents of state training centers. Most have no family ties, or their parents are elderly and unable to care for them. Many of the non0profit agencies that operate these homes would be forced to close for economic reasons. This could displace additional people living in homes that were not included in the closure plan. In most cases, the Department would be required by local courts to provide care for individuals that lose services, after civil commitment proceedings. The reduction would close 101 group homes, 22% of all homes licensed to provide such services. An estimated 1,040 jobs would be lost to the local economy.
	TOTAL		16,784,814	-	-	9,059,635	21.81	
1	HD	Eliminate core funding for 20 School Based Health Clinics and technical support to all 43 clinics throughout the state. Clinics served 25,193 children in 2001, with a total 89,627 visits. November 1, 2002 implementation date due to contractual agreements.	820,144				1.84	Would reduce primary health care and referral services for youth at SBHC's. Staff reductions in local clinics are likely, but unknown. Reimbursement funding from insurance reimbursement would likely be eliminated.
2	HD	Eliminate General Funding for the Babies First program paid to counties. November 1, 2002 implementation date due to contractual agreements. Annually, approximately 9,000 infants received a total of 25,000 visits. Counties use these funds to leverage Medicaid revenues.	385,280					Babies First provides home visits by Public Health Nurses to infants at risk of physical and emotional health problems and developmental delay. Nurses provide screening and assessment, case management, health education, counseling and support, and referral to other services.
3	HD	Reduce General Fund support of perinatal and prenatal programs. Implementation date: November 2002.	155,072					These funds are used at county level for maternity case management to help insure pregnant women receive necessary care, avoiding costly birth complications, and needs for further social services.
4	HD	For the remaining 9 months of the biennium starting October 2002, reduce state support to county public health for communicable disease control.	85,049					Decreased funding to counties will severely limit their ability to meet statutory requirements. Potential for increased risk of exposure to the general population for communicable diseases.
	TOTAL		1,445,545	-	-	-	1.84	
1	AFS	Increase Employment Related Day Care (ERDC) co-pay by \$18 for all families. Copays will increase for 11,200 families. 335 families will leave ERDC and 67 families will return to TANF. Implemented November 2002 due to rule filing and system changes.	2,401,399				0.16	Clients bear more of the cost for childcare. For some, it will force them back to TANF. Providers will come under pressure to accept the reduced reimbursement from DHS, and potentially "forgive" the additional copay. These and other actions in AFS and SCF could create problems in meeting state Maintenance of Effort recoupments for TANF.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
2	AFS	Reduce JOBS Program contract and support services. No rules or system changes would be required to achieve this cut, thus implementation begins October 2002.	2,100,044				0.98	47 fewer families would require daycare services. Admin cost would climb by \$64,000 as a result of more TANF cases. Offset by fewer daycare cases.
3	AFS	Eliminate the minimum \$25 copay for the first two months of ERDC eligibility. Increase the average copay for all cases by \$37 including the \$18 increase listed in item 1 for AFS. 259 families will leave ERDC and 104 families will return to TANF. Implemented November 2002.	2,043,653				3.37	Clients bear more of the cost for childcare. For some, it will force them back to TANF. Providers will come under pressure to accept the reduced reimbursement from DHS, and potentially "forgive" the additional copay.
4	AFS	Limit daycare coverage to families below 150% of Federal Poverty Level (FPL). This eliminates 446 current families from further service. 45 of these families will return to cash assistance. Implemented November 2002.	420,787				0.62	Will increase day care expenses for some families causing some to return to cash assistance. Providers will be affected as they loose clients. Families with income between 150% and 180% of the FPL are less expensive because they pay a larger portion of childcare costs. The return rate to cash assistance is less because they have been off assistance for a longer period of time.
5	AFS	Reduce TANF Grant by an average of \$5 per month. Reduces TANF caseload by 164 families, 42 of which move onto ERDC. Affects about 17,000 families. Implemented November 2002.	894,257				0.82	Grant has not been increased since 1991. Currently the grant represents about 72% of the spending power in 1991. Clients will have additional problems meeting daily living needs. They may access Food Banks and other community providers more often.
	TOTAL		7,860,140	-	-	-	5.95	
1	SCF	Reduce Foster Care Special Rates by 10%. It may be a combination in number of cases and/or a reduction in the amount paid to foster parents for children eligible for the Special Rate. Implemented October 2002.	347,522		70,661	1,377,242		These children have medical and/or behavior problems that make them difficult to parent. Some would otherwise be in residential treatment. Finding placements for these children will be much more difficult and may result in children being inappropriately placed.
2	SCF	Reduce child welfare related contracted family treatment and support funds by 5%. This includes reductions to Intensive Family Services, Parent Training, Family Sex Abuse Treatment, Intensive Home Based Services and a Multnomah Self Enhancement Program. Implemented October 2002.	67,074		2,525	232,899		Either some Oregon counties would no longer be served or an across the board reduction would be made. This would result in some providers dropping out of the system. Some children could remain longer in foster care; others could enter care as their parents could no longer maintain them in the home.
3	SCF	Eliminate funds for System of Care Consultants. These consultants provide training to DHS staff and partners as well as evaluation of the program. Implemented October 2002.	300,000					This action increases the risk of litigation with Legal Aid, the Juvenile Rights Project (JRP) and the National Center for Youth Law. If consultants were eliminated at this time none of the Phase 4 SDA's would benefit from the expertise developed by these consultants and Phase 4 implementation would suffer dramatically. Training would have to be provided in-house straining the capacity of DHS trainers.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
4	SCF	Eliminate 25% of Flex Funds from System of Care. Flex funds are used to purchase services families may need to address issues that put them at risk. At an estimated average expenditure of \$1,122 per child, we estimate that at least 1,700 children would be affected by each 25% reduction in flex funds. Of these children, approximately 1/3 will either remain in care three more months or be placed in care when it would otherwise be prevented, through the use of flex funds. Implemented October 2002.	1,695,781		82,516	20,832		Fewer children would be served and range of services would be reduced. Some children could be denied needed services with a potential for increased length of stay in foster care. This action increases the risk of litigation with Legal Aid, the Juvenile Rights Project (JRP) and the National Center for Youth Law. DHS has avoided litigation through a settlement agreement in which DHS agreed to provide individualized services under a System of Care model. If the JRP perceives that the state does not maintain its commitments a class action court mandate may be the next step. Of these children, approximately 1/3 will either remain in care three more months or be placed in care when it would otherwise be prevented, through the use of flex funds. The estimated foster care offset could then be as many as 567 children for three months at \$403 per month, or \$685,503.
5	SCF	Reduce Regular Foster Care payments by 7.5%. Implemented October 2002.	395,273		202,225	1,008,039		Foster Care providers will see significant reductions in reimbursement for providing a safe environment for at-risk children. Payments are presently insufficient to provide compensation for the costs of foster care providers. Access to foster care will also suffer as fewer families are willing to become foster care providers because of lower payments. This could lead to increased costs in other parts of the child welfare system (e.g. residential care) and greater risk to the child in some cases. Other reductions on this list contribute to greater demand for foster care, making this option more problematic.
6	SCF	Staffing for the System of Care would be reduced by 10%. Staffing reductions would basically come from two areas: (1) Resources Developers who develop and obtain access to System of Care services. Many of them initiate and monitor all contracted services out of SOC funds, including negotiating rates with providers and verifying insurability and other contracting requirements. (2) After hours workers who provide 24 hour protective services including Multnomah County's "night hotline." Implemented October 2002.	110,560		2,611	74,665	1.80	The current distribution of Resource Developer's is no more than one per branch and some smaller branches have had to absorb the workload into their existing responsibilities. A reduction of RD's would likely eliminate that service for the branches selected. The workload would then shift to existing workers, reducing the amount of time available to explore available resources.
7	SCF	Reduce Flex Funds from System of Care for child welfare by another 25%. Flex funds are used to purchase services families may need to address issues that put them at risk. At an estimated average expenditure of \$1,122 per child, we estimate that at least 1,700 children would be affected by each 25% reduction in flex funds. This reduction is based on a Oct 1, 2002 implementation date.	1,695,781		82,516	20,832		Fewer children would be served and range of services would be reduced. Some children could be denied needed services with a potential for increased length of stay in foster care. This action increases the risk of litigation with Legal Aid, the Juvenile Rights Project (JRP) and the National Center for Youth Law. DHS has avoided litigation through a settlement agreement in which DHS agreed to provide individualized services under a System of Care model. If the JRP perceives that the state does not maintain its commitments a class action court mandate may be the next step. Of these children, approximately 1/3 will either remain in care three more months or be placed in care when it would otherwise be prevented, through the use of flex funds. The estimated foster care offset could then be as many as 567 children for three months at \$403 per month, or \$685,503.

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
8	SCF	Reduce supportive remedial day care by 50%. This is an alternative to placing children in foster care when parents are experiencing incapacity or illness, or when the disturbed behavior of a pre-school child may be remediated. Implemented October 2002.	428,545		20,446	540,999		This reduction could result in additional children being placed in foster care due to abuse and/or neglect by their caregivers. This program not only provides valuable socialization services for the child, but adds an outside review of the child's development process. It is also used to reduce stress and recurrence of physical abuse. Without this resource, children will be more likely to be placed in foster care by workers if they believe this service is not available to monitor the child while at home and reduce family stress (children could be more at risk).
9	SCF	Reduce adoptions assistance payments by 7.5%. This program provides financial assistance to families who adopt children with special needs as well as Medicaid coverage for the children. The program serves almost 7,700 clients biennially. Implemented October 2002.	1,176,887		12,952	1,060,443		This action would most likely result in litigation and administrative hearings for some current adoptive parents. It also could impair the relationship between the agency and adoptive parents and be seen as a breach of an agreement. Some individuals may elect to not adopt children and children will remain in foster care. The number of adoptive disruptions will likely increase. Adoptive parent advocates will gain strength because of their defense of adoptive families. Numerous legislators are already concerned about the agency's limited ability to support these families.
10	SCF	Reduce child welfare residential treatment capacity by 30 beds. Implemented October 2002.	389,053		50,476	541,475		Children would most likely have to go to special rate foster care which would be an inappropriate placement to address the level of need for these children. Some of these children will rapidly deteriorate in these placements to the point where they would need psychiatric hospitalization or placement in more restrictive and costly service programs. Courts could also, under OR 419B.349 find that special rate foster care placement is "not in the best interests of the child". Foster parents forced to take inappropriate children would "burn out" and stop being foster parents.
11	SCF	Eliminate remaining system of care resources in the child welfare system. This includes staff and programs. Previously the AG determined the state would not likely prevail in this litigation. At an estimated average expenditure of \$1,122 per child, we estimate that at least 1,700 children would be affected by each 25% reduction in flex funds. Implemented October 2002 for program and December 2002 for staff.	4,386,605		188,530	713,647	16.17	Fewer children would be served and range of services would be reduced. Some children could be denied needed services with a potential for increased length of stay in foster care. This action increases the risk of litigation with Legal Aid, the Juvenile Rights Project (JRP) and the National Center for Youth Law. DHS has avoided litigation through a settlement agreement in which DHS agreed to provide individualized services under a System of Care model. If the JRP perceives that the state does not maintain its commitments a class action court mandate may be the next step. Of these children, approximately 1/3 will either remain in care three more months or be placed in care when it would otherwise be prevented, through the use of flex funds. The estimated foster care offset could then be as many as 567 children for three months at \$403 per month, or \$685,503.
	TOTAL		10,993,081	-	715,458	5,591,073	17.97	

Reduction Options: Department of Human Services

		2001-03						
Item Number	Division	Short Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Full Time Equivalent	Impact
1	OADAP	Reduce Alcohol and Drug residential treatment capacity from 608 to 511 effective November 2002.	1,450,123			969,028		Residential services would be unavailable to 104 clients. The reduction in residential capacity comes at a time when waiting lists for services exist at all programs. Without access to residential treatment, clients will either receive no treatment or will enter treatment at a level of care that is insufficient to address their problems. For many clients failure to gain access to residential treatment will result in continued use of alcohol or other drugs. Continued substance abuse use will negatively affect the physical health and social functioning of the client. These ill effects will, in turn, be reflected in increased pressures upon other services provided by state system, such as employment, welfare, food stamps, children abuse, medical services, and corrections. We currently estimate that each dollar spent on substance abuse services will save seven dollars spent on other social or medical services.

Reduction Options: Department of Human Services

		2001-03						
Item Number	Division	Short Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Full Time Equivalent	Impact
1	VR	Eliminate sheltered services employment program for 93 severely disabled adults.	316,421					This would eliminate sheltered services employment program for 93 severely disabled adults that are currently employed. For many, this structured employment are opportunity are for severely disabled persons who are not capable of competitive employment.
2	VR	Reduce basic vocational rehabilitation services program by eliminating services for an estimated 929 severely disabled clients.	375,005			1,385,582	3.11	Persons with disabilities would not receive assistance in seeking and obtaining employment. This cut would increase the probability of OVRS entering "order of selection", by which only the most severely disabled clients would be served. For every \$1 general fund reduction, OVRS loses approximately \$4 federal funds.
	TOTAL		691,426	-	-	1,385,582	3.11	

Reduction Options: Department of Human Services

Item Number	Division	Short Description	2001-03				Full Time Equivalent	Impact
			General Fund	Lottery Funds	Other Funds	Federal Funds		
1	DWSS	Administrative Reductions - Reduce Department-wide Support Services (DWSS) by \$4.4 million. DWSS provides the general business functions of the department including information systems, accounting, budgeting, human resource management, facilities, training, contracting and overall management of the DHS. These are core functions supporting the multitude of services provided by DHS. DWSS is also responsible for managing and implementing large department-wide projects like HIPAA which involves meeting federal deadlines. The majority of the DWSS budget is dedicated to staff costs or for contracting services in the development of information systems. The majority of reductions would have to be made by reducing or eliminating major information systems development projects, or a combination of the two. DHS is reviewing the reduction options and their impacts. A reduction of this size likely means a 17% cut to staff and systems projects for the remainder of the biennium. The impact on Federal and Other Funds is an estimate. It should also be noted that many areas of DWSS will see a workload increase as a result of implementing many of the programmatic changes on this list. Examples include significant changes to information systems, increased contract activity as many contracts must be amended, and additional personnel work as staff are terminated.	4,447,470		1,891,000	8,408,000		Depending on the selection of the reductions, potential impacts may include: -Loss of federal Medicaid funds and possible legal actions for if HIPAA deadlines are not met. -Delay in implementing contracts and contract changes which will likely mean a delay or failure to provide necessary services to clients, increased costs for some services and potentially higher legal costs. -Reduction or elimination of major information systems development like MMIS, mental health payment system, projects related to the transformation of the department and systems to increase accountability and security. This would lead to greater costs in the future as old legacy systems must be maintained or federal/state requirements are not met. The Department may also be at greater risk of federal penalties or legal action as a result of inadequate systems. DHS and the State have invested millions of dollars already in replacing systems like the current MMIS project; delaying or terminating this project would increase costs in the future. -Reduction in accounting staff will mean the loss of interest on state funds, delay the payments made to clients and providers and a decline in the internal financial controls of the department, increasing the risk of federal disallowance and/or penalties. -Reduction in the budget staff will mean less oversight on spending and slower response to the requests of department staff, Legislature and Executive Branch. -Reductions to human resources staff will mean delays in criminal records history checks of staff and providers potentially putting clients at risk, increasing the legal and other risks of DHS as employment issues are not addressed in a timely manner, and potentially higher workers comp claims. -Reductions to facility resources will slow the integration of field staff and offices. -Reductions to Forms and Documents staff would slow claims processing and eligibility determination.
		TOTAL	120,977,108	-	3,785,273	100,235,784	91.71	

DEPARTMENT OF CORRECTIONS
Governor's Budget Hearing
August 29, 2002

Legislatively Approved Budget at close of 2001-2003 Session:

\$ 861,647,992	General Fund
144,492,504	Other Funds
<u>6,823,316</u>	Federal Funds
\$1,012,963,812	Total

Changes to date:

February 2002 rebalance plan – action by the Emergency Board -

- Internally financed \$37.8 million of identified needs – the largest needs were inmate health care (\$13.3 million), overtime and differential pay (\$13.1 million) and fuel & utilities (\$7.6 million).
- Internal financing came from construction savings (\$16.4 million), delayed hires & services and supplies savings (\$8.2 million), reduced food costs (\$4.5 million), delayed opening of institution housing units (\$4.3 million) and other (\$4.4 million).

February 2002 Special Session –

- Each division produced additional savings through efficiency plans, additional delay in housing units, additional delay in hiring staff, restructure ways to do business, etc. In addition, community corrections funding for inflation was reduced, additional federal funds and construction savings were assumed.
- The funding change was as follows:

(\$36,863,828)	General Fund
14,840,698	Other Funds
<u>2,500,000</u>	Federal Funds
(\$19,523,130)	Total
- The internal reductions necessary to accomplish the rebalance plan, plus the reductions made during the February special session eliminated all flexibility within the budget. Work done during the Fall of 2001 to plan for emergencies and potential shortfalls was crucial to DOC's ability to accommodate these reductions.

June 2002 Special Session –

- Program changes included:
 - Eliminate remaining Deschutes County rental bed funding (\$133,500)
 - Reduce by 1/3 rd funding for non-mandated programs such as work-based education (\$1,790,130)
 - Underfund the salary adjustment package (\$4,298,218)

- The funding change was as follows – the positive number results from the salary adjustment allocation:

\$10,434,597	General Fund
4,465,408	Other Funds
\$14,900,005	Total
- The salary adjustment shortfall will be funded through elimination of the salary adjustment for Salary Range 38 and higher positions, overtime savings from the moratorium on in-service training and reduced hospital watches, payoff or refinance of energy loans, and further vacancy savings.

DOC portion of the current projected shortfall of \$482 million = \$41,398,849

As previously discussed with representatives from the Governor’s Office and the Department of Administrative Services, the DOC plan to save the additional \$41.4 million must include a law change to give the Director release authority. The only way to reach that kind of cost saving is to lay off staff and close institutions. Without the release authority the only option would be to consolidate the inmate population into fewer facilities, housed in temporary type housing, under a lock down atmosphere. That would be an extremely dangerous environment for both staff and inmates. In addition, none of the elements necessary for successful re-entry of offenders back into the community would be present.

We also ask that we be allowed to adjust appropriations disproportionately rather than equally across the board. Construction savings used to offset debt service is a large part of the proposed solution – greater than it’s proportional share. Also, the community corrections proportional reduction may be large enough to trigger the opt out provision and return of responsibility for certain offenders back to the DOC.

Our plan is outlined below:

- | | | | | | | | | | | | | | | | | |
|---|----------------------------|------------|----------------------|---------|-------------------------|-----------|---------------------|------------|----------------------------|-----------|--|---------|---|-----------|---|------------|
| <ul style="list-style-type: none"> • Eliminate the balance of non-mandated programs <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Alcohol and drug treatment</td> <td style="text-align: right;">\$ 721,007</td> </tr> <tr> <td style="padding-left: 20px;">Work-based education</td> <td style="text-align: right;">752,133</td> </tr> <tr> <td style="padding-left: 20px;">Cognitive Restructuring</td> <td style="text-align: right;">1,098,675</td> </tr> </table> • Reduce community grant inflation to match DOC rate • Use CCCF construction savings to offset GF debt • Close up to seven institutions and release inmates <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Institution savings</td> <td style="text-align: right;">17,698,455</td> </tr> <tr> <td style="padding-left: 20px;">Associated program savings</td> <td style="text-align: right;">7,491,414</td> </tr> <tr> <td style="padding-left: 20px;">Associated institution based ISSD and HR staff</td> <td style="text-align: right;">248,840</td> </tr> <tr> <td style="padding-left: 20px;">Other central support and administration reductions</td> <td style="text-align: right; border-top: 1px solid black;">1,101,432</td> </tr> </table> • Total | Alcohol and drug treatment | \$ 721,007 | Work-based education | 752,133 | Cognitive Restructuring | 1,098,675 | Institution savings | 17,698,455 | Associated program savings | 7,491,414 | Associated institution based ISSD and HR staff | 248,840 | Other central support and administration reductions | 1,101,432 | <table style="border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black;">41,398,849</td> </tr> </table> | 41,398,849 |
| Alcohol and drug treatment | \$ 721,007 | | | | | | | | | | | | | | | |
| Work-based education | 752,133 | | | | | | | | | | | | | | | |
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| 41,398,849 | | | | | | | | | | | | | | | | |

Please note: Under this plan we assume 3,950 inmates would be released and 943 institution staff would be laid off. In addition, the support unit staff reductions could number 40. We also assume the released offenders would be added to existing community corrections caseloads – without additional funding. The cost of the additional supervision to be absorbed by the counties is approximately \$7.5 million.

The savings assume elimination of the correctional programs contracts as of November 1, 2002, and the institution closures as of January 1, 2003. Implementing the lay-off of over 900 staff is anticipated to take longer than contractually required 15-day lay-off notice period. We believe that operational issues at some of our facilities would require us to review the lay-off differently than just determining the most recently hired and giving them notice. Current laws and court case findings regarding inmate privacy issues must be taken into account. For example, we will need to have a certain number of female staff at the women's facility to deal with on-going security issues such as showers and body cavity searches. Another operational issue for staff at the remaining facilities will be their ability to meet the department's standards for armed posts. In summary, the special needs of inmates, minimum qualifications for staff positions, and bumping right issues requires additional process time.



OREGON YOUTH AUTHORITY

2001-2003 AGENCY OVERVIEW
AUGUST 29, 2002

OREGON YOUTH AUTHORITY

AGENCY OVERVIEW

OYA Overview – Mission

Statutory Authority ORS 420A

The Oregon Youth Authority was established as a separate agency:

- by the Oregon Legislative Assembly in 1995 in Senate Bill 1
- as the cornerstone of an improved Oregon system of juvenile justice
- as a response to intolerable rates of violent juvenile crime and the passage of Ballot Measure 11
- to maintain a balance between public safety, accountability, and reformation
- recognizing that younger people are more amenable to treatment by specifying that offenders between the ages of 12–25 requiring incarceration are better served by OYA

Oregon Youth Authority Mission Statement

To protect the public by holding youth offenders accountable and providing opportunities for reformation

TO ACHIEVE THIS, WE

- Emphasize public safety;
- Provide certain, consistent sanctions for youth offenders;
- Support the concerns of crime victims;
- Provide comprehensive youth reformation programs;
- Promote and support juvenile crime prevention activities;
- Encourage family involvement and responsibility; and
- Select, train, support and empower a competent and diverse work force.

WE VALUE

- Excellence in public service;
- Partnerships with local communities and other agencies;
- Openness and accountability to the public; and
- Provision of service in a fair, respectful, and humane manner.

OREGON YOUTH AUTHORITY

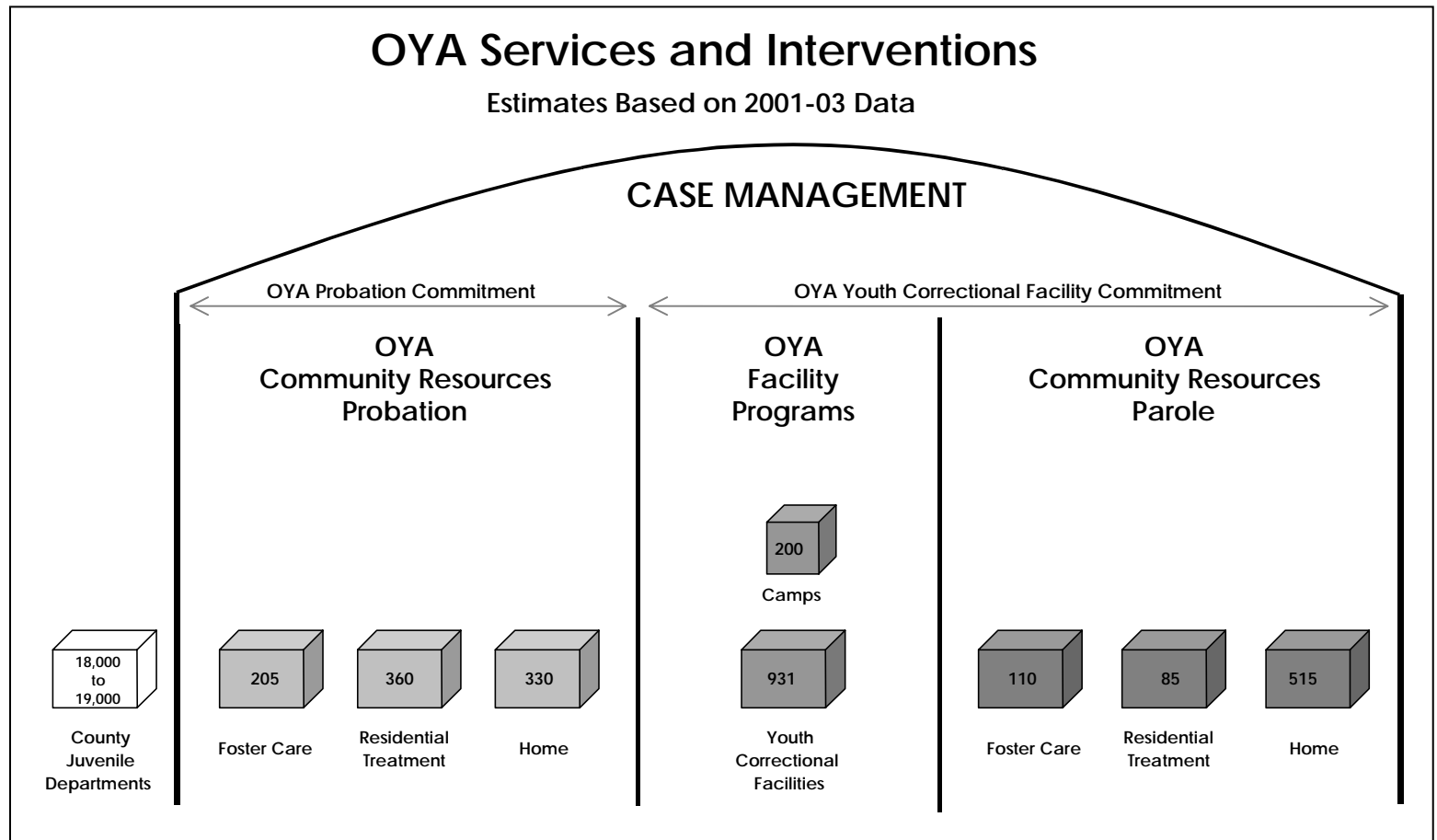
AGENCY OVERVIEW

The OYA:

- exercises legal and physical custody of youth offenders ages 12-25 who have been committed to the OYA by county juvenile courts.
- exercises physical custody of offenders 15-25 who have been committed to the legal custody of Department of Corrections by adult courts.
- provides community-based services and supervision to youth offenders.
- provides facility-based services and supervision to youth offenders and youth convicted of adult crimes.

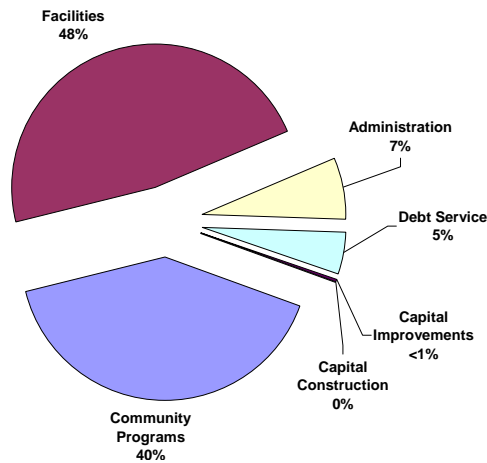
Most offenders return to their communities.

Some youth convicted of adult crimes continue their sentences in the custody of the Department of Corrections.



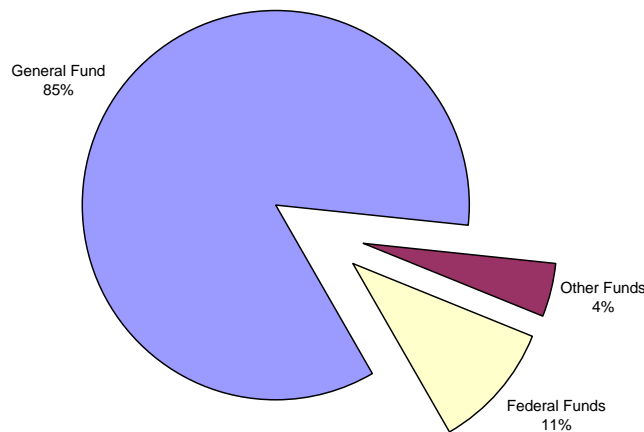
OREGON YOUTH AUTHORITY

Summary of 2001-2003 Legislatively Adopted Budget



Legislatively Adopted Budget
 \$270.1 Million Total Funds
 \$229.5 Million General Funds

Legislatively Adopted Budget
 Revenue Source
 \$270.1 Million Total Funds



The **Legislatively Adopted Budget** for the Oregon Youth Authority consists of:

Facility Programs

- ◇ MacLaren Youth Correctional Facility
- ◇ Hilcrest Youth Correctional Facility
- ◇ North Cost Youth Correctional Facility
- ◇ Oak Creek Youth Correctional Facility
- ◇ Rogue Valley Youth Correctional Facility
- ◇ Ochoco Youth Correctional Facility
- ◇ Eastern Oregon Youth Correctional Facility
- ◇ Tillamook Youth Accountability Camp
- ◇ RiverBend Facility
- ◇ Corvallis House
- ◇ Camp Tillamook
- ◇ Camp Florence

Community Programs

- ◇ Case Management Services
- ◇ Private Residential Care and Foster Care
- ◇ Minority Youth Transition
- ◇ County Diversion
- ◇ County Juvenile Crime Prevention
- ◇ Multnomah County Gang
- ◇ Deschutes County Project

Administration

Debt Service

Capital Budget

OREGON YOUTH AUTHORITY

AGENCY OVERVIEW

OYA Regional Structure and Facilities

Youth Correctional Facilities

Eastern Oregon Youth Correctional Facility
1800 West Monroe
Burns, OR 97720

Hillcrest Youth Correctional Facility
2450 Strong Road SE
Salem, OR 97310

MacLaren Youth Correctional Facility
2630 N Pacific Highway
Woodburn, OR 97071

North Coast Youth Correctional Facility
1250 SE 19th Street
Warrenton, OR 97146

Oak Creek Youth Correctional Facility
4400 Lochner Road SE
Albany, OR 97321

Ochoco Youth Correctional Facility
3852 SW Houston Lake Road
Prineville, OR 97754

Rogue Valley Youth Correctional Facility
2001 NE Spalding Avenue
Grants Pass, OR 97526

Camps

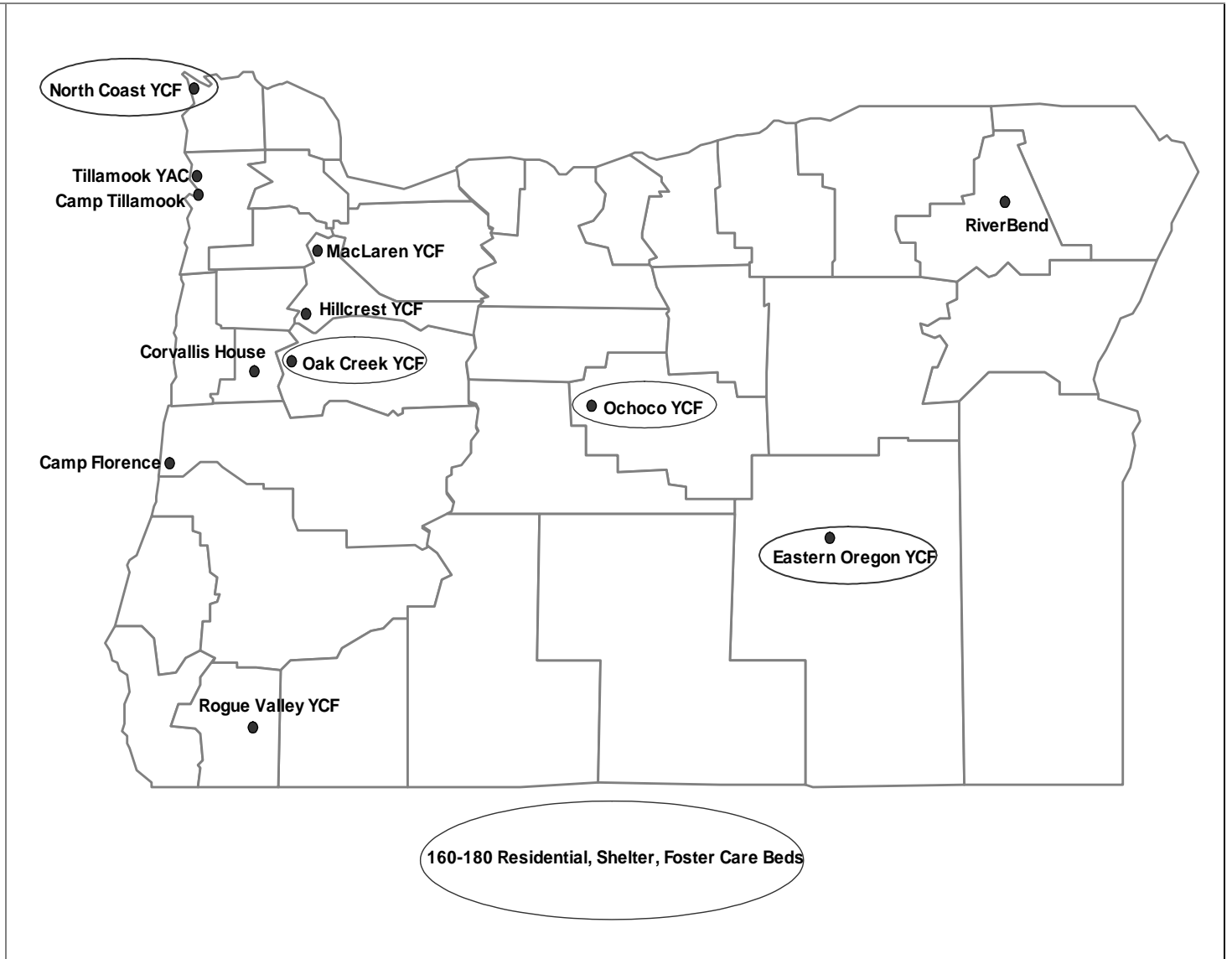
Tillamook Youth Accountability Camp
6700 Officer Row
Tillamook, OR 97141

RiverBend Facility
58231 Oregon Hwy 244
La Grande, OR 97850

Corvallis House Young Women's
Transition Program
330 NW 9th Street
Corvallis, OR 97330

Camp Florence
048599 South Jetty Road
Florence, OR 97439

Camp Tillamook
6820 Barracks Circle
Tillamook, OR 97141



OREGON YOUTH AUTHORITY

Reductions Through Special Session 4

Description	2001-2003				FTE	POS
	GF	OF	FF	TF		
2001 Legislative Session Reductions						
Close 100 of 150 Youth Accountability Camp Beds	(8,461,729)			(8,461,729)	(61.00)	(62)
Reduce Parole/Probation, Residential, & Individualized Services and County Diversion Funds by 4.3% - Multnomah Gang Program by 7%	(2,971,912)	(62,168)	(1,096,252)	(4,130,332)	(6.50)	(7)
Administrative Reductions	(1,728,769)	9,657	(7,016)	(1,726,128)		
Reductions	(13,162,410)	(52,511)	(1,103,268)	(14,318,189)	(67.50)	(69)
1st/2nd Special Session						
Hold Non-Posted Positions Vacant	(697,187)			(697,187)		
Revised Debt Service Savings From Refunding Existing COPS	(714,827)			(714,827)		
Increased Other/Federal Revenues	(1,399,277)	1,245,630	153,647	-		
Defer Capital Outlay/Reduce Assessments	(86,952)			(86,952)		
40 Bed Close Custody Reduction	(1,703,089)			(1,703,089)	(13.69)	(29)
1.7% Community Program Reduction/JBarJ/Deschutes Project	(992,399)		(335,646)	(1,328,045)	(2.29)	(2)
Reductions	(5,593,731)	1,245,630	(181,999)	(4,530,100)	(15.98)	(31)
3rd/4th Special Session						
25 Bed Close Custody Reduction	(151,294)			(151,294)		
1.52% Community Program Reduction	(1,178,005)			(1,178,005)		
Administrative Reductions and Revenue Enhancements	(451,348)	1,383,144	(1,083,144)	(151,348)	(1.67)	(2)
Reductions	(1,780,647)	1,383,144	(1,083,144)	(1,480,647)	(1.67)	(2)
Total Special Sessions Reductions	(7,374,378)	2,628,774	(1,265,143)	(6,010,747)	(17.65)	(33)

NOTE: Program reductions include decreases in related administration

OREGON YOUTH AUTHORITY

Further Reductions

Description		Impact	2001-2003 GF	POS
Facilities			(6,500,000)	265-275
•	Close Youth Correctional Facilities in Burns (50 Beds), Warrenton (75 Beds), Albany (75 Beds) and Prineville (50 Beds) - Eliminating 250 Close Custody Beds	The release of a significant number of youth on parole to their communities - leaving only the most serious offenders in state custody. These youth will displace those currently being served in local programs.		
Community Programs			(4,800,000)	Approx 30
•	Eliminate Deschutes County Youth Investment Project (equates to 16 close custody beds)	Community services receive a double-hit in that the 250 youth who will be immediately paroled back to their communities will be competing for severely reduced services. The youth who had been receiving those services will be terminated from OYA's custody		
•	Eliminate Multnomah Gang Funding			
•	Reduce Probation/Parole Staff			
•	Reduce 160-180 Residential, Shelter and Foster Beds			
•	20% Reductions to Other Treatment Services			
•	Approx. \$1 M Reduction to Counties to serve youth in local programs including County Diversion and Juvenile Crime Prevention			
		Reductions	(11,300,000)	295-305

* Above assumes a January 1, 2003 implementation date to allow time for contract amendments and the employee layoff process.

OREGON YOUTH AUTHORITY

Budget Reduction 6-Month Impact

OYA Close Custody Facilities	OYA Direct Service Community Programs	OYA Local Program Funding	County Juvenile Department Direct Service Programs																																																												
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OREGON YOUTH AUTHORITY

Budget Reduction 24-Month Impact

OYA Close Custody Facilities	OYA Direct Service Community Programs	OYA Local Program Funding	County Juvenile Department Direct Service Programs																																																												
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OREGON YOUTH AUTHORITY

Reduction Impact on Staff

CLOSURE	LAYOFF	POTENTIALLY DISPLACED THRU LAYOFF/BUMPING		TOTAL POTENTIALLY IMPACTED
North Coast YCF (Warrenton 75 beds)	Management 9 Represented 78	Camp Tillmook	Management 2 Represented 14	Management 15 Represented 126
		Tillamook Youth Accountability Camp	Management 4 Represented 34	
Oak Creek YCF (Albany 75 beds)	Management 8 Represented 66	Camp Florence	Management 2 Represented 15	Management 21 Represented 181
		Young Women's Transition Program	Management 2 Represented 15	
		Rogue Valley YCF	Management 9 Represented 85	
Ochoco YCF (Prineville 50 beds)	Management 4 Represented 49	RiverBend YCF	Management 4 Represented 34	Management 11 Represented 134
Eastern Oregon YCF (Burns 50 beds)	Management 3 Represented 51			
Parole/Probation positions to be identified	Parole/Probation 30			
AGENCY TOTAL	Management 24 Represented 244 Parole/Prob 30		Management 23 Represented 197	Management 47 Represented 441

Total layoff 298

OREGON STATE POLICE PRESENTATION DOCUMENT FOR GOVERNOR'S BUDGET HEARING
AUGUST 29,2002

DEPARTMENT OF OREGON STATE POLICE 2001-2003 LEGISLATIVE BUDGET ACTIONS						
GENERAL FUND	PATROL SERVICES	FISH AND WILDLIFE	CRIMINAL AND GAMING	FORENSICS AND MEDICAL EXAMINER	HUMAN RESOURCES, I.C.M.D., O.E.M., C.J.S.D., L.E.D.S. AND TRAINING	AGENCY TOTAL
LEGISLATIVELY ADOPTED BUDGET	\$74,406,738	\$4,830,327	\$21,398,300	\$26,497,804	\$55,878,603	\$183,011,772
EMERGENCY BOARD THROUGH JUNE 2002	0	0	703,336	0	0	703,336
SECOND SPECIAL SESSION ACTIONS	(1,770,264)	(194,204)	(18,004)	(78,959)	(5,140,231)	(7,201,662)
THIRD SPECIAL SESSION: PROGRAM CHANGES	0	0	0	480,797	(1,566,910)	(1,086,113)
THIRD SPECIAL SESSION: 75% COMPENSATION FUNDING	1,515,182	115,391	471,219	561,001	1,151,403	3,814,196
NET ACTIONS TO DATE	(255,082)	(78,813)	1,156,551	962,839	(5,555,738)	(3,770,243)
LEGISLATIVELY APPROVED BUDGET	\$74,151,656	\$4,751,514	\$22,554,851	\$27,460,643	\$50,322,865	\$179,241,529
CHANGE FROM LEGISLATIVELY ADOPTED BUDGET	-0.34%	-1.63%	5.40%	3.63%	-9.94%	-2.06%
ACROSS THE BOARD REDUCTIONS	(3,675,327)	(235,509)	(1,117,931)	(1,361,087)	(2,494,259)	(8,884,113)
POS. REDUCTIONS	(101)	(5)	(26)	(12)	(39)	(183)
F.T.E. REDUCTIONS	(37.88)	(1.88)	(9.75)	(4.50)	(14.63)	(68.64)
LEGISLATIVELY APPROVED BUDGET - ADJUSTED FOR ACROSS THE BOARD REDUCTIONS	\$70,476,329	\$4,516,005	\$21,436,920	\$26,099,556	\$47,828,606	\$170,357,416
CHANGE FROM LEGISLATIVELY ADOPTED BUDGET	-5.28%	-6.51%	0.18%	-1.50%	-14.41%	-6.91%

BRIEF IMPACTS ON SPECIAL SESSION ACTIONS TO DATE: (GENERAL FUND IMPACT OF \$10,528,738)

> ELIMINATION OF 78 POSITIONS (36.83 F.T.E.)

46 SWORN

4 LIEUTENANTS (AVIATION/I.I.U./LABOR/TRAINING)

2 INSPECTORS

1 TRAINING SERGEANT

1 PILOT

38 PATROL TROOPERS

32 PROFESSIONAL

1 STOCKROOM MNG.

1 PUBLIC INFORMATION POSITION

23 DISPATCHERS/CALL TAKERS/I.T. SUPPORT
(LEDS/I.C.M.D.)

7 PROFESSIONAL

(WEBMASTER/TRAINING/FIELD SUPPORT/
O.E.M.)

> ELIMINATION OF SCHEDULED RECRUIT SCHOOL FOR 41 OFFICERS 01/01/2003

> FUND SHIFT POSITIONS FROM GENERAL FUND TO FEDERAL FUNDS OR LOTTERY FUNDS

O.E.M. (SAVED 1 POSITION)

FISH AND WILDLIFE (SAVED 3 POSITIONS)

> ELIMINATE 3% COLA FOR MANAGERS S.R. 38 OR HIGHER 02/2003

> VARIOUS SERVICES AND SUPPLIES CATEGORIES REDUCED BY 9% (\$3,116,192)

REDUCED TRAINING FOR OFFICERS AND STAFF

REDUCE DATA PROCESSING NETWORK SUPPORT

REDUCED VEHICLE OPERATION/UNIFORM/FIELD SUPPLY SUPPORT

> REDUCE CAPITAL OUTLAY BY 23% (\$1,943,066)

REDUCED NEEDED DATA PROCESSING SOFTWARE/HARDWARE

REDUCED NEEDED VEHICLE FLEET

> CLOSED COOS BAY CRIME LAB

> AUTOPSY REIMBURSEMENTS TO COUNTIES CUT 50%

08/29/02

BRIEF IMPACTS ON ACROSS THE BOARD REDUCTIONS: (GENERAL FUND IMPACT OF \$8,884,113)

> ELIMINATION OF 183 POSITIONS (68.64 F.T.E.)

131 SWORN

S.W.A.T. LT. AND SGT.
PATROL OFFICERS
FISH AND WILDLIFE OFFICERS
CRIMINAL SERGEANTS/DETECTIVES

52 PROFESSIONAL

RESEARCH POSITION
FORENSIC/I.D. POSITIONS
PROFESSIONAL FIELD SUPPORT STAFF
I.T./DISPATCH SUPPORT POSITIONS

PATROL: INCREASED VIOLATIONS/CRASHES ON STATE AND INTERSTATE HIGHWAYS
LESS CALLS FOR SERVICE HANDLED/INCREASE CALLS FOR SERVICE FORWARDED TO OTHER AGENCIES
SOME OFFICE CLOSURES THROUGHOUT THE STATE AS WE REASSIGN OFFICERS
HOURS OF OPERATION DECREASE FROM 24/7 TO 20/7 AT LARGER OFFICES AND 16/7 AT SMALLER OFFICES
PHASE-OUT OF THE MOTORS PROGRAM
REDUCE SWAT/MRT PROGRAMS
ELIMINATE PATROL AIRCRAFT PROGRAM

F/W: REDUCE BY 60% COMMERCIAL FISHERIES ENFORCEMENT PROGRAM IN PORTLAND/NEWPORT/ASTORIA
REDUCE FISH AND WILDLIFE ENFORCEMENT IN MCMINNVILLE AND FOSSIL

CRIMINAL: ELIMINATE PARTICIPATION IN THE TOBACCO COMPLIANCE TASK FORCE
REDUCTION IN OFFICE OF PUBLIC SAFETY AND SECURITY
REDUCTION IN POLYGRAPH SERVICES
REDUCTION IN COMPUTER CRIMES INVESTIGATIONS
REDUCTION IN 8 COUNTY MAJOR CRIME TEAMS AND 10 DRUG TASK FORCES
ELIMINATES SEXUALLY EXPLOITED CHILDREN INVESTIGATIONS
REDUCTION IN CHILD ABUSE INVESTIGATIONS

BRIEF IMPACTS ON ACROSS THE BOARD REDUCTIONS: (GENERAL FUND IMPACT OF \$8,884,113)

CONTINUED

FORENSICS: ELIMINATION OF FORENSIC LAB POSITIONS
DNA PROGRAM IMPACTED/CASEWORK IMPACTED/MAINTENANCE OF EVIDENCE LOCKERS IMPACTED
INCREASE BACKLOGS/TURNAROUND TIME
ELIMINATION OF CRIMINAL HISTORY SUPPORT POSITIONS

MEDICAL EX.: DELAY FILLING MEDICAL EXAMINER VACANCY
CONTINUE BACKLOG OF NEEDED AUTOPSIES/REDUCE TEACHING

HUMAN RES.: NEEDED FIELD INFRASTRUCTURE IMPACTED

I.C.M.D.: INFORMATION SYSTEMS WILL BECOME A TRIAGE UNIT
INCREASE RESPONSE TIMES TO CORRECT RADIO COMMUNICATION ISSUES
GREATER DATA ENTRY BACKLOGS
APPLICATION DEVELOPMENT/EXISTING APPLICATIONS WILL NOT BE MAINTAINED
REDUCED OVERSIGHT OF THE I.T. SECTION STAFF/DISPATCH CENTER STAFF

L.E.D.S.: IMPACT L.E.D.S. PROGRAM IN TRAINING AND REPORTING REQUIREMENTS

O.E.M.: IMPACTS SUPPORT TO THE PUBLIC AND PARTNERS ON NATURAL DISASTER PREPARATION
IMPACTS FEDERAL FUNDS, EQUAL AMOUNT (\$50,000) GIVEN UP THAT WOULD HAVE BEEN AVAILABLE TO
LOCAL JURISDICTIONS

**THE MAJORITY OF THESE POSITIONS WILL BE LAID OFF
EFFECTIVE DATE IS 10/01/2002 DUE TO CONTRACT NOTIFICATION PROVISIONS**

> REDUCE SERVICES AND SUPPLIES AND CAPITAL OUTLAY (\$1,099,955)

REDUCED FISH AND WILDLIFE FIELD SUPPLIES
REDUCED TRAINING FOR OFFICERS AND STAFF
REDUCED FORENSICS LAB SUPPLIES AND TECHNICAL EQUIPMENT REPLACEMENT
REDUCED I.T. COMMUNICATIONS SYSTEMS EQUIPMENT

> CLOSE ONTARIO AND PENDLETON CRIME LABS

> AUTOPSY REIMBURSEMENTS TO COUNTIES FOR THIS YEAR ELIMINATED

State of Oregon
Department of Environmental Quality

To: Governor John Kitzhaber

Date: August 29, 2002

From: Stephanie Hallock
Director

Re: Proposed General Fund Budget Cuts for the Remainder of 2001-03

Agency Budget Totals at Close of 01-03 Session

General Fund and Lottery Fund is 14% of DEQ's total Legislatively Adopted Budget of \$304,195,824.

\$130 million or 43% of DEQ's budget is passed through to communities in the form of loans or is used for debt service. The remainder forms DEQ's operating budget. General Fund is 16.4% of DEQ's \$173 million operating budget in the Legislatively Adopted Budget.

General and Lottery Fund Appropriations by Program:

Program	GF/LF	Total Funds
Air Quality	\$ 5,168,182(GF)	\$44,587,534
Water Quality	20,102,255 (GF) 192,000 (LF)	\$47,491,263
Land Quality	2,087,036(GF)	\$61,562,880
Cross Media	867,855	\$1,838,755
Agency Management	247,563	\$17,840,164
Debt Service	14,399,945 305,510 (LF)	\$16,610,393
Non-Limited	--	\$114,264,835
TOTAL	43,370,346	\$304,195,824

Cuts to Date from 4 Special Sessions

The Air Quality program has reduced its General Fund budget by \$719,421 and 4.44 FTE. This has resulted in reductions in the Air Quality monitoring network, complaint response for open burning, and our technical support to local clean air communities.

The Water Quality program has reduced its General Fund budget by \$611,949 and 5 FTE. This has resulted in reductions to our water quality monitoring network, less effort to reduce pollution from nonpoint sources, and delays in developing Total Maximum Daily Loads of pollutants.

The Land Quality program has reduced its General Fund budget by \$313,467 and 0.55 FTE. This has resulted in reductions in staff available to oversee environmental clean-ups, and support for regional pollution prevention efforts.

The total budget of the Agency Management program was reduced by \$323,443 and 0.25 FTE, this translated into \$172,000 of General Fund. This has resulted in reduced contract funding available for development of performance measures, citizen surveys, and database upgrades.

Total General Fund cut is \$1,816,837, which equates to 6.4% of the General Fund in DEQ's Operating Budget. Total FTE cut is 10.24.

During the special sessions, DEQ was appropriated approximately 75% of the money needed to cover salary increases in General Funded positions and was provided increased limitation for this purpose in Other and Federal Fund positions.

In addition, DEQ took \$920,929 in temporary reductions during Special Session 2 in the form of vacancy savings and a bond sale delay.

Cut Amount of \$482 Million Across the Board

Air Quality	\$ 215,086
Water Quality	880,375
Land Quality	79,967
Cross Media	43,831
Agency Management	12,271
Debt Service	689,002
Total Reduction	\$ 1,920,532

How DEQ Will Manage the Cuts

Air Quality

Air Quality will eliminate approximately 3 FTE in the Air Contaminant Discharge Permit (ACDP) program, which minimizes air pollution from small to medium sized industrial businesses. This program was already reduced by about 10% in the 2001-2003 budget, and further cuts will result in a significant reduction in service to the regulated community and an increased risk to public health. These cuts could jeopardize the Air

Quality program's ability to meet match requirements for the \$4.4 million federal air quality grant. The reductions would be taken across the regions and headquarters.

The ACDP reductions will eliminate DEQ oversight of testing conducted by industrial sources used to show compliance with air quality standards, which could increase health risks from excess emissions. Without DEQ oversight, permittees without registered engineers on staff would be required to pay for an independent certification of testing. The reductions would also increase the time to obtain a permit, causing some businesses to miss market opportunities and leading to a significant backlog in air quality permitting over time. In addition, the reductions would lead to a lack of statewide consistency in air quality permitting. Finally, the reductions would slow DEQ's ability to streamline and update regulations, which would result in inefficiency and possibly reduced protection of public health.

Air Quality General Fund also supports approximately 25% of the Agency Cross-Program/Green Permits Coordinator. Without this position, resources are reduced to coordinate across programs (e.g. EPA Performance Partnership Grant); Green Permits coordination is eliminated; and technical assistance and outreach to businesses is reduced.

Water Quality

Water Quality reductions total 12.58 FTE. These cuts would prevent DEQ from meeting the court ordered schedule to complete TMDLs by 2010 and may threaten Oregon's delegation status with the Environmental Protection Agency for the Wastewater Management Program.

In TMDL Development and Monitoring, Water Quality will eliminate 3 FTE as follows: 1 FTE in monitoring work that supports TMDLs, and 2 FTE in TMDL development. DEQ is under a court order to complete TMDLs statewide by 2010. The loss of 3 FTE, combined with earlier reductions to the program in the 2001-2003 biennium, will prevent DEQ from meeting the court-ordered schedule. We estimate that it will now take until 2014 to complete work. The implications of this delay are significant. EPA may decide to undertake the delayed TMDLs and simply set numbers rather than work with local advisory committees to focus on best management practices. A delay in TMDL development means a delay in addressing known water quality problems (through permits, the Forest Practices Act, Senate Bill 1010) which means a delay in water quality and fish habitat improvements.

In Wastewater Permits, Water Quality will eliminate 4.58 FTE as follows: 2.58 FTE in storm water program development and 2 FTE in issuing wastewater permits and conducting compliance inspections for industrial and municipal dischargers. These reductions would be taken across the three regions and headquarters. The storm water reduction eliminates DEQ's ability to complete development and begin implementation of a federally-required storm water permitting regulations which require DEQ to issue permits to control stormwater discharges from certain municipalities and construction

projects. These regulations become effective in December 2002. In response to this reduction, EPA may exercise its oversight authority and perform compliance inspections and enforcement in Oregon, including activities targeting unpermitted storm water dischargers.

In the base permit program, Water Quality will reduce the number of inspections conducted and permits issued, which will cause a commensurate increase in the permit backlog. As of July 2002, the backlog of individual permits is 48% (172 of 361 Federal discharge permits). Since permits are the primary method that DEQ uses to achieve and maintain water quality, we will have more out-of-date permits and will not be able to integrate new pollutant loads from TMDLs, nor will we be able to ensure compliance with those requirements. In addition, further reductions to the wastewater permitting program could cause EPA to consider revoking delegation of this program to Oregon. There is no absolute trigger for revoking delegation, but the size of the backlog and other factors have already caused EPA to question the program's adequacy.

In Water Quality Monitoring, Water Quality will eliminate one analytical chemist position in the Inorganic Analysis Section and one Oregon Plan monitoring position in the Biomonitoring Section. The loss of the analytical chemist reduces DEQ's ability to conduct nutrient analyses of water quality samples by 20%. In addition, this cut will lengthen the turn around time for the LaPine on-site demonstration project (testing new septic technology) which also requires nutrient analyses. The loss of the Oregon Plan position represents a 20% cut in our Oregon Plan coastal monitoring work. This will reduce our ability to measure the positive water quality impacts of the Oregon Plan for Salmon and Watersheds.

In Water Quality Standards and Assessments, Water Quality will eliminate the senior scientist (toxicologist) in the Water Quality program and non-TMDL water quality studies, including toxicity studies in the Willamette River. DEQ's involvement in advancing the state of the science and understand of emerging water quality issues (e.g., pharmaceuticals in ground and surface waters, pesticides, mercury and sediments) is severely curtailed.

Water Quality will eliminate 2 FTE in Data Management Geographic Information Systems (GIS). This will eliminate technical and clerical support to permits, groundwater, standards and assessment, and monitoring, and also eliminates support for hardware/software systems in the Water Quality Division. This will impair DEQ's ability to efficiently maintain and process electronic information and will significantly reduce DEQ's ability to use sophisticated computer mapping tools to aid with the analysis of water quality information. For example, the loss of the GIS position will eliminate DEQ's ability to determine how many stream miles are water quality limited based on the 303(d) list and to map water quality limited streams. This information will not be available to others.

The reduction in State Revolving Fund Debt is a reduction in DEQ's debt service by buying down the existing debt service using \$251,772 State Revolving Fund money. As

a result of this reduction, DEQ will have \$251,772 less to loan to communities to address the water quality needs of rural Oregonians. In addition, we are delaying the bond sale resulting in a debt service reduction of \$267,006.

This program also supports approximately 25% of the Agency Pollution Prevention/Green Permits Coordinator. Without this position, resources are reduced to coordinate across programs (e.g. EPA Performance Partnership Grant); Green Permits coordination is eliminated; and technical assistance and outreach to businesses is reduced.

Land Quality

The Land Quality program would be reduced by \$79,967 or 1 FTE. This reduction would result in curtailing technical assistance and response to questions about cleanups. Existing guidance documents, which provide direction to environmental contractors, would not be updated. New guidance documents for emerging issues would not be developed. Technical assistance and guidance documents are relied upon by property owners, responsible parties, prospective property purchasers and the environmental consultants they hire to conduct cleanup work. Cleanups will be more difficult and costly without these services and guidance documents.

Funds for debt service would be reduced by \$170,224. The Environmental Cleanup Program will delay the sale of bonds to finance the cleanup of "orphan" sites, where the responsible party has not been identified or is either financially unable or unwilling to clean up contamination that threatens human health and the environment. The bond sale is still planned for this biennium, but has been delayed so that debt repayment will not begin until at least July, 2003.

This program also supports approximately 50% of the Agency Cross-Program/Green Permits Coordinator. Without this position, resources are reduced to coordinate across programs (e.g. EPA Performance Partnership Grant); Green Permits coordination is eliminated; and technical assistance and outreach to businesses is reduced.

Agency Management

The only General fund in Agency management is for Central Government Service Charge, which supports the Governor's Office and Legislative Fiscal Office. The proportional reduction to this charge is \$12,271.

Cross Media

The Community Solutions Team funding will be reduced by \$43,831. This reduction will be accomplished through reducing staff work to collaborate on CST projects throughout the regions and headquarters.



Governor John Kitzhaber

An Oregon Commemoration: Remembering September 11, 2001

Capitol Mall Plaza - Salem, Oregon

September 11, 2002

Thank you – each and every one of you – for being here today. I’m especially grateful to the performers of the Tualatin Valley Junior Academy for that stirring rendition of America the Beautiful.

Before getting underway, I want to say a special thank you to some people sitting behind me – men and women who represent the various public agencies who stand ready to protect us from harm, or rush to help us when disaster strikes.

The tragedy of September 11, 2001, taught us many things. Among the most poignant lessons we learned that day, and in its aftermath, was the importance of our public safety agencies -- and the selfless courage of firefighters, police and other emergency responders as they plunged into harm’s way to save lives.

During these past few months here in Oregon, we’ve called upon those who fight wildfires to put themselves on the line to protect the lives and property of our citizens. They’re all important to us, the firefighters and police, the public health workers and the paramedics, the military – they all deserve our gratitude.

I want to ask these representatives to stand and remain standing as I call the agencies they represent, so that we can recognize them today, and say, “Thank you.”

First the fire service, municipal and county firefighters, and those who fight fires in our wild lands.

Next, law enforcement, including the State Police, city police departments, and county sheriffs’ offices.

Next, the military, including people who are in training – in this case the Oregon Chapter of the US Naval Sea Cadets.

Next, public works.

Emergency medicine and emergency dispatchers.

The public health services.

And finally, the volunteers — people who lend a valuable hand, expecting no compensation beyond that they’re helping make their world a better place.

Let’s all express our gratitude not only to these fine Oregonians, but also to their comrades, and give them a big round of applause.

Please be seated.

One year ago, America suffered the first casualties inflicted on North American soil by a foreign foe since the War of 1812. We bled, we shed tears, and we grieved. We went to war, and we rebuilt. In the aftermath of that calamity, we’ve

faced important issues like homeland security and citizens' rights, together with the apparent contradictions that they present.

On a human level, we've confronted the harsh reality of the emotional anguish that first responders and other public safety professionals have endured, the people who arrived first on the scene at the World Trade Center and the Pentagon; those who shouldered the burden of caring for thousands of injured and dead citizens; those who gave heartbreaking news to survivors; and those who suffered the loss of comrades.

But September 11, 2001, has given us more than an appreciation for the public safety agencies we rely on to protect us. It has also given us a brutal reminder that we dare not take our freedom and our democracy for granted.

Since that dark day, we've had reason to reflect on who we are, on our aspirations as a nation, and on our appropriate role in the world community. Many of us have paused to consider exactly what America represents.

Our country emerged from the turmoil and upheaval of the pre-industrial world to forge the institutions of freedom that we hold dear today. The words are familiar to us – freedom of association, freedom of the press, freedom of speech, all the others individual liberties that our Constitution guarantees.

It's critical, however, that we not forget that these are more than words. We must never lose our appreciation for the ideas and the values behind them.

Democracy, if it is to endure, requires effort by the citizens – people like you and me, our friends and neighbors, our families. We must all be willing to roll up our sleeves and work to secure the future for ourselves and for those who follow us – for our children, and their children. We must be willing to sacrifice today in order to ensure that our country is strong enough to face the challenges of tomorrow.

Though we cannot lower our guard against the kind of enemies who invade airliners, neither should we forget about the common enemies that challenge every human being on this planet – drought and famine; global warming and pollution; the AIDS pandemic; the crisis of diminishing fisheries; poverty, ignorance, social and economic injustice.

America must once again take the role of leadership in helping defeat these enemies. We must mobilize our talent, our intellect and our capital resources to help make the world a better place. The way to do that is to strengthen our democracy here at home, ensuring that our government reflects the good that is in our hearts.

On the most basic level, each of us must be willing to take the time to vote. We must be willing to invest in our children's future, ensuring that they receive the best possible education. We must be willing to volunteer our time, our money and our talent to ease the hardships endured by our fellow human beings, knowing that whatever we do for the vulnerable and less fortunate among us, we also do for ourselves.

We must reaffirm our faith in the dream of America, to rededicate ourselves to bolstering the institutions that have made America the paragon of freedom.

This is how we can strengthen our democracy at home, and prepare ourselves for a new and more productive role in the community of nations.

By shoring up our democracy at home, we can prepare America to lead the way to a better world – a world free of drought and famine; a world with clean air; a world with justice and security for all; a world of economic opportunity, of affordable health care and education for even the poorest children, in every land on every continent.

I have boundless faith in the potential of this great nation – even beyond what we have achieved up to this moment. I fully believe that we can prove to our brothers and sisters worldwide that we are worthy of the mantle of leadership.

One of our greatest wartime presidents, Franklin Delano Roosevelt, said: "The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith."

Even in the aftermath of September 11, we must never doubt the strength of the institutions that have made America what it is. If we renew our faith in ourselves and our country, if we work to strengthen the freedom that defines America, we will fashion a future of prosperity and justice that all the world can share. Let's make that the legacy of September 11, 2001.

Thank you very much.



[Return to Speeches](#)

[Return to Governor's Office](#)

September 10, 2002

To my fellow Oregonians and my fellow Americans:

On this September day America remembers the thousands lost in the terrible attacks that occurred one year ago. It is right to honor their lives and their sacrifice.

Many of us spent last September 11 transfixed by the unbelievable pictures of destruction in New York and at the Pentagon. Even a year later, it is a struggle to tear our focus away from the terrible crime that happened, and the terrible tragedy it caused, and to turn our faces toward the future. The thousands of families who lost loved ones are still wrestling with their grief as they try to go on. The rest of us are still dealing with anger and sadness as we learn to live in a very different world.

Americans should look back, and should never forget the heartache and the heroism of that day. But to truly honor the heroes of September 11, 2001, America must look forward – and work for a future full of peaceful mornings in September.


At this moment, the men and women of our armed forces are risking their lives to bring about those peaceful days. They have our gratitude today – but our gratitude is not enough. Every one of us must work to fulfill the rest of America's mission.

While this country wages a war against evil, there must also be a struggle *for good*. There must be human dignity instead of poverty. There must be human rights instead of oppression. There must be human understanding instead of fear. Once the seeds of enmity are gone, the roots of peace can reach deep into our society. Every American can have a hand in this important work, and I urge you to find a way to help.

Today is a difficult day. The sense of security taken from us last September 11 may never be fully restored. But I believe that in its place many of us have found new strength and new appreciation for life and for those we love.

I have never been prouder to be an American, to be an Oregonian, or to represent so many people who love their country so much. Thank you for your presence here today.


Ron Wyden
United States Senate



REPRESENTING CENTRAL, SOUTHERN AND EASTERN OREGON

NEWS FROM
GREG WALDEN

United States Congressman - 2nd District of Oregon
1404 Longworth H.O.B. (202) 225-6730 <http://walden.house.gov>



Tuesday, September 10, 2002
For Immediate Release

Contact: Dallas Boyd
Phone: (202) 226-7338
Cell: (202) 744-7974

Walden Statement on September 11 Anniversary

WASHINGTON, D.C.—U.S. Congressman Greg Walden (R-OR) wrote the statement below concerning the one-year anniversary of the September 11th terrorist attacks, which will be read at a number of commemorative events across Oregon tomorrow.

* * *

Dear Fellow Oregonians:

Today we gather together as one people united in observance of the greatest tragedy in American history. We do so mournful of the staggering loss of life we suffered that terrible day one year ago and humbled by the heroes whose courage lifted the spirit of a grieving nation.

The attacks of September 11th offered us a grim view of the evil capacity of mankind, just as it showed us the triumph of the human spirit and the resilience of the American people. In the heroism of the firemen and policemen of New York, who rushed into burning buildings without regard for their own lives, we saw barbarism met with humanity. In the bravery of Pentagon personnel, who pulled their wounded comrades from the fiery ruins, we saw wickedness met with honor. And in the defiance of the passengers of Flight 93, who sacrificed their lives to deny victory to murderers, we saw cowardice met with valor.

While a year has passed since the Twin Towers fell and the symbol of America's military strength was breached, we remain numb to the magnitude of the suffering wrought by evil men. And while our grief subsides with time, it never leaves us completely. The emotions that swept over us that awful day – horror, sadness, fear and anger – still come creeping back to remind us that the scars of September 11th will never fully heal.

But just as the terrorists dealt us a grievous wound, they also succeeded in uniting the American people like never before. We have renewed our faith in our system of government and reaffirmed our commitment to the spread of freedom and justice around the globe. And we have been reminded that whatever differences separate us, we remain a profoundly unified people.

In the years ahead, the attacks of September 11th will be remembered not merely as an unspeakable tragedy, but as a date that triggered a renewal of the American spirit. As we move forward in our battle against the perpetrators of evil, we will proceed with the unshakable certainty that America's brightest days lie ahead.

God bless you, and God bless America.

Congressman Walden represents the Second Congressional District of Oregon, which includes 20 counties in southern, central and eastern Oregon. He is a member of the House Committee on Energy and Commerce as well as the Committee on Resources.

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PRESS PACKET

Released Tuesday, September 3, 2002



"An Oregon Commemoration:
Remembering September 11, 2001"

Wednesday, September 11, 2002
12 noon
Capitol Mall Plaza
Salem, Oregon

Contact: Teri Lemman, Governor's Office, 503-373-1565

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OFFICE OF THE GOVERNOR
STATE OF OREGON



PROCLAMATION

WHEREAS: On September 11, 2001, the United States suffered the worst terrorist attack in its history when thousands of innocent lives were lost; and

WHEREAS: The State of Oregon wishes to remember and memorialize the victims and convey to the victims' families its compassion and grief for their loss; and

WHEREAS: The State of Oregon also wishes to commend the heroic efforts of our nation's first responders; and

WHEREAS: The United States of America remains a strong nation and leads the world in the pursuit of justice and peace.

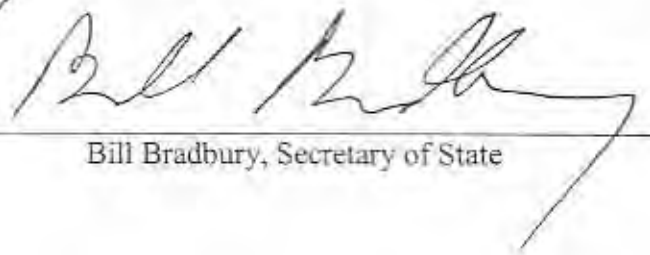
NOW,

THEREFORE, I, John A. Kitzhaber, Governor of the State of Oregon, hereby declare that the State of Oregon, on behalf of its citizens and communities, recognize the one-year anniversary of the terrorist attacks of September 11, 2001 with a commemoration at the State Capitol Building in Salem on Wednesday, September 11, 2002, beginning at 12:00 p.m.; and I hereby order flags in the State of Oregon to be flown at half-staff from sunrise to sunset on this same day of remembrance.

IN WITNESS WHEREOF, I hereunto set my hand and cause the Great Seal of the State of Oregon to be affixed. Done at the Capitol in the City of Salem in the State of Oregon on this day, August 28, 2002.




John A. Kitzhaber, Governor


Bill Bradbury, Secretary of State

JOHN A. KITZHABER, M.D.
Governor



NEWS ADVISORY

FOR IMMEDIATE RELEASE
August 8, 2002

Contact: Tom Towslee
503-378-6496
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503-378-6169

GOVERNOR TO LEAD SEPTEMBER 11 COMMEMORATION

Governor John Kitzhaber is planning a noon ceremony at the Capitol on Wednesday, September 11, 2002 to recognize the one-year anniversary of the terrorist attacks on New York City and Washington D.C. Named "An Oregon Commemoration: Remembering September 11, 2001," the ceremony will focus on the victims: those who lost their lives and the families who continue to cope with their loss. It will also honor the emergency personnel who bravely responded to the crash sites, and it will celebrate the strength of the American spirit during its recovery over the past year.

The one-hour event will be held across the street from the Capitol Building in the Capitol Mall Plaza. The program will begin with a procession of police, fire, medical, public health and public works responders led by the Tualatin Valley Fire & Rescue Pipes and Drum Corps. Dozens of emergency and military vehicles from around the state will be parked along Court Street and fire trucks from several jurisdictions will form an arch with their extended ladders. An honor guard comprised of numerous law enforcement and military agencies will present the colors, followed by the reading of the Firefighters' Prayer, the ringing of a station bell and a moment of silence. A military fly-over is being planned by the Oregon Air National Guard.

Special musical performances include a patriotic medley sung by Oregon State Police Trooper Dan Johnson and the Tualatin Valley Junior Academy bell choir. The Bells of the Tualatin Valley Junior Academy, also known professionally as "The Ring of Fire," have performed at the inauguration of President George W. Bush and at post-September 11 ceremonies in New York City and Washington, D.C. Governor Kitzhaber will deliver brief, keynote remarks. Choirs will be invited to perform in the Capitol Rotunda throughout the day (contact: Earlene Naylor, Capitol Building Visitor Services, 503-986-1624).

The planning team includes representatives from the Oregon State Police, Oregon Military Department, Oregon Emergency Management, the State Fire Marshal, Oregon Association Chiefs of Police, Oregon State Sheriffs' Association, Oregon Fire Chiefs' Association and the Oregon Association of Public Safety Communication Officials. The ceremony coordinator is Teri Lemman, Governor's office, 503-373-1565.
teri.lemman@state.or.us

SPECIAL NOTE TO MEDIA: Press packets will be available on September 5. The packets will contain detailed information on the schedule of events, biographical information on the participants, parking and staging information. Parking for television satellite trucks is available by contacting Lt. Gower of the Oregon State Police (503-986-1122) for arrangements.

**GOVERNOR'S SEPTEMBER 11 ANNIVERSARY CEREMONY
CORE PLANNING TEAM**



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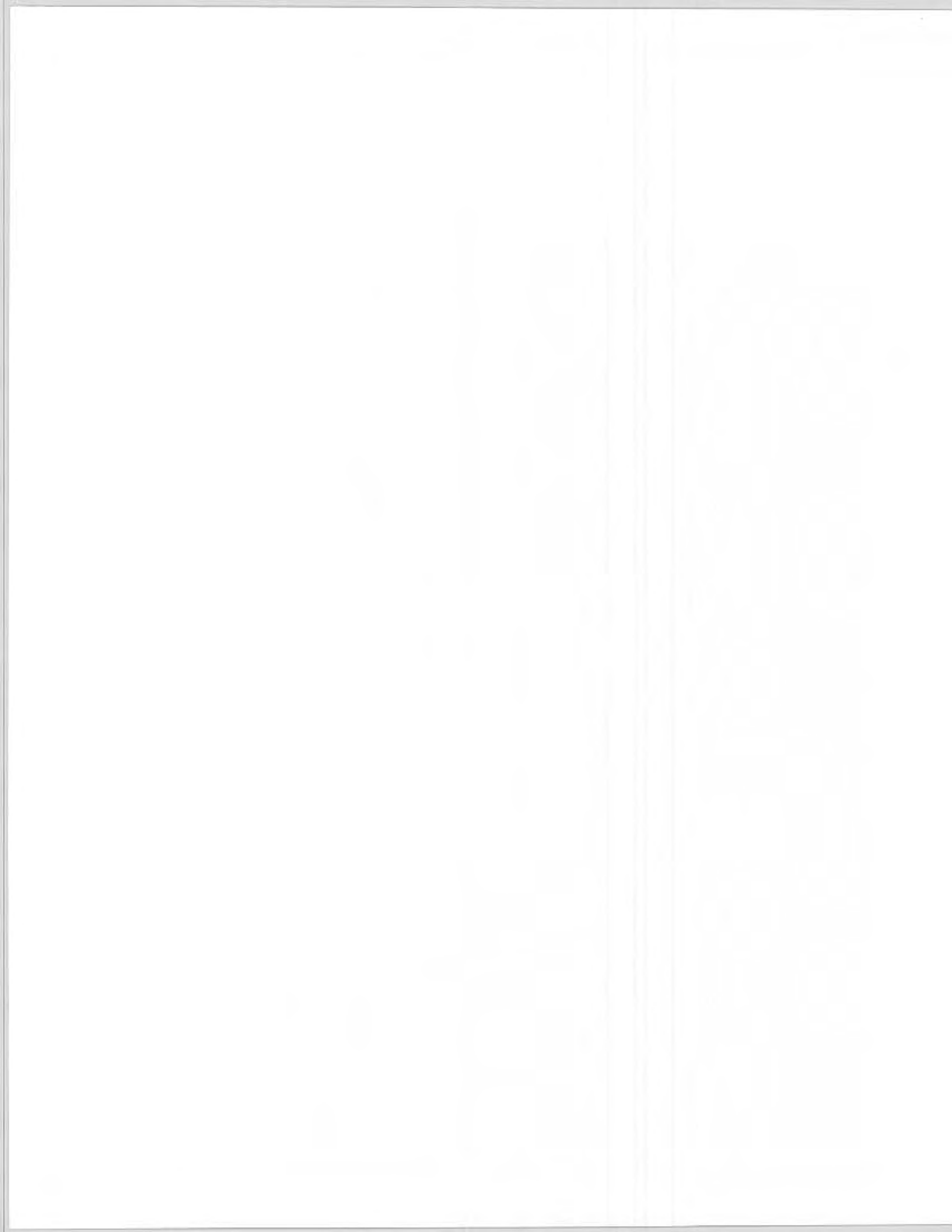
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Revised 8/5/02

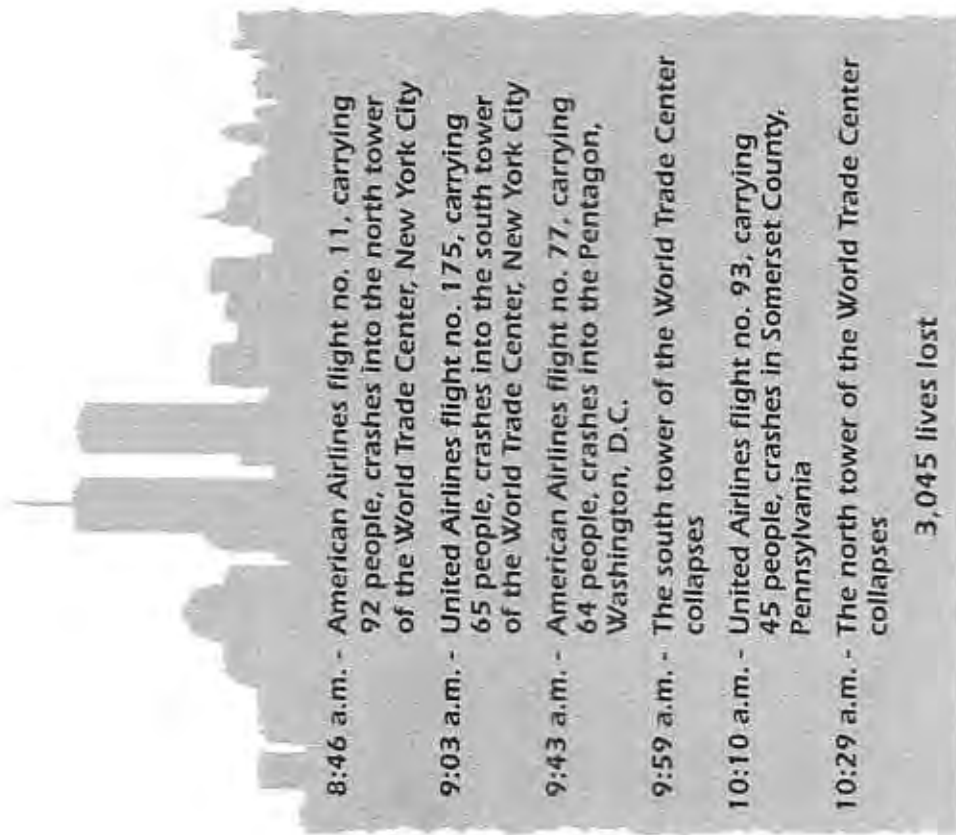




An Oregon Commemoration: Remembering September 11, 2001

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- Oregon State Fire Marshal
- Oregon Emergency Management
- Oregon National Guard
- Oregon Department of Administrative Services,
Facilities Division, Operations & Maintenance Section
- Legislative Administration and Facilities
- Legislative Media
- Capitol Visitor Services
- Capitol Mall Security
- Oregon Association Chiefs of Police
- Oregon State Sheriffs' Association
- Oregon Fire Chiefs' Association
- Oregon Association of Public Safety Communications Officials
- Oregon State Printing & Distribution Services
- Oregon School for the Deaf
- Tualatin Valley Fire & Rescue Pipes and Drums
- Portland Police Highland Guard
- City of Salem Police and Fire
- City of Salem Parks & Recreation
- The Bells of Tualatin Valley Jr. Academy
- American Red Cross, Willamette Chapter
- Salem Capitol Community TV
- Salem Area Mass Transit District
- American Medical Response
- West Salem High School ASB Leadership
- Timberland Store Employees, Woodburn Outlet Mall
- Girl Scout Cadets, Troop 158
- U.S. Naval Sea Cadet Corps, Oregon Chapter
- Pins donated by Oregon Association Chiefs of Police, Oregon State Sheriffs' Association, Oregon Fire Chiefs' Association and Oregon Association of Public Safety Communications Officials and assembled by inmates of the Marion County Jail. Sound system and services donated by Omega Audio (Portland) and American Medical Response (Portland)



- 8:46 a.m. - American Airlines flight no. 11, carrying 92 people, crashes into the north tower of the World Trade Center, New York City
 - 9:03 a.m. - United Airlines flight no. 175, carrying 65 people, crashes into the south tower of the World Trade Center, New York City
 - 9:43 a.m. - American Airlines flight no. 77, carrying 64 people, crashes into the Pentagon, Washington, D.C.
 - 9:59 a.m. - The south tower of the World Trade Center collapses
 - 10:10 a.m. - United Airlines flight no. 93, carrying 45 people, crashes in Somerset County, Pennsylvania
 - 10:29 a.m. - The north tower of the World Trade Center collapses
- 3,045 lives lost

"Fire Station Bell Memorial Ring"

5-5-5 is the standard signal for Line-of-Duty Death. It was originally used in the State of New York in the days of telegraph alarm systems. When a Line of Duty Death was reported, a firefighter would key in the code 5-5-5, followed by the box number nearest the death, and dispatch it to all fire department dispatch boxes within the state.

Lyrics to

"God Bless America"

written by Irving Berlin

God bless America, land that I love,

Stand beside her and guide her

through the night with the light from above.

From the mountains to the prairies to the oceans white with foam,

God bless America, my home sweet home.

God bless America, land that I love,

Stand beside her and guide her

through the night with the light from above.

From the mountains to the prairies to the oceans white with foam,

God bless America, my home sweet home.

From the mountains to the prairies to the oceans white with foam,

God bless America, my home sweet home

God bless America, my home sweet home.

Program

Wednesday, September 11, 2002
12:00 noon - 1:00 pm
Capitol Mall Plaza

Color Guard and Posting of the Colors

Tualatin Valley Fire & Rescue Pipes and Drums
And

Portland Police Highland Guard

Procession of first responders representing
police, fire, military, medical, 911 operators,
wildland fire fighters, public works,
public health and volunteer organizations

Firefighter's Prayer

Delivered by Dennis Simons
Chaplain for the Oregon Fire Chiefs' Association

Fire Station Bell Memorial Ring

Moment of Silence

The Bells of Tualatin Valley Jr. Academy
Performing "America the Beautiful"

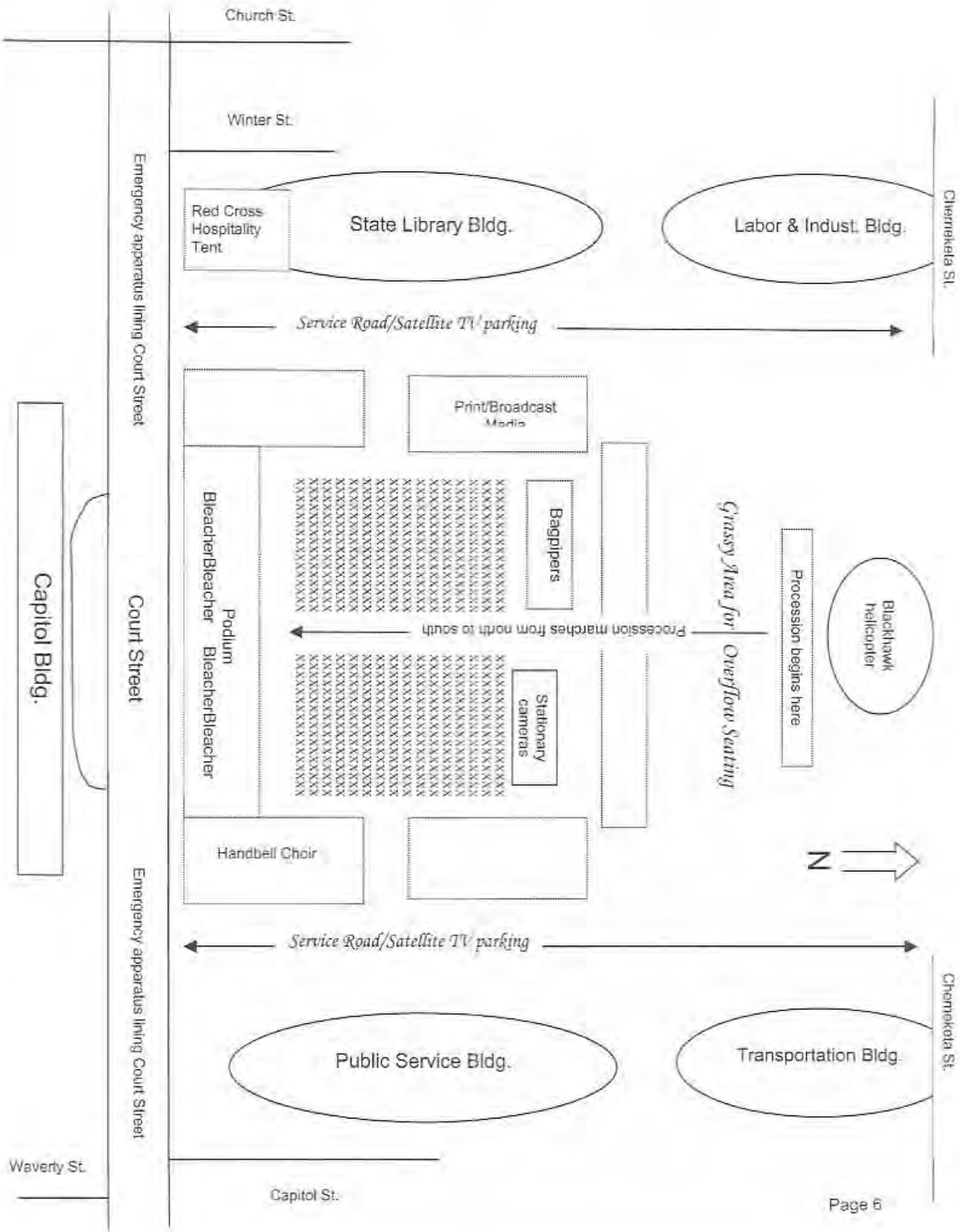
Remarks by John A. Kitzhaber, M.D.
Governor

Oregon State Police Trooper Dan Johnson
Singing a Patriotic Medley

Invitation to Join in the Singing of
"God Bless America"

The Bells of Tualatin Valley Jr. Academy
Performing "Capriccio"

Oregon Air National Guard Fly-Over



BROADCAST INFORMATION

Legislative Media will provide CCTV's multi-camera coverage of the event which is available on the Capitol Building's press room router.

Audio services will be provided by Omega Audio (Portland).

Contacts:

Bill Gross, Legislative Media, 503-986-1195

Rosa Leonardi, Salem CCTV, 503-588-2288

Omega Audio, 503-235-2743

PARKING FOR SATELLITE TRUCKS

Parking for satellite trucks will be accommodated on either two service roads that parallel the Public Service Building and State Library Building.

See the Capitol Mall Plaza map.

Trucks must enter from Center Street and drive south along the service road toward Court Street.

Arrangements should be made in advance by contacting Lt. Mike Gower, Oregon State Police Capitol Mall Office, at 503-986-1122.

RESERVED MEDIA LOCATIONS

An area for broadcast and print media will be roped off. A riser behind the last row of folding chairs will be available for cameras.

See the Capitol Mall Plaza map.

Contact: Teri Lemman, Governor's Office, 503-373-1565

STREET CLOSURES, PARKING & SALEM CHERRIOTTS

A street closure is planned at Court Street, from 12th Street to Winter Street, from 6:00 am to approximately 3:00 pm. Parking will be available in the Capitol Mall parking structure, Yellow Lot, and at City of Salem parking meters around the Capitol Mall area.

Guests can catch a Cherriotts bus from the downtown transit mall and ride free to the Capitol Mall. Contact Salem Area Mass Transit at 503-588-BUSS for routes that stop at the Capitol Mall.

Contact: Dave Fawver, 503-378-2865 ext. 316

CONFIRMED DIGNITARIES

Governor

Secretary of State Bill Bradbury

Attorney General Hardy Myers

Superintendent of Public Instruction Stan Bunn

Members of the Oregon Supreme Court and Court of Appeals

Legislators: Rep. Jan Lee, Rep. Vicki Walker, Rep. Cliff Zauner, Sen. Verne Duncan, Rep. Vic Backlund, Rep. Max Williams, Rep. Jerry Krummel, Rep. Donna Nelson, Rep. Elaine Hopson, Rep. Janet Carlson, Rep. Karen Minnis, Rep. Richard Devlin

Major General Alexander Burgin, Oregon Military Department

Ron Ruecker, Superintendent, Oregon State Police

Jon Mangis, Director, Department of Veterans' Affairs

Jim Botwinis, President, Oregon State Police Officers' Association

John Buchanan, President, Oregon Fire Chiefs' Association

Allen Forster, 1st Vice President, Oregon Fire District Directors Association

Randy Bruegman, President, International Association of Fire Chiefs

Jane O'Keeffe, President, Association of Oregon Counties

Jeff Johnson, Chief, Tualatin Valley Fire & Rescue

Kristi Wilde, Chapter President, Oregon APCO/NENA (Association of Public Safety Communications Officials/National Emergency Number Association)

Walt Myers, Salem Chief of Police

Mike Swaim, Mayor, City of Salem

Dale Penn, Marion County District Attorney

Charles Mathews, Special Agent in Charge, Portland FBI

Gerry Frank

Contact: Teri Lemman, 503-373-1565

EMERGENCY APPARATUS DISPLAY ON COURT STREET

Emergency apparatus from public and private agencies all around the state have traveled to Salem to participate in this ceremony. They are present on Court Street to display their unity and to demonstrate the multi-agency/multi-discipline cooperation required of first responders. First responders represented here today include:

- Albany Fire Department
- American Medical Response
- Bureau of Land Management
- Burns Fire Department
- Dallas Fire Department
- Depoe Bay Rural Fire Protection District
- Douglas County Fire District #2
- Hillsboro Fire Department
- Hubbard Rural Fire Protection District
- Keizer Fire District
- Lake Oswego Fire & Life Safety
- Marion County Fire District #1
- Marion County Sheriffs Office
- Metro West Ambulance
- Mohawk Valley Fire District
- Monitor Rural Fire Protection District #58
- Newberg Fire Department
- Nobel Ambulance
- Oakland Rural Fire Department
- Oregon State Police
- Philomath Rural Fire Protection District #4
- Portland Fire Bureau
- Salem Fire Department
- Salem Police Department
- Sandy Fire District #72
- Siletz Valley Rural Fire Protection District
- Silverton Rural Fire Protection District
- Siuslaw Valley Fire & Rescue
- Sublimity Fire District
- Tualatin Valley Fire & Rescue

The two ladder trucks forming an arch and proudly flying the U.S. flag are from Salem and Tualatin Valley Fire and Rescue. Emergency vehicles present on Court Street include fire engines, ladder trucks, command vehicles, rescue and medical units, motorcycles, and police patrol vehicles.

Contact: State Fire Marshal Bob Garrison 503-373-1540, Ext. 216.

BLACKHAWK HELICOPTER

The UH-60 blackhawk on display is from the Army National Guard's 1042 Medical Company (Air Ambulance). The 1042nd's mission is to provide evacuation of injured and wounded soldiers to field hospitals. The 1042nd also assists in search and rescue missions in Oregon, to include evacuating injured hikers and climbers. Currently, the 1042nd is serving in the Middle East assisting in the war on terror.

Contact: Jeff Julum, Oregon Military Department, 503-584-3885

TUALATIN VALLEY FIRE & RESCUE
AND
PORTLAND POLICE HIGHLAND GUARD

The Portland Police Highland Guard was formed in 1998 in the memory of fallen law enforcement officers. The band's motto "Nunquam Obliviscar" translates to "We Shall Never Forget." By charter, the majority of the band's members are Portland police officers and the balance of the band is made up of law enforcement and public safety professionals from around the Portland area. The band wears the Modern Red MacPherson tartan.

The Tualatin Valley Fire & Rescue Pipes and Drums were formed in August of 2000. While originally made up of TVF&R firefighters, the band's ranks have grown to include members from five area fire departments and the Washington County 9-1-1 center. The band wears the MacKenzie tartan, chosen both for the fire service symbolism found in its colors and the clan's motto "Luceo non Uro," which translates to "I Shine, Not Burn."

The bands will perform together at the Capitol, and will play "Scotland the Brave" and "The Minstrel Boy."

Contact: Tim Birr, TVF&R, 503-642-0339.

PROCESSION OF FIRST RESPONDERS

The march element is composed of members of the American Red Cross, Emergency Medical Technicians, Marion County Sheriff, Salem Police, Salem Firefighters, Oregon State Police, Oregon Public Health Service Officials, the Oregon National Guard, wild land firefighters from the Bureau of Land Management, Salem Public Works, Oregon U.S. Naval Sea Cadets and other agencies.

This group represents their agencies and all those who labor to protect life and property in Oregon. They stand behind the podium as our honored guests for all that that they have done.

Contact: Jeff Julum, Oregon Military Department, 503-584-3885

FLAG DETAIL

The flag detail is composed of marchers from the Salem Police Department, the Oregon State Police, the Salem Fire Department, the Marion County Sheriff, the Oregon National Guard, American Medical Response, and other community entities. They represent all those who strive to provide safety and security for all Oregonians. They also represent the gallant individuals who directly dealt with the tragic events of last year. The detail has been organized by Staff Sergeant Lee Smith of the Oregon Army National Guard.

Contact: Staff Sergeant Lee Smith, Oregon Army National Guard,
541-921-3020

THE FIREFIGHTER'S PRAYER

When I am called to duty,
Wherever flames may rage
Give me strength to save a life
Whatever be its age.

Let me embrace a little child
Before it is too late
Or save an older person from
The horror of that fate.

Enable me to be alert
And hear the weakest shout,
And quickly and efficiently
To put the fire out.

I want to fill my calling and
To give the best in me,
To guard my friend and neighbor
And protect their property.

And, if, according to your will,
While on duty I must answer death's call;
Bless with your protecting hand
My family, one and all.

BIOGRAPHY — DENNIS SIMONS

Chaplain Dennis Simons began his service as a chaplain in public safety in 1994 when he was appointed chaplain for the Sandy Fire District in Sandy, Oregon, assisting both the community and the firefighters. Shortly thereafter, the chief of the Sandy Police Department asked if he would also serve as chaplain for the police department. In the years since then, he has also become chaplain for the Gresham Fire Department.

A chaplain is called on for emotional and spiritual caregiving in a crisis such as traumatic traffic accidents, in house fires, painful family transitions or loss of a loved one. The traumas of life often paralyze people; the chaplain's job is to figuratively put their arm around the sufferer's shoulder and help them move forward. Dennis has extensive crisis intervention training to help emergency personnel deal with the crises they experience in serving the public. Many of our emergency service personnel experience burnout because of accumulated stress; the chaplain helps them keep their perspective.

A genuine relationship is the critical part of being a good caregiver to people in crisis. Dennis saw that in action as chaplain of Mt. Hood Hospice, a position he accepted in 1987 and held for a year. He found working with a staff of caring nurses, social workers, and home health-care workers who were helping people through their last stages of life to be very rewarding.

Simons has been an ordained minister for 27 years. He holds a bachelor of science degree in Christian Education. He also holds an associate of arts degree in business administration and has 37 years experience in business management. He is a member of the International Critical Incident Stress Foundation and the International Federation of Fire Chaplains, where he is the Northwest representative. He is also a member of the International Conference of Police Chaplains and the Association of Traumatic Stress Specialists. He serves on two local crisis response teams, the National Organization for Victims Assistance and the Critical Incident Stress Foundation, who facilitate debriefings and defusings.

Born in Bakersfield, Calif. in 1942, he has been married for 39 years to Kathy; they have two children and four grandchildren. He came to Oregon to prepare for mission work. With fellow students and a professor, they started a church, which over the years developed into five churches, and he decided to stay in Oregon.

Dennis considers himself blessed and fortunate to have the privilege of serving as chaplain for the departments and organizations he serves and looks forward to serving for many years to come.

Contact: Dennis Simons, 503-668-2751

THE FIRE STATION MEMORIAL BELL RING

The Bell

The memorial bell used in today's ceremony was donated by the Portland Fire Bureau in 1986 to the Oregon Fire Chiefs' Association during the OFCA Annual Conference in Clackamas, Oregon. Portland Fire Chief Kenneth Owen, who retired from active service in 1988, orchestrated the donation with the help of Fire Bureau Commissioner Mildred Schwab.

The Bureau's tradition had been to remove the bell from an old apparatus that was being taken out of service and re-install it on the new, replacement apparatus. This bell was discovered to be surplus and Chief Owen secured permission to donate it to the OFCA for future memorial services.

The bell, estimated to be 50+ years old, was used in a memorial service at the 1986 conference. The Chief of each department that honored a fallen firefighter carried a white cross to the front of the meeting room and the memorial bell was rung to honor the lost firefighter.

The OFCA Memorial Bell has been used at conferences, funerals and memorial services since that time.

The Ring

5-5-5 is the standard signal for Line of Duty Death. It was originally used in the state of New York in the days of telegraph alarm systems. When a line of duty death was reported, a firefighter would key in the code 5-5-5, followed by the box number nearest the death, and dispatch it to all fire department dispatch boxes within the state. The bell will be rung by a member of the Oregon Fire Service Honor Guard.

Contact:

Jeff Griffin, Executive Director
Oregon Fire Chiefs' Association
503-587-9427

THE BELLS OF TUALATIN VALLEY JR. ACADEMY "RING OF FIRE"

Performing: "America the Beautiful" and "Capriccio"

Ring of Fire is based in the Pacific Northwest, a region known for its volcanic activity. In the groups few years of existence, they have earned a reputation for outstanding excellence in handbells. They are widely known for their ability to memorize their music and their unique, spirited style. They continue to meet their goal of bringing their fiery music to many diverse audiences, including schools and churches, corporate functions, charity events, marathons, NBA basketball games, and on national and international television. Their performance is an explosive combination of an energetic director, exuberant youth, and the brilliance of 61 bells begging to be rung!

In September of 1997, Tualatin Valley Junior Academy, a Christian K-10 school in Hillsboro, Oregon purchased a 5-octave set of Malmark handbells. Since then, the 13 musicians in Ring of Fire, ages 12 to 16, have performed hundreds of times across Canada and the United States. They've been seen twice on international television on "The Hour of Power" from the Crystal Cathedral in Garden Grove, California and twice by 20,000 fans in the Rose Garden for Portland Trailblazer games. They have performed numerous times on KPTV-12's "Good Day Oregon" show, KATU-2's "AM Northwest", a KOIN-6 Christmas special, and on KTLA-5's "Morning News" in Los Angeles. In April 2002 the group will perform on NPR's top rated radio show, "From the Top."

Ring of Fire has twice been a featured performer at national handbell conventions. Their first AGEHR event was performing in Las Vegas, Nevada at "Pinnacle 2000." In 2001 the group performed in the final showcase concert of the "Handbell Spectacular 2001" in Palm Springs, California.

Also in 2001, Ring of Fire had the honor of representing the state of Oregon at the Inauguration of President George W. Bush. They group was one of 38 chosen from thousands of applicants nationwide. This invitation marked the first time handbells have been a part of the Inauguration of an U.S. President. Ring of Fire played at three official inaugural functions: Laura

Bush's "Celebration of American Authors", the Inaugural Parade, and at the Inaugural Ball in the Ronald Reagan Federal Building later that night. Their adventures were covered on CNN, MSNBC, FOX, and in print with the Washington Post and the Wall Street Journal.

In the fall of 2001, Ring of Fire had the incredible opportunity to share their music with those in New York City and Washington D.C. after the horrific events of 9-11. In Washington D.C. they performed "America the Beautiful" with the U.S. Army Orchestra, the group for all official state functions that has played for nearly every world leader. They also had the opportunity to view the destruction at the Pentagon and later travel to ground zero in New York City. The East Coast tour ended with a memorable performance in St. Patrick's Cathedral on 5th Avenue for over 6,000 people for Sunday morning Mass.

The group's founder and director is Jason Wells. He has served as a handbell clinician in Canada and the U.S. and has taught classes at national events focusing on motivation and memorization. During his "formative" years as a handbell ringer in southern California, Jason worked with Cynthia Dobrinski, Douglas Wagner, and Katsumi Kodama at various handbell conventions. Five years later he started a handbell choir on the island of Palau in 1993. During the 1995-96 school year he directed an elementary school handbell choir while finishing his senior year at Walla Walla College in Washington. In 1996 Jason accepted a position teaching English, music, history, religion, and photography at Tualatin Valley Junior Academy. In 1997 after playing the tape "Alive" by Kodama's Glee Ringers to 13 interested kids who had never rung a bell, the adventure began...

Contacts:

Carol Holm, Director of Public Relations, 503-314-8016

Jason Wells, Musical Director, 503-314-8016

SENIOR TROOPER DAN JOHNSON
OREGON STATE POLICE

Senior Trooper Dan Johnson began his career with the Oregon State Police in 1988 and was assigned to the Patrol Division. He was promoted to the rank of Trooper in 1989. In 1993 Trooper Johnson became a member of the Oregon State Police, Honor Guard. In 1996 he was assigned to the Gaming Enforcement Division. In 1997 he received a promotion to Senior Trooper. He currently performs his duties as a Detective and Safety Committee representative for the Gaming Enforcement Division.

As a member of the Oregon State Police, Honor Guard, Senior Trooper Johnson has performed as a vocalist and team member representing the department at special ceremonies singing the National Anthem. He has represented the department by forwarding the department's encouragement and consolation to families, employees and communities grieving their loss of loved ones locally and in the nation. In 1997, Senior Trooper Johnson was selected from many across the nation and invited to sing "America the Beautiful" a patriotic medley, at the National Law Enforcement Memorial Candlelight Vigil in Washington, D.C.

Senior Trooper Johnson has held assignments in the Patrol, Criminal Investigations and Training Divisions of the Oregon State Police and continues to promote safety, courtesy and dignified service to the citizens of Oregon.

He participates in his local community as a Fitness Specialist advocating overall health and heart attack prevention measures. Senior Trooper Johnson has been asked to sing for weddings, funerals, sporting events, local churches, Veteran's Commemoration events and other agencies. He works with education professionals at community colleges, high schools and elementary schools as a motivational speaker. His presentations have covered, business protection and fraud prevention, fitness, abduction prevention, fire safety and prevention, gang resistance, gun safety and leadership. He is also a member of the Oregon Army National Guard.

Senior Trooper Johnson and his loving wife Yollanda have between them a family of eight children and five grandchildren.

Contact: Major Greg Willeford, Oregon State Police, 503-378-3720 ext. 4103

MILITARY FLY-OVER

The jet flyover is provided by the Oregon Air National Guard. The F-15 Eagle is from the 142nd Fighter Wing based out of Portland, Oregon. The 142nd provides security for the skies over Oregon and other western states. On September 11, they were airborne within hours of the horrific acts of violence. They maintained a constant vigil to thwart other potential terrorist acts.

The jet will arrive from the north, flying south.

Contact: Jeff Julum, Oregon Military Department, 503-584-3885.

AMERICAN RED CROSS
WILLAMETTE CHAPTER
Salem

The American Red Cross Willamette Chapter will host the Hospitality Tent for the ceremony participants and the public in the morning hours prior to the noon event. Beverages and snacks will be available, as well as information about our services.

Several Red Cross volunteers assisting with the hospitality tent traveled to New York City after the terrorist attack. They are:

Steve Sanchez is a Disaster Team Leader for the Willamette Chapter, which means he responds on a rotating on-call basis to local disasters. He made two trips to New York last Fall. The first trip was 15 days, starting on September 14, the second was a ten day trip. On both trips he served in a variety of functions, but mostly as a grief counselor.

Jeff Kresner is the Willamette Chapter's Emergency Services Director, and also serves as a Disaster Team Leader. He traveled to New York in early October and spent three weeks working in a Government Liaison function at the Red Cross headquarters in New York. Both will attend the 9/11 Commemoration.

Rosemary Fros is a Family Services volunteer who served almost four weeks in New York.

A total of 13 volunteers from the Willamette Chapter responded to the September 11 event, in addition to 300 volunteers from the State of Oregon.

The Willamette Chapter of the American Red Cross provides basics such as food, clothing and shelter to victims of residential fires and other local disasters. The chapter also provides emergency communications to active military personnel and their families. They conduct a variety of classes in health related areas such as CPR, first aid, babysitting, and water safety, and work with the Red Cross Pacific Northwest Blood Services Region to collect blood for area hospitals, collecting over 22,000 units per year.

Contact: Karen Schultz, American Red Cross, Willamette Chapter, Salem
503-779-1250

THEIR STORY

GIRL SCOUT TROOP 158

from
Woodburn, Aurora, Donald

**In the United States Capitol Building
on the morning of September 11, 2001**



Girl Scout Cadets

Nichole Kordenat (then 13)

Kim Petersen (then 12)

Amanda Choin (then 11)

The Girl Scout cadets (Nichole, Kim and Amanda) will hand out printed programs at the
September 11, 2002 ceremony

Contact: Denise Choin, Troop Leader
Telephone: 503-378-2911 ext. 222 (office/days)
503-678-4287 (home/evenings)

Five years, hundreds of cans of nuts, thousands of boxes of cookies, but we, Troop 158 were finally here in Washington D.C. The girls from Troop 158 from Woodburn, Aurora and Donald worked very hard for five years. Nichole Kordenat (13), Kim Petersen (12) and Amanda Choin (11), Cadets in the Girl Scouts, sold cookies and nuts, did extra fundraisers, planned, plotted and negotiated to finally make that dream trip. Planning first began when they were Brownies, continued through their time as Juniors and now that they were Cadets, they were ready to go. They packed up their cases, brought some parents and left Oregon for Washington D.C. Our group included: Marie Kordenat (Troop Leader), Carl Kordenat, Nichole Kordenat, Rebecca Smith, a friend of the Kordenat's, Nancy Petersen (Assistant Troop Leader), Kim Petersen, Denise Choin (yours truly, current Troop Leader), Vern Choin and Amanda Choin.

We started sightseeing on September 10th. We first went to four of the five Smithsonian Museums, and looked forward to going to the Capitol on the 11th and the White House, by invitation on the 12th. We were so excited. We had spent hours working on our itinerary and had written letters to get invitations and special "behind the scenes tours". We were going to see how the Metro worked and had a call in to the Pentagon to see it on the 13th or 14th. We planned to pack a lot of sightseeing into our week.

We got up with an air of excitement on the 11th. We wrote Senator Gordon Smith and had been invited to take a tour of his office and the Capitol that morning at 10:00 am. As we walked from the Metro stop we went around the back of the Capitol. We saw some guards standing at the station and asked if we could have our pictures taken with them. They said sure and after we had posed, one of the guards asked us if we had heard the Trade Towers in New York had been hit. He had such a joking aura around him, we dismissed that and said "Oh yeah, sure and the Capitol is next". He told us he was quite serious. This sobered us and we talked quietly as we headed for the Senate Building and Senator Smith's office.

We had to go through the security area and have our bags x-rayed. We weren't particularly worried about that, it seemed standard in this city of power. We went up to Senator Smith's office. TV's were on full blast and it took a minute to get the attention of the staffers in the room. We explained that we had a tour scheduled and Fritz and Jamie called in Ali our Intern, to begin our tour. As we waited for her arrival, we looked in horror as the TV showed the airplanes hitting the towers, again and again.

Ali showed up, a little nervous and not sure exactly what to do, but she decided to go ahead and start our tour. We went down to the basement as she gave us the history of the building. She took us to the mini-tram that the Senators and staffers took to the Capitol all the time. As we were about to get on, we heard a rumor that they were evacuating the Capitol. Still unsure of what to do, the tram driver said, "You may never get to do this again, jump in." We did and he took us on a whirlwind trip to and from the Capitol basement. We didn't stop. As we were going, people were walking and running away from the Capitol down the corridor.

When we got back to the Senate building, we started up the stairs to Senator Smith's office. As we approached the second floor, we were told to go back down one flight. First Lady Bush was in the building and they were escorting her out, we could not go up until she left the building.

Before we were able to get back to Senator Smith's office, security guards told us that we needed to evacuate. We started down the steps, we hurried through the security area and out onto the grass between the Senate building and the Capitol. We were trying to get our bearings and figure out what to do when the Jamie and Fritz, Senator Smith's staffers came running out and found us. They asked us if we were the group from Oregon. We said yes and they conferred for a moment and said follow us.

We were walking away from the downtown area when we heard a big boom. We found out later that it was the plane exploding at the Pentagon. We told the girls that it was probably the sonic boom from Lady Bush's plane, then we hurried into a park. We sat the girls down and the staffers began asking them about their patches and experiences, trying to get their minds off everything. A few minutes later the park was getting quite full. Ali, our tour guide showed up and Fritz took two of the ladies of our group to find a phone because cell phones were not working. When Fritz returned, he had food and drinks for the girls.

The whole time the remaining staff and adults from our troop were trying to keep the girls busy talking about other things. After conferring with each other, Jamie told us that they were going to take us to his house to wait and see what would happen. We walked there and spent most of the rest of the morning and early afternoon at his home. They played games with the girls, tried to get them to eat and generally distracted them. Chris who is Senator Smith's Chief of Staff also shares the apartment with Jamie and he met us there later. The guys were very helpful and offered their phone so that we could contact our various relatives. We contacted the Girl Scout Council, and each of us started our telephone tree contacts.

At about 2 pm, we found out the Metro was running. It was only transporting out of DC, but we were staying in Alexandria and we were very happy to get on our way. The guys took us one bunch at a time in their car to the Metro station and we returned to our hotel.

When we got to our station, we decided we had better get something to eat now, because we didn't know if anything would be open later. The mall near our hotel was eerily quiet. Most of the stores were closed. We went to the food court and found that only one place was open, the Subway shop. As we were standing in line, we noticed some ladies covered in dried mud. We asked their story. They had been outside the Pentagon when the plane was coming in and had dived into the slough to avoid being hit. That brought it all home to us in a big way.

Back at the hotel, we tried to keep the girls away from the TV. We encouraged them to play a little. Unbeknownst to us, they decided to play elevator operator and interviewed everyone who came back about where they were and what happened. I think it was very

healing for them to realize it wasn't just them, but everyone was involved. Sometimes kids just seem to know what they need. That night the smoke from the Pentagon was so thick that several people called the fire department thinking our hotel was on fire. It was, to say the least, a very tense situation.

The next day we made a short foray to Arlington National Cemetery. You could see the devastation from the cemetery and we took lots of pictures.

On the 13th, we ventured into DC again. We planned to go to the Holocaust Museum. As we walked down the streets, we could still see the smoke from the Pentagon. At the Museum, we were astonished to see snipers on the roofs of the buildings and everything was closed. We went on to the Washington Memorial, but we couldn't even get close. We walked down to the Lincoln Memorial, park staff told us it would be two hours before it opened to the public, we decided to wait and eventually were able to see all the Memorials in that area. It was all very strange. On the 10th, the city teemed with people. Today, the silence spoke louder than words. Helicopters and military planes constantly roved the area. It seemed the whole city was deserted.

We never got into the Capitol or the White House. One set of parents and their daughter (my family) were stuck an extra day because of flight delays.

We will never forget our experiences on September 11th. Some say that it was a shame we were not able to do all the things we had planned. Others say that we will always be a part of history. I think that we all were blessed that those courageous passengers of the plane that crashed in Pennsylvania gave their lives for us. Everyday heroes saved many lives that day and we are grateful that we were a part of history.

PS. When I asked the girls if they still wanted to travel, they gave me a resounding YES! Girl Scouts is truly where Girls Grow Strong.

Respectfully submitted,

Denise Choin

SIGN LANGUAGE INTERPRETER

Robyn Brown
Oregon School for the Deaf

Robyn Brown is a graduate of California State University, Sacramento and completed her Master's Degree in Deaf Education from Gallaudet University in Washington D.C. She has been a sign language interpreter for 22 years and holds national certification from the Registry of Interpreters for the Deaf. She has been teaching deaf and hard-of-hearing students for 18 years in a variety of educational settings in California and Oregon and is the adoptive parent of three deaf children.

Contact: Jane Mulholland, Director, Oregon School for the Deaf,
503-378-3842

VOLUNTEERS

Employees of Timberland store, Woodburn Outlet Mall. Contact Shawna, 503-981-9853. Four to five of their store employees will help escort seniors and those needing seating assistance to their seats, and other help as needed.


West Salem High School ASB. Contact Val Luukinen, Activities Director, 503-362-1506. 15-20 students. Students will help seniors and others with seating and will hand out programs.

**September 11, 2002 Choir Schedule
State Capitol Rotunda**

Start	End Time	Group Name	Director	Phone #	
10:00am	10:30	Peace Singers	Solveig Holmquist	503-588-5285	
10:30	11:00	The Master's Men Male Chorus	Gordon Tjernlund	541-745-5850	
11:00	11:30	Whiteaker Middle School Choral Program	Barb Fontana	503-399-3225	
11:30	12:00	Cummings Elementary Choir	Jane Kadaja	503-399-3141	
1:00 pm	1:15	Bethel Baptist Church	Jay Hill	503-434-5541	



*An Oregon Commemoration:
Remembering September 11, 2001*

- 
- 8:46 a.m. - American Airlines flight no. 11, carrying 92 people, crashes into the north tower of the World Trade Center, New York City
- 9:03 a.m. - United Airlines flight no. 175, carrying 65 people, crashes into the south tower of the World Trade Center, New York City
- 9:43 a.m. - American Airlines flight no. 77, carrying 64 people, crashes into the Pentagon, Washington, D.C.
- 9:59 a.m. - The south tower of the World Trade Center collapses
- 10:10 a.m. - United Airlines flight no. 93, carrying 45 people, crashes in Somerset County, Pennsylvania
- 10:29 a.m. - The north tower of the World Trade Center collapses

3,045 lives lost

"Fire Station Bell Memorial Ring"

5-5-5 is the standard signal for Line of Duty Death. It was originally used in the State of New York in the days of telegraph alarm systems. When a Line of Duty Death was reported, a firefighter would key in the code 5-5-5, followed by the box number nearest the death, and dispatch it to all fire department dispatch boxes within the state.

Lyrics to

"God Bless America"

written by Irving Berlin

God bless America, land that I love,
Stand beside her and guide her
through the night with the light from above,
From the mountains to the prairies to the oceans white with foam,
God bless America, my home sweet home,
God bless America, land that I love,
Stand beside her and guide her
through the night with the light from above,
From the mountains to the prairies to the oceans white with foam,
God bless America, my home sweet home,
From the mountains to the prairies to the oceans white with foam,
God bless America, my home sweet home
God bless America, my home sweet home

Program

Wednesday, September 11, 2002

12:00 noon - 1:00 pm

Capitol Mall Plaza

Color-Guard and Posting of the Colors



Tualatin Valley Fire & Rescue Pipes and Drums

And

Portland Police Highland Guard



Procession of first responders representing
police, fire, military, medical, 911 operators,
wildland fire fighters, public works,
public health and volunteer organizations



Firefighter's Prayer

Delivered by Dennis Simons

Chaplain for the Oregon Fire Chiefs' Association



Fire Station Bell Memorial Ring



Moment of Silence



The Bells of Tualatin Valley Jr. Academy

Performing "America the Beautiful"



Remarks by John A. Kitzhaber, M.D.

Governor



Oregon State Police Trooper Dan Johnson

Singing a Patriotic Medley



Invitation to Join in the Singing of

"God Bless America"



The Bells of Tualatin Valley Jr. Academy

Performing "Cappriccio"



Oregon Air National Guard Fly-Over

Contributors

Office of the Governor
Oregon State Police
Oregon State Fire Marshal
Oregon Emergency Management
Oregon National Guard
Oregon Department of Administrative Services,
Facilities Division, Operations & Maintenance Section
Legislative Administration and Facilities
Legislative Media
Capitol Visitor Services
Capitol Mall Security
Oregon Association Chiefs of Police
Oregon State Sheriffs' Association
Oregon Fire Chiefs' Association
Oregon Association of Public Safety Communications Officials
Oregon State Printing & Distribution Services
Oregon School for the Deaf
Tualatin Valley Fire & Rescue Pipes and Drums
Portland Police Highland Guard
City of Salem Police and Fire
City of Salem Parks & Recreation
The Bells of Tualatin Valley Jr. Academy
American Red Cross, Willamette Chapter
Salem Capitol Community TV
Salem Area Mass Transit District
American Medical Response
West Salem High School ASB Leadership
Timberland Store Employees, Woodburn Outlet Mall
Girl Scout Cadets, Troop 158
U.S. Naval Sea Cadet Corps, Oregon Chapter

Pins donated by Oregon Association Chiefs of Police, Oregon State Sheriffs' Association, Oregon Fire Chiefs' Association and Oregon Association of Public Safety Communications Officials and assembled by inmates of the Marion County jail. Sound system and services donated by Omega Audio (Portland) and American Medical Response (Portland).



FOR IMMEDIATE RELEASE

August 8, 2002

Contact:

Tom Towslee
(503) 378-6496
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(503) 378-6169

GOVERNOR TO LEAD SEPTEMBER 11 COMMEMORATION

Governor John Kitzhaber is planning a noon ceremony at the Capitol on Wednesday, September 11, 2002 to recognize the one-year anniversary of the terrorist attacks on New York City and Washington D.C. Named "An Oregon Commemoration: Remembering September 11, 2001," the ceremony will focus on the victims: those who lost their lives and the families who continue to cope with their loss. It will also honor the emergency personnel who bravely responded to the crash sites, and it will celebrate the strength of the American spirit during its recovery over the past year.

The one-hour event will be held across the street from the Capitol Building in the Capitol Mall Plaza. The program will begin with a procession of police, fire, medical, public health and public works responders led by the Tualatin Valley Fire & Rescue Pipes and Drum Corps. Dozens of emergency and military vehicles from around the state will be parked along Court Street and fire trucks from several jurisdictions will form an arch with their extended ladders. An honor guard comprised of numerous law enforcement and military agencies will present the colors, followed by the reading of the Firefighters' Prayer, the ringing of a station bell and a moment of silence. A military fly-over is being planned by the Oregon Air National Guard.

Special musical performances include a patriotic medley sung by Oregon State Police Trooper Dan Johnson and the Tualatin Valley Junior Academy bell choir. The Bells of the Tualatin Valley Junior Academy, also known professionally as "The Ring of Fire," have performed at the inauguration of President George W. Bush and at post-September 11 ceremonies in New York City and Washington, D.C. Governor Kitzhaber will deliver brief, keynote remarks. Choirs will be invited to perform in the Capitol Rotunda throughout the day (contact: Earlene Naylor, Capitol Building Visitor Services, 503-986-1624).

The planning team includes representatives from the Oregon State Police, Oregon Military Department, Oregon Emergency Management, the State Fire Marshal, Oregon Association Chiefs of Police, Oregon State Sheriffs' Association, Oregon Fire Chiefs' Association and the Oregon Association of Public Safety Communication Officials. The ceremony coordinator is Teri Lemman, Governor's office, 503-373-1565, teri.lemman@state.or.us.

SPECIAL NOTE TO MEDIA: Press packets will be available on September 5. The packets will contain detailed information on the schedule of events, biographical information on the participants, parking and staging information. Parking for television satellite trucks is available by contacting Lt. Gower of the Oregon State Police (503-986-1122) for arrangements.

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**GOVERNOR'S SEPTEMBER 11 ANNIVERSARY CEREMONY
CORE PLANNING TEAM**



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Revised 8/8/02

OFFICE OF THE GOVERNOR
STATE OF OREGON



PROCLAMATION

WHEREAS: On September 11, 2001, the United States suffered the worst terrorist attack in its history when thousands of innocent lives were lost; and

WHEREAS: The State of Oregon wishes to remember and memorialize the victims and convey to the victims' families its compassion and grief for their loss; and

WHEREAS: The State of Oregon also wishes to commend the heroic efforts of our nation's first responders; and

WHEREAS: The United States of America remains a strong nation and leads the world in the pursuit of justice and peace.

NOW,

THEREFORE, I, John A. Kitzhaber, Governor of the State of Oregon, hereby declare that the State of Oregon, on behalf of its citizens and communities, recognize the one-year anniversary of the terrorist attacks of September 11, 2001 with a commemoration at the State Capitol Building in Salem on Wednesday, September 11, 2002, beginning at 12:00 p.m.; and I hereby order flags in the State of Oregon to be flown at half-staff from sunrise to sunset on this same day of remembrance.

IN WITNESS WHEREOF, I hereunto set my hand and cause the Great Seal of the State of Oregon to be affixed. Done at the Capitol in the City of Salem in the State of Oregon on this day, August 28, 2002.



John A. Kitzhaber, Governor

Bill Bradbury, Secretary of State

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



The Oregon Children's Plan

Introduction

The Oregon Children's Plan represents the continuation of a long-time endeavor to identify and assist at-risk children and their families. The Plan, which will increase services available to children and families through the State and counties, expands the Healthy Start program statewide with its emphasis on home visiting, and it continues implementation of the early childhood planning portion of Senate Bill 555. (SB 555, established by the 1999 Legislature, is a comprehensive policy for Oregon's children and families. SB 555 directs state agencies to establish policies for a statewide early childhood system of social supports and requires the development of a local coordinated comprehensive plan that includes children ages 0-8 and their families.)

The Oregon Children's Plan, which is entirely voluntary and optional, focuses resources on front-end prevention and treatment instead of after-the-fact intervention. Currently, the state invests substantial and growing amounts of funding to address problems after they occur when children have become mired in the social welfare system or the criminal justice system. In recent years Oregon has seen a massive expansion of prisons, a costly consequence of our failure to help ensure that all the State's children get a healthy start in life.

The Plan begins at birth. It provides for voluntary screening of all first-born children for both medical and social risks. The State's screening costs are limited to technical development and training for medical personnel. Actual screening could be as simple as taking a patient's history, something that physicians already do when seeing a new patient. Children who are exposed to one or more risks will be offered coordinated assessment and a plan for in-home and out-of-home services. For families that don't need assistance with further assessment or services, there would be no additional cost to the state. Although participation in the Plan is voluntary, in an early pilot model 93 percent of families who were offered the opportunity elected to take part.

The goal of the Oregon Children's Plan is to screen all Oregon children and to provide follow-up support to those families who need and request it. However, the measure is woefully under funded and predicted to reach less than 40% of those families in need. By focusing initially on first-borns, the Plan provides an important start with a cohort that can be effectively evaluated. Also, many of the social risks for first births, if addressed, will also be addressed for subsequent children.

The Governor remains solidly committed to all of Oregon's children. In his proposed budget to the 2001 Legislature he maintained and even increased the budget by \$10 million-raising it to \$30 million-for high-risk juveniles in criminal prevention programs. That brought the total dollars budgeted for community-based, youth crime prevention to \$96 million.

The 2001 Legislature approved a \$60 million budget for key early childhood services under the Oregon Children's Plan (the Governor had proposed \$66 million). The funds were to be allocated from both new revenue and from funds redirected from other programs.

The plan will be available in all 36 counties. A key feature is the coordination of existing programs into a system of supports. The Plan proposes to replace the current fragmented system with a comprehensive approach for helping

children. In most cases, the funds redirected from other programs will continue to target many of the same families.

Sixty percent of Oregon children are born with risks that can adversely affect their success in life. The Oregon Children's Plan is based on research that shows by identifying and addressing these risks early, we can help children succeed in school and avoid future problems such as drug abuse, school failure, delinquency, or incarceration. Oregon taxpayers will benefit as well by the decreased need to fund costs associated with services such as drug treatment and justice system programs for delinquent youth. A cost-benefit analysis of the early pilot model of the Oregon Children's Plan found that for those dollars invested, more were saved in other, more costly services.

In a report issued in June 2000, the Citizen's Crime Commission stated, "We cannot afford to ignore programs and policies proven to work in reducing juvenile delinquency. The resources for these programs must be found. We must no longer give 'lip service' to making children a priority: we must literally put our money where our mouth is." The Oregon Children's Plan takes up the Commission's challenge.

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[**Office of the Governor - Health, Human Services, Labor Policy Staff**](#)



Oregon Children's Plan – HB 3659 Frequently Asked Questions

What is the Oregon Children's Plan?

The Oregon Children's Plan is a systematic approach to identifying needs early and responding with the most appropriate type of support for the child and family. The key components of the OCP include early identification, assessment, referral, service plans and a broad spectrum of early childhood services. The Children's Plan will increase the availability of key services and improve coordination within the service delivery system.

Where did the Oregon Children's Plan come from?

The Oregon Children's Plan has its roots in several different state and local efforts. Governor Kitzhaber proposed the Oregon Children's Plan in 2001 based on the common ground from these efforts. The efforts include:

- ✓ Healthy Start program, begun in 1993
- ✓ SB 555 from the 1999 Legislative Session
- ✓ Early Childhood System Work Group, part of the Governor's Strategy for Social Support (1999)
- ✓ Legislative Interim Committee on Children and Families, 2000
- ✓ Citizen's Crime Commission report entitled "KIIDS", 2000

FUNDING AND BUDGET

What is the budget for the Oregon Children's Plan?

The 2001 Legislature approved a \$60 million budget for key early childhood services under the Oregon Children's Plan (the Governor had proposed \$66 million). The key services and budget breakdown includes:

- | | |
|--|---|
| • Early Identification | \$1.3 million (Oregon Commission on Children & Families and Dept. of Human Services) |
| • Home Visiting Services | \$29.3 million (Oregon Commission on Children & Families and Dept. of Human Services) |
| • Community Based Services | \$8.3 million (Oregon Commission on Children & Families) |
| • Preschool | \$5.9 million to expand Oregon Prekindergarten/Head Start (Oregon Dept. of Education) |
| • Mental Health and Alcohol & Drug Treatment | \$11 million (Dept. of Human Services) |
| • Evaluation and Technical Assistance | \$ 3.4 million (Oregon Commission on Children & Families) |

Funding for the Oregon Children's Plan will be on delayed roll out. Existing Healthy Start counties remain at 60% of full funding until January 2003. Counties currently without Healthy Start get 60% of full funding February 2002, and all counties will be funded at 80% of full funding January 2003. The legislature expects communities, businesses, and foundations to contribute the balance of funding.

How flexible are Great Start funds?

Great Start funds are flexible resources local commissions are given to put in place research-based programs in each county to support identified families' needs. There are two primary changes to Great Start: 1) the age range expanded from 0-6 to 0-8; and 2) the funds are to be used to put research-based programs in place. The OCCF has conducted research on best practices and is posting information on their web site. Training will be conducted on best practices in February 2002. These funds will be used for the "community-based services" component (see above).

If we already have a Healthy Start Program, will we get additional funds under the Oregon Children's Plan?

The Oregon Children's Plan significantly enhances Healthy Start funding so home visits will be available to children throughout the state and so that nurse home visits are also available. Counties that already have a Healthy Start program will be able to enhance services to families by working with partners to connect families to additional OCP services such as local alcohol and drug treatment and mental health treatment programs. Overall, the OCP increases funding for home visits for more children and their families.

Can county boards of commissioners use OCP funds to fund other county services (such as juvenile departments or health departments)?

No. Funds for the Oregon Children's Plan are intended to put in place a systematic approach to identifying the needs of pregnant women and children birth to 8 years of age and responding with the most appropriate type of support. The key components of the OCP include early identification, assessment, referral, and coordination of a broad spectrum of early childhood services. OCP funds may be used only to fund the OCP.

PLANNING & COORDINATION

Will there be a separate planning process for the OCP or will it be folded into existing planning processes?

HB3659 of the 2001 Legislative Session, the Oregon Children's Plan bill, amended SB 555 from the 1999 Legislative Session to detail the key components of an early childhood system. As a result, it follows the planning framework established under SB 555. The new statute directs the State Commission on Children and Families, the Department of Education and the Department of Human Services to establish policies for a statewide early childhood system of supports, including planning, outcomes, coordination of services and consolidation of administrative functions. The statute directs the state and local commissions to facilitate the development of a coordinated comprehensive plan for children and families with one emphasis being on an early childhood system for children 0-8 years (as detailed by the Oregon Children's Plan). We will use this statutory planning process to ensure that the Oregon Children's Plan is in place and functioning in every county. Local plans will be submitted by each county board of commissioner to the State Commission on Children and Families.

How do 0-8 program elements, which are a piece of the OCP going to be seen in the SB 555 planning process?

Coordinated, comprehensive planning, through SB 555, is designed to prioritize limited resources and to convey issues of local importance. As counties look ahead to the implementation phase of the planning process, early childhood programs may be reflected in several ways:

- ✓ *As part of a strategy.* County planners select strategies that are intended to make progress toward identified priorities. In general, strategies will be broad enough to engage the work of multiple, specific programs. For example, the strategy, "Strengthen parenting skill through home visitations, parenting classes and support groups" broadly reflects the work of multiple partners.
- ✓ *As part of the mapping update.* A second area programs may find a connection to the plan is in the "mapping" section. State and local data is included here. Data demonstrating significant risk or need could relate to particular programs, populations or areas. For instance, data on the number of childcare slots may reflect a large need for infant childcare.
- ✓ *As part of the analysis section.* A third area is in the local analysis of data. This section frequently includes local perspectives about the strengths, gaps and barriers seen in a county. A listing of needs might indicate that certain services are lacking for diverse populations,

Plans holistically reflect a county portrait. Whether it is in the particular section of data and analysis, or priorities and strategies, specific programs may see a connection to the SB555 plan.

Who will determine how the Oregon Children's Plan (early childhood system) planning portion of SB 555 is implemented at the local level?

As a result of both SB 555 and HB 3659, statute directs the state and local commissions to facilitate the development of a coordinated comprehensive plan for children and families with one emphasis being on children 0-8. We will use this statutory planning process to ensure that the Oregon Children's Plan is in place and functioning in every county. Local plans will be submitted by each board of commissioners to the State Commission on Children and Families because the boards have the legal and statutory responsibility to do so.

What are the expected outcomes for the Oregon Children's Plan?

Statute requires the Directors of the Oregon Commission on Children and Families, the Department of Human Services and the Department of Education to set high-level and intermediate outcomes for the Oregon Children's Plan. The Directors drafted outcomes and asked for feedback from local partners. The feedback is being incorporated and outcomes will be finalized in February 2002. It is expected that many of the outcomes for the Oregon Children's Plan will coincide with the outcomes identified for SB 555.

How will services be coordinated at the state and local levels?

First, statute requires state agencies to establish coordinated policies & services, joint outcomes & data, and to streamline administration. Second, statute asks that local agencies build a continuum of coordinated services

and also streamline program administration. Finally, it is expected that key early childhood services (as articulated in the Oregon Children's Plan) will use a "team case management" approach. In this approach providers work together to ensure that child/family need determines the service that is provided and how it will be provided.

IMPLEMENTATION

Is the Children's Plan only intended for first-born children? What about older children or 2nd, 3rd or 4th born?

The goal of the OCP is to screen and provide follow-up support to those families who need and want it, for ALL Oregon children. This will help quantify need and prioritize services and supports for those children and families most in need.

The OCP budget is significantly under-funded to accomplish this goal. For service delivery purposes, programs receiving OCP funds, including Healthy Start, Mental Health and Addiction Services, should be viewed as sponsorship for first-born children/families with insufficient resources. Non-first born children/families should be linked to other existing resources and services. For older first-born children, OCP will not expend the first dollar. Other services will be sought first. If no other resources are available, OCP may be an option for those children.

How will mental health and addiction services be included as part of the early childhood system of supports under the Oregon Children's Plan?

It is estimated that approximately 20% of families screened through the OCP process will need mental health or addiction treatment. It is expected that qualified providers of mental health and addiction services work with other providers of key services under the OCP to form a multi-disciplinary team that will ensure the child/family received needed services and that those services are coordinated and not duplicated.

Why does the OCP start with screening by doctors or other medical personnel?

The health care community comes into contact with the vast majority of women during pregnancy and at birth. Doctors, nurses and other early caregivers are often the first to spot a potential area of risk or concern. They are also often in a position to encourage a family to consider the offer of support services. Research and practice is clear that earlier is better when addressing a problem. The goal of the Oregon Children's Plan is to begin as soon as possible. In addition, there are certain conditions of medical importance whose early identification are subtle, but can otherwise be life threatening (failure to thrive, developmental delays, etc.).

Will local communities be able to access additional Medicaid funds for Oregon Children's Plan services?

Yes. Many of the key services funded under the Oregon Children's Plan are Medicaid "match-able". Medicaid funds may be able to be accessed for the portion of services that are funded with state or local general funds or with private donations if the services provided with those funds support the Medicaid program. The match rate is approximately 60% federal, 40% state or local public funds.

There are two general types of Medicaid (or Title XIX) matching: 1) administration and 2) services. Examples of administration claims could include referral and coordination, coordinated case management, interagency coordination and other efforts. Service claims are typically provided by physicians or hospitals. Service claims could also involve “targeted case management” for eligible clients (this may include medical, social or educational services).

Because matching is complicated, staff at the Department of Human Services has been assigned to help communities identify and realize the possibilities. Counties may, for example, need to pay attention to how and where Children’s Plan funds will be invested.

Will there be Quality Assurance Standards for services under the Oregon Children’s Plan?

Yes. Quality Assurance Standards are based on six overarching themes:

- ✓ Family-centered practices
- ✓ Comprehensive and responsive services
- ✓ Respect for diversity
- ✓ Qualified staff
- ✓ Effective partnerships
- ✓ Results-based accountability

How will data be kept?

A plan for an Early Childhood Data System is being jointly developed according to state and statutory data standards. The Department of Human Services is leading the effort. The System will be developed by linking data from existing systems, not by creating one new “super system”. The development will occur in three phases:

- Phase One: Identification and screening processes
- Phase Two: Assessment, referral and service delivery
- Phase Three: Evaluation

The System will be governed by values that preserve confidentiality and data security, ensure multi-agency cooperation and provide for easy use.

MENTAL HEALTH AND ADDICTION SERVICES

What does the OCP mental health and addiction services funding mean to families in my county?

It means that families, with young children, who struggle with substance abuse issues or who have a mental health concern will have an additional opportunity to get help. Mental health and addiction services under the OCP will be available directly to families. This means that families will get the help they need, and funds will be provided to pay for these services.

What kind of treatment services will be available for mental health and addiction issues?

Eligible treatment providers will make available essential treatment services. Supportive and preventive services will also be available.

Who will deliver OCP Mental Health and Addiction services?

Providers in each county will be identified who meet specific criteria for early childhood related treatment. For addiction services, providers must have a Women's Specific Letter of Approval from the Office of Mental Health and Addiction Services. For mental health services, providers must have early childhood mental health qualifications and capacity.

When will the mental health and addiction services begin?

Service delivery has already begun in several counties (Jackson, Lane, Clackamas, Hood River, Wasco, Sherman and Gilliam). Other counties will be added in March, with services available to all counties by June.

How will local communities access the mental health and addiction services?

Resources are available on a county or regional basis through fee-for-service by qualified providers. All providers in the county or region must collaborate to not exceed the county's billing cap.

Will providers bypass Prior Authorization (PA) processing?

The OCP services do not require prior authorization.

Will clients who have insurance be eligible for OCP funded services?

Only if their insurance does not cover the services they need.

When does the eligible child become too old? At his 8th birthday or 9th?

At the 9th birthday and the entire family is no long eligible for OCP services. Services that have begun prior to the child's 9th birthday will be completed, but the family would not be eligible for additional services.

Currently, if a client is not a member of a Mental Health Organization they have to receive services from county mental health services. Is this affected by OCP?

County mental health and A&D providers for clients not enrolled with a Managed Care Organization will provide OCP services. Claims will be processed fee-for-service.

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



House Bill 3659

- [Direct link to House Bill 3659](#) *
- [Summary of House Bill 3659](#) *
- [Revised OCP Budget Summary](#) *

* Note: You need [Adobe Acrobat Reader](#) to review this document

Legislature Approves HB 3659, The Oregon Children's Plan

The children and families of Oregon won a significant victory July 7, 2001 when the legislature passed the Oregon Children's Plan (OCP). The vote in the Senate was 25 to 4 (voting no Senators R. Beyer, George, Harper, and Miller); and in the House 50 to 10 (voting no Representatives Butler, Close, Hayden, Kropf, Krummel, Lowe, P. Smith, Wilson, Witt and Zauner).

House Bill 3659 became the vehicle for the Plan, which originated as SB 965. The measure improves the Healthy Start program by adding early identification, nurse home visits, and connection to mental health and substance abuse treatment and makes it available statewide. It also directs the Commission for Child Care to create the Task Force on Financing Quality Child Care.

Amendments emphasize voluntary participation and require written consent for participation in services. Also modified were provisions relating to family resource centers, relief nurseries, Great Start grants, Oregon prekindergarten programs, and parent-as-teacher programs.

The measure was funded at \$60 million total funds (the Governor proposed \$66 million). Some funding in the State Commission on Children and Families' budget for the OCP was reduced for the Healthy Start roll out, staff and evaluation. There were also reductions in mental health and alcohol and drug services.

Overall, however, the focus, funding and direction of the original Plan survived. It will provide an early childhood system with these goals:

1. Prevent child abuse and neglect
2. Improve the health and development of young children
3. Promote bonding and attachment in the early years of a child's life.
4. Support parents in providing the optimum environment for their young children.
5. Link and integrate services and supports in the voluntary statewide and local early childhood systems.
6. Ensure that children are entering school ready to learn
7. Ensure that children receive quality child care.

Now the difficult but essential work of implementation begins. Realizing the goals above will require a continuation of the dedication and perseverance demonstrated by those who made the development and passage of the Children's Plan possible.

Friends and supporters of Oregon's children and families can be proud of their efforts to establish this important piece of legislation. Their hard work all session providing education and support for the measure paid off. The Children's Plan is a prevention program that will help Oregon 's children become successful, productive members of their community.

The final version of the bill can be found at: http://pub.das.state.or.us/LEG_BILLS/PDFs/BEHB3659.pdf

More details will be posted on this website as they become available. [/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/gol_health.htm](#)



Oregon Children's Plan Work Plan

September 2001 – March 2003

OCP Tasks	Lead	Partners	Timeline
1. Relating 0-8 planning and SB555 planning	State Commission	DHS ODE County Partners	9/15/01-3/30/02
2. Linkage of "Special Programs"	Early Childhood Team	DHS ODE State & Local Commission Childcare	4/1/02
3. When does a child become part of the system	OCP Policy Group	DHS ODE State Commission	9/30/01 COMPLETED
4. Accessing alcohol and drug and mental health services in the OCP	DHS	Office of Family Health HB3024 Work Group OCCF/Healthy Start DHS Director's Office Early Childhood Team	12/1/01 Incremental Rollout COMPLETED 1/1/03
5. Data system plan and implementation	DHS	ODE State Commission	6/30/02
6. Childcare financing plan	Childcare, division	Childcare Task Force Childcare Commission	12/30/02
7. Healthy Start Program Changes	State Commission	Local Commission Public Health Local Healthy Start	3/30/02
8. A. Independent evaluation of the OCP	State Commission	DHS ODE Childcare University System	12/1/02
8. B. Healthy Start evaluation	State Commission	Local Commission Public Health Local Healthy Start	12/1/02

Oregon Children's Plan Work Plan- (Continued)

OCP Tasks	Lead	Partners	Timeline
9. Model programs "out of home"	OCCF	DHS ODE	1/30/02
10. Technical assistance planning	Early Childhood Team	DHS ODE State Commission	7/1/01 Continuos
11. Kick-off / update conference	Governor's Office	DHS ODE State Commission Childcare	1/10/02
12. State / local communication planning	Early Childhood Team	DHS ODE State Commission Childcare	4/30/01
13. Screening: process, tools and protocols	Early Childhood Team	DHS ODE State Commission	9/1/01- 7/1/02
14. Policy group	Governor's Staff	DHS ODE State Commission State Agency Heads	9/30/01 COMPLETED
15. Establish benchmarks and outcomes	Policy Group	DHS ODE State Commission	1/30/02
16. Report to Governor and legislator	State Commission	DHS ODE Childcare	1/30/03

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Governor's Testimony

- [May 8, 2001 - Senate Rules and Redistricting](#)
- [February 21, 2001 - Ways and Means Subcommittee on Human Resources](#)

Governor's Testimony Senate Rules and Redistricting May 8, 2001 Governor John Kitzhaber

SB 965, otherwise known as the Oregon Children's Plan, may well be the most important initiative in the \$12 billion budget I have submitted to you this session. It is important for two reasons. First, it gives our children the foundation to succeed. It gives real substance to the often-used phrases: "Let's put our children first" and "Children are our most important resource". Second, it is important because of its potential impact on the cost and scope of state services in the future.

Let me start with the second, by offering a context for the budget you and your colleagues will consider. Ten years after the passage of Ballot Measure 5, we are at the end of an era. During the 1990's state government assumed the major responsibility for funding primary and secondary schools. In 1989, the year before Measure 5, the K-12 budget was \$1.17 billion ñ or about 24 percent of the general fund. Today it is \$5.2 billion ñ or about 43 percent of the general fund.

In 1994 Oregon adopted a "one strike and you're out" policy with Ballot Measure 11, and our public safety budget ballooned. In the last biennium before Measure 11, the budget for the Oregon Department of Correction was \$363 million. Today it has grown to \$863 million ñ and we have bonded an additional \$1 billion to finance prison construction.

In this same five-year time period our population grew by 600,000 people, and the number of children in our public school system increased by 60,000. There has been no general tax increase to offset these costs to the contrary, over the last decade, we have returned \$1 billion to individuals and corporations through the kicker and cut the capital gains tax. And, last November, the voters approved another \$160 million tax cut with the passage of Ballot Measure 88.

These actions would have had a devastating effect on the state were it not for two things: the longest period of sustained economic growth on record, and the introduction and expansion of video poker. As a result, in every biennium since 1993, there has been more revenue available to the legislature at the end of the session than at the beginning.

Those days are over. We are looking at flat, if not reduced revenue, next week. The economy is slowing and we are left with a challenge of a state budget that cannot be sustained over time with the revenue we anticipate.

So, how do we survive? How do we have it all? How can we continue to invest in improving the quality of our schools, a growing prison population and the other rising costs of doing business when the economy ñ which made it all possible in the first place ñ is slowing?

The answer, in the absence of new revenue, is prevention. That is why SB 965 is critical.

SB 965 completes the comprehensive approach to prevention put in place by SB 555 in the 1999 Legislature. The Juvenile Crime Prevention and Alcohol & Drug components of SB 555 will help prevent older at-risk youth and their families from entering the juvenile justice system, and lives of destruction. But it is not soon enough for some children and families. In many cases the pattern of behavior and risk factors is set much earlier in life, when the child is 5, or 3, or 3 months.

SB 965 will provide support to all children and families who need and want it. And, most importantly, it will lay the foundation to identify at risk children ñ before they even get into school, before they get into trouble ñ and it will provide them the support they need to ensure successful and productive lives.

Preventing problems from occurring in the first place can save millions of dollars in future years. Although the numbers vary, many studies show that dollars invested in this type of prevention, save in many more dollars in avoided costs later in life. The packet of information provided to you on SB 965 includes a summary of the research on cost savings. This kind of return on investment ñ in terms of our capacity to sustain the state budget into the future ñ is something we cannot afford not to do.

But while the budgetary case for the SB 965 is a compelling one, it pales in significance next to the human side of the equation.

If the headline in tomorrow's paper read: "Six out of ten Oregon children exposed to a potentially fatal, preventable disease", you would be shocked and outraged. And, rightly so.

Yet, this is not a hypothetical situation. Each year, we lose thousands of children to school failure, school drop out and subsequent involvement in the criminal justice system. Sixty percent of children born in Oregon today have at least one social or medical risk factor that puts them in jeopardy. Over forty percent of our children arrive at school unable to fully take advantage of the learning experience due to these same risk factors.

The fact of the matter is that we know who these children are long before they veer off the road to success. We know that there is a set of easily identifiable risk factors that have a close, well-documented correlation with school drop out and juvenile criminal activity later in life. These risk factors occur in the home and include: parents who are living at or below the federal poverty level or who abuse drugs or alcohol; parents who have been incarcerated in the criminal justice system or with a history of domestic violence; single parent households and teenage parents.

The fact that we know these risk factors, we know the children they effect, and the fact that we fail to do

something about it is unconscionable. Especially when we also know the kinds of programs and supports that have been proven to be effective in preventing these tragic outcomes and making these children and their families successful.

That is exactly what SB 965 is designed to do. It is an effort to first, provide all families with the information they need to raise healthy children; second to identify as early as possible children and families who would benefit from additional help and who would voluntarily sign up to receive it; and third, to offer those children and families with the in-home and out-of-home supports they need to raise healthy, well-developed children.

SB 965 builds on the efforts of Healthy Start, Early Intervention and other programs by adding missing elements and linking them together into a comprehensive and coordinated system of supports. SB 965 includes: early problem identification; home visits and in-home supports; substance abuse and mental health treatment; community based programs such as relief nurseries, parent training and other assistance to parents; and early learning opportunities such as the Oregon Prekindergarten Program.

Participation is entirely voluntary. And, the supports are family-driven and delivered at a community level. Research-based practices, a focus on outcomes and quality assurance will guarantee effective results. Our data shows that each of the supports I mentioned is needed and that each needs to work with the others in a systemic fashion in order to achieve desired results.

I understand that SB 965 represents a shift in state priorities from after-the-fact intervention to front-end prevention and treatment. But it is an important shift and one that must be made both because of the human consequences of failing to do so and because of the fiscal reality we face.

I also understand this type of investment will not come easily. All general fund dollars have constituencies attached to them. Fiscal limits mean that priorities must be set, and my budget proposal to you includes cuts that also carry with them very real human consequences and cuts in public safety, cuts in services to seniors, and cuts in higher education. But, I am willing to defend these choices on the basis that putting an emphasis on prevention reflects a higher priority than paying more to mitigate problems after they have already developed.

To close, let me put the Oregon Children's Plan into the budget context again. The K-12 budget accounts for 43 percent of the general fund; higher education 7 percent; public safety 11 percent; the budget for senior citizens 4 percent. The proposed budget for the Oregon Children's Plan accounts for one half of one percent of the general fund. One half of one percent. And, SB 965 would only be available to first births, which represents less than half of Oregon's children. We should be offering these important services and protections to all of Oregon's children.

This is not a budget argument. It is about whether we have the courage to change our priorities, reflected by how we invest our resources. It is about whether we are willing to be accountable for the outcomes of the resources we invest, and the outcomes for the resources we fail to invest. This is about the depth of our commitment to give a voice to the voiceless. It is about really putting children first.

SB 965 gives us the tool. Whether we wield it or not is up to us.

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Governor's Testimony
Ways and Means Subcommittee on Human Resources
February 21, 2001
Governor John Kitzhaber

The Oregon Children's Plan may well be the most important initiative in the \$12 billion budget I have submitted to you this session. It is important for two reasons. First, it gives our children the foundation to succeed. It gives real substance to the often-used phrases: "Let's put our children first" and "Children are our most important resource". Second, it is important because of its potential impact on the cost and scope of state services in the future.

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So, how do we survive? How do we have it all? How can we continue to invest in improving the quality of our schools, a growing prison population and the other rising costs of doing business when the economy ñ which made it all possible in the first place ñ is slowing?

The answer, in the absence of new revenue, is prevention. That is why the Oregon Children's Plan is critical.

The Oregon Children's Plan completes the comprehensive approach to prevention put in place by SB 555 in the 1999 Legislature. The Juvenile Crime Prevention and Alcohol & Drug components of SB 555 will help prevent older at-risk youth and their families from entering the juvenile justice system, and lives of destruction. But it is not soon enough for some children and families. In many cases the pattern of behavior and risk factors is set much earlier in life, when the child is 5, or 3, or 3 months.

The Oregon Children's Plan will provide support to all children and families who need and want it. And, most importantly, it will lay the foundation to identify at risk children ñ before they even get into school, before they get into trouble ñ and it will provide them the support they need to ensure successful and productive lives.

Preventing problems from occurring in the first place can save millions of dollars in future years. For every dollar invested in this type of prevention, for example, over four dollars are saved in avoided costs later in life. This kind of return on investment ñ in terms of our capacity to sustain the state budget into the future ñ is something we cannot afford not to do.

But while the budgetary case for the Oregon Children's Plan is a compelling one, it pales in significance next to the human side of the equation.

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The fact of the matter is that we know who these children are long before they veer off the road to success. We know that there is a set of easily identifiable risk factors that have a close, well-documented correlation with school drop out and juvenile criminal activity later in life. These risk factors occur in the home and include: parents who are living at or below the federal poverty level or who abuse drugs or alcohol; parents who have been incarcerated in the criminal justice system or with a history of domestic violence; single parent households and teenage parents.

The fact that we know these risk factors, we know the children they affect, and the fact that we fail to do something about it is unconscionable. Especially when we also know the kinds of programs and supports that have been proven to be effective in preventing these tragic outcomes and making these children and their families successful.

That is exactly what the Oregon Children's Plan is designed to do. It is a \$66 million effort -- \$28 million in new revenue and \$38 million redirected from other programs -- to screen all first births in Oregon for the risks that can negatively effect a child's life. Children that screen positively for risks will be offered in-home and out-of-home supports.

The Oregon Children's Plan builds on the efforts of Healthy Start, Early Intervention and other programs by adding missing elements and linking them together into a comprehensive and coordinated system of supports. The Oregon Children's Plan includes: prenatal and at-birth screening; community based

programs; home visits and in-home supports; substance abuse and mental health treatment; relief nurseries, parent training and other assistance to parents; and early learning opportunities such as the Oregon Prekindergarten Program.

All supports are voluntary, family-driven and are delivered at a community level. Research-based practices, a focus on outcomes and quality assurance will guarantee effective results. But, our data shows that each of these supports is needed ñ and that each needs to work with the others in a systemic fashionñ in order to achieve desired results.

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I also understand this type of investment will not come easily. All general fund dollars have constituencies attached to them. Fiscal limits mean that priorities must be set, and my budget proposal to you includes cuts that also carry with them very real human consequences ñ cuts in public safety, cuts in services to seniors, and cuts in higher education. But, I am willing to defend these choices on the basis that putting an emphasis on prevention reflects a higher priority than paying more to mitigate problems after they have already developed.

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This is not merely a budget argument. It is about whether we have the courage to change our priorities, reflected by how we invest our resources. It is about whether we are willing to be accountable for the outcomes of the resources we

invest, and the outcomes for the resources we fail to invest. This is about the depth of our commitment to give a voice to the voiceless. It is about really putting children first.

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Press Releases

- [Legislators And Community Groups Join Governor To Urge Passage Of Oregon Children's Plan - June 6, 2001](#)
- [Governor Announces Comprehensive "Oregon Children's Plan" - November 28, 2000](#)

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The Oregon Childrenís Plan Budget

"We cannot afford to ignore programs and policies proven to work in reducing juvenile delinquency. The resources for these programs must be found. We must no longer give "lip service" to making children a priority: we must literally put our money where our mouth is."

--Citizen's Crime Commission KIDS Report, June 2000

Sixty percent of Oregon children are born with risks that can affect their success in life. By identifying these risks early we can give Oregon children the opportunity to succeed in life, in school and avoid future problems such as drug addiction, school failure, delinquency or incarceration. Early investments in our children will benefit Oregon communities, families and schools.

This budget allocates \$60-million to the Oregon Childrenís Plan - \$21.3 million in new revenue and \$38.7million redirected from other programs. The Oregon Childrenís Plan will screen all first births in Oregon for an identifiable set of risks that can negatively affect a childís life. Children who screen positively for one or more risks will be offered in-home and out-of-home services. Although participation in this program is voluntary, in an early pilot model of the Oregon Childrenís Plan, 93 percent of families elected to participate.

The Oregon Childrenís Plan represents a significant shift in state priorities. Currently, we invest a substantial and growing part of the General Fund budget to address problems after they have occurred -- children who have failed in school, and who have become mired in the social welfare system or the criminal justice system. The Oregon Childrenís Plan will target resources toward those children with the highest risk of this tragic future. This investment represents a reprioritization of resources from after-the-fact intervention to front-end prevention and treatment.

This investment will make an enormous difference in the lives of thousands of Oregonís children and their families. Today, 42 percent of Oregon children show up for their first day of kindergarten unable to fully participate or engage in learning. The Oregon Childrenís Plan will increase the number of children who come to school ready to learn by identifying risks and then providing children and their parents with the services and supports necessary to address them.

The Oregon Childrenís Plan, which will be available in all 36 counties, proposes to replace the current fragmented system with a comprehensive approach for helping children. The Plan will make Oregon the first state in the nation to systematically screen for risks prenatally and at-birth for the earliest possible identification and treatment of potential

problems.

The following services will be provided to children and parents through the Oregon Children's Plan:

1. Prenatal/At-birth Screening (\$1.3 million)

Screen all first-born Oregon children as early as possible for medical and psychosocial risks. Out of the 44,300 births each year in Oregon, 18,400 are first births. Screenings will take place during prenatal or follow-up visits at medical clinics, hospitals, or doctor's offices.

2. Coordinated Services

Following a positive risk screen, community-based teams (such as doctors, educators and social workers) will match the child's risk with the most appropriate type of support and provider. It is estimated that 60 percent of families will have risks warranting additional support.

3. In-Home Support (\$29.3 million)

Each community will provide in the home services for children who have developmental disabilities or who are medically fragile, and families who have other medical or significant social risks. These services will be provided by nurses, social workers and other trained professionals.

4. Substance abuse and mental health treatment (\$11 million)

We will provide communities with the ability to access resources for mental health treatment for children and/or substance abuse treatment for their parents. It is estimated that all children and families participating in the Oregon Children's Plan who need this treatment will receive it.

5. Pre-school (\$5.9 million)

We want every child to have the chance to participate in an early learning setting or pre-school, such as Head Start/Oregon Prekindergarten Program. We currently enroll 50 percent of eligible children in these programs. The Oregon Children's Plan will expand the Oregon Prekindergarten Program to serve 60 percent of eligible children in the next biennium. In addition, we will work with the federal Head Start program to identify efficiencies that may lead to a substantially greater enrollment by the end of the next biennium.

6. Community Programs (\$8.3 million)

The Oregon Children's Plan proposes to redirect the Great Start Program so that each county will have flexible funds to choose from a menu of programs -- such as relief nurseries, parent training and others -- that have been proven by research to be effective. These programs will help serve as the connection between home-based programs for the youngest, highest risk children and entry into school.

The success of the Oregon Children's Plan will be measured by the following outcomes:

-
- Decreased rate of child abuse and neglect
- Increased percent of children entering school ready to learn
- Decreased infant mortality
- Increased percent of children fully immunized at age 2
- Increased percent of women accessing early prenatal care
- Decreased percent of infants whose mothers used alcohol and/or tobacco during pregnancy

The Oregon Children's Plan will save taxpayers future expenditures by improving school performance, increasing access to health care providers and by reducing the cost of school failure, school drop out, and involvement in the criminal justice system. Cost benefit analyses of similar early childhood approaches have shown that for every dollar invested, between one and four dollars in costs were saved, mostly by avoiding other, more costly services.

[Governor's 2001-2003 Budget in Brief *](#)

*Note: These files require the [Adobe Acrobat Reader](#), available free.

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Performace Measures and Benchmarks

Performance measures are tools that state agencies use to help them focus on results. State law requires agencies to develop measures aimed at achieving the vision set out in the Oregon Benchmarks, a set of 92 quality of life measures. Benchmarks, for example, address student achievement, crime, housing affordability, per capita income and air and water quality.

Most state agencies have performance measures in place. The measures can be used to improve agency operations, support budget requests, and increase agency accountability to the Legislature and the general public. The Legislature reviews agency performance information during the budget approval process.

In recent years, focus has turned to developing linked sets of measures spanning the gap from agency outputs to high level Oregon Benchmarks. In 1997, the Governor developed linked set of measures for three funding initiatives:

-
- Oregon Health Plan expansion.
- Oregon pre-kindergarten expansion.
- Oregon coastal salmon recovery/Healthy Streams Partnership.

The 1999-2001 budget included two additional funding initiatives tied to benchmarks:

-
- High risk juvenile crime prevention.

- Teen pregnancy reduction.

In each instance, monitoring efforts are on going.

This budget request includes one new initiative, the Oregon Children's Plan. It identifies six Oregon Benchmarks as key result areas, and lists 11 intermediate outcomes that are shared by more than one agency.

Each program area section of this document describes several priority Benchmarks for agencies in that area. Please see each program area section for further discussion.

High Level Outcomes for Oregon Children's Plan (Measured biennially)

-
- Decreased rate of child abuse and neglect (Measured by Benchmark 50).
-
- Increased percent of children entering school ready to learn (Measured by Benchmark 18).
-
- Decreased infant mortality (Measured by Benchmark 41).

- Increased percent of children fully immunized at age two (Measured by Benchmark 42).
-
- Increased percent of women accessing early prenatal care (Measured by Benchmark 40).
-
- Decreased percent of infants whose mothers used alcohol and/or tobacco during pregnancy (Measured by Benchmark 52).

Intermediate Outcomes (Measured semi-annually or annually)

-
- Percent of children who show improved patterns of growth and development.
-
- Percent of families reporting increased skills in parenting their children.

- Percent of families who regularly read to their children.

-
- Percent of families who have a primary health care provider.

-
- Percent of children receiving regular well-child check ups.

-
- Percent of children who are diagnosed with a disability and who are receiving early intervention services.

-
- Percent of families who are working and have income above 185 Percent Federal Poverty Level.

-
- Percent of children living in foster care or other alternative out of home setting.

-
- Percent of child care slots per 100 children under 13.

-
- Percent of children in quality child care settings.

-
- Percent of children with special needs who receive care appropriate their needs in normal child care settings.

Indicated	Shared Intermediate Outcomes	Agency Intermediate Outcomes and Outputs	Partners
<p>Services s) provide services, use er care 0-8 who lity.</p>	<ul style="list-style-type: none"> • 2. Percent of families reporting increased skills in parenting their children. 6. Percent of children who are diagnosed with a disability and who are receiving early intervention services. 8. Percent of children living in foster care or other alternative out of home settings. 1. Percent of children who show improved patterns of growth and development. 	<p>Increase in the percent of children with developmental disabilities whose families are able to care for them in their home.</p> <p>Percent of families reporting an increase in their ability to help their child with a disability</p> <p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p>	<ul style="list-style-type: none"> • • County and Community Mental Health and Developmental Disability Programs • DHS: OMAP, SOSCF, SDSD, OADAP, AFS • Managed Mental Health Organizations • Private services providers • State and local Commissions on Children and Families • Oregon Department of Education • Local school districts • Head Start • Oregon Rehabilitation Association • Developmental Disability Council • The ARC of Oregon and local chapters • Oregon Advocacy Center
<p>Services</p>	<ul style="list-style-type: none"> • 2. Percent of families reporting increased skills in parenting their 	<p>Percent of children/families whose services, supports and outcomes are</p>	<ul style="list-style-type: none"> • • County and Community Mental Health and Developmental Disability Programs

<p>e mental health for young -home -visiting, support and</p>	<p>children.</p> <p>1. Percent of children who show improved patterns of growth and development.</p>	<p>tracked using DHS Health Division database.</p> <p>Percent of children referred from local plans who receive community-based mental health treatment.</p>	<ul style="list-style-type: none"> • DHS: OMAP, SOSCF, SDSD, OADAP, AFS • Managed Mental Health Organizations • Private services providers • State and local Commissions on Children and Families • Oregon Department of Education • Local school districts • Head Start
<p>services) high-risk, access to learning</p>	<ul style="list-style-type: none"> • <p>10. Percent of children in quality child care settings.</p> <p>11. Percent of children with special needs who receive care appropriate their needs in normal child care settings.</p>	<p>Number of child care providers receiving the enhanced payment rate and/or CCD Certified/Registered providers.</p> <p>Percent of families with AFS reimbursement using childcare providers who have met or exceeded quality childcare training requirements.</p> <p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p>	<ul style="list-style-type: none"> • • Employment Department, Child Care Division • Child Care Resource and Referrals • Center for Career Development in Childhood Care and Education.
<p>on e that l available s to children 0- e that local ents are r using ol. promotion de id food come children</p>	<ul style="list-style-type: none"> • <p>1. Percent of children who show improved patterns of growth and development.</p> <p>2. Percent of families reporting increased skills in parenting their children.</p> <p>3. Percent of families who regularly read to their children.</p> <p>4. Percent of families who have a primary health care provider.</p>	<p>Percent of county health departments who are screening children for medical/social risks using common tool.</p> <p>Number of nurses trained to provide home visits.</p> <p>Percent of medically at-risk children who are receiving home visits from a nurse.</p> <p>Percent of families of newborns receiving health promotion information.</p>	<ul style="list-style-type: none"> • • Oregon Health Sciences University • Local Health Departments • Oregon Commission on Children and Families • DHS Divisions • Oregon Department of Education • March of Dimes • Oregon Academy of Family Practitioners • Oregon Academy of Pediatrics • Association of Public Health Nurse Supervisors • Oregon Health Systems in Collaboration • Retail vendors (stores) • Community social service agencies • Hospitals

<p>e d for revent mental</p> <p>ervices and d their</p>	<p>5. Percent of children receiving regular well-child check ups.</p> <p>6. Percent of children who are diagnosed with a disability and who are receiving early intervention services.</p>	<p>Percent of low income pregnant women and children with nutritional risk receiving education and nutritional supplements.</p> <p>Percent of Oregon newborns who are screened for genetic disease.</p> <p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p>	
<p>Drug ew funds)</p> <p>ubstance to ; ildren.</p>	<ul style="list-style-type: none"> • <p>1. Percent of children who show improved patterns of growth and development.</p> <p>2. Percent of families reporting increased skills in parenting their children.</p> <p>1. Percent of families who regularly read to their children.</p> <p>2. Percent of children living in foster care or other alternative out of home settings.</p>	<p>Percent of parents with young children referred from local plans who receive appropriate substance abuse treatment.</p> <p>Percent of treated parents who have maintained sobriety after completing treatment.</p>	<ul style="list-style-type: none"> • • Alcohol and Drug Treatment Providers • Alcohol and Drug Prevention Providers • Mental Health Directors • Governorís Council on Alcohol and Drug Abuse Programs • Commission on Children and Families
<p>ication</p> <p>sion of r children</p>	<ul style="list-style-type: none"> • <p>1. Percent of children who show improved patterns of growth and development.</p> <p>2. Percent of families reporting increased skills in parenting their children.</p> <p>3. Percent of families who regularly read to their children.</p> <p>6. Percent of children who are diagnosed with a disability and who are receiving early intervention services.</p>	<p>Increase in Percent of children who show improvement in developmental gains.</p> <p>Percent of families reporting services have a positive impact on their children.</p> <p>Percent of families reporting an increase in their ability to help their child with a disability.</p> <p>Percent of children screened to assess development and percent of children showing developmental gains.</p> <p>Percent of parents reporting positive impact of services on their children/family.</p>	<ul style="list-style-type: none"> • • Western Oregon University • Oregon Child Development Coalition • State Advisory Council for Special Education • Parents • Department of Consumer and Business Services • DHS: MHDDSD, SCF, OMAP, AFS, OADAP, OHD • OHSU-CDRC • Employment Department ñ Child Care Division • Oregon Commission on Children and Families • Oregon Head Start Association • State and Federal Head Start Programs

		<p>Percent of families reading regularly with their children.</p> <p>Percent of children receiving disability services.</p> <p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p>	<p>Migrant Programs</p> <ul style="list-style-type: none"> • Tribal Programs • Region X Head Start • School Districts • Education Service Districts • Community Colleges • Oregon Universities • Center for Career Development (Portland State University) • Northwest Regional Education Lab • Department of Human Services • Oregon Department of Corrections • Oregon State Library • Oregon Association for the Education of Young Children • Confederation of Oregon School Administrators • Community Action Organizations
<p>Education \$5.9m</p> <p>Early families.</p>	<ul style="list-style-type: none"> • <ol style="list-style-type: none"> 1. Percent of children who show improved patterns of growth and development. 2. Percent of families reporting increased skills in parenting their children. 3. Percent of families who regularly read to their children. 	<p>Increase in percent of children who show improvement in developmental gains.</p> <p>Percent of families reporting services have a positive impact on their children.</p> <p>Percent of children screened to assess development and percent of children showing developmental gains.</p> <p>Percent of parents reporting positive impact of services on their children/family.</p> <p>Percent of families reading regularly with their children.</p> <p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p>	<ul style="list-style-type: none"> • • Western Oregon University • Oregon Child Development Coalition • State Advisory Council for Special Education • Parents • Department of Consumer and Business Services • DHS: MHDDSD, SCF, OMAP, AFS, OADAP, OH • OHSU-CDRC • Employment Department ñ Child Care Division • Oregon Commission on Children and Families • Oregon Head Start Association • State and Federal Head Start Programs • Migrant Programs • Tribal Programs • Region X Head Start

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<p>children affected, and</p> <p>operations</p> <p>ding:</p> <p>il</p> <p>on</p> <p>tion</p> <p>ment</p> <p>oversight</p> <p>ing and</p> <p>g and</p> <p>pports for</p> <p>bled.</p>	<ul style="list-style-type: none"> • <ol style="list-style-type: none"> 1. Percent of children who show improved patterns of growth and development. 2. Percent of families reporting increased skills in parenting their children. 3. Percent of families who regularly read to their children. 4. Percent of families who have a primary health care provider. 5. Percent of children receiving regular well-child check ups. 8. Percent of children in foster care or other alternative out of home settings. 9. Percent of child care slots per 100 children under 13. 10. Percent of children in quality child care settings. 	<p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p> <p>Percent of children screen as vulnerable and receive appropriate services and follow up care.</p> <p>Percent of Oregon counties who have a comprehensive plan in place, and who are implementing the 0-8 portion of the plan according to state guidelines.</p> <p>Percent of families with vulnerable children who decline services</p> <p>Percent of Oregon counties using "proven approaches" in 0-8 services and supports.</p> <p>Percent of newborn children screened for vulnerability using common medical, health and social risk factors.</p>	<ul style="list-style-type: none"> • • Child Care Division • Oregon Department of Education • Oregon Commission for Child Care • Department of Human Services • Children First for Oregon • Oregon Child Development Coalition • Parents • OSU • Oregon Pediatrics Society • Oregon Medical Association • Oregon Association for the Education of Young Children • County Commissions on Children and Families • Hospitals • Faith communities • Community Colleges • Healthy Families America • Local ESDs • Local Head Start

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<p>Child ources) stabilize dcare.</p>	<ul style="list-style-type: none"> • <p>3. Percent of families who regularly read to their children.</p> <p>10. Percent of children in quality child care settings.</p> <p>11. Percent of children with special needs who receive care appropriate to their needs in normal child care settings.</p>	<p>Percent of child care providers completing Child Care Basics Training.</p> <p>Percent of providers enrolled in Professional Development Registry.</p> <p>Percent of low-income parents accessing AFS special needs payment rate for childcare.</p> <p>Percent of child care providers who are willing to serve children with special needs.</p>	<ul style="list-style-type: none"> • • DHS: AFS • Oregon Commission on Children and Families • Portland State University • Child Care Resource and Referrals
<p>rections fy inmates and their services erated or</p>	<p>1. Percent of children who show improved patterns of growth and development.</p> <p>2. Percent of families reporting increased skills in parenting their children.</p> <p>3. Percent of families who regularly read to their children.</p> <p>4. Percent of families who have a primary health care provider.</p> <p>5. Percent of children receiving regular well-child check ups.</p> <p>6. Percent of children who are diagnosed with a disability and who are receiving early intervention services.</p> <p>8. Percent of children in foster care or other alternative out of home settings.</p>	<p>Increase percent of incarcerated parents who receive structured parenting skill development.</p> <p>Increase percent of children visiting their incarcerated mothers in structured therapeutic environments.</p> <p>Percent of inmates with young children whose children are receiving services from 0-8 system in their community.</p> <p>Percent of County Community Corrections Departments participating in 0-8 plan development.</p> <p>Percent of children/families whose services, supports and outcomes are tracked using DHS Health Division database.</p>	<ul style="list-style-type: none"> • • Ecumenical Ministries of Oregon • Girl Scouts Beyond Bars • Lane County Relief Nursery • Love Made Visible, Inc. • Mid-Willamette Valley Community Action, Inc. • Multnomah County Adult and Community Justice • Oregon Citizens United for the Rehabilitation of Errants (Oregon CURE) • Oregon Commission on Children and Families • Oregon Department of Education/Head Start • DHS: AFS, OHD, MHDDSD, OADAP, SOSCF • Oregon Sheriffs Association • Oregon Social Learning Center • Oregon Youth Authority • Oregon Youth Conservation Corps. • Salem-Keizer Schools

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Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



The Oregon Children's Plan

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* Note: You need [Adobe Acrobat Reader](#) to review portions of this document

The Beginnings

The Oregon Children's Plan (OCP) is the next step in Oregon's movement to provide community-based support to our youngest children and their families. The OCP builds on at least four important statewide efforts, beginning in 1993

1993. The Healthy Start program was created under the Commission on Children and Families. It requires, among other elements, that counties provide a comprehensive risk assessment of all first born children and their families, identify families that would benefit most from help, and provide support services. Services must include community-based home visiting intervention services provided by a paraprofessional family support worker. Family risk assessment, follow-up services and supports from birth through five years of age are required as well. At its core, the Oregon Children's Plan expands Healthy Start statewide.
1994. The 1999 Legislature amended the Healthy Start program and established a comprehensive investment policy for Oregon's children and their families. SB 555 required the development of a local coordinated comprehensive plan including a provision for children ages 0-8 and their families. SB 555 also included alcohol and drug treatment services for youth and their families. SB 555 acknowledges that certain early intervention programs substantially reduce the chances that a child will become a juvenile offender. The Oregon Children's Plan uses SB555 local coordinated comprehensive plans to ensure that Healthy Start and other proven community-based programs are in place.
1995. A work group of more than 60 individuals, representing 25 local and state organizations developed recommendations for the early childhood component in SB 555. The group recommended that a statewide community-based home visitor system be achieved by linking existing programs and adding missing elements. The seven-month process produced guidelines for local planning; quality standards, outcomes and accountability;

universal screening; home visitor training; roles and responsibilities; and strategies to maximize resources. The Oregon Children's Plan will implement these recommendations.

1996. Also created by SB 555, the Interim Task Force on Children and Families met to gather information about early childhood assessment programs and evaluated the feasibility of a statewide coordinated program such as the one recommended above. This group, comprised of eight state legislators and 19 other public and private stakeholders, issued its findings and recommendations in January 2001 in a report entitled, *Oregon's Early Childhood Investment Strategy: It's About Time*. Recommendations of the task force addressed by the Oregon Children's Plan include: implement voluntary, universal home visitation in all Oregon counties; ensuring that children with special needs receive specialized home visits and community services; implementing core common data collection and outcome measures; developing universal screening and assessment tools; and assuring clear statewide standards for home visitors.

The Oregon Children's Plan is based on the efforts of the Healthy Start Program and legislative activities to support Oregon's youngest children. By adding components that will make Healthy Start as successful as possible, and by building on the foundation laid by the Legislature and its work groups, the Oregon Children's Plan will create the relationships necessary to improve school performance and prevent involvement in the criminal justice system.

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Oregon's Children and Families: The Numbers Behind the Faces

The percentage of children under the age of 18 living in poverty has increased since 1990. Currently approximately 1 in 6 of Oregon's children live in poverty. ¹

Confirmed cases of child abuse have risen 38.3% since 1990, placing Oregon with some of the highest levels of child abuse in the nation. ²

One-third of children in state custody due to risk of child abuse and neglect are placed due to parental drug or alcohol problems. ³

Each year, 1 out of 6 children in Oregon witnesses violence between the adults in his or her home. ⁴

42% of Oregon kindergartners do not enter school "ready to learn." ⁵

Over 5% of babies are born to mothers who received inadequate or inconsistent prenatal care. ⁶

16% of pregnant mothers use tobacco during their pregnancy and 2% use alcohol. ⁷

54 out of every 1,000 babies born are low birth weight. ⁸

Approximately 5 out of 1,000 infants die before their first birthday. ⁹

10% of Oregon's children do not have access to any health insurance. ¹⁰

17 out of every 1,000 girls age 10-17 become pregnant. ¹¹

Over 25 % of Oregon high school students do not finish high school. ¹²

¹ Children First for Oregon (2000). Report Card 2000. The Status of Children in Oregon.

² Department of Human Services, Services for Children and Families Division (April 2000). 1999 Abuse and Neglect Statistics

³ Ibid.

⁴ Glick, B., Johnson, S., & Pharm, C. 1998 Oregon Domestic Violence Needs Assessment.

⁵ Oregon Progress Board (March 1999). Achieving the Oregon Shines Vision: The 1999 Benchmark Performance Report.

⁶ Oregon Department of Human Services, Health Division. (June 2000). Oregon Vital Statistics County Data 1998. (Defined as less than 5 prenatal visits or care began in 3rd trimester.)

7 Oregon Progress Board (March 1999). Achieving the Oregon Shines vision: The 1999 Benchmark Performance Report.

8 Oregon Department of Human Services, Health Division. (June 2000). Oregon Vital Statistics. County Data 1998. (Low birth weight defined as less than 2500 grams.)

9 Oregon Department of Human Services, Health Division. (June 2000). Oregon Vital Statistics County Data 1998.

10 Oregon Population Survey 1998.

11 Oregon Department of Human Services, Health Division. (June 2000). Oregon Vital Statistics County Data 1998.

12 Department of Education. Statistics and Reports 1998.

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Helping Our Children Succeed

"We cannot afford to ignore programs and policies proven to work in reducing juvenile delinquency. The resources for these programs must be found. We must no long give lip service to making children a priority: we must literally put our money where our mouth is."

--Citizens Crime Commission KIDS Report, June 2000

Six of every ten children are born exposed to risks that can affect their future success. By identifying these risks early, we can give children the opportunity to succeed in school and in life. Identifying these children and their families and providing them the help they need is the heart of the Oregon Children's Plan (OCP).

The OCP, which will be available in all 36 counties, will replace the current fragmented system of aid to children and parents with a comprehensive approach. The plan will make Oregon the first state in the nation to systematically and voluntarily screen for risks before and at birth for the earliest possible identification and treatment of possible problems.

A Closer Look

The very early experiences of children play a critical role in determining later outcomes. Children with medical and social risk factors are more likely to suffer school failure, delinquency and involvement with the social welfare and criminal justice systems. The Oregon Children's Plan (OCP) is needed to help reduce the poor outcomes many children in Oregon face.

The Oregon Children's Plan will help achieve the following outcomes for the children and families served:

Decreased rate of child abuse and neglect

Decreased infant mortality

Decreased percent of infants whose mothers used alcohol and/or tobacco during pregnancy

Increased percent of children entering school ready to learn

Increased percent of children fully immunized at age two

Increased percent of women accessing early prenatal care

Infants' unique ways of thinking, knowing and acting develop best under the influence of loving and nurturing adults. The implication of this is that positive early experiences can help overcome risks that lead to negative outcomes. And that is what the Oregon Children's Plan is about. It recognizes that:

1. New brain research underscores the importance of early experience, the power of effort, and the hope of education.

2. Early experience affects how brains are "wired."
3. The young brain is a work in progress.
4. Every child is unique.
5. Children learn in the context of important relationships.
6. Other caregivers can meet young children's needs but don't take the place of parents. This is true even when a parent is incarcerated.
7. Frequent, warm and responsive "small talk" with infants can make a world of difference.
8. Children need many kinds of stimulation.
9. Prevention is crucial. The earlier the intervention, the more effective. The more follow-up, the more sustainable.
10. Unconditional love goes to the heart of what it means to be a parent, from a child's viewpoint, good care is responsive care.¹

In his remarks before the Ways & Means Human Resources Subcommittee, Governor Kitzhaber emphasized the importance of prevention when he asked, "How can we continue to invest in improving the quality of our schools, a growing prison population and the other rising costs of doing business when the economy is slowing?"

"The answer, in the absence of new revenue, is prevention—making every effort to invest today in areas which will prevent expensive problems tomorrow. We have made two great investments in prevention the last decade: the Oregon Health Plan and the Juvenile Crime Prevention Plan that was adopted by the last legislative session."

The Oregon Children's Plan is the critical next step. The Plan completes the comprehensive approach to prevention put in place by SB 555 in the 1999 Legislature. The Juvenile Crime Prevention and Alcohol & Drug components of SB 555 will help prevent older at-risk youth and their families from entering the juvenile justice system and lives of destruction. But it is not soon enough for some children and families. In many cases the pattern of behavior and risk factors is set much earlier in life when the child is five, or three, or three months.

The Oregon Children's Plan will provide support to all children and families who need and want it. And most importantly, it will lay the foundation to identify at-risk children before they even get into school, before they get into trouble and it will provide them the support they need to ensure successful and productive lives.

Preventing problems from occurring in the first place can save millions of dollars in future years. For every dollar invested in this type of prevention, for example, approximately four dollars in benefits will be received.² Speaking to a large group of civic leaders recently, the Governor illustrated this reality by contrasting the outcome of two young Oregon women who shared common risk factors, but experienced very different outcomes.

The first is a girl born into an abusive family. She was sexually and physically abused by her alcoholic father, left home and was living on the street in Portland. Alone and homeless, she continued to be victimized, abused alcohol and became pregnant at age 17. Lacking prenatal care and emotional support, she continued to use alcohol and drugs during her pregnancy. Her child, a daughter, was born premature and suffered from fetal alcohol syndrome. At 19, this girl is still living on the streets with little hope of having a healthy life filled with accomplishment and satisfaction. Her child, a ward of the state, has been diagnosed with depression and multiple mental disorders. Her original adoptive parents gave her up because of her severe mental disorders. She had 26 different foster placements before being admitted to a residential mental health facility where she now lives. This happened before her tenth birthday.

This is the tragedy of a mother who is still drug addicted, who will never know her daughter, and of a young girl who is severely mentally ill and who may live out her life in institutions. In 1999 there were over 1100 cases in Oregon where parental rights were terminated due to circumstances like this case. In the same year, 18 children died in Oregon from parental neglect or abuse.³

The second case described by the Governor was of a single mother who had twins at age 17. She lived in an area that had home visits available. She was seen by a public health nurse during her pregnancy. Nonetheless, she had limited financial resources and the twins were born early, one with low birth weight making a stressful situation even more difficult. However, with the help of her family support worker and the public health nurse, the young mother accomplished much for herself and her children. She has kept the children up to date on immunizations and health care. She has been reading to them since they were very young. She has stayed in contact with the public health nurse over

concerns with the low birth weight child, been enrolled in the Oregon Health Plan and connected with the Women, Infant and Children nutrition program. She has returned to school to get her high school diploma and plans to go to community college. She has obtained her driver's license and with the help of child support enforcement, is now receiving child support from the father. In short, she is on the road to making a life for herself and her family and to being a contributing member of her community.

The Oregon Children's Plan is designed to turn stories like that of the first young girl into stories like the second one. Many children in jeopardy of veering off the road to success can be identified. There is a set of easily identified risk factors that are closely correlated with school drop out and juvenile criminal activity later in life. These factors occur in the home and include parents who abuse alcohol or drugs, who have been incarcerated, who have a history of domestic violence, who live at or below the federal poverty level or who are teenagers. There are programs and supports that have been proven to be effective in preventing later involvement with the social welfare or criminal justice systems. The Oregon Children's Plan is designed to screen all first-borns in Oregon for the medical and psycho/social risks that can negatively affect their lives. Those that screen positively will be offered in-home and out-of-home services.

A majority of Oregonians support investment in intervention programs to reduce juvenile crime.⁴ In a May 2000 survey conducted for the Citizens Crime Commission, 61% of Oregon voters believed that spending money now on early intervention programs will save money later by reducing the number of young people entering the criminal justice system. Three in four supported the use of public funds to pay for the intervention of high-risk children under age ten.

¹"How Are the Children?" Report on Early Childhood Development and Learning, Part II: Ten Key Lessons. (1999). http://www.ed.gov/pubs/How_Children/IIEarlychildhood/htm

²Helmick, Sandra A. (2000). "The Monetary Benefits and Costs of Oregon Healthy Start, 1997-1999."

³Office of Services for Children and Families, DHS (1999). "The Status of Children in Oregon's Child Protection System."

⁴Moore Information, Citizens Crime Commission. (May 2000) "Oregon Voters and Juvenile Crime."

(More detail about the elements of the Oregon Children's Plan follows.)

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What will the OCP do for Oregon's children?

- **Improve school performance**
- **Increase access to health care providers**
- **Reduce school failure**
- **Prevent school drop out**
- **Prevent involvement in criminal justice system**

What will the OCP provide?

Prenatal/At-birth screening

All first-born Oregon children will be screened, on a voluntary basis, for medical and psychosocial risks. Screenings will take place during prenatal or follow-up visits or both at medical clinics, hospitals or doctors' offices.

[More Information*](#)

Coordinated services

Local support service teams such as nurses, educators and social workers will further assess the child's and family's needs and then match them with the most appropriate type of services and provider.

[More Information*](#)

In-home support

Children who have developmental disabilities or who are medically fragile and families who have other medical or

significant social risks and who desire help will receive supportive services in their home.

[More Information](#)*

Substance abuse and mental health treatment

Communities will access resources for early mental health treatment for children and/or substance abuse treatment for their parents.

[More Information](#)*

Early learning

More children will have an opportunity to enroll in early learning programs such as Oregon Pre-kindergarten Program and Head Start.

[More Information](#)*

Community programs

Flexible funds will be provided to counties so that a variety of proven programs--such as relief nurseries and parent training can be offered.

[More Information](#) *

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Invest In What Works: Research Based Practices

Research supports three fundamental principles:

1. Invest Early

Investing early is cost effective.¹ Investments in early preschool can save taxpayers an estimated \$1.50 for every dollar spent.² For every dollar invested in Oregon Healthy Start home visits, approximately \$4.25 in benefits is received.³

Providing services early will improve the quality of the early childhood environment and promote positive parent-child interactions. Evidence suggests that brain development is highly influenced by environmental factors and that sensitive, nurturing care is essential to healthy development.⁴

Parents are most open to information and assistance during the early years of their child's life.⁵

Young children are most vulnerable to child maltreatment. Eighty-eight percent of fatalities due to child maltreatment occur among children under age five. Early investment in these families holds promise for saving children's lives.⁶

2. Promote Healthy Brain Development

"Early care has decisive and long-lasting effects on how people develop and learn, how they cope with stress, and how they regulate their own emotions.⁷

There is a mismatch between where money is invested and the greatest opportunity for impact on the developing brain.⁸ Recent brain research has emphasized the importance of the early years. Environmental factors have a dramatic influence on the young child's developing brain. It is during these early years that there is the greatest opportunity to

impact future outcomes.⁹

3. Offer a Comprehensive and Coordinated Array of Supports

Every family is unique and has an individual set of strengths and needs. Offering a variety of services and supports allows assistance to be tailored to individual family needs. Successful and cost effective early intervention services must be carefully coordinated and delivered effectively.¹⁰

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Who Will Benefit:

One Family's Story*

I remember thinking when I got pregnant with Jeremy that I didn't know what I was going to do. I was working part-time at a fast-food place and my boyfriend Tim pumped gas at a station not far away from our apartment. He made just enough money to make payments on his pickup, buy gas and pay for the insurance. Rent ate up my paycheck and since I had no benefits, I had no money to pay to see a doctor.

Besides, I was pretty scared about the whole idea of having a baby. At 21, I didn't know much about kids; I didn't have anyone around to talk to because I'd moved out of the house four years earlier when my alcoholic step-dad got tired of beating up on my mom and started in on me.

Tim was pretty excited about the baby, and he said I should check out the clinic near where I worked because maybe they wouldn't charge us. Everyone was really nice, and I liked the doctor. He said he was glad I came and that things looked OK, but I should have come in earlier. He said bad stuff can happen to a baby before it's born if the mother does things like drink alcohol, take drugs or even just not eat right.

Anyway, I found out that if I wanted, people from the clinic could come to my place after I got home from work and bring information about services for me and my baby before and after it was born. I was a little unsure at first but Tim said go ahead, so a woman named Connie came by and told us about their home-visiting program. We talked about the things that stressed us out, and she gave us some hints about how we could be good parents for our baby. I was glad she said she would come by on a regular basis if we wanted her to.

When Jeremy was born it was great! At the hospital, the nurses helped me with breastfeeding and Connie asked if I wanted her to keep coming by. I was glad of that because I had to quit my job to take care of Jeremy, and I knew things would be stressful. I was more worried than ever about how we were going to pay rent. Sometimes when Jeremy cried a lot it would get to me, and I was worried I would take it out on him.

I had a lot of questions about what to do with Jeremy. What to feed him, how to tell if he was sick and what was normal for him to do. Connie also told us about a place we could go to get temporary help with the rent until Tim could get his hours changed. That way I could go back to work and he could be home when I was gone.

My life has changed a lot over the past year. My baby's birth has brought on a lot of these changes and Connie has helped Tim and me get through a lot of them. We needed a bigger apartment so she referred us to the housing department. They helped us make arrangements for another place. She told us about the Women, Infants and Children program so we can be sure Jeremy gets good nutrition. She also helped us with information about insurance, food stamps and other places where we could get help. She even connected us with a parent support group where we've met other parents who have some of the same problems we do. And it's great to have people to talk to. We are so thankful

for all the help and support Connie has given us.

*This is a composite story written from a combination of actual family information and data derived from the Oregon Healthy Start effort.

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Measuring Success:

Benchmarks And Shared Outcomes

Oregon needs a comprehensive approach to helping our children enter school ready to learn. Too many are born with risk factors that are correlated with high degrees of failure in school, involvement in the criminal justice system, child abuse or other forms of violence and involvement with alcohol and other drugs.

Oregon's current approach to helping these children is often fragmented. Many existing programs were developed independent of one another and as a result, too many Oregon children are falling through the cracks.

The Oregon Children's Plan (OCP) replaces this fragmented approach with a comprehensive and coordinated system of supports. The ability to measure the success of this comprehensive, systems-based approach to helping children is a strength of the OCP. The success of the system and its services will be measured through the following set of outcomes. These outcomes will be tracked at the child, program, county, and state levels and will be measured on a regular basis.

Benchmarks

- Increased percent of women accessing early prenatal care
- Increased percent of children fully immunized at age two
- Increased percent of children entering school ready to learn
- Decreased percent of infants whose mothers used alcohol and/or tobacco during pregnancy
- Decreased rate of child abuse and neglect
- Decreased infant mortality

Shared Outcomes

- Percent of children who show improved patterns of growth and development
- Percent of families reporting increased skill in parenting their children
- Percent of families who have a primary health provider
- Percent of children receiving regular well-child check ups
- Percent of children who are diagnosed with a disability and who are receiving early intervention services
- Percent of families who are working and have income above 185% Federal Poverty Level
- Percent of children living in foster care or other alternative out-of-home settings
- Number of child care slots per 100 children under 13
- Percent of children in quality child care settings
- Percent of children with special needs who receive care appropriate to their needs in normal child care settings

Measuring Success

The Oregon Children's Plan replaces the current fragmented system of independent programs with a comprehensive and coordinated approach for helping children. This approach builds on independent existing efforts and links them together into a system of supports for young children and their families. The measured successes of these independent programs

will be enhanced by the comprehensive approach of the Oregon Children's Plan.

<u>Benchmarks</u>	<u>Example of measured success in independent programs</u>
Decreased rate of child abuse and neglect	Child abuse among all Healthy Start families is lower than among non-served families. The child abuse incidence rate for Healthy Start children is 9 per 1000 children vs. 21 per 1000 children for the non-served children in the same age group. (1)
Increased percent of children entering school ready to learn	Head Start children are ready for school. The typical four-year old child completing Head Start has knowledge and skills in early literacy and numbers, as well as social skills. Head Start four-year olds perform above the levels for children who have not attended Head Start programs. (2)
Increased percent of children fully immunized at age two	Ninety-seven percent of Healthy Start's two-year olds have completed the immunization sequence. In contrast, only 75% of all Oregon's two-year olds are adequately immunized. (3)
Percent of families reporting increased skill in parenting their children	By the time their child is six months of age, 73% of Healthy Start's higher risk families <i>consistently</i> engage in positive, supportive interactions with their children. In contrast, only 33% of families responded in this fashion during the first month of their child's life. (4)
Percent of families who have a primary health provider	After 12 months, 71% of Healthy Start families report needs for health care, including medical and dental service, are usually met. Eighty six percent of Healthy Start families have a primary health care provider and 73% have dental care. (5)

[More Information About Measuring Success*](#)

1. Oregon State University Healthy Start Evaluation, January 2000
2. Collaboration, "The Wind In Our Sails", December 1998. Family and Child Experiences Survey
3. Oregon State University Healthy Start Evaluation, January 2000
4. Ibid.
5. Ibid.

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[Office of the Governor - Health, Human Services, Labor Policy Staff](#)



The Oregon Children's Plan: Why Treat Parents for Drug and Alcohol Abuse?

Parents or other family members who abuse drugs or alcohol constitute a significant risk to a child's chances of achieving success in life. While prenatal exposure to alcohol and other drugs has received much attention, little has been done to comprehensively target and educate pregnant women about the risks that follow heavy use of alcohol or drugs during pregnancy. Fetal Alcohol Syndrome (FAS) and the effects of drug use on babies are entirely preventable disabilities. Many more children are harmfully exposed through the behavior of their parents and through the environment in which they grow up. This is why substance abuse prevention and treatment for parents as provided in the Oregon Children's Plan (OCP) is critical. It will increase a child's opportunity to have a healthy and satisfying life.

As part of the effort to give Oregon's children the services and supports they need to become healthy, successful and productive members of their communities, the OCP allocates \$14 M in new funds for services. The dollars will allow families to access resources for mental health treatment for children and/or substance abuse prevention and treatment for their parents. Supports such as in-home and school-linked services, child care, prevention education related to FAS and drug effects, parenting education, outreach, transportation, preventative skill building services for children, and other wrap-around supports will be available as well as traditional clinical care.

This serious effort is vital to counter the negative effect on children of their parents' or care-givers' substance abuse. The *1999 Child Abuse and Neglect Report* from Child Protective Services, Oregon Department of Human Services found that drug and alcohol abuse is one of the major problems facing families of abused and neglected children.¹ In a study of over 3,700 cases where children had been removed from their homes because of abuse or neglect, alcohol and drug problems were pervasive. The presence of these conditions was a substantial barrier to the children returning home. Data from the recently completed Portland State University, Child Welfare Partnership Cohort study clearly show that a large number of the children entering longer-term foster care come from families that are using methamphetamine.²

The National Center on Addiction and Substance Abuse at Columbia University in a publication entitled *No Safe Haven: Children of Substance Abusing Parents* found that substance abuse causes or exacerbates 7 out of every 10 cases of child abuse or neglect.³ In addition, children whose parents abuse drugs and alcohol are almost three times likelier to be abused and more than four times more likely to be neglected than children of parents who are not substance abusers. Sadly, this situation is getting worse. Over the past 10 years, because of alcohol and illegal drugs, the number of abused and neglected children has more than doubled. This constitutes a rise more than eight times greater than the increase in the children's population.⁴

Oregon has seen a similar increase. In the 1999 Child Fatality Review Annual Report released by the Oregon Health Division, Department of Human Services, the number of child deaths where there is a family history of alcohol and drug abuse has risen from 20 in 1997 to 42 in 1999. To prevent deaths among these families, the report recommended among other actions, that Oregon increase screening for drug and alcohol problems among family and extended family members.⁵ Recommendations in the Columbia University report included providing timely treatment and training to parents.⁶ The Oregon Children's Plan will do both of these things.

A child can suffer severe harm even before birth if its mother abuses drugs or alcohol while pregnant. Fetal Alcohol Syndrome is a pattern of abnormalities observed in children born to alcoholic mothers and can include speech and hearing impairment.⁷ The National Institute on Alcohol Abuse and Alcoholism has written that "mental handicaps and

hyperactivity are probably the most debilitating aspects of FAS, and prenatal alcohol exposure is one of the leading known causes of mental retardation in the Western World."⁸

There is little doubt that treatment is a viable approach to dealing with substance abuse. The CalData project, conducted by the University of Chicago, is one of a series of studies showing the effectiveness of alcohol and other drug treatment.⁹ The CalData team examined more than 3,000 clients in state-supported substance abuse programs and found:

- While 73.6% were committing crimes before treatment, after treatment only 20.3% were committing crimes.
- While 33.2% of participants had been arrested or taken into custody before treatment, after treatment only 13.1% were arrested or taken into custody.

Sadly, there is far too little treatment available to protect Oregon's children. The 1999 Oregon Household Survey found that more than 400,000 Oregonians (380,000 adults and 25,000 youth) need access to alcohol or other drug treatment – and nearly half of these need state help to pay for their treatment. Yet, the state was able to treat only 75,000 per biennium.¹⁰

In 1999 the Legislature allocated \$10 million to cover the costs of state supported treatment. An additional \$56 million is needed. Over the last biennium, the need for substance abuse treatment has risen sharply for two reasons. First, Oregon's population has increased. And second, the increase in the percentage of the population needing state supported treatment has grown.

These dollars would be a wise investment. Results of the 1999 Oregon Household Survey indicate that treatment provides a high return on taxpayer investment. This study found that treatment saved taxpayers an average \$5.62 for every dollar invested. The savings were due to reductions in state costs for health care, welfare, and criminal justice.¹¹

Oregonians overwhelmingly support using public funds to pay for intervention of high-risk children under ten years of age. In a survey of Oregon voters conducted in June 2000, 61% said they would be willing to spend money now on proven intervention programs for high-risk children if they knew that spending that money now would save money later by reducing the number of juvenile offenders entering the criminal justice system in Oregon.¹²

1) Oregon Dept. of Human Services (2000). "The Status of Children in Oregon's Child Protection System-1999."

2) Cohort V. "Children entering longer term foster care in Oregon" (1997-1999). Child Welfare Partnership, Portland State University. Although some data has been analyzed, the report has not been completed.

3) Reid, Jeanne; Macchetto, Peggy & Foster, Susan (1999). "Key Findings. No Safe Haven: Children of Substance-Abusing Parents." The National Center on Addiction and Substance Abuse at Columbia University.

4) Ibid.

5) Kohn, Mel; Millet, Lisa; Bancroft, June; Greene, Adrienne (Eds.), Oregon Dept. of Human Services. "The 1999 Oregon Child Fatality Review Annual Report."

6) Reid, Macchetto & Foster (1999).

7) National Institute on Alcohol Abuse and Alcoholism, Alcohol Alert No. 13 PH 297. (July 1991). "Fetal Alcohol Syndrome."

8) Ibid.

9) Finigan, M. (1996). "Societal Outcomes and Cost Savings of Drug and Alcohol Treatment in the State of Oregon." Office of Alcohol and Drug Abuse Programs, Oregon Dept. of Human Resources. February 1996 as quoted in a report to Governor John Kitzhaber, M.D. "Access to Alcohol and Other Drug Treatment in Oregon" by the Access to Treatment Work Group, Oregon Strategy for Social Support, November, 1998.

10) Estimates using fiscal year 98-99 and 99-00 data.

11) Ibid.

12) Moore Information (May 2000). Citizens Crime Commission. "Oregon Voters and Juvenile Crime."

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Effectiveness of the Oregon Children's Plan May 2001

The Oregon Children's Plan (OCP) (SB 965) will ensure that a comprehensive continuum of services is available to support Oregon's youngest children (0-8) and their families. Each component of the continuum proposed under the OCP (SB 965) is based on an effective service model(s) that has proven results. Each component also has at least one study that demonstrates a return for taxpayer investment.

Overall research shows that early childhood interventions can yield substantial advantages to recipients in terms of emotional and cognitive development, education, economic well-being and health (the latter two apply to the child's family as well). In addition, the more carefully the interventions are targeted to children most at risk, and those most likely to benefit, the more likely it is that savings will exceed costs.¹

The Oregon Children's Plan (SB 965) includes the following components:

Home Visits by Nurses

The Oregon Children's Plan will make nurse home visitors available to high-risk families who need them. The OCP proposes to begin these visits as early as possible. Studies conducted by Dr. David Olds have shown multiple and long-term benefits for low-income and unmarried mothers for both the mother and the child when nurses provide home-visits during the woman's pregnancy and first two years after birth. The benefits are retained at 15-year follow-up, and include reductions in child abuse and neglect, and fewer arrests among the mothers, fewer arrests and convictions, less substance abuse, and fewer sexual partners among the adolescents. Costs are estimated at \$4 saved for every dollar invested. Savings are from child welfare costs, taxes on increased income, and reductions in criminal justice costs.²

Home Visits by Paraprofessionals

Healthy Start is Oregon's program to provide paraprofessional home visits. The Oregon Children's Plan will enhance the Healthy Start model and include home visits by trained family support workers. Among participants in Healthy Start:

- 89% of children are developing normally
- 98% of children have a primary health care provider and 92% receive regular well-child checkups
- 97% of children have completed their immunization sequence (compared to 81% of all Oregon children)
- The rate of child maltreatment is 13 per 1,000 among participants. The rate among the general population is 26 per 1,000.³

For every dollar invested in Healthy Start services, approximately \$4 in benefits will be received. Estimated dollar benefits arise from child welfare costs, reductions in criminal justice costs, improved health care and improved education.⁴

Alcohol and Drug Treatment

The Oregon Children's Plan will provide alcohol and other drug treatment for parents of young children. Untreated substance abuse is associated with higher rates of incarceration of juveniles and adults, child welfare and foster care

cases, higher rates of preventable illnesses and higher utilization of public assistance (welfare).⁵ Treatment is a viable approach to dealing with substance abuse. An Illinois study found that after completing treatment, offenders had over a 72% reduction in illegal activity, a 60% reduction in arrests, and an 80% reduction in the average time involved in criminal activity.⁶ An Oregon-based study found that taxpayers save an average of \$5.62 for every dollar invested in treatment. The savings were due to reductions in state costs for healthcare, welfare, and criminal justice.⁷

Mental Health Treatment

Early childhood mental health treatment can help reduce risk factors, enhance protective factors, and support young children and their families in achieving optimal levels of development and functioning. World Health Organization evidence indicates that "by the year 2020, childhood neuropsychiatric disorders will rise proportionately by over 50% to become one of the five most common causes of morbidity, mortality and disability among children."⁸ Recent brain research confirms that if trauma, stress and early onset mental health conditions are recognized and addressed during the first few years of life, structural and functional changes in the brain that would otherwise compromise the child's success and self-sufficiency can be avoided or reversed.⁹ Growing evidence confirms that specific mental health interventions in early childhood lead to positive outcomes for children, families, schools and communities. These benefits accrue across the life-span, and include: improved school readiness, lower utilization of special education, higher educational achievements, lower rates of criminal behavior, reduced emergency room visits, decreased rates of child abuse, decreased maternal substance abuse, lower welfare usage, and higher rates of employment.¹⁰ A three-year study of Medicaid patients found that medical costs decreased by 20.7% for those receiving mental health care.¹¹ Another study found that patients hospitalized for physical ailments, who were provided mental health care realized an average cumulative savings of \$1,000 over a 2-1/2 year period. In other words, the cost of mental health intervention was entirely paid for (or offset) by these savings.¹²

Early Learning

The Oregon Children's Plan will ensure that children have the opportunity to participate in an early learning program. It will do so by expanding access to quality preschool programs and the Oregon PreKindergarten/Head Start Program. Research indicates that children who participate in Oregon PreKindergarten/Head Start enter school ready to learn. The typical child completing the program has skills in early literacy and numbers and social skills.¹³ Head Start is based on the acclaimed Perry Preschool Program. Longitudinal research of the program (up to age 27 of the child participant) found short-term gains in IQ and educational achievement, and long-term gains in increased graduation rates, decreased crime and delinquency, higher income and decreased participation in welfare.¹⁴ A RAND study estimates, with a 95% confidence rate, that the savings to government are much higher than the costs for the program (\$25,000 versus \$12,000).¹⁵ Another review found that in 1998 dollars, the Program would cost \$13,938 per child. A \$9,237 taxpayer gain in subsequent criminal justice system benefits was found for each program participant. Taxpayers receive \$0.66 in criminal justice system benefits for every dollar spent. And, crime victims saved an average of \$11,717 in costs for each program participant, for a combined taxpayer and crime victim benefit of \$1.50 for every dollar spent.¹⁶

Summary

Research findings suggest that critical brain development occurs in the early years of life. These early childhood years provide a window of opportunity to enhance input into the brain by addressing such stressors as poverty and dysfunctional home environments. In addition, "the most effective and cost efficient way to reduce crime is to identify and intervene with high-risk children early in their lives."¹⁷ Many studies now confirm the common sense belief that the sooner at-risk children receive help, the greater the chances of keeping them out of the criminal justice system and other related troubles. And, reduced use of the criminal justice system will result in a return to taxpayers in the form of healthy and productive citizens, decrease in victimization, increase in educated and taxpaying adults and decreased utilization of public services (including child welfare, public assistance and criminal justice). Quite simply, we can pay now, or pay later.

The Oregon Children's Plan is built on successful models of providing support and services to families with young children. Each component of the OCP is grounded in research. The Oregon Children's Plan will result in improved outcomes for children and their families, and a return on taxpayer investment.

1) Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions. Lynn Karoly, Peter Greenwood, et. al. RAND (1998).

- 2) Report of the Surgeon General's Conference on Children's Mental Health: A National Action Agenda. Panel 3: State of the Evidence on Treatments, Services, Systems of Care, and Financing : Prevention, Early Intervention and Community-based Services. Barbara J. Burns, Ph.D., Duke University. U.S. Department of Health and Human Services (2000).
- 3) Oregon Healthy Start 1999-2000 Status Report. Clara Pratt, et. al., Oregon State University Family Policy Program (2001).
- 4) Monetary Benefits and Costs of Oregon Healthy Start. Sandra Helmick and Clara Pratt, et. al., Oregon State University Family Policy Program (2000).
- 5) Access to Alcohol and Other Drug Treatment in Oregon. Access to Treatment Work Group, Oregon Strategy for Social Support (1998).
- 6) Ibid
- 7) Societal Outcomes and Cost Savings of Drug and Alcohol Treatment in the State of Oregon. Mike Finigan. Office of Alcohol and Drug Abuse Programs, Oregon Department of Human Resources (1996).
- 8) Report of the Surgeon General's Conference on Children's Mental Health: A National Action Agenda. U.S. Public Health Service, Washington, D.C.: 2000.
- 9) "Homeostasis, Stress, Trauma and Adaptation: A Neurodevelopmental View of Childhood Trauma," Bruce Perry and Ronnie Pollard, in *Stress in Children*.7: 1, (January 1998).
- 10) "Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions. Lynn Karoly, Peter Greenwood, et. al. RAND (1998).
- 11) The impact of psychological intervention on healthcare utilization and costs. M.S. Pallack, et al, Biodyne Institute (1990).
- 12) The medical offset effect and public health policy: Mental health industry in transition. J.L Fiedler and J.B. Wight New York: Praeger (1989).
- 13) FACES Head Start Study. Research, Demonstration and Evaluation Branch of the Administration on Children, Youth and Families in the U.S. Department of Health and Human Services.
- 14) Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions. Lynn Karoly, Peter Greenwood, et. al. RAND (1998).
- 15) Ibid
- 16) The Comparative Costs and Benefits of Programs to Reduce Crime, A Review of National Research with Implications for Washington State. Steve Aos, et. al., Washington State Institute for Public Policy (1999).
- 17) Kids Intervention Investment Delinquency Solutions. Citizens Crime Commission (2000).

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Oregon Emergency Preparedness

State Agency Emergency, Security & Health Information

[Oregon State Police](#)

[Oregon Department of Human Services, Health Division](#)

[Oregon Military Department](#)

[Oregon Department of Justice & Oregon Attorney General](#)

[Oregon Emergency Management](#)

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Oregon Emergency Preparedness

Governor's Actions

[Governor and Oregon Attorney General Hardy Myers prepare an analysis of Oregon laws to determine what changes might be considered in light of the September 11, 2001 attacks](#)

[Governor signs SB 1001, the Emergency Management Assistance Compact, during the first Special session of the 71st Legislative Assembly](#)

[Governor Announces Elevation Of Oregon Emergency Management To Department Level Status, Appoints Director - December 21, 2001](#)

[Homeland Security Director Calls For Heightened Alert - December 3, 2001](#)

[Governor's Statement On Latest National Alert - October 29, 2001](#)

[Governor Outlines Federal Agenda - October 25, 2001](#)

[Governor Announces State Measures On Security and Preparedness - October 17, 2001](#)

[State Issues Procedures For Mail-Handling - October 15, 2001](#)

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Oregon Emergency Preparedness

Related Links

[Office of Homeland Security](#)

[U.S. Dept. of Health and Human Services](#)

[Bioterrorism Funding For States \(with link to Oregon's distribution\)](#)

[FEMA \(Federal Emergency Management Agency\)](#)

[Centers for Disease Control and Prevention](#)

[National Domestic Preparedness Office](#)

[Western Disaster Center](#)

[Local Government Resources](#)

[National Governors Association](#)

[Federal Bureau of Investigation, Portland, Oregon office](#)

[US Postal Service](#)

[Guidelines For Suspicious Letters or Parcels](#) (Requires the [Adobe Acrobat Reader](#))

[Guidelines for Dealing with Questionable or Unknown Substances](#) (Requires the [Adobe Acrobat Reader](#))

Disaster Victim Assistance Organizations

[New York State World Trade Center Relief Fund](#)

[Red Cross Liberty Disaster Relief Fund](#)

[National Voluntary Organizations Active in Disaster](#)

DEPARTMENT OF HOMELAND SECURITY
REORGANIZATION PLAN
November 25, 2002

Introduction

This Reorganization Plan is submitted pursuant to Section 1502 of the Department of Homeland Security Act of 2002 (“the Act”), which requires submission, not later than 60 days after enactment, of a reorganization plan regarding two categories of information concerning plans for the Department of Homeland Security (“the Department” or “DHS”):

- (1) The transfer of agencies, personnel, assets, and obligations to the Department pursuant to this Act.
- (2) Any consolidation, reorganization, or streamlining of agencies transferred to the Department pursuant to this Act. Section 1502(a).

Section 1502(b) of the Act identifies six elements, together with other elements “as the President deems appropriate,” as among those for discussion in the plan. Each of the elements set out in the statute is identified *verbatim* below, followed by a discussion of current plans with respect to that element.

This plan is subject to modification pursuant to Section 1502(d) of the Act, which provides that on the basis of consultations with appropriate congressional committees the President may modify or revise any part of the plan until that part of the plan becomes effective. Additional details concerning the process for establishing the Department will become available in the coming weeks and months, and the President will work closely with Congress to modify this plan consistent with the Act.

Plan Elements

(1) Identification of any functions of agencies transferred to the Department pursuant to this Act that will not be transferred to the Department under the plan.

Except as otherwise directed in the Act, all functions of agencies that are to be transferred to the Department pursuant to the Act will be transferred to the Department under the plan. The functions of agencies being transferred to the Department which the Act directs are not to be transferred are the following:

- Pursuant to Section 201(g)(1) of the Act, the Computer Investigations and Operations Section (“CIOS”) of the National Infrastructure Protection Center (“NIPC”) of the Federal Bureau of Investigation (“FBI”) will not transfer to the Department with the

rest of NIPC. CIOS is the FBI headquarters entity responsible for managing all FBI computer intrusion field office cases (whether law enforcement or national security related).

- Pursuant to Sections 421(c) & (d) of the Act, the regulatory responsibilities and quarantine activities relating to agricultural import and entry inspection activities of the United States Department of Agriculture (“the USDA”) Animal and Plant Health Inspection Service (“APHIS”) will remain with the USDA, as will the Secretary of Agriculture’s authority to issue regulations, policies, and procedures regarding the functions transferred pursuant to Sections 421(a) & (b) of the Act.
- Pursuant to Subtitle B of Title IV of the Act, the authorities of the Secretary of the Treasury related to Customs revenue functions, as defined in the statute, will not transfer to the Department.
- Functions under the immigration laws of the United States with respect to the care of unaccompanied alien children will not transfer from the Department of Justice to DHS, but will instead transfer to the Department of Health and Human Services pursuant to Section 462 of the Act.

(2) Specification of the steps to be taken by the Secretary to organize the Department, including the delegation or assignment of functions transferred to the Department among officers of the Department in order to permit the Department to carry out the functions transferred under the plan.

A. Steps to be taken by the Secretary to organize the Department. The President intends that the Secretary will carry out the following actions on the dates specified. All of the following transfers shall be deemed to be made to DHS, and all offices and positions to be established and all officers and officials to be appointed or named shall be deemed to be established, appointed, or named within DHS.

January 24, 2003 (effective date of the Act pursuant to Section 4):

- Establish the Office of the Secretary.
- Begin to appoint, upon confirmation by the Senate, or transfer pursuant to the transfer provisions of the Act, as many of the following officers as may be possible:
 - (1) Deputy Secretary of Homeland Security
 - (2) Under Secretary for Information Analysis and Infrastructure Protection
 - (3) Under Secretary for Science and Technology
 - (4) Under Secretary for Border and Transportation Security

- (5) Under Secretary for Emergency Preparedness and Response
 - (6) Director of the Bureau of Citizenship and Immigration Services
 - (7) Under Secretary for Management
 - (8) Not more than 12 Assistant Secretaries
 - (9) General Counsel
 - (10) Inspector General
 - (11) Commissioner of Customs
- Name, as soon as may be possible, officers to fill the following offices created by the Act:
 - (1) Assistant Secretary for Information Analysis
 - (2) Assistant Secretary for Infrastructure Protection
 - (3) Privacy Officer
 - (4) Director of the Secret Service
 - (5) Chief Information Officer
 - (6) Chief Human Capital Officer
 - (7) Chief Financial Officer
 - (8) Officer for Civil Rights and Civil Liberties
 - (9) Director of Shared Services
 - (10) Citizenship and Immigration Ombudsman
 - (11) Director of the Homeland Security Advanced Research Projects Agency
 - Establish, within the Office of the Secretary, the Office for State and Local Government Coordination, the Office of International Affairs, and the Office of National Capital Region Coordination.
 - Establish the Homeland Security Advanced Research Projects Agency and the Acceleration Fund for Research and Development of Homeland Security Technologies.
 - Establish within the Directorate of Science and Technology the Office for National Laboratories.
 - Establish the Bureau of Border Security, the Bureau of Citizenship and Immigration Services, and the Director of Shared Services.
 - Establish the Transportation Security Oversight Board with the Secretary of Homeland Security as its Chair.

March 1, 2003:

- Transfer the Critical Infrastructure Assurance Office (“CIAO”) of the Department of Commerce, the National Communications System (“the NCS”), the NIPC of the FBI (other than the CIOS), the National Infrastructure Simulation and Analysis Center (“NISAC”), the Energy

Assurance Office (“EAO”) of the Department of Energy, and the Federal Computer Incident Response Center of the General Services Administration (“FedCIRC”).

- Transfer the Coast Guard.
- Transfer the Customs Service, the Transportation Security Administration (“the TSA”), functions of the Immigration and Naturalization Service (“the INS”), the Federal Protective Service (“the FPS”), the Office of Domestic Preparedness (“the ODP”), and the Federal Law Enforcement Training Center (“the FLETC”).
- Transfer the functions of the Secretary of Agriculture relating to agricultural import and entry inspection activities under the laws specified in Section 421(b) of the Act from the Animal and Plant Health Inspection Service.
- Transfer the United States Secret Service.
- Transfer the following programs and activities to the Directorate of Science and Technology:
 - The chemical and biological national security and supporting programs and activities of the nonproliferation and verification research and development program of the Department of Energy.
 - The life sciences activities related to microbial pathogens of the Biological and Environmental Research Program of the Department of Energy.
 - The National Bio-Weapons Defense Analysis Center of the Department of Defense.
 - The nuclear smuggling programs and activities within the proliferation detection program of the nonproliferation and verification research and development program of the Department of Energy.
 - The nuclear assessment program and activities of the assessment, detection, and cooperation program of the international materials protection and cooperation program of the Department of Energy and the advanced scientific computing research program and activities at Lawrence Livermore National Laboratory of the Department of Energy.

- The Environmental Measurements Laboratory of the Department of Energy.
- Transfer the Federal Emergency Management Agency (“FEMA”).
- Transfer the Integrated Hazard Information System of the National Oceanic and Atmospheric Administration, which shall be renamed “FIRESTAT.”
- Transfer the National Domestic Preparedness Office of the FBI, including the functions of the Attorney General relating thereto.
- Transfer the Domestic Emergency Support Team of the Department of Justice, including the functions of the Attorney General relating thereto.
- Transfer the Metropolitan Medical Response System of the Department of Health and Human Services, including the functions of the Secretary of Health and Human Services and Assistant Secretary for Public Health Emergency Preparedness relating thereto.
- Transfer the National Disaster Medical System of the Department of Health and Human Services, including the functions of the Secretary of Health and Human Services and Assistant Secretary for Public Health Emergency Preparedness relating thereto.
- Transfer the Office of Emergency Preparedness and the Strategic National Stockpile of the Department of Health and Human Services, including the functions of the Secretary of Health and Human Services and Assistant Secretary for Public Health Emergency Preparedness relating thereto.
- Transfer to the Secretary the authority (in connection with an actual or threatened terrorist attack, major disaster, or other emergency in the United States) to direct the Nuclear Incident Response Team of the Department of Energy to operate as an organizational unit.

June 1, 2003:

- Transfer the Plum Island Animal Disease Center of USDA.
- Establish the Homeland Security Science and Technology Advisory Committee.

By September 30, 2003:

- Complete any incidental transfers, pursuant to Section 1516 of the Act, of personnel, assets, and liabilities held, used, arising from, available, or to be made available, in connection with the functions transferred by the Act.

B. Delegation or Assignment Among Officers of Functions Transferred to the Department. The President intends that the Secretary will delegate or assign transferred functions within the Department as follows:

1. Information Analysis and Infrastructure Protection

- a. Under Secretary for Information Analysis and Infrastructure Protection (“IA and IP”): Will be responsible for oversight of functions of NIPC, NCS, CIAO, NISAC, EAO, and FedCIRC transferred by the Act, the management of the Directorate’s Information Analysis and Infrastructure Protection duties, and the administration of the Homeland Security Advisory System.
- b. Assistant Secretary for Information Analysis: Will oversee the following Information Analysis functions:
 - Identify and assess the nature and scope of terrorist threats to the homeland; detect and identify threats of terrorism against the United States; and, understand such threats in light of actual and potential vulnerabilities of the homeland.
 - In coordination with the Assistant Secretary for Infrastructure Protection, integrate relevant information, analyses, and vulnerability assessments (whether such information, analyses, or assessments are provided or produced by the Department or others) in order to identify priorities for protective and support measures by the Department, other agencies of the Federal Government, State and local government agencies and authorities, the private sector, and other entities.
 - Ensure the timely and efficient access by the Department to all information necessary to discharge the responsibilities under Section 201 of the Act, including obtaining such information from other agencies of the Federal Government.
 - Review, analyze, and make recommendations for improvements in the policies and procedures governing the sharing of law enforcement information, intelligence information, intelligence-related information, and other information relating to homeland security within the Federal

Government and between the Federal Government and State and local government agencies and authorities.

- Disseminate, as appropriate, information analyzed by the Department within the Department, to other agencies of the Federal Government with responsibilities relating to homeland security, and to agencies of State and local governments and private sector entities with such responsibilities in order to assist in the deterrence, prevention, preemption of, or response to, terrorist attacks against the United States.
- Consult with the Director of Central Intelligence and other appropriate intelligence, law enforcement, or other elements of the Federal Government to establish collection priorities and strategies for information, including law enforcement-related information, relating to threats of terrorism against the United States through such means as the representation of the Department in discussions regarding requirements and priorities in the collection of such information.
- Consult with State and local governments and private sector entities to ensure appropriate exchanges of information, including law enforcement-related information, relating to threats of terrorism against the United States.
- Ensure that—
 1. Any material received pursuant to the Act is protected from unauthorized disclosure and handled and used only for the performance of official duties; and
 2. Any intelligence information under the Act is shared, retained, and disseminated consistent with the authority of the Director of Central Intelligence to protect intelligence sources and methods under the National Security Act of 1947 (50 U.S.C. Section 401, et seq.) and related procedures and, as appropriate, similar authorities of the Attorney General concerning sensitive law enforcement information.
- Request additional information from other agencies of the Federal Government, State and local government agencies, and the private sector relating to threats of terrorism in the United States, or relating to other areas of responsibility assigned by the Secretary, including the entry into cooperative agreements through the Secretary to obtain such information.

- Establish and utilize, in conjunction with the Chief Information Officer of the Department, a secure communications and information technology infrastructure, including data-mining and other advanced analytical tools, in order to access, receive, and analyze data and information in furtherance of statutory responsibilities, and to disseminate information acquired and analyzed by the Department, as appropriate.
- Ensure, in conjunction with the Chief Information Officer of the Department, that any information databases and analytical tools developed or utilized by the Department—
 1. Are compatible with one another and with relevant information databases of other agencies of the Federal Government; and
 2. Treat information in such databases in a manner that complies with applicable Federal law on privacy.
- Coordinate training and other support to the elements and personnel of the Department, other agencies of the Federal Government, and State and local governments that provide information to the Department, or are consumers of information provided by the Department, in order to facilitate the identification and sharing of information revealed in their ordinary duties and the optimal utilization of information received from the Department.
- Coordinate with elements of the intelligence community and with Federal, State, and local law enforcement agencies, and the private sector, as appropriate.
- Provide intelligence and information analysis and support to other elements of the Department.

c. Assistant Secretary for Infrastructure Protection: Will oversee the following Infrastructure Protection functions:

- Carry out comprehensive assessments of the vulnerabilities of the key resources and critical infrastructure of the United States, including the performance of risk assessments to determine the risks posed by particular types of terrorist attacks within the United States (including an assessment of the probability of success of such attacks and the feasibility and potential efficacy of various countermeasures to such attacks).

- In coordination with the Assistant Secretary for Information Analysis, integrate relevant information, analyses, and vulnerability assessments (whether such information, analyses, or assessments are provided or produced by the Department or others) in order to identify priorities for protective and support measures by the Department, other agencies of the Federal Government, State and local government agencies and authorities, the private sector, and other entities.
- Develop a comprehensive national plan for securing the key resources and critical infrastructure of the United States, including power production, generation, and distribution systems, information technology and telecommunications systems (including satellites), electronic financial and property record storage and transmission systems, emergency preparedness communications systems, and the physical and technological assets that support such systems.
- Recommend measures necessary to protect the key resources and critical infrastructure of the United States in coordination with other agencies of the Federal Government and in cooperation with State and local government agencies and authorities, the private sector, and other entities.
- In coordination with the Under Secretary for Emergency Preparedness and Response, provide to State and local government entities, and upon request to private entities that own or operate critical information systems, crisis management support in response to threats to, or attacks on, critical information systems.
- Provide technical assistance, upon request, to the private sector and other government entities, in coordination with the Under Secretary for Emergency Preparedness and Response, with respect to emergency recovery plans to respond to major failures of critical information systems.
- Coordinate with other agencies of the Federal Government to provide specific warning information, and advice about appropriate protective measures and countermeasures, to State and local government agencies and authorities, the private sector, other entities, and the public.

2. Science and Technology

Under Secretary for Science and Technology: Will be responsible for performing the functions set forth in Section 302 of the Act, including the following:

- Advise the Secretary regarding research and development efforts and priorities in support of the Department's missions.
- Develop, in consultation with other appropriate executive agencies, a national policy and strategic plan for identifying priorities, goals, objectives, and policies for, and coordinating the Federal Government's civilian efforts with respect to, identifying and developing countermeasures to chemical, biological, radiological, nuclear, and other emerging terrorist threats, including the development of comprehensive, research-based definable goals for such efforts and of annual measurable objectives and specific targets to accomplish and evaluate the goals for such efforts.
- Support the Under Secretary for Information Analysis and Infrastructure Protection by assessing and testing homeland security vulnerabilities and possible threats.
- Conduct basic and applied research, development, demonstration, testing, and evaluation activities that are relevant to any or all elements of the Department, through both intramural and extramural programs, except that such responsibility does not extend to human health-related research and development activities.
- Establish priorities for directing, funding, and conducting national research, development, test and evaluation, and procurement of technology and systems for—
 1. preventing the importation of chemical, biological, radiological, nuclear, and related weapons and material; and
 2. detecting, preventing, protecting against, and responding to terrorist attacks.
- Establish a system for transferring homeland security developments or technologies to Federal, State, and local governments, and to private sector entities.

- Enter into work agreements, joint sponsorships, contracts, or any other agreements with the Department of Energy regarding the use of the national laboratories or sites and support of the science and technology base at those facilities.
- Collaborate with the Secretary of Agriculture and the Attorney General as provided in Section 212 of the Agricultural Bioterrorism Protection Act of 2002 (7 U.S.C. § 8401), as amended by Section 1709(b) of the Act.
- Collaborate with the Secretary of Health and Human Services and the Attorney General in determining any new biological agents and toxins that shall be listed as ‘select agents’ in Appendix A of part 72 of title 42, Code of Federal Regulations, pursuant to Section 351A of the Public Health Service Act (42 U.S.C. § 262a).
- Support United States leadership in science and technology.
- Establish and administer the primary research and development activities of the Department, including the long-term research and development needs and capabilities for all elements of the Department.
- Coordinate and integrate all research, development, demonstration, testing, and evaluation activities of the Department.
- Coordinate with other appropriate executive agencies in developing and carrying out the science and technology agenda of the Department to reduce duplication and identify unmet needs.
- Develop and oversee the administration of guidelines for merit review of research and development projects throughout the Department, and for the dissemination of research conducted or sponsored by the Department.

3. Border and Transportation Security

The Directorate of Border and Transportation Security (“BTS”) will include the following: the Bureau of Border Security; the Office for Domestic Preparedness; the Customs Service; the Transportation Security Administration; FLETC; and FPS.

The BTS Directorate will also have in place the key leaders of the new Directorate to include:

- a. Under Secretary for BTS: Will be responsible for oversight of all responsibilities set forth in Section 402 of the Act, including the following:
- Prevent the entry of terrorists and the instruments of terrorism into the United States.
 - Secure the borders, territorial waters, ports, terminals, waterways, and air, land, and sea transportation systems of the United States, including managing and coordinating those functions transferred to the Department at ports of entry.
 - Establish and administer rules, in accordance with Section 428 of the Act, governing the granting of visas or other forms of permission, including parole, to enter the United States to individuals who are not a citizen or an alien lawfully admitted for permanent residence in the United States.
 - Establish national immigration enforcement policies and priorities.
 - Administer the customs laws of the United States, except as otherwise provided in the Act.
 - Conduct the inspection and related administrative functions of the USDA transferred to the Secretary of Homeland Security under Section 421 of the Act.
 - In carrying out the foregoing responsibilities, ensure the speedy, orderly, and efficient flow of lawful traffic and commerce.
 - Carry out the immigration enforcement functions specified under Section 441 of the Act that were vested by statute in, or performed by, the Commissioner of the INS (or any officer, employee, or component of the INS) immediately before the date on which the transfer of functions takes place.
- b. Assistant Secretary for Border Security: Will report directly to the Under Secretary for Border and Transportation Security, and whose responsibilities will include the following:

- Establish and oversee the administration of the policies for performing such functions as are--
 1. transferred to the Under Secretary for Border and Transportation Security by Section 441 of the Act and delegated to the Assistant Secretary by the Under Secretary for Border and Transportation Security; or
 2. otherwise vested in the Assistant Secretary by law.
 - Advise the Under Secretary for Border and Transportation Security with respect to any policy or operation of the Bureau of Border Security that may affect the Bureau of Citizenship and Immigration.
- c. Director of the Office for Domestic Preparedness - Will report directly to the Under Secretary for Border and Transportation Security and will have the primary responsibility within the Executive Branch of the Federal Government for the preparedness of the United States for acts of terrorism, including the following responsibilities:
- Coordinate preparedness efforts at the Federal level, and work with all State, local, tribal, parish, and private sector emergency response providers on all matters pertaining to combating terrorism, including training, exercises, and equipment support.
 - Coordinate or, as appropriate, consolidate communications and systems of communications relating to homeland security at all levels of government.
 - Direct and supervise terrorism preparedness grant programs of the Federal Government (other than those programs administered by the Department of Health and Human Services) for all emergency response providers.
 - Incorporate homeland security priorities into planning guidance on an agency level for the preparedness efforts of the Office for Domestic Preparedness.
 - Provide agency-specific training for agents and analysts within the Department, other agencies, and State and local agencies, and international entities.
 - As the lead executive branch agency for preparedness of the United States for acts of terrorism, cooperate closely with the FEMA, which shall have the primary responsibility within the

executive branch to prepare for and mitigate the effects of non-terrorist-related disasters in the United States.

- Assist and support the Secretary, in coordination with other Directorates and entities outside the Department, in conducting appropriate risk analysis and risk management activities of State, local, and tribal governments consistent with the mission and functions of the Directorate.
- Supervise those elements of the Office of National Preparedness of FEMA that relate to terrorism, which shall be consolidated within the Department in the ODP established pursuant to Section 430 of the Act.

4. Emergency Preparedness and Response

The Emergency Preparedness and Response Directorate will be headed by the Under Secretary for Emergency Preparedness and Response.

Under Secretary for EP&R: Will be responsible for all of those functions included within Section 502 of the Act, including:

- Helping to ensure the effectiveness of emergency response providers to terrorist attacks, major disasters, and other emergencies.
- With respect to the Nuclear Incident Response Team (regardless of whether it is operating as an organizational unit of the Department pursuant to the Act):
 1. Establishing standards and certifying when those standards have been met;
 2. Conducting joint and other exercises and training and evaluating performance; and,
 3. Providing funds to the Department of Energy and the Environmental Protection Agency, as appropriate, for homeland security planning, exercises and training, and equipment.
- Providing the Federal Government's response to terrorist attacks and major disasters, including:
 1. Managing such response;

2. Directing the Domestic Emergency Support Team, the Strategic National Stockpile, the National Disaster Medical System, and (when operating as an organizational unit of the Department pursuant to the Act) the Nuclear Incident Response Team;
 3. Overseeing the Metropolitan Medical Response System; and
 4. Coordinating other Federal response resources in the event of a terrorist attack or major disaster.
- Aiding the recovery from terrorist attacks and major disasters;
 - Building a comprehensive national incident management system with Federal, State, and local government personnel, agencies, and authorities, to respond to such attacks and disasters.
 - Consolidating existing Federal Government emergency response plans into a single, coordinated national response plan; and
 - Developing comprehensive programs for developing interoperative communications technology, and helping to ensure that emergency response providers acquire such technology.

5. Other Officers and Functions

- a. Director of the Bureau of Citizenship and Immigration Services: Will report directly to the Deputy Secretary; and will be responsible for the following:
 - Establishing the policies for performing such functions as are transferred to the Director by Section 451 of the Act or otherwise vested in the Director by law.
 - Oversight of the administration of such policies.
 - Advising the Deputy Secretary with respect to any policy or operation of the Bureau of Citizenship and Immigration Services that may affect the Bureau of Border Security of the

Department, including potentially conflicting policies or operations.

- Establishing national immigration services policies and priorities.
- Meeting regularly with the Ombudsman described in Section 452 of the Act to correct serious service problems identified by the Ombudsman.
- Establishing procedures requiring a formal response to any recommendations submitted in the Ombudsman's annual report to Congress within three months after its submission to Congress.

b. Citizenship and Immigration Services Ombudsman: Will report directly to the Deputy Secretary; and will be responsible for the following:

- Assisting individuals and employers in resolving problems with the Bureau of Citizenship and Immigration Services;
- Identifying areas in which individuals and employers have problems in dealing with the Bureau of Citizenship and Immigration Services; and
- Proposing changes in the administrative practices of the Bureau of Citizenship and Immigration Services to mitigate identified problems.

(3) Specification of the funds available to each agency that will be transferred to the Department as a result of transfers under the plan.

- The attached tables provide estimates of the funds available to the agencies and entities that will be transferred to the Department by operation of the Act. The two tables include total funding (mandatory and discretionary including fees) and discretionary funding net of fees. The tables provide the enacted levels for 2002 and 2002 supplementals, and the President's requested levels for 2003.

Because of the current state of the 2003 budget process, information concerning the funds that will be available to each transferring agency on the date of the proposed transfers is not currently available and will not likely be available during the time period in which the President is to submit this Reorganization Plan. As additional information becomes available, it will be provided as

may be required in accordance with the procedures under the Act for modification of this Plan or other applicable law.

(4) Specification of the proposed allocations within the Department of unexpended funds transferred in connection with transfers under the plan.

- The attached tables provide estimates of the unobligated balances as of September 30, 2002, for the agencies and programs that will be transferred to the Department. The first table provides estimates of unobligated balances for the accounts that are moving to the Department in whole. The second table provides estimates of the unobligated balances in the accounts of which only a portion will be transferring to the new Department. These latter estimates, however, are of the unobligated balances for the full account, only a portion of which are associated with the activities that will be transferred to the Department. In addition, these unobligated balances are based on the Department of Treasury's estimates as of September 30, 2002, which are the latest available figures. Since October 1, 2002, Departments and agencies (except the Department of Defense) have been operating under continuing resolutions, and, as such, have been spending these balances to maintain current operations.

Authority to reallocate unexpended funds of agencies transferred under this Plan is found in H.J. Res. 124, the continuing resolution in effect currently and until January 11, 2003. The resolution provides authority for the Office of Management and Budget to transfer an amount not to exceed \$140,000,000 from unobligated balances of appropriations enacted before October 1, 2002 "for organizations and entities that will be transferred to the new Department and for salaries and expenses associated with the initiation of the Department." Such authority may be exercised upon providing 15 days' notice to the Appropriations Committees. We anticipate that it may be necessary to provide funding through such transfers both for transferring entities and for salaries and expenses associated with the initiation of the Department, including, for example, those associated with establishing the Office of the Secretary and other new offices provided for in the Act. Any plan to use such funding will follow the procedures required under the continuing resolution, including the provision of at least 15 days' notice to the Appropriations Committees.

(5) Specification of any proposed disposition of property, facilities, contracts, records, and other assets and obligations of agencies transferred under the plan.

- There is no intention to dispose of property, facility, contracts, records, and other assets and obligations of agencies transferred under the plan. All of such assets and obligations will transfer with each agency pursuant to Section 1511(d)(1) of the Act.
- Prior to and during the transition period (as defined by Section 1501(a)(2) of the Act), the Department may identify property, facilities, contracts, records, and other assets and obligations of agencies transferred that would be candidates for disposition due to duplication, non-use, obsolescence, and the like. If and when any such proposed dispositions are identified, we will follow provisions of the Act relating to modification of this plan or further notification of Congress.

(6) Specification of the proposed allocations within the Department of the functions of the agencies and subdivisions that are not related directly to securing the homeland.

- As agencies and subdivisions are transferred into the Department, any functions of those entities that are not directly related to securing the homeland will continue to be allocated to the agencies and subdivisions in which they are currently incorporated.

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



Oregon Emergency Preparedness

Remarks at Memorial Ceremony September 14, 2001

[Remarks by Governor Kitzhaber](#)

[Remarks by Gerry Frank](#)

[Remarks by Senator Peter Courtney of Salem](#)

[Remarks by Chief Jeffrey D. Johnson, Tualatin Valley Fire & Rescue](#)

[Remarks by Lane Shetterly, Oregon State Representative](#)

December 2002

**WORKING TO RESTORE OREGON'S EASTSIDE FOREST
ECOSYSTEMS
AND COMMUNITY HEALTH:
OREGON'S EXPERIENCE**

A Report to Governor John Kitzhaber



From the Governor's Eastside Forest Advisory Panel

Governor's Eastside Forest Advisory Panel

Chair-Pat Wortman	Enterprise
Rick Brown	Portland
Ron Daniels	Keizer
Paul Dewey	Bend
Mike Hayward	Enterprise
Paul Oester	La Grande
Jane O'Keeffe	Lakeview
Tom Partin	Portland
Lewis E. Pitt, Jr.	Confederated Tribes of Warm Springs

Staff support to EFAP Panel 2001-2002

Peter Green	Governor's Natural Resources Advisor
Julia Doermann	Governor's Natural Resources Federal Coordinator
Lance Clark	Department of Forestry
Margaret Petersen	U.S. Forest Service
Jeff Blackwood	U.S. Forest Service
Bob Rainville	U.S. Forest Service-Blue Mountain Demonstration Area
Gary Miller	DOI-U.S. Fish and Wildlife Service
Randy Tweeten	NOAA-Fisheries
Darrel L. Kenops	Governor's Natural Resources Office

Past Panel Members

Dave Cash	Pendleton
Ken Evans	John Day
Wayne Ludeman	Bend
Rep. Chuck Norris	Hermiston
Don Sampson	Confederated Tribes of the Umatilla
Gaylen Williams	Lostine
Tonya Wolf	Bend

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Photo Credits:

Tom Iraci, Region 6, U.S. Forest Service

ACKNOWLEDGEMENTS

The Governor's Eastside Forest Advisory Panel, a diverse, 9-member citizen panel appointed by Governor John A. Kitzhaber has been together since April 1996 with the goal of identifying guiding principles and opportunities to restore the health of forests, watersheds and the communities that depend upon them.

The team work built upon the consensus findings of a distinguished panel of Pacific Northwest scientists who, in 1995, responded to Governor Kitzhaber's request to provide recommendations for restoring forest health, providing wood products to local communities, and reducing risk of catastrophic fires in the National Forests in the Blue Mountains of Oregon.

This progress report reflects the cumulative efforts of many people who served on the Panel and those who worked with them to implement its recommendations.

The Panel's partners include scientists, Federal, State and Tribal agency administrators and on-the-ground staff with land management and economic development responsibilities in eastern Oregon.

Community groups and county commissioners were also essential partners as the scope of the Panel's work evolved over time to include private lands and broader connections to the health of eastside communities.

At the end of six years, hundreds of people have played a part in the work and success of this effort.

To obtain additional copies of this December, 2002 Progress Report to Governor Kitzhaber from his Eastside Forest Advisory Panel or for further information contact:

Governor's Eastside Forest Advisory Panel
Oregon Department of Forestry
2600 State Street
Salem, Oregon 97310

EXECUTIVE SUMMARY

The Governor's Eastside Forest Advisory Panel (Panel) and its partners have made important progress in identifying common ground among diverse interests that could allow us to collectively meet the goals of restoring eastside forest ecosystems, reducing the risk of catastrophic wildfire and enhancing the economic stability of rural communities.

This significant accomplishment is captured in the Governor's 11-point strategy. Examples of how it has worked on the ground can be seen in two reports, issued in 1997 and 1999, which catalogued 56 projects on public lands. Subsequent accomplishments are described in Blue Mountains Demonstration Area annual reports.

This report highlights the importance of working collaboratively across the landscape using an agreed-upon set of guiding principles to improve the health of forests, watersheds and communities in eastern Oregon. The Panel's efforts have proven that working together with scientists, managers, communities and citizen leaders over this six year period has tremendous potential to restore forests, watersheds and communities in both the short and long term.

This report outlines the Panel's major activities. The Panel unanimously believes that the six-year effort has been worthwhile. The Panel believes its work should continue. Not only could more be accomplished on the ground given additional time, but the relationships, analyses and understanding of the problems and opportunities provide a strong foundation for experimenting and resolving forest and community health challenges faced at a national level.

The Panel's experiences, conclusions and recommendations are outlined in this report. Based on the Panel's experiences and results, we make the following findings and recommendations.

FINDINGS

- There is broad agreement among scientists and diverse stakeholders regarding our ability to improve the health of forests, watersheds and communities.
- Incorporating the Governor's 11-point strategy across all ownerships can lead to enhanced forest health and watershed management for eastern Oregon's ecosystems.
- There are barriers to achieving the land management objectives outlined in the 11-point strategy and recommended in the 1995 science panel's report.
- Continued monitoring of the Panel's recommendations regarding barriers should provide broadly applicable lessons and suggest new procedures and ways to work in eastern Oregon forests, watersheds and communities.
- Long-term dedication of elected and community leaders, Panel members and partners is essential to making significant progress to improve forest, watershed and community conditions.
- Timely, upfront involvement by distinguished scientists helps assure scientific information is used effectively by managers, citizens, partners, and communities as they collaborate on and design projects for forest and watershed restoration purposes.
- Alignment of purpose between public agencies, communities and the Administration and congressional representatives is essential to assure continuing investments over many years.
- Using an approach that empowers a diverse Panel as an overarching support and leadership framework creates and fosters effective relationships to accomplish important work.
- Field trips are essential to understanding individual frames of reference as well as to reaching agreement on effective forest, watershed and community restoration actions. Field trips and meetings are critical to gauging and celebrating progress.

RECOMMENDATIONS

- 1) Adopt the 11-point strategy for eastern Oregon as a “code for collaboration and cooperation” for restoring eastern Oregon forests, watersheds and communities.
- 2) Commit to improving processes, funding and support for creative approaches to accomplish forest, watershed and community restoration work.
- 3) Seek effective involvement of scientists with managers and partners through,
 - timely transfer of current and new science,
 - use of balanced teams of scientists, including social scientists, to periodically review progress and new developments,
 - improve availability of university, private sector, federal and state agency scientists for periodic land management practices reviews.
- 4) Invest in sharing “lessons learned” with key leaders, citizens, stakeholders and the community.
- 5) Make sure communities, leaders and public agency administrators are clearly communicating in order to achieve results for community infrastructure improvements while achieving forest and watershed ecosystem health.
- 6) Set periodic report milestones and benchmarks to review monitoring and evaluation results so progress can be determined and new barriers may be addressed. An annual report and celebration is essential to keeping partners motivated and engaged.



Top Photo - U.S. Forest Service Strike Team in eastern Oregon National Forest
Bottom Photo - Starkey Experimental Forest completed thinning project

AN 11-POINT STRATEGY FOR RESTORING EASTERN OREGON FORESTS, WATERSHEDS AND COMMUNITIES

- 1. There are broad areas of potential agreement about goals for restoration of ecosystem health in the forests of eastern Oregon. The time is now to move forward on restoration efforts where success is most likely and that have scientific and public support**
- 2. Ecosystem health includes the health of the forests, streams, and watersheds. Achieving and maintaining good water quality and quantity should be a priority for all forest management activities.**
 - Ecosystem health involves many considerations: biological diversity, soils, resilience of the system to disturbances such as insects, disease, fire and flood.
 - Historic conditions are an important source of information when developing restoration objectives.
 - Extend watershed considerations from headwaters to human communities, and be responsive to both natural and human needs.
- 3. Ecosystem health may be improved through active management in stands which have suffered from fire exclusion, removal of large trees, and grazing. Understory thinning of green trees to restore forests to a healthy condition more representative of historic conditions is an important component of active management for forest health and can help offset costs. These conditions may be sustained by the periodic use of prescribed fire.**
 - Land management should mimic natural processes to the extent practicable. Use prescribed fire to restore historic open stand conditions in lower and mid elevation forests that have appropriate levels of surface and ladder fuels.
 - Understory thinning, especially when combined with prescribed fire, can mimic some of the effects of natural fire, and prepare the forest to function with periodic fires in the future.
 - Thinning and prescribed burns may not be appropriate for higher elevation or cold forest types (except some lodgepole pine) that historically had disturbance regimes based on stand-replacement fires.
 - Protect old growth stands that were historically maintained by fire, such as pine, larch, and aspen. Understory thinning and burning to remove young trees and inappropriate species can be effective tools to protect these important stands.
 - Management techniques will likely require financial investments and innovative contracting efforts because the economic value of these thinnings is generally lower.

- 4. Be responsive to the diversity of people dependent on forest resources including American Indian Tribes, timber-dependent communities and recreation and tourism sectors.**
 - A healthy watershed includes healthy communities that share the same geographical areas. Resource management should include strategies that maintain both forest and community health.
 - Monitoring communities and cultures is as important as monitoring forest resources.
 - Place emphasis on local participation and input that fosters ownership of land management strategies.

- 5. Plan and implement active restoration first in less controversial areas. In the short run, avoid operating in roadless areas, near fish habitat and old growth areas.**
 - Carry out active restoration first in areas and in ways of broadest public consensus, develop a track record of success, and then expand agreement and efforts to other areas.
 - Give higher restoration priority to areas with relatively high ecological integrity but with values most at risk from threats such as catastrophic fire, severe erosion, invasive species, or crowded understories.
 - Healthier ecosystems may benefit from maintenance treatments such as prescribed fire, as well as active restoration of adjacent areas.
 - Avoid treating old-growth areas unless they are at risk of uncharacteristically severe fire and understory competition, in which case understory thinning and prescribed fire may be used.

- 6. Monitoring and learning are essential to the success of ecosystem health restoration activities and will be critical to justifying continuing active management. The Forest Service, the Bureau of Land Management, the research community, Congress, the Administration, the Oregon Department of Forestry, other agencies, and the Governor's Office should join together in assuring that we learn from the management strategies employed to restore ecosystem health.**
 - A monitoring program for active restoration must include baseline data from which assessments can be made.
 - Monitoring is the essential element of adaptive management and should include implementation, effectiveness and validation monitoring.
 - Monitoring is the foundation of public acceptance and expansion of consensus on ecosystem restoration. Independent "all party" monitoring helps ensure credibility of the monitoring.

- 7. Restoration activities and planning should include all ownerships within a watershed, where possible.**
 - Look for ways that federal and state agencies and private partners such as local watershed councils, soil and water conservation districts, family forestland owner associations and other non-profits can build collaborative relationships and provide funding sources to meet watershed restoration needs irrespective of ownership.
 - Conduct watershed assessments and cumulative effects analyses across boundaries.

8. **Active management includes, but is not limited to, cutting trees, riparian area planting, reforestation, prescribed fire, road treatments, stream rehabilitation, and noxious weed management, as well as protection of ecologically sensitive areas.**
 - Develop restoration strategies that address forest, watershed, and community concerns in an integrated and comprehensive way.
 - Combine active treatments with passive approaches, for example managing livestock grazing to allow re-establishment and growth of aspen, cottonwood or other native vegetation.
 - Road treatments include fish passage and drainage improvements, closure, decommissioning, obliteration and re-contouring.

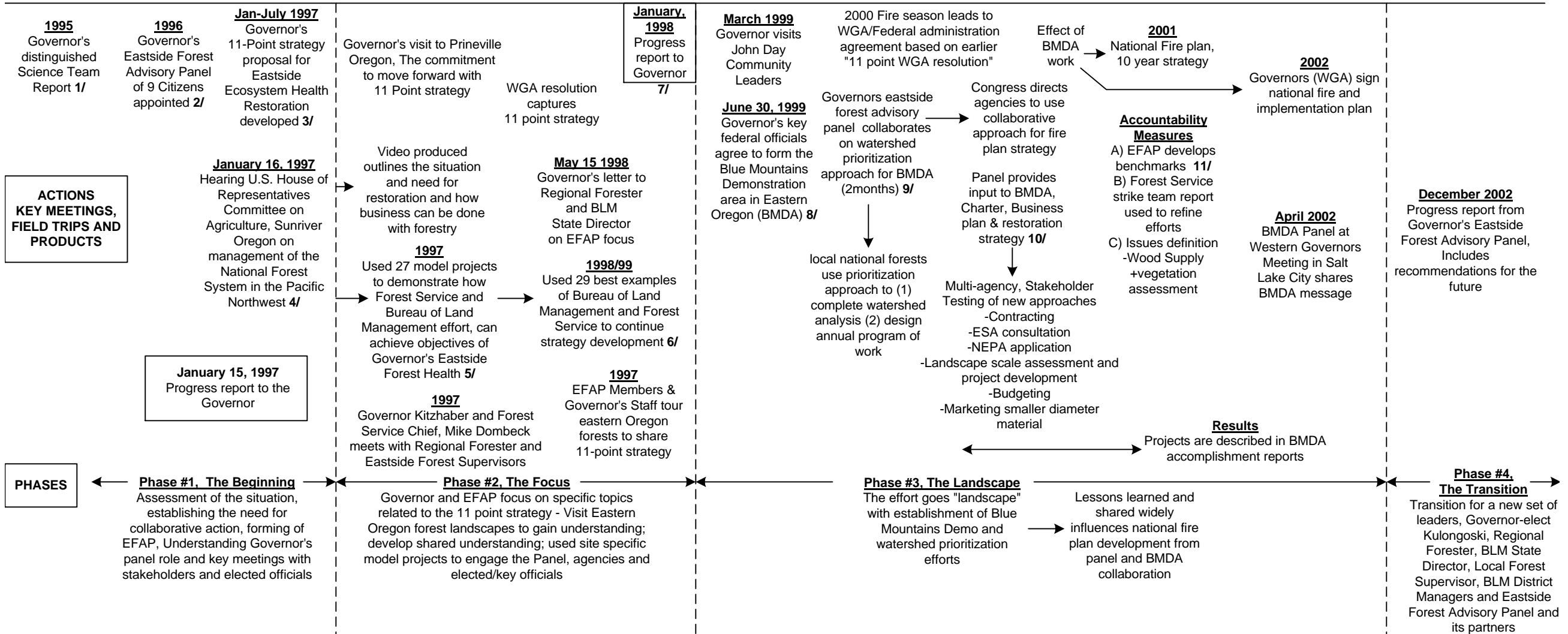
9. **Protecting soils through the use of low-impact, cost effective equipment and techniques is an essential element of restoration.**
 - Soil protection should be a high priority for all restoration activities. Soil protection involves more than selection of proper equipment. Plan projects to minimize impacted areas and avoid sensitive areas. Pre-designate skid trails and limit activities to seasons when soils are less vulnerable to damage.
 - Provide clear direction to equipment operators based on prescriptions that establish a common understanding of soil protection objectives. Monitoring active management impacts on soil is essential.
 - Maintain and enhance workforce skills, training, and development to required.
 - Create predictable opportunities to use modern low-impact equipment to increase the likelihood of investment in such equipment.
 - Consider incentives that encourage investment in low-impact equipment, including bidding preferences or grants. As acceptance of these practices improves, look for ways to expand their application.

10. **Post-fire salvage logging is primarily an economic activity intended to benefit local communities, but may be compatible with watershed restoration and fuel reduction strategies if consistent with ecosystem health goals.**
 - Abundant snags in burned areas can provide important habitat for many species of wildlife.
 - Soils, particularly in severely burned areas, can be sensitive to disturbance and should receive even greater protection than usual.
 - Salvage logging can provide economic value and reduce the likelihood of bark-beetle outbreaks. General guidance for such logging should be developed in a way that fosters public understanding and acceptance to ensure prompt implementation and realization of benefits.

11. **Where the costs of ecosystem health restoration efforts are not paid for by sale of forest products, funds should be made available to finance these activities on a priority basis. Restoration is a long-term investment that will require support by the public and Congress.**

GOVERNOR'S EASTSIDE FOREST ECOSYSTEM HEALTH INITIATIVE

MILESTONE/EVENTS TIMELINE (SIGNIFICANT) December, 2002



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3. Governor Kitzhaber and his Eastside Forest Advisory Panel 11 point Strategy
4. Hearing before the committee on agriculture, U.S House of Representatives, January 16, 1997, Sunriver Oregon, serial #105-1 on the Management of the National Forest System in the Pacific Northwest- Governor John Kitzhaber's statement, page 53-38 K. Norman Johnson Professor, Department of Forestry Resources OSU Pages 38-39, Paul Dewey, Pat Wortman, Eastside Forest Advisory Panel Members Pages 39-46
5. Eastern Oregon Ecosystem Health and Restoration 1997 "Best Examples"
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7. January 20 1998 Report to Governor Kitzaber from the Eastside Forest Advisory Panel
8. Blue Mountains Demonstration Area initiation letter and charter
9. Governor's Eastside Forest Advisory Panel watershed prioritization discussions
10. Blue Mountains Demonstration Area Business Plan and Restoration strategy
11. Governor's Eastside Forest Advisory Panel Benchmarks

WORKING TO RESTORE OREGON'S EASTSIDE FOREST ECOSYSTEMS AND COMMUNITY HEALTH:

OREGON'S EXPERIENCE

A Report to Governor John Kitzhaber

Governor's Eastside Forest Advisory Panel 2002 Report

Introduction

As John A. Kitzhaber M.D. campaigned for Oregon Governor in 1994 he saw and heard about the forest health crisis. These forests faced uncharacteristically large and severe wildfires due to decades of fire exclusion and inappropriate land management practices, declining indigenous species, invading noxious weeds and extensive dead and dying stands of trees from insects and disease. The impacts of these trends on local communities, coupled with changes in land management policy in response to concerns over past management practices, had significant impacts on communities' economies and stability.

From the very beginning of his administration Governor Kitzhaber made restoring eastside forest ecosystem health one of his top priorities. He began by requesting a highly respected panel of scientists to advise him on the ecological needs of the forest. This diverse science panel provided a remarkable consensus view of what the forests needed for their health to improve.

In March of 1996 the Governor then invited nine citizens with diverse backgrounds and values to work together as members of his Eastside Forest Advisory Panel (EFAP) to advise him on how best to take the scientists' information and make progress on restoring the health of eastern Oregon's forests, streams, watersheds and communities.

The Panel's advice ranged from a broad set of guiding principles captured in the Governor's 11-point strategy to opportunities to improve current regulations and practices in order to overcome obstacles to implementing worthwhile projects on the ground.

This is the third Governor's Eastside Forest Advisory Panel progress report. What follows is a brief discussion of the Panel's background and work to date. We conclude with recommendations to the Governor and a vision for the future of eastside forests.

We begin this report with lessons learned from six years of working towards common objectives with government agencies, interested stakeholders and citizens throughout eastern Oregon.

Collaboration through a high-level advisory panel works!

The Panel is unique in that many disparate interests—elected officials, foresters, environmentalists, commodity interests, educators, and tribal officials—were able to come together and reach agreement on how eastern Oregon forests should be managed. Consequently, the Panel has served as a crucible for divergent interests to work through problems and conflicting ideologies to find common ground. The Panel became a sounding board for federal and state land managers, regulatory agencies, and other interested parties to gauge public reaction to their policies and to generally discuss forest health issues in eastern Oregon. As advisors to the Governor, the highest levels of government took the Panel seriously. Their access to the Governor, their ability to provide quick feedback and their demonstrated ability to find common ground made this Panel valuable to a host of audiences and decision-makers. Adaptive management and active forest restoration are keys to managing healthy eastside forests.

Based on the work of this Panel, recommendations of the Governor's Blue Mountains science panel, review of scientific reports published over the last decade, and review of several outstanding projects designed to restore forest health, this Panel strongly supports an active management approach using adaptive management principles and the Governor's 11-point strategy. Through review of numerous exemplary forest health restoration projects, and noting movement toward strategic project prioritization across the landscape, we believe there is great promise for implementation of restoration actions across eastern Oregon forests.

We define active restoration to include activities such as prescribed fire, understory thinning, road obliteration and riparian restoration. The work and potential products generated from active restoration can help communities and local businesses remain vital and, where possible, to grow.

We must take bold action to address process and funding problems.

Process barriers, inadequate funding and mistrust of management agencies have hindered implementation of restoration work in many places. The Panel believes that there are process and regulatory changes that should be collaboratively derived to provide efficiencies and greater effectiveness while retaining environmental protection. These changes should be guided by the principle of restoring ecosystem health and community sustainability. Budget structures must change to reflect the current ecosystem restoration emphasis of federal agencies. Finally, Congress must significantly increase funding to meet the level required to restore health to landscapes in eastern Oregon. This includes reforming the way fire suppression is funded at the expense of proactive restoration work. While we see great potential for accelerated forest ecosystem restoration work applied at a landscape scale, this will only happen with a sustained, strong, unified commitment from federal agencies, the Tribes, the state, Congress, and interested stakeholders.

As stewards of surrounding forestlands, local communities in eastern Oregon must have a role in determining their own destiny.

There is a strong connection between rural communities and nearby federal forests. Various federal land management and revenue sharing laws encourage a strong interdependence. Changes in scientific understanding and social values have altered this relationship. Efforts in eastern Oregon, especially on the Blue Mountain Demonstration Area, demonstrate the role communities can play as stewards. There is a clear need for restoration across eastern Oregon

This approach is exportable

All of the consensus building, education, and community involvement coalesce around a simple strategic plan. In our case, that plan is the 11-point strategy for restoring eastern Oregon forests, watersheds, and communities. We believe the 11-points strategy cuts through the mind-numbing complexity of several issues into a central strategic framework that all citizens can understand. With some modifications, we believe the general principles found in the 11-point strategy can be used in western states. We believe our plan has staying power to guide the decades of ecosystem restoration needed throughout the Inland West.

The Governor's Eastside Forest Advisory Panel, Its Charter, and Its Work-1996-2002

In March of 1996, Governor John A. Kitzhaber M.D. invited nine citizens with diverse backgrounds and values to work together as members of his Eastside Forest Advisory Panel to help advise him on the progress of restoring the health of eastern Oregon's forests, streams, watersheds and communities. The Panel was created as a way to blend the values of Oregonians with the science panel's recommendations. The 1995 Science Team recommended to the Governor "active management is desired to improve the long-term health of Oregon forests and reduce the risk of catastrophic wildfire".

At the Panel's first meeting on April 3, 1996, in Pendleton, the Governor outlined his expectations and direction that would guide the Panel's work. He said:

"You may want to meet five or six times a year and I see most of the meetings to involve on-site reviews of the most successful and most controversial forest health projects...you may solicit input from federal, state and local governments, environmental groups, industry and from the public... I have asked the scientists who authored the report to serve as a separate panel and provide you with technical expertise."

He recognized "the key to our progress will be moving ahead first where we have the broadest areas of agreement and taking on progressively more complex and controversial tasks later."

The Governor instructed the Panel to construct a vision for eastern Oregon forest ecosystems that: 1) restores the health of the forests themselves; 2) restores the health of riparian systems and watersheds; 3) provides wood to communities; and 4) reduces the risk of catastrophic fire. His mission statement directed the Panel to:

- 1) Review efforts by the public and private landowners to restore ecosystem health;
- 2) Assess the success of various management strategies and identify impediments to improving forest and aquatic health;
- 3) Suggest ways in which local, state and federal agencies can better assist restoration efforts; and
- 4) Report to the Governor periodically.

The Beginning Phase - 1996 to 1997

From 1996 to early 1997, keying on the scientists' report and the 11-point strategy, the Panel found itself building relationships, reaching out to key stakeholders and elected leaders, building its collective understanding of the challenges in its mission. There were spirited discussions and debate between Panel members who shared their frustrations, interests and views about the situation and what it would take to reach a common understanding.

The Panel refined their mission statement and further defined, collaboratively, the Governor's 11-point strategy.

The Focus Phase - 1997 to 1998

An important product in this phase was the further refining and applying the Governor's 11-point strategy. At a January 16, 1997 U.S. House of Representatives field hearing on the "Management of National Forests in the Pacific Northwest" Governor Kitzhaber shared his 11-point strategy and outlined the importance of working together with all affected parties to address eastern Oregon forest, watershed and community conditions.

The Panel worked to make operational the 11-point strategy and to measure the progress and quality of the work being done. The Panel was a critical conduit for communicating the strategy among National Forests. Following meetings and field tours across eastern Oregon with stakeholders, agency leaders and implementers, the Panel used the information to help the Governor work with federal agencies to select model projects illustrating how agencies were achieving the Governor's forest health restoration strategy. The Governor and Panel members visited communities like John Day, Enterprise and Prineville to underscore their commitment and to discuss the Panel's work and opportunities.

In January, 1998, the Panel posted its second progress report and shared its views on five important barriers needing attention: 1) U.S. Forest Service agency procedures, 2) political processes, 3) funding, 4) public trust and 5) use of the 11-point strategy.

The Landscape Phase-1999 to Present

Following the success of the "model projects" approach, in the spring of 1999, the Panel decided to move from a project to a landscape focus in order to test and learn in the context of a larger area. The Panel worked with the Governor and federal agencies to create the 2.6 million-acre Blue Mountains Demonstration Area (BMDA), designated on June 30, 1999. The Panel provided input to agency officials for their development of a BMDA Charter, Business Plan and Restoration Strategy.

In 1999 the Panel's watershed prioritization for the BMDA helped the National Forests refine their prioritization of watersheds, which then influenced the design of annual restoration programs of work. In 2000, Panel and BMDA work found its way into Western Governors' Association (WGA) resolutions, workshops and collaborative thought in the West. The work served as a blueprint for WGA strategies dealing with the effects of a historic 2000 wildfire season.

In 2001 the Panel began its work on Benchmarks to measure progress under the 11-point strategy and mission statement. In April 2002 at the WGA Enlibra II Conference, the BMDA and Panel's work were discussed and supported as successful collaborative models for resolving forest health and governance problems.

The Transition Phase 2003 and Beyond

As 2002 winds down, Governor-elect Ted Kulongoski prepares to take office and a new Regional Forester and BLM State Director begin their tenure. The future of the Panel and its partners is uncertain. The Governor's Eastside Forest Advisory Panel continues to be a forum where diverse interests can build consensus and learn from one another as they advocate for improving the health of forests and rural communities.

We feel it is important to continue the collaborative work of the Panel. The 11-point strategy remains a valid approach and one that is gaining acceptance and momentum across the West. The strategy succinctly and coherently summarizes the lessons and recommendations of interested stakeholders inside and outside of eastern Oregon.

The Panel: Meeting Its Objectives and Future Work

Accomplishments

A reference point to gauge accomplishments comes from the Panel's November 1999 Mission Goals and Objectives Statement (Appendix C) stated objectives.

1) Review and provide feedback on implementation of the Blue Mountains Demonstration Area effort and the 1997 and 1998 model projects.

Under this objective the manager of the Blue Mountains Demonstration Area and Umatilla National Forest Supervisor were regular participants and contributors to help the Blue Mountains and related Panel efforts to progress. The Panel's individual and collective public outreach efforts built public understanding. Useful advice was gained from the U.S. Forest Service Chief's Strike Team visit. Formal and informal support from key leaders developed from such actions and field related activities.

2) Represent the Governor in the Blue Mountains Demonstration Area partnership.

The Panel provided consistent input to BMDA staff and managers by focusing on the citizen point of view, on what was important and appropriate. This was underscored by field trips and dialogue around BMDA business plan development.

3) Assist collaborative efforts between regulatory agencies and land management agencies.

The Panel and Governor were insistent on the need for integrated concurrent funding and staffing for cooperating agencies to allow projects to move ahead in a timely fashion while assuring protection of the environment and habitat for sensitive species.

Regulatory staff from the U.S. Fish and Wildlife Service and National Marine Fisheries Service (now known as NOAA Fisheries) moved to eastern Oregon to be close by their land management agency colleagues. This was done by with Panel encouragement and support. Since that time regulatory agency teamwork has improved and approval has been received for Endangered Species Act related project design criteria for land management agencies use. This is an important step in the right direction.

4) Monitor the implementation by the Forest Service and BLM of the Governor's recommendations (including those in the Governor's May 15, 1998, letter).

Monitoring was accomplished by constant field trips and presentations. The 56 pilot projects resulted from the Panel's use of the 11-point strategy to discuss, sort and establish project priorities. Tribal member, Lewis E. Pitt Jr., provided important insight and advice on the Panel's approach. Trips were taken to Tribal lands to gain greater understanding so Tribal interests and needs were not left out.

Oregon State University scientists worked on Panel sub-committees to provide important information and insight for proposed projects and approaches. The successful U.S. Forest Service Strike Team visits and recommendations further improved the teamwork and approach. It also focused national attention on important processes like National Environmental Policy Act planning procedures.

Presentations on local forest product markets by the U.S. Forest Service, Sustainable Northwest and Joseph Timber gave the Panel and its partners better understanding of connection between vegetation treatments and local manufacturing capacity. This work continues, as critical data are needed on vegetation condition across the landscape. Recently the Panel adopted a set of benchmark measures for success as the best way to measure Panel progress. Those measures need to be put into place in 2003.

5) Make on-the-ground visits to address specific ecosystem health and restoration issues as identified by the Panel.

Many on-the-ground visits were made. Past Panel progress reports and this report's appendix E. outlines the number, location, and topics discussed by the Panel.

The Panel's Future: Addressing the Challenges in Moving Forward

The Panel has unanimously endorsed continuing to have a citizen-based forest advisory panel. It has proven valuable and important to working across the landscape in eastern Oregon to restore forests, streams, watersheds and communities. Equally important is the fact that barriers needing lasting solutions still remain to be fully addressed.

Barriers

- **U.S. Forest Service Agency procedures:** Compartmentalization and conflicting goals both within the U.S. Forest Service and between federal and state agencies can potentially restrict the agency from efficiently implementing the broad ecosystem management approach needed for restoring forest health. Procedures and administrative requirements can be very time consuming and expensive to implement. NEPA requirements and interagency consultation can take years to complete.
- **Political Landscape:** Natural resources debates continue in the Pacific Northwest. Although the Panel's efforts as well as those of the Western Governor's Association and other local groups have brought stakeholders together, it would be very easy for the issue to again become very polarized. It is critical that we continue to focus on areas of agreement.
- **Funding:** Significant and drastic cuts in agency staffing and funding have made it difficult to implement the forest health strategy. Congress must recognize the need to provide a stable, long term funding source for the work that needs to be done on these federal lands. Revenues from timber harvest cannot and should not be depended on to fully fund these activities.
- **Public Trust:** Forest health efforts are complex and do not have quick fixes. The Panel believes that if the federal agencies can successfully implement forest health restoration projects and effectively communicate these successes, significant progress in improving public trust can be made. Strong scientific support combined with broad stakeholder involvement is essential to building this trust. Inaccurate media coverage, incomplete scientific understanding and uncoordinated performance accountability erode public trust. Availability of scientists, technology transfer and public outreach specialists can provide accurate, clear communication, critical to making progress and rebuilding public trust of management and restoration approaches for public and private lands.
- **Public Agency Cultures:** Agency staff should be rewarded for innovative, effective approaches to working across the landscape and in communities to restore forest, watershed conditions and to help restore hope. Agency approaches and cultures have developed through independent program silos. This is reflected in how federal agency budgets are structured and delivered. Communities and partners lament the turnover of valuable staff in local communities. They also see a decentralized agency culture that attempts to work with highly centralized agency cultures who do not have field delegated authority. Agency administrators understand this and are starting to promote and demand horizontally integrated approaches. These efforts need to continue, as does the orientation of new leaders and managers who have not previously worked in this environment.

Struggles

The Panel's greatest success has been its ability to identify and deliver a forest management strategy that can improve forest health, protect sensitive species, reduce the risk of catastrophic wildfire and provide commodities to local communities. Unfortunately, getting the work done "on-the-ground" has been disappointingly slow. The result is that many rural communities continue to suffer significant economic hardship, especially those dependent on timber from federal forests.

Achieving this Panel's goal of providing wood to communities has been problematic. As illustrated in Appendix G and I, the trends for total forest products, saw-timber wood products and numbers of wood manufacturing facilities continues to decline. All major eastern Oregon communities are located within fifteen miles of a National Forest. There are numerous National Forests in eastern Oregon and many communities of this region evolved with a timber-based economy. Companies erected permanent sawmills based on their acquired private timberlands and because local National Forests and Bureau of Land Management units were being managed to provide a high level of timber.

However, as scientific understanding improved and public interest in protecting special places like wilderness and watersheds increased, the land base that might produce forest products on a regular basis declined. Public and private forests continued to be harvested, experienced severe wildfire, and insect and disease events as forest conditions changed. The Panel is in the midst of looking at this situation. It is important to have a common understanding and consensus on the interaction of the Panel's four goals, the potential restoration opportunities, the desire to promote community vitality and the potential mix of restoration activities for investment purposes.

On December 3, 2002, the U.S. Forest Service's Acting Regional Forester sent to the Governor an assessment of timber products that could result from thinning of dense (forest) stands in the Blue Mountains of Oregon. She observed that this 5.5 million acre landscape-level assessment does need further specific local refinements. She said the companion assessment of private and State forestlands is progressing, but is not yet available. It is important the Panel review both assessments before coming to judgments about how this information could affect future investments in timber processing and manufacturing.

Budget, staffing and capacity to increase our efforts, is a struggle.

This is a dynamic struggle that is usually long, hard, raises hopes and expectations and draws people together. When forces beyond the control of the local forests and regional forester shift resources away, reducing their capacity, it undermines the willingness to partner and the ability to get needed restoration work done. It also puts a chill on private investment.

In many instances, this happened during the tenure of the Panel, creating communication challenges, disappointments, and real hurdles. For example, funding was reduced on the eastside forests after partners had lobbied for and succeeded in having other funds targeted for the BMDA effort, and ultimately found relatively few new resources.

In 2002, this struggle became more pronounced when a historic wildfire season caused the agencies to have to "borrow" significant funds from existing accounts to pay for the unexpected firefighting costs. Borrowed funds drained funding scheduled to go into restoration and rural community projects. This slowed the pace of restoration and left many partners "holding the bag." It is not clear whether all of the private partners will remain viable lacking the income expected from projects. This can turn relationships sour and generate cracks in fledgling relationships critical to success of restoration work

The Panel learned that there needs to be significant multi-year funding. Some of those resources can come from forest product values recovered, but they will not cover the total funding needed to accomplish the landscape restoration activities in a coordinated and integrated fashion.

Processes and active adaptive management needs constant attention by top-level managers to keep relationships and communication effective. Timely changes are made through adaptive management as we continue to learn from our experiences and apply effective solutions. This is an important area where the Panel is most effective in working with communities, Congressional representatives and top-level agency officials to take coordinated action.

Eastside Forest Advisory Panel's Report Recommendations to the Governor

- 1) The Governor's Office, U.S. Forest Service, Bureau of Land Management, U.S Fish and Wildlife Service, NOAA Fisheries and Environmental Protection Agency should adopt the 11-point strategy for eastern Oregon forests as a "Code of Collaboration and Cooperation for Eastern Oregon Forest and Community Health".**

This adoption ensures collaborative work to date continues. The Governor's Eastside Forest Advisory Panel should continue under its collaboratively developed Mission Statement and November 12, 1999, Goals and Objectives statement. We agree with ecosystem management principles from the 1995 Science Team's report. The Panel should advance and advocate projects on public lands which meet this intent. The Panel's benchmark measures and collective monitoring to gauge progress should be adopted.

- 2) Seek effective involvement of scientists with managers and partners through a) timely and quality transfer of current and new science, b) use of balanced teams of scientists, including social scientists, to periodically review progress and new developments, and c) improve availability of university, private sector, federal and state agencies scientists for periodic review of land management practices.**

The Panel working with the Oregon's Institute of Natural Resources should develop criteria for utilizing scientific information generated from within and outside of the public agencies to assure consistent application and speedy implementation. The Panel, Governor and elected officials should seek enhanced funding to support research and transfer of new technology and information to agency staff.

- 3) Commit to improving processes, funding and support for creative approaches to accomplish forest, watershed and community restoration work.**

The U.S. Forest Service and its partners should continue on and expand the Blue Mountains Demonstration Area and other associated work with effective application of processes under the National Environmental Policy Act and Section 7 Consultation under the Endangered Species Act throughout eastern Oregon. Federal and State agencies should work with communities and interested local organizations to ensure that landscape analysis and packaging of projects and funding provide quality work opportunities on public and private lands. The Governor and U.S. Forest Service should work with the Panel to seek effective involvement in upcoming National Forest Plan revisions with the 11-point strategy and benchmarks as a framework for dialogue, cooperation and coordinated action.

4) Invest in sharing “lessons learned” with key leaders, citizens, stakeholders and communities.

It is important to invest in continuing the relationship with communities, citizens, Congressional leaders, and interested organizations, both public and private, so a stronger network of allies is developed. The Governor’s Office, state, federal agency, and Tribal administrators should continue with the Panel’s help to sponsor and conduct field trips and presentations. Congress and agency partners should request and acquire the resources and support to work creatively to achieve shared objectives. Agencies and their partners should leverage resources with interested people and organizations' resources to work from site-specific projects to working landscapes to achieve our goals. Congress, the Governor and agencies should acquire and promote the use of effective high and low technology means so public understanding and engagement is encouraged through use of improved writing, presentation tools and approaches for analysis and decision documents.. The Panel should encourage effective dialogue to build decisions that lead to results.

5) Invest to assure leaders and public agency administrators understand the effects of forest restoration decisions on infrastructure capacity and community vitality.

The Governor, agency administrators and elected leaders should provide the incentives and resources to use effective tracking, sharing and projecting forest products information and forest restoration schedules so communities and businesses understand the capability of local public lands to supply local manufacturing so that businesses can revise, refine and/or build new business plans. The Governor, elected leaders and agency administrators need to be open, sensitive and timely in implementing and supporting “community/business transition strategies” and assistance. Agencies and communities should use all-party monitoring, evaluation and real time feedback to inform stakeholders and the Panel.

Congress needs to increase agency budgets far above current levels—even above the budget boost from the National Fire Plan. It took 150 years for the landscape to reach this unhealthy condition, and it will take decades of sustained funding to restore more natural disturbance patterns consistent with human use. The Panel, Governor and elected leaders need to support increased federal agency program budgets for this work and seek agency budget reform so all involved federal agencies can work effectively together on a landscape basis.

6) Set periodic report milestones and benchmarks to review monitoring and evaluation results so progress can be determined and new barriers can be addressed. An annual report and celebration review is essential to keeping partners motivated and engaged.

The Panel should report on a regular basis its achievements and challenges. The Governor, Panel, agencies and communities should regularly celebrate and recognize successes.

Appendix

- A. List of References
- B. Eastside Forestry Advisory Panel Member Locations
- C. Mission, Goals Objectives
- D. Benchmarks for Blue Mountain Demonstration Area and Eastside Oregon National Forests – May, 2002
- E. Meeting Schedule and Locations
- F. Model Projects – 1997, 1998, 1999
- G. Eastern Oregon National Forest Products Sales Offered and Awarded 1992-2002
- H. Lumber Price Index – Stumpage Price, Rocky Mountain Ponderosa Pine, 1992-2001
- I. Open Eastern Oregon Mills – Plants in Operation, Wood Products Manufacturing Employment Trends in Eastern Oregon
- J. Eastern Oregon National Forests Fuels Treatment Trends, 1989-2002
- K. Eastern Oregon National Forest, National Fire Plan Treatment Needs, 22-002
- L. Total Forest Product Sale Volume Offered



Photo - Mill Creek in an eastern Oregon forest

APPENDIX A

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Mission, Goals and Objectives Statement

MISSION STATEMENT- Fall, 1996

Human influences on the landscape of Eastern Oregon have produces valuable commodities and contributed to community stability. These influences have also disrupted the natural processes in many places and impacted ecosystems health and functioning. In order to restore healthy ecosystem functions, the nature of human activity on the landscape needs to change in many places.

Active management on a landscape and watershed basis in a manner described in the report "Forest Health and Timber Harvest on National Forests in the Blue Mountains of Oregon" can help bring about the restoration of forest health in Eastern Oregon. At the same time, this approach will reduce the risk of catastrophic fire and provide wood to communities. A long-term commitment of resources and effort will be required.

The Eastside Forest Advisory Panel will review efforts by public and private landowners to restore ecosystem health, and will report periodically to the Governor. The Panel will assess the success of various management strategies and identify impediments to improving forest and aquatic health. The panel will also suggest ways in which local, state, and federal agencies can better assist restoration efforts.

GOALS – November 1999

1. Promote and evaluate the progress in the implementation of the eastside ecosystem restoration efforts outlined in the 11-point strategy, the Blue Mountain Demonstration Area, and in the Governor's May 15, 1998 letter to Regional Forester Bob Williams and Elaine Zielinski.
2. Provide the Governor with advise and recommendations that will achieve the goals outlined for the panel at its inception

OBJECTIVES – November 1999

1. Review and provide feedback on implementation on the Blue Mountain Demonstration Area effort and the 1997 and 1998 model projects.
2. Represent the Governor in the Blue Mountain Demonstration Area partnership.
3. Assist collaboration efforts between regulatory agencies and land management agencies.
4. Monitor the implementation by the Forest Service and BLM of the Governor's recommendations

The areas where the panel will focus include the recommendations outlined in the Governor's May 15, 1998 Letter:

- a. Public outreach and highlighting successes
 - b. Financing ecosystem health efforts
 - c. Monitoring
 - d. Public and tribal involvement in decision making
 - e. Project scope and design, including performance measures
 - f. Integrating science
 - g. Developing local markets for forest products
5. Make on the ground visits to address specific ecosystem health and restoration issues as identified by the panel

APPENDIX D

Benchmarks for Blue Mountains Demonstration Area and Eastside Oregon forests

May 2002, the Governor's Eastside Forest Advisory Panel recommended 3 areas where benchmark measures are needed to gauge our progress. These 3 areas are, land and water management, socio-economic health and administrative process. What follows are the metrics for these benchmark measurements for success.

Land and water Management

1. Water Quality and fish habitat improvement
 - Miles of streams restored as a percentage of miles in need of restoration as of 2001
2. Road density
 - Miles of road maintained to standards, restored, closed or obliterated in priority watersheds as a percentage of miles in need of restoration as of 2001.
 - Miles of road per square mile per fifth field watershed
3. Acres treated with forest health restoration efforts
 - Land base treated with thinnings or fuel reduction efforts within designated high priority watersheds as a percentage of acres in need of restoration as of 2001.
 - Target Selected: 8 Percent per year of the total.
 - Acreage treated for noxious weeds as a percentage of acres in need of restoration as of 2001.
4. Acres in healthy condition
 - Percent of acres by fifth field watershed within historic range of variability

Administrative Processes

1. Funding
 - Baseline: Non-fire NFS budget for 3 national forests over last 3 years/X acres treated for last 3 years = cost per acre treated. X acres were treated over the last 3 years for a total non-fire cost of X times BMDA acres/total acreage of 3 national forests.
 - Benchmark #1: Cost per acre treated X number of acres treated benchmark above X 1.25
 - Benchmark # 2: Within 5 years, forests have the ability to reprogram up to 40 percent of BMDA NFS budget without congressional appropriations committee authorization, and 75 percent of NFS vegetation management and related funds are spent on high priority projects.

2. Watershed Analyses

- Baseline: X percent of 6th-field watersheds in the three national forests are covered by completed watershed analysis (a.k.a. Environmental Analysis at the Watershed Scale—EAWS)
- Benchmark: All watersheds have completed watershed analyses by 2005, and thereafter, 14% of watersheds will have completed revised analyses per year (equal to an average analysis life of 7 years).

3. ESA Consultation

- Benchmark #1: Average time from project introduction to the LEVEL 1 Consultation team to a completed biological assessment is 90 days. Benchmark #2: Average time from draft biological assessment to completed ESA §7 consultation is 180 days.
- These 2 benchmarks will be estimated through sampling.

4. NEPA Work

- Baseline: Average length of the NEPA process for non-timber projects on the three national forests over the last three years is X months, and for timber projects, it is X months.
- Benchmark #1: For NEPA projects with a merchantable timber component, 50 percent of such projects will take less than 18 months from initial NEPA scoping to completion/award of contracts.
- Benchmark #2: The average length of time to complete NEPA analysis is reduced 10 percent per year for the next five years.

Socio-economic

1. Number of jobs created by county by sector.
2. Volume and value of commercial forest products offered for sale per fiscal year. Includes state and private land as well.
3. Total value of agreements, grants, and contracts from USFS sources.

Appendix E

Meeting Schedule and Locations

	1996	
LaGrande	May	Orientation
Enterprise	August	Tour/fact finding of Wapiti Ecosystem Management Project, Wallowa-Whitman National Forest
Prineville	August	Tour/fact finding of Trout Creek Timber Sale, Ochoco National Forest
Ukiah	September	Tour/fact finding of Camus Creek Project, Umatilla National Forest
John Day	November	Work Session
	1997	
Bend	January	Work Session
Hood River	March	Work Session
Hood River	March	Fact finding meeting with the supervisors of all National Forests in Eastern Oregon
Bend	March	Work Session
Burns	April	Fact finding and Work Session
Salem	May	Fact finding and Work Session
Enterprise	July	Tour/ fact finding of private forest land
Pendleton	July	Tour/ fact finding of Confederated Tribes of the Umatilla
John Day	September	Work Session
Bend	November	Work Session and fact finding
	1998	
Salem	January	Work Session to finalize report
Hood River	January,	Tribal Fisheries Topic
Prineville National Forest	October	Work Planning & field tour- Ochoco
Various	November	Model Projects topic
Various	December	Conference call
	1999	
The Dalles	January	Work session
Baker City	February	Clean Water act implementation
Baker City	March	Work session
Hermiston	March	Mill Owners meeting
John Day	March	John Day operators meeting
Various	May	Conference call
LaGrande	June	Grande Ronde sub basin topic
Klamath Falls	June	Work session

Various	July	Conference call
Pendleton	August	Conference call
Prineville	August	Work session
Lakeview	September	Lakeview Sustained Yield Unit
Pendleton	September	Work session
John Day	October	Work session
Warm Springs	November	Work session
Various	November	Conference call
	2000	
Pendleton	January	Work Session
Baker City Health	March	Community Sustainability & Watershed
Pendleton	March	Work Session
Various locations	April	Conference call
Klamath Falls	May	Benchmarks, Field Trip Sun Pass State Forest & Chiloquin Ranger District, Winema National Forest
Silver Lake	May	Field Trip-Fremont N.F
Ukiah	June	Work session & field trip
Enterprise	July	Work session & field trip
Unknown	September	Work session & field trip
La Grande	October	Work session
Pendleton	November	BMDA Strike Team work session
	2002	
Conference Call	January	Work session
The Dalles	February	Work session
The Dalles	March	Work session
Prineville	May	Field Tour-Hash Rock-Ochoco N.F
Enterprise	July	Lynx Habitat topic
Bend	September	Work Session
Various	October	Conference call
The Dalles	November	Work session
Various	May	Conference call
The Dalles	July	Work session
The Dalles	October	EFAP Report
The Dalles	November	EFAP Report

APPENDIX F

Model Projects Summary

U.S. Forest Service Projects

Deschutes National Forest

1997 Projects

- *Demo Butte Timber Sale
- *Red Plague & Landing Timber Sales
- *Black Butte Fuels Reduction
- *Big Marsh Wetlands Restoration
- *Katalo East Young Forest Restoration

1998 & 1999 Projects

- *Seven Buttes Natural Fuels
- *Soda Creek Stream Restoration
- *Noxious Weed Prevention
- *Sisters/Why-Chus Watershed Assessment & Hwy 20 Project

Fremont National Forest

1997 Projects

- *Upper Thomas Creek Ecosystem Mgt
- *Thomas Creek Landslide Project

1998 & 1999 Projects

- *Upper Chewaucan Prescribed Burn
- *Recomb Thinning

Malheur National Forest

1997 Projects

- *Prescribed Fire Underburning
- *Badger Planning Area
- *Dovespike Range Allotment

1998 & 1999 Projects

- *Clear Creek Forest Restoration
- *Pete Thinning
- *Summit Fire Monitoring

Mt Hood National Forest

1997 Project

- *Three Conifer Forest Health Salvage

1998 & 1999 Project

- *Diablo Timber Sale

Ochoco National Forest

1997 Projects

- *Mill Creek Wilderness Prescribed Fire
- *Williams Prairie Restoration
- *Trout Creek Timber Sales
- *Snow Mountain Non-Commercial Thinning
- *Silver Creek Natural Fuels Underburn
- *Willow Creek Riparian Enhancement

1998 & 1999 Projects

- *Bridge Creek Noxious Weeds
- *Mill/McKay Cr. Restoration
- *Lone Pine Basin Prescribed Fire

Umatilla National Forest

1997 Projects

*North Fork John Day Wild & Scenic River

Wallowa-Whitman National Forest

1997 Projects

*Wapti Ecosystem Management
*Provincial Monitoring-3 Blue Mountain Forests
*Noxious Weeds Management in Hell's Canyon
*National Recreation Area-Bark Beetle Salvage

Winema National Forest

1997 Projects

*Desert Old-Growth Management Areas
*Bugsy Salvage

Bureau of Land Management Projects:

Lakeview District

1997 Projects

*Gerber Block Restoration

Burns District-1998 & 1999

*Catlow Conservation Agreement

Vale District-1998 & 1999

*Trout Creek Mountain Riparian

Prineville District-1998 & 1999

*South Boundary Forest Management

Medford District-1998 & 1999

*Applegate Restoration

1998 & 1999 Projects

*Phillips Creek Noxious Weeds
*Subalpine Fir Management
*Skookum Underburn
*Mallory Commercial Thinning

1998 & 1999 Projects

*Upper Grand Ronde Restoration
*Hungry Bob Forest Restoration
*Minam II Prescribed Fire
*Washington-Baker Watershed

1998 & 1999 Projects

*Spencer Creek Watershed
*Lone Pine Access & Travel Mgt
*Stony Eagle/Bugsy Eagle Timber Sale
*Antelope Pilot Thinning/Fire

1998 & 1999

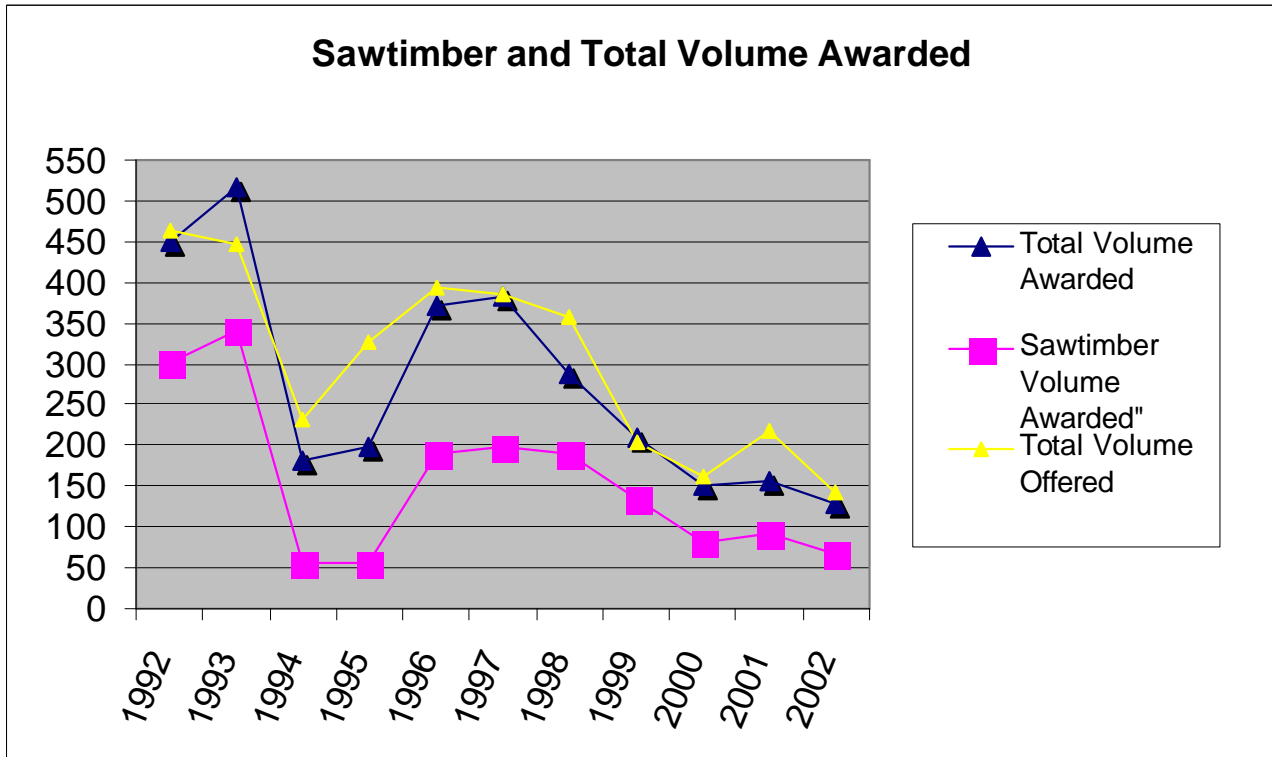
*Bear Valley Bald Eagle Enhancement

State of Oregon Projects

1998 & 1999

*Sun Pass State Forest:
Roundhouse Timber Sale

Eastern Oregon National Forests Forest Products Sales



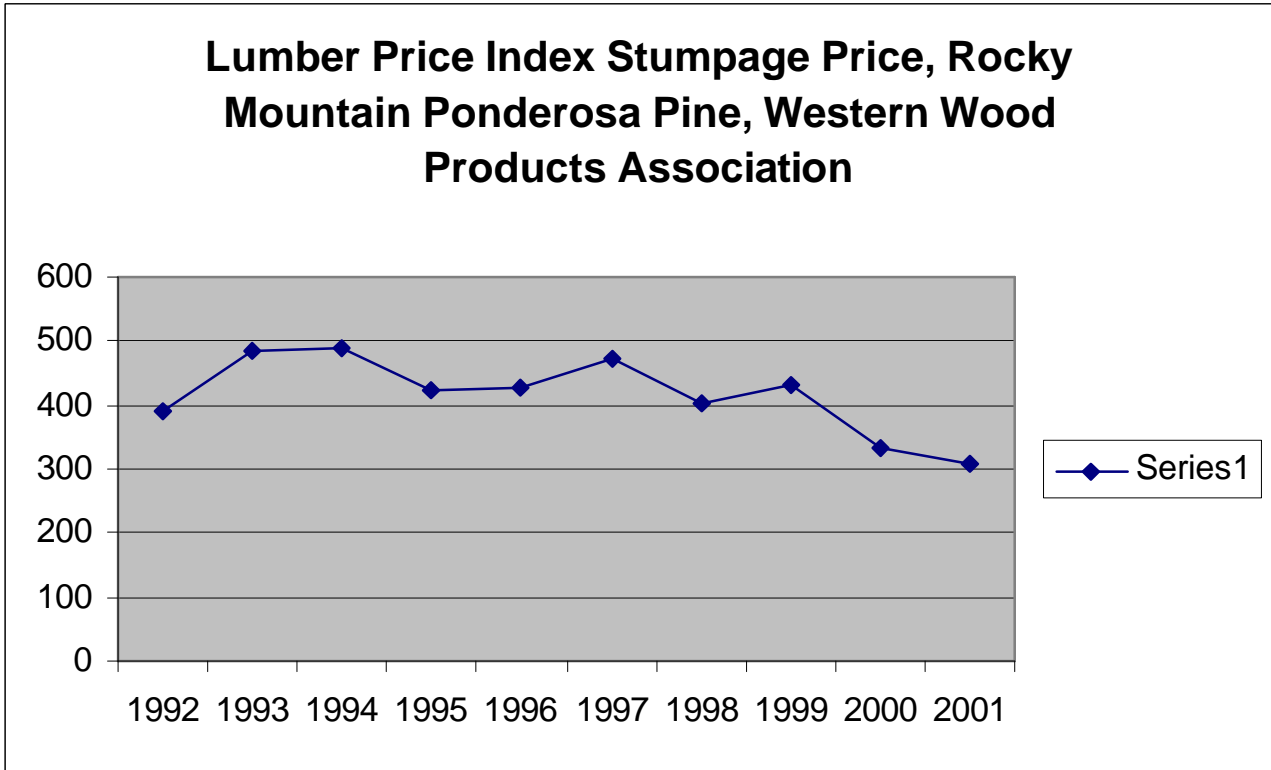
- Affected Forests**
- Deschutes
 - Freemont
 - Malhuer
 - Ochoco
 - Umatilla
 - Wallowa-Whitman
 - Winema

Eastern Oregon National Forests Forest Products Sales

	TOTAL VOLUME AWARDED										
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Deschutes	107.6	95.7	80.2	65.9	90	111.5	46.9	56	44.8	41	70.7
Fremont	57.1	50.2	25.1	17.5	32.3	40	35.3	8.8	25.5	19.7	6.8
Malheur	98.3	84.7	22.2	31	49.5	38	79.9	27.2	13.5	17.5	2.6
Ochoco	44.7	28.2	6.3	9.1	29.8	27.7	28.3	11.7	20	2.5	3.8
Umatilla	58.7	55.9	8.1	15.3	36.2	76.1	50.6	25.4	3	21.6	10.4
Wallowa-Whitman	36.5	44.1	23.1	27.5	59.8	53.5	34.3	38.5	25	30.1	20.6
Winema	46.3	156.5	15.6	31.5	73	35.4	11.1	40.9	17.8	25	13.4
Total	449.2	515.3	180.6	197.8	370.6	382.2	286.4	208.5	149.6	157.4	128.3

	SAWTIMBER VOLUME AWARDED										
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Deschutes	33.2	29.5	17	9.5	23	34.8	18.5	25.1	4.4	19.5	31.1
Fremont	41.8	37.6	10.8	2.9	18.1	24.2	27.4	5.5	18.8	9.8	5.4
Malheur	84.9	49.3	5.2	22.1	33.1	29.4	68.3	18	10.4	13.5	0.1
Ochoco	42.3	25.3	2.4	2.5	21.1	18.6	13.9	7.8	16.1	0.6	1.7
Umatilla	43.2	28.3	0.5	2	12.8	32.6	30	16.1	0.3	14	5.5
Wallowa-Whitman	23.7	25	9.1	10.4	39.9	37	27.4	30.7	17.9	18	12.2
Winema	32.8	145.4	9.7	5.3	42.6	22.8	3.1	31.3	12.8	16.7	10.2
Total	301.9	340.4	54.7	54.7	190.6	199.4	188.6	134.5	80.7	92.1	66.2

APPENDIX H



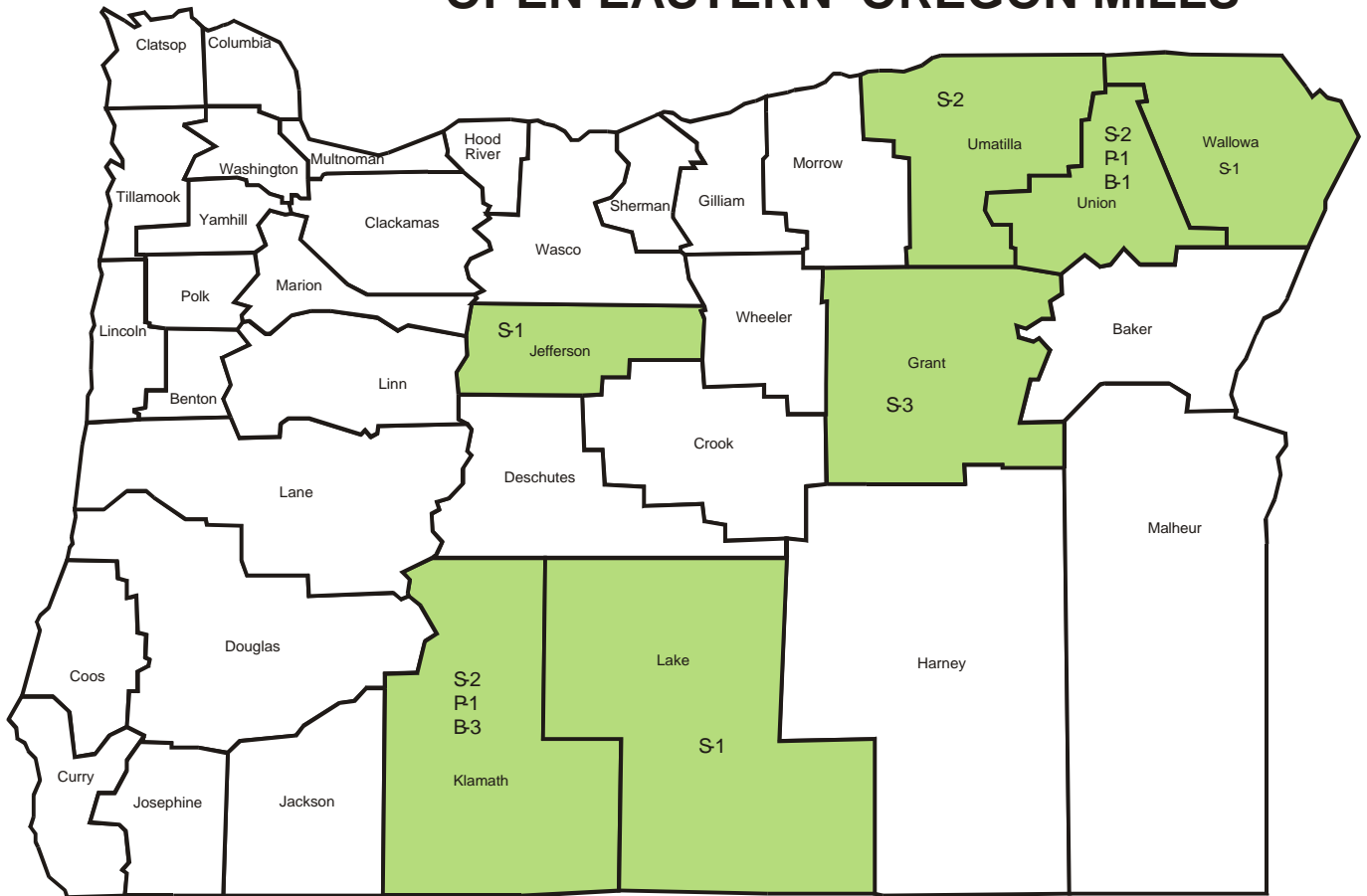
Lumber Price index, Stumpage Price 1/
Rock Mountain Ponderosa Pine
Western Wood Products Association

1992	391.48
1993	484.45
1994	490.22
1995	423.32
1996	426.38
1997	471.1
1998	404.76
1999	431.85
2000	333.67
2001	309.88

1/ R6 U.S. Forest Service, 2002

APPENDIX I

OPEN EASTERN OREGON MILLS



Paul F. Ehinger & Assoc.
12/02/02

Eastern Oregon Locations

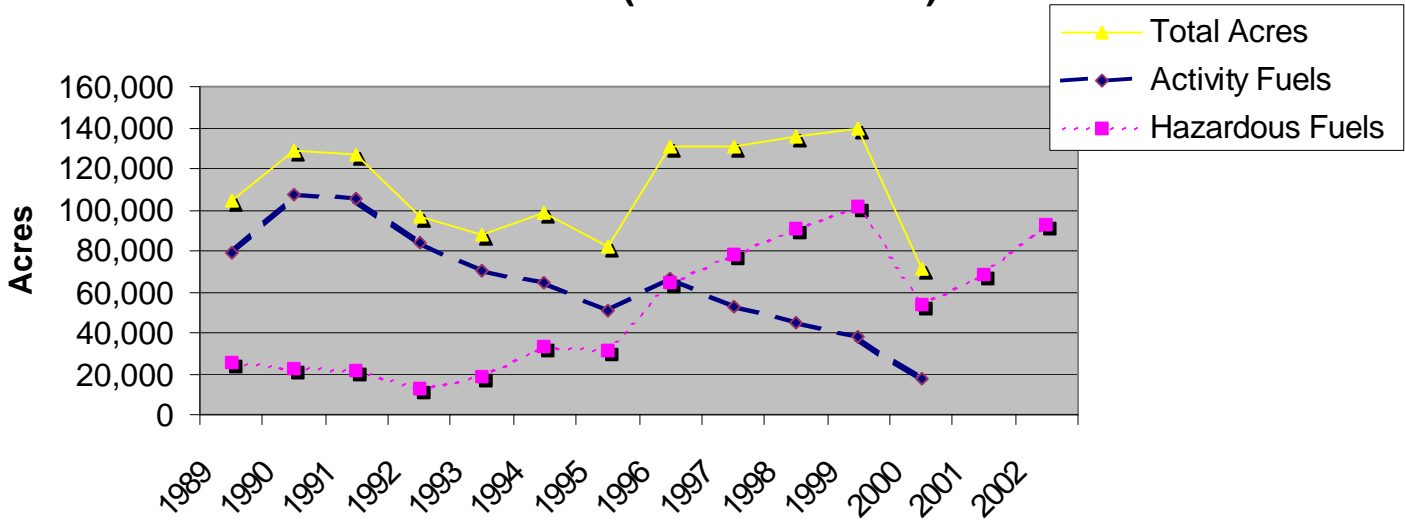
	No.
S = Sawmills	12
P = Plywood mills	2
V = Veneer mills	0
B=Board	4

Wood Products Manufacturing Employment Trends in Eastern Oregon					
	1991	1996	2001	Five year Change	Ten Year Change
Baker County	450	340	340	0	-110
Grant County	620	440	320	-120	-300
Harney County	520	240	110	-130	-410
Malheur County	NA	NA	NA	NA	NA
Morrow County	220	170	30	-140	-190
Umatilla County	850	890	570	-320	-280
Union County	1180	1030	840	-190	-340
Wallowa County	400	200	110	-90	-290
Eastern Oregon Total	4240	3310	2320	-990	-1920

Plants in operation, December 2002						
Location	Number of Plants					Total
	Sawmills	Plywood Plants	Veneer Plants	Board Plants	Pulp Mills	
Western Oregon	62	25	14	10	10	121
Eastern Oregon	12	2	0	4	0	18
Total Oregon	74	27	14	14	10	139

APPENDIX J

Eastern Oregon National Forests, Forest Fuels Treatment Trends (1989 Thru 2002)



Acres of Treatment

Fuel Type	1989	1990	1991	1992	1993	1994	1995
Activity	78,977	106,904	105,131	83,842	69,861	64,630	50,853
Hazardous	25,038	22,349	21,335	12,755	18,300	33,429	31,294
Total Acres	104,015	129,253	126,466	96,597	88,161	98,059	82,147

Fuel Type	1996	1997	1998	1999	2000	2001	2002
Activity	66,149	52,341	44,423	38,223	17,268 #	#	
Hazardous	64,813	77,993	91,193	101,126	53,484	67,828	93,052
Total Acres	130,962	130,334	135,616	139,349	70,752 #	#	

1/
Eastern Oregon National Forests, Deschutes, Fremont, Ochoco
Malheur, Umatilla, Wallowa-Whitman, Winema

2/
Tim Rich, Pacific Northwest Region, U.S. Forest Service 2002, Portland Oregon

3/
Activity fuels are from commercial forest product sales, sales fund their treatment
Hazardous fuels are from growing forests/insects and disease and windthrow/snow breakage,
treatment is funded by Congressional appropriations

Eastern Oregon National Forests^{1/}
National Fire Plan – Priority Treatment Needs

(By Fire Regime, Condition Class ^{3/} and Acres)			
	Total by Fire Regime	Condition Class 2	Condition Class 3
Fire Regime#1 Recurring, Low severity fires 0-35 Years	6,859,970	2,278,204	4,581,766
Fire Regime #2 Stand Replacing Fires 0-35 Years	179,639	100,787	78,852
Fire Regime#3 Mixed Severity Fires 35-100 Years	678,939	488,914	190,025
Grand Total ^{2/}	7,718,548		

1/ Tim Rich, Pacific Northwest Region, U.S. Forest Service, Portland OR, 2002

2/ Total Net acreage Eastern Oregon National Forests 9,520,000 Million Acres of which 1,039,260 is National Forest Wilderness.

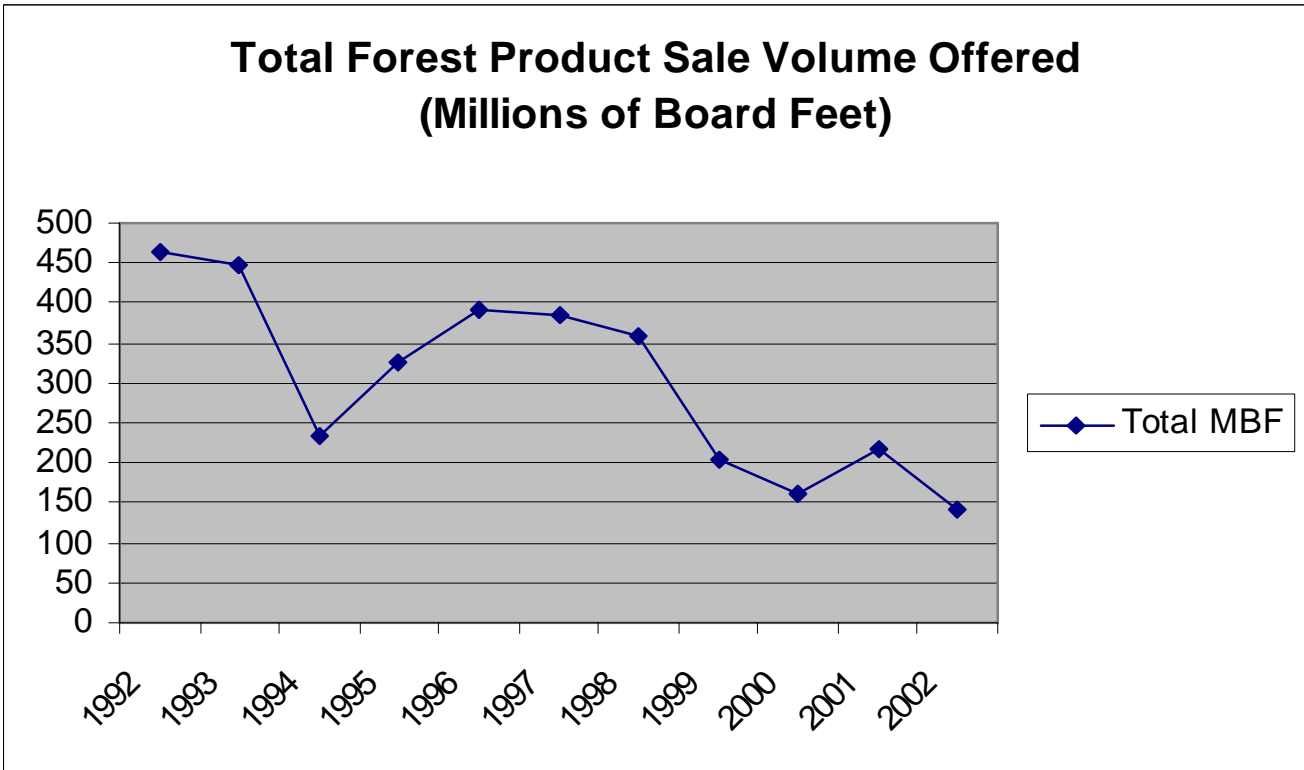
3/ Increasing Fuels Treatment on Federal and Non-Federal Lands in the Pacific Northwest-A Collaborative Strategy- Report to PNWCG, January 2001.

Condition Class Ratings indicate the degree of departure from historical fire regimes resulting in alterations of key ecosystem components such as species composition, structural stage, stand age and canopy closure.

Condition Class 2 is where fire regimes have been moderately altered from their historic range

Condition Class 3 is where fire regimes have been significantly altered from their historic range, the risk of losing key ecosystems components is high. High levels of restoration treatments are needed in condition class 3 situations.

APPENDIX L



**Total Forest Product Sale Volume Offered
(Millions of Board Feet)**

	Deschutes	Freemont	Malhuer	Ochoco	Umatilla	WW	Winema	
1992	102.3	48.2	100.8	25.7	61.5	79.2	44.8	462.5
1993	61.3	55.9	71.7	35.1	42	24	156.5	446.5
1994	83.8	41.9	33.1	9.8	8.5	29.4	26.3	232.8
1995	67	27	67	27	22	54	62	326
1996	102	35	81	39	45	53	38	393
1997	94	44	39	26	77	49	55	384
1998	68	44	77	24	62	40	42	357
1999	53	26	34	19	26	30	17	205
2000	34	16	18	10	17	33	33	161
2001	85	29	15	14	17	33	24	217
2002	49	7	3	4	35	17	28	143
Total MBF	799.4	374	539.6	233.6	413	441.6	526.6	3327.8



Photo - Elk Creek

The Oregon Agreement Project

December 2002 Progress Report

INTRODUCTION

The Oregon Agreement is a partnership representing all levels of government, key stakeholders and local participants working together to benefit the environment, economy and communities of Oregon. This agreement offers opportunities for federal, tribal, state and local participants including landowners and businesses to design, improve and test strategies, improve their cooperation and collaboration to make more efficient use of public resources and reduce regulatory gridlock. The empowered results expected from this unique opportunity can improve watersheds, assist in salmon recovery and support efforts to achieve a strong economy.

OREGON AGREEMENT PROJECT DESCRIPTIONS, CONTACT INFORMATION AND STATUS

Since November 2001 Oregon Agreement partners have been working together on a variety of statewide projects. This progress report outlines their context, status, key summary information and a point of contact.

1. Improved Conservation Reserve Enhancement Program delivery to achieve wider ranging results to meet Oregon Plan goals and objectives. Contact: Ken Bierly, Oregon Watershed Enhancement Board

The Oregon Watershed Enhancement Board (OWEB) enlisted the support of the Oregon Department of Agriculture and Oregon Association of Conservation Districts, who provided an evaluation of the Conservation Reserve Enhancement Program (CREP). This evaluation outlined CREP implementation successes and significant barriers to widespread landowner participation. As a result, the OWEB board at their September 2002 meeting approved hiring a CREP state coordinator to assist in outreach activities to achieve more widespread participation.

On October 15, 2002, Governor John A. Kitzhaber signed an Addendum Agreement with the U.S. Department of Agriculture-Commodity Credit Corporation to continue our work to enhance salmonid species listed under the federal Endangered Species Act thru implementation of the Oregon Conservation Reserve Enhancement Program.

2. Develop and employ enhanced forest/watershed tools, such as stewardship contracting, for watershed and forest restoration purposes. Union and Wallow County projects.

- *Community Forest Restoration Board-Union County, Oregon.* Contact: John Herbst, Chair

On September 5, 2001, under Court Order 2001-39, Union County established a Board to make recommendations to the Board of Commissioners on restoration goals, objectives and priorities for the La Grande Ranger District, Wallowa-Whitman National Forest. The Board is participating with the La Grande Ranger District in updating watershed assessments, identifying and recommending projects to meet the objectives of the National Fire Plan and provide assistance in dispute resolution over land management activities.

- *Wallowa County Forest & Watershed Stewardship-Wallowa County, Oregon.* Contact: Nils Christoffersen, Wallowa Resources, Enterprise, Oregon

The Wallowa County Board of Commissioners is working with many partners in the Upper Joseph Creek Watershed project in the Wallowa-Whitman National Forest. Project objectives:

- Ensure planning and collaborative relationship building on a watershed basis (5th level watersheds) to facilitate cumulative effects analysis and address management actions over multi-year cycles,
 - Secure efficiencies through National Environmental Policy Act and Endangered Species Act consultation processes,
 - Seek to generate local benefits including employment opportunities in all facets of this work.
 - Maintain and enhance watershed conditions to provide a variety of long-term benefits to the ecosystem, and
 - Establish a practical and sustainable multi-party monitoring system that combines local and scientific knowledge and contributes to effective adaptive management of the watershed.
- *Blue Mountain Demonstration Project.* Contact: Jeff Blackwood Umatilla National Forest, Pendleton, Oregon

In 1999, the Blue Mountain Demonstration area (BMDA) was established in an effort to speed watershed and forest ecosystem restoration across whole landscapes in ways that would also aid the economic health of local communities. This Area is comprised of nearly 3 million acres of private and federal lands in Northeastern Oregon.

Results from the first three years of the BMDA present a clear demonstration that it is possible to engage in broadly supported watershed and forest restoration work that both improves ecosystem health and provides some economic benefits to local communities. The Blue Mountain Demonstration Area accomplishment reports document the challenges and progress in meeting these goals.

Partners in the BMDA efforts are discussing its future operation and the possible expansion of its boundaries.

3. Develop a Northwest Natural Resources Forum for governors, tribal leaders and regional/state agency administrators. Contact: Paula Burgess, Oregon/Washington Office, Bureau of Land Management, DOI, Portland, Oregon

As residents of the Northwest, we have many expectations about our environment. And while we do expect the environment to change over time with a growing human population, we also expect certain aspects of the quality of our environment to be there forever. Dozens of governments and agencies have a role in maintaining the quality of the environment in the Northwest, yet these agencies are haphazardly linked.

The Northwest Natural Resource Forum (Forum) would be an annual gathering where top federal, state and tribal executives have a chance to discuss and collaborate on the broad scale issues needing resolution. The Forum's goals would include:

- identify high priority problems in the Northwest that need collaborative solutions,
- establish intergovernmental task teams to evaluate and suggestion solutions to these issues,
- coordinate on programs and budgets, and

- develop relationships and build trust among government leaders.

The transfer of key federal executive leaders interested in establishing this Forum has hindered the progress of this project. The project has merit and needs interested Pacific Northwest leaders' support to realize its potential gains.

4. Clarify and focus roles and work plans for intergovernmental entities - specifically the federal-state agency partners' watershed group, and the Oregon Plan Core and Implementation teams to achieve effective intergovernmental networks to meet mutual salmon and watershed goals.

The Oregon Plan for Salmon and Watersheds (Oregon Plan), the federally administered Northwest Forest Plan and related watershed based plans require a top-flight integrated team effort to achieve their goals and objectives. This project sought to clarify and establish federal/state/local Oregon Plan roles and responsibilities. This work was completed in December 2002. The teams are chartered and their contact points are listed below:

- ▣ **CORE TEAM**. A forum for state natural resources agencies to collaboratively develop and recommend watershed protection and restoration strategies and policies central to implementing the Oregon Plan for Salmon and Watersheds, which transcend the authority of any one single agency. This team addresses state policy coordination issues and provides strategic direction to the Implementation Team. The team maintains working relationships with the regional teams to identify successes and failures, issues needing resolution and support required to implement needed measures. Contact: Karen Tarnow, Oregon Department of Environmental Quality, Portland, OR
- ▣ **IMPLEMENTATION TEAM**. A forum for information exchange and clearinghouse for all respective agency measures and programs. They systematically review progress on, monitor problems and barriers to, assess effectiveness of and recommend priorities for, the implementation of agency measures. This primary forum will identify issues, problems and coordination needs regarding watershed protection and restoration activities for referral to respective state, federal, local and tribal agency authorities for resolution. Contact: Karen Tarnow, Oregon Department of Environmental Quality, Portland, OR
- ▣ **REGIONAL TEAMS**. These teams provide a direct link between "headquarters" Oregon Plan policy development and implementation in the field. They are committed to partnership approaches between state agencies and regional scale stakeholders to achieve the Oregon Plan goals. Contact: Karen Tarnow; Oregon Department of Environmental Quality, Portland, OR
- ▣ **OUTREACH TEAM**. This team utilizes partnerships to effectively communicate the purpose of the Oregon Plan to all Oregonians, to help them understand their connection to urban and rural landscapes, and to motivate them to take action to protect and enhance Oregon's watersheds, salmon and clean water. Contact: Ken Bierly, Oregon Watershed Enhancement Board, Salem, OR
- ▣ **MONITORING TEAM**. This team provides a forum for development and coordination of public and private monitoring activities in support of salmon recovery efforts. It assists in establishing priorities for monitoring activities, coordinated resource-monitoring activities, and provides timely and effective distribution of information for adaptive management. Contact: Kelly Moore, Oregon Watershed Enhancement Board, Salem, OR

▣ **INDEPENDENT, MULTIDISCIPLINARY SCIENCE TEAM** This team's role (seven members) is to advise the State of Oregon on matters of science related to the Oregon Plan. They work in good faith, focus on science, maintain their independence, operate by consensus (with minority positions identified) and report its findings and conclusions in writing. Contact: Kathy Mass-Hebner, Department of Forest Science, Oregon State University, Corvallis, OR

5. Develop cooperative, web based and searchable inventory database for watershed restoration purposes. Contact: Doug Terra, Oregon Watershed Enhancement Board, Salem, OR

Unprecedented numbers of watershed restoration projects are conducted by public and private entities across the State of Oregon to improve water quality, watershed health and to improve salmon populations. Currently there is incomplete watershed restoration reporting, which hampers evaluation and accomplishment efforts. This project is designed to develop a cooperative, web-based, searchable database for watershed restoration projects on public and private lands. Little progress was made on the project due to staff limitations and agency resources.

6. Receive multi-year or multi-project environmental permits for highway projects supported by the Oregon Department of Transportation adoption of ISO 140001 environmental management systems and independent third party certification. Contact: Lori Sundstrom, Oregon Department of Transportation, Salem, OR

Oregon's Department of Transportation (ODOT) finds that compliance with land use and environmental requirements can result in delays and project costs difficult to predict. Most significant are a lack of regulatory agency resources to respond in a timely and effective manner.

Oregon is faced with replacing about 200 concrete bridges on Interstates 5 and 84. Completing individual environmental reviews and obtaining individual environmental permits will tax staff resources, making timely completion of the environmental regulatory process unlikely. Lack of permits will result in construction delays, potentially putting Oregon's two interstates at risk of partial closure to freight.

This project used collaborative workshops, September 30 through October 9, 2002, where agency staff, stakeholders and key leaders identified specific ways to streamlining environmental review and permitting while achieving superior environmental results. Seven streamlining approaches were identified. In addition, ten changes to ODOT's "bridges program" approach were discovered and changes are being presented to ODOT executives and Commission members for their support. These seventeen improved approaches could be used for the entire State Transportation Improvement Program thereby conserving scarce public resources and getting critical infrastructure work done while achieving superior environmental results.

7. Develop an integrated watershed investments approach so municipalities can address "wet weather" impacts on water quality more effectively. Integrate related state/federal investment schedules and programs to achieve this result. Contact: Michael Llewelyn, Oregon Department of Environmental Quality, Portland, OR

Watershed investments related to "wet weather" such as storm water management and sewage infrastructure can be poorly coordinated and sequenced under state and federal regulations. Environmental regulatory mechanisms are too often aimed at geographic units that are mismatched

with the natural systems they are intended to protect. Implementation of environmental laws tends to focus on remedies specific to each statute independently, biasing against the use of solutions that have benefits beyond the coverage of each statute.

This project seeks to improve the health of the Tualatin Watershed ecosystem while coordinating with various environmental statutes i.e., Clean Water Act, Endangered Species Act and Safe Drinking Water Act. The result optimizes investments and environmental gain by managing on an integrated watershed approach, rather than a single regulatory requirement at a time. The U.S Environmental Protection Agency, Clean Water Services, the Oregon Department of Environmental Quality and partners are making significant investments and progress on projects objectives.

The U.S. Environmental Protection Agency has made a significant financial contribution under a partnership agreement with the Department of Environmental Quality performance agreement with its project partners.

8. Develop a cooperative watershed monitoring and information system for the Rogue River basin and southern Oregon coastal watersheds for evaluating and reporting on watershed health progress, and future investments needs. Contact: Kelly Moore, Oregon Watershed Enhancement Board, Salem, OR

Local citizen groups in the Rogue River and South Coast area are active in developing recovery plans for salmon. This project builds on their work to date on effective intergovernmental teamwork. The objective is to implement a regional watershed monitoring strategy for southwest Oregon. The outcome will be a monitoring strategy that works for all partners.

Another benefit will be an information sharing capability that clearly communicates watershed conditions and supports efficient permitting processes. Due to the historic fire season, tighter state/federal budgets and staffing this project was unable to be implemented. It continues as an important project with great potential. There has been continuing progress on watershed assessment using the REO Decision support model, continuing attention to fish passage issues, and a revival of interest in supporting a coordinated approach to Clean Water Act/Endangered Special Act compliance and consultation.

9. Develop an integrated intergovernmental partnership model in the McKenzie-Willamette River confluence area to sustain economic development while protecting and enhancing critical floodplain, riparian and river habitat. Contact: Gary Lynch, Oregon Department of Geology and Minerals Industry, Albany, OR

The McKenzie Watershed Council is facilitating a collaborative process to protect and restore fish and wildlife habitat while providing flood protection for a variety of land uses in the McKenzie and Willamette Rivers confluence area. This project features incentive based, collaborative approaches so a long-term flexible framework provides for certainty, accountability and adaptive management to achieve desired results.

The result will be to give the river more “elbow room” to handle flood events while restoring gallery forests associated with flood plains and concurrently providing for a balance of land uses important to the area’s economic base. Good progress has been made in bringing all the parties into the discussion of needs including priority flood plain restoration projects.

10. Develop a market branding approach for agricultural products produced in the Klamath basin associated with restoring this watershed area within a local agricultural strategy. Contact: Andrew Stuedli, South Central Economic Development District, Klamath and Lake Counties, Klamath Falls, OR

Local citizens, with the assistance from State of Oregon agencies, are looking to develop sustainable agriculture strategies that improve farm and ranch profitability while responding to watershed restoration needs and opportunities. Market branding of agricultural products linked to watershed restoration and protection can attract consumer support.

There were information exchanges with local partners, regional and statewide organizations interested in this project's goal. Early in 2003, interested organizations will partner with the Upper Klamath Working Group to host an educational session on market branding based on watershed restoration and protection purposes for those interested in pursuing such an approach.

11. Develop partnership agreement, technical capacity, benchmarks and desired watershed conditions in the City of Portland, Oregon, so the Mayor and city officials can work in an efficient, integrated, intergovernmental way to meet federal statutes for Clean Water, Endangered Species and Superfund purposes with local, state and federal agencies. Contacts: Tommy Brooks, Office of the Mayor, Portland, OR

The Portland River Trust is part of Portland's River Renaissance-an integrated city-wide initiative to promote a healthy Willamette River, a working harbor and vital urban riverfront. This project seeks to develop an integrated watershed approach to meet Endangered Species Act, Clean Water Act and federal Superfund statute objectives. Specific project outcomes sought are:

- development of urban benchmarks for baseline and desired future environmental conditions,
- integrated Endangered Species Act consultation process, and
- one stop shopping approach for applicants that meet Endangered Species Act, Clean Water Act and Superfund compliance objectives.

12. Achieve a new Clean Water Act-State Programmatic General Permit (Section 404-SPGP) in concert with state/federal agency partners. Contact: Eric Metz, Oregon Department of State Lands, Salem, OR

Currently separate certification is required from several state and federal agencies in making section 404 Clean Water Act determinations. This project seeks to eliminate permitting process overlaps and to gain better alignment of standards and processes. We can preserve the quality of life in Oregon, enhance natural resource protection and still create a more efficient and cost effective permitting system. In 2002, we gained alignment among the interested and affected state and federal agencies. We held important coordination meetings that have us on the path so the U.S. Army Corps of Engineers can issue the Statewide Programmatic General Permit mid-2003. The state could assume the 404 program by mid 2005.

THE OREGON AGREEMENT

A PROPOSED MODEL FOR
RESULTS DRIVEN ENVIRONMENTAL POLICY

FIRST DRAFT – For Discussion Only

APRIL 2001

...as President, Governor Bush will set high environmental standards, and work to build conservation partnerships between the federal government and state governments, local communities and private landowners to meet – and exceed – those standards.

-Bush-Cheney 2000 Campaign Website

Westerners desire to create a region that will provide our children an extraordinary quality of life.... Our future includes a belief that we are better off if we can redirect energy away from polarized battles and toward solving our common problems. It is a vision of rebuilding trust, partnerships and community; of better understanding the cumulative effects of our actions; and of enhancing individual and collective environmental understanding and its associated stewardship....

It must be clear that in implementing this vision, Westerners do not reject the goals and objectives of federal environmental laws, nor the appropriate role of federal regulation and enforcement as a tool to achieve those objectives.... As the federal government sets national standards, they should consult with the states, tribes and local governments...With standards and objectives identified, there should be flexibility for non-federal governments to develop their own plans to achieve them, and to provide accountability. Plans that consider more localized ecological, economic, social and political factors can have the advantage of having more public support and involvement and therefore can reach national standards more efficiently and effectively.

-Western Governors' Association, 1999

While most people understand that our economy, culture, and environment are all important to the quality of our lives, we still have been unable to avoid protracted, divisive, and costly political and legal conflicts. Perhaps more troubling is that after 20 years of intense debate, our progress toward finding workable solutions has been limited, and in some cases has significantly regressed. We must find a better way to bring people together to solve environmental problems in a cooperative, consensus-based, and long-term capacity.

-Oregon Republican Senator Mark Hatfield, 1995

PROPOSAL SUMMARY

The Proposal

Oregon proposes a special partnership with the Bush Administration to demonstrate how a healthy environment and a strong economy can work hand in hand. Oregon agrees with the administration: “the 30-year-old federal model needs to be modernized.” Oregon offers the administration a new model – a model that illustrates the Administration’s environmental role but also returns significant authority to the states.

A partnership to demonstrate how a healthy environment and a strong economy can work hand in hand.

Specifically, we propose to achieve recovery of salmon and to improve watershed health using recently-established (since 1995) structures and plans such as the Oregon Plan for Salmon and Watersheds, the Columbia/Snake Recovery Plan, and the Blue Mountain Demonstration Project, and applying the principles enunciated by the Western Governors’ Association known as *Enlibra*. These principles were found to be the common denominator of success stories around the West. In 1998, the Western Governors committed to these principles – this “new doctrine,” to guide natural resource and environmental policy development and decision-making in the West. The principles are summarized below. (A full description of the principles is attached.)

- National Standards, Neighborhood Solutions: Assign responsibilities at the right level.
- Collaboration, Not Polarization: Use collaborative processes to break down barriers and find solutions.
- Reward Results, Not Programs: Move to a performance-based system.
- Science For Facts, Process for Priorities: Separate subjective choices from objective data gathering.
- Markets Before Mandates: Pursue economic incentives whenever appropriate.
- Change A Heart, Change A Nation: Environmental understanding is crucial.
- Recognition of Benefits and Costs: Make sure all decisions affecting infrastructure, development and environment are fully informed.
- Solutions Transcend Political Boundaries: Use appropriate geographic boundaries for environmental problems.

The Problem To Be Overcome

For decades, Pacific Northwest salmon runs and the watersheds that support them have been in decline. Both salmon abundance and water quality are extensively linked to the economic and community health as well as the ecological health of the Northwest. Our ability to restore salmon runs and watersheds will have implications for the future of both our natural resource-based economies as well as most of our more diversified economies

due to their reliance on hydropower-produced electricity and adequate urban infrastructure – both of which hang in the balance with salmon.

For the last six years, Oregon has been working to restore salmon, watershed health and water quality holistically through a broad network of partnerships. While Oregon's Plan for Salmon and Watersheds has shared the same goals as the federal laws, and is designed to meet the established standards and objectives of multiple laws simultaneously, Oregon's efforts have often been slowed or obstructed by more traditional and rigid interpretations of how individual federal laws must be implemented.

Over time, we have collectively worked with federal partners through some of these hurdles and yet we continue to encounter additional rigid processes that may not even serve to achieve the goals of the laws, much less our interest in moving beyond the laws towards restoration.

We believe that, by working with a high level action team representing all levels of government and critical stakeholders, we can work together to identify barriers to our common goals and design strategies to meet environmental laws, and economic and community goals simultaneously. We can gain greater local buy-in and commitment, design solutions appropriate for specific locations or situations where they need to be applied, and create mechanisms for integrating strategies to simultaneously meet the full range of laws and public values.

Why Seize This Opportunity With Oregon?

Oregon is an ideal state to test an outcomes-based partnership with the federal government. It has a 20-year strategic plan that is regularly updated, and through the Oregon Benchmarks we know what we want to accomplish. The test of an outcomes-based approach to environmental policy is likely to be more successful where the state is already using an outcomes based model for establishing a long-range vision, setting public priorities, allocating resources, and measuring results. We are well along in pioneering an effort – Oregon Benchmarks – to do all of these things. Our environmental benchmarks focus on air quality, water quality, salmon recovery and land preservation, just to name a few. In addition, Oregon recently completed the State of the Environment Report, which provides excellent baseline data for an effective monitoring program.

The State also has numerous efforts underway aimed at solving natural resource problems holistically, through extensive partnerships, and focussing on outcomes. For example, in 1997, Governor Kitzhaber and the Oregon Legislature adopted the Oregon Plan for Salmon and Watersheds (mentioned above) and the Healthy Streams Partnership to address degraded water quality. The focus is on voluntary actions by landowners coordinated with statewide restoration and recovery strategies. Under the Governor's leadership, citizens and landowners throughout Oregon have joined together through watershed councils, soil and water conservation districts and other groups to cooperatively restore their watersheds.

To assist these local groups, the Oregon Watershed Enhancement Board was created in 1999 which provides a framework and funding for salmon and watershed restoration that tries to focus on the highest priority investments for fish recovery and watershed health. In addition, the Willamette Restoration Initiative, with a broad-based representation, has developed a framework for recovery in the Willamette River basin. In fact, Oregon has a decade of experience with locally based watershed and basin councils working to recover salmon and restore watersheds throughout the state. There are now approximately 90 watershed councils and 45 soil and water conservation districts statewide.

Today's salmon and watershed health problems can only be solved locally. No one else knows Oregon rivers and streams like the people that live there and in some cases have lived there for generations. No one cares more or knows more about the fisheries, the water quality, the health of the watersheds, and the place we call home.

Oregonians respond well when they are empowered to do the right thing. The federal government can and should set reasonable standards to be met for endangered species recovery and water quality, but to achieve results, we must all work together – federal agencies, state and local governments, landowners and citizens – to develop appropriate plans and actions to achieve the standards. We should all be held accountable to the broader goals presented by the suite of laws, and, through our experience, find this is best done by tailoring plans to local circumstances.

We see an opportunity with the new Administration to engage the next generation of these efforts through an agreement of cooperation between all levels of government. We would call this “the Oregon Agreement,” and propose that we be guided by the principles articulated in *Enlibra*.

The Benefits

We believe that Oregon can serve as a model for the rest of the country in developing a bottoms-up, top-down, outcomes-directed environment achieving results. The most important benefit, and Agreement, will be the outcomes: salmon recovery, economy. Other benefits include more efficient use of regulatory gridlock. The Oregon Agreement also of and local participants to learn from their efforts and act on what they learn to improve federal regulation. In short, The Oregon Agreement will advance the Administration's commitment to a new era of environmental protection.

The Oregon Agreement will advance the Administration's commitment to a new era of environmental protection.

What Oregon needs from the Bush Administration

Based on the *Enlibra* principles, we propose the federal government and Oregon mutually identify salmon recovery and watershed health outcomes for the partnership. From this work, focused federal-state attention and partnership (perhaps resources, but this is not just about funds) would flow in resolving some of the more difficult natural resources challenges Oregon faces. Examples of known challenges we are eager to address include:

- streamlining the Section 404 permitting process and other permit requirements for local landowners and groups to engage in restoration activities;
- expanding the application of the Conservation Reserve Enhancement Program to make it a more meaningful incentive or tool for agricultural producers across Oregon;
- assessing and addressing a suite of emerging urban issues; and,
- addressing staffing and funding constraints to National Marine Fisheries Service and their ability to complete consultation demands in our Eastside Forest Health Efforts and other Fire Plan demands.

This approach would require an ongoing high-level commitment to finding and implementing solutions that may be different from existing processes but would demonstrate more efficient and effective ways of meeting environmental goals.

Oregon cannot achieve its vision for a health environment and a strong economy if its vision is not shared by the responsible federal agencies. We must integrate responsibility and authority for salmon and watershed restoration and respect the part that each of us is implementing towards our common vision.

We look forward to working with you.

*Contacts:
Peter Green,
503-378-3589 x835*

AN 11-POINT STRATEGY FOR RESTORING EASTERN OREGON FORESTS, WATERSHEDS AND COMMUNITIES

- 1. There are broad areas of potential agreement about goals for restoration of ecosystem health in the forests of eastern Oregon. The time is now to move forward on restoration efforts where success is most likely and that have scientific and public support.**
- 2. Ecosystem health includes the health of the forests, streams, and watersheds. Achieving and maintaining good water quality and quantity should be a priority for all forest management activities.**
 - Ecosystem health involves many considerations: biological diversity, soils, water, the processes by which these elements change and interact, and the resilience of the system to disturbances such as insects, disease, fire and flood.
 - Historic conditions are an important source of information when developing restoration objectives.
 - Extend watershed considerations from headwaters to human communities, and be responsive to both natural and human needs.
- 3. Ecosystem health may be improved through active management in stands which have suffered from fire exclusion, removal of large trees, and grazing. Understory thinning of green trees to restore forests to a healthy condition more representative of historic conditions is an important component of active management for forest health and can help offset costs. These conditions may be sustained by the periodic use of prescribed fire.**
 - Land management should mimic natural processes to the extent practicable. Use prescribed fire to restore historic open stand conditions in lower and mid elevation forests that have appropriate levels of surface and ladder fuels.
 - Understory thinning, especially when combined with prescribed fire, can mimic some of the effects of natural fire, and prepare the forest to function with periodic fires in the future.
 - Thinning and prescribed burns may not be appropriate for higher elevation or cold forest types (except some lodgepole pine) that historically had disturbance regimes based on stand-replacement fires
 - Protect old growth stands that were historically maintained by fire, such as pine, larch, and aspen. Understory thinning and burning to remove young trees and inappropriate species can be effective tools to protect these important stands.
 - Management techniques will likely require financial investments and innovative contracting efforts because the economic value of these thinnings is generally lower.

- 4. Be responsive to the diversity of people dependent on forest resources including American Indian Tribes, timber-dependent communities and recreation and tourism sectors.**
 - A healthy watershed includes healthy communities that share the same geographical areas. Resource management should include strategies that maintain both forest and community health.
 - Monitoring communities and cultures is as important as monitoring forest resources.
 - Place emphasis on local participation and input that fosters ownership of land management strategies.

- 5. Plan and implement active restoration first in less controversial areas. In the short run, avoid operating in roadless areas, near fish habitat and old growth areas.**
 - Carry out active restoration first in areas and in ways of broadest public consensus, develop a track record of success, and then expand agreement and efforts to other areas.
 - Give higher restoration priority to areas with relatively high ecological integrity but with values most at risk from threats such as catastrophic fire, severe erosion, invasive species, or crowded understories.
 - Healthier ecosystems may benefit from maintenance treatments such as prescribed fire, as well as active restoration of adjacent areas.
 - Avoid treating old-growth areas unless they are at risk of uncharacteristically severe fire and understory competition, in which case understory thinning and prescribed fire may be used.

- 6. Monitoring and learning are essential to the success of ecosystem health restoration activities and will be critical to justifying continuing active management. The Forest Service, the Bureau of Land Management, the research community, Congress, the Administration, the Oregon Department of Forestry, other agencies, and the Governor's Office should join together in assuring that we learn from the management strategies employed to restore ecosystem health.**
 - A monitoring program for active restoration must include baseline data from which assessments can be made.
 - Monitoring is the essential element of adaptive management and should include implementation, effectiveness and validation monitoring.
 - Monitoring is the foundation of public acceptance and expansion of consensus on ecosystem restoration. Independent "all party" monitoring helps ensure credibility of the monitoring.

- 7. Restoration activities and planning should include all ownerships within a watershed, where possible.**
 - Look for ways that federal and state agencies and private partners such as local watershed councils, soil and water conservation districts, family forestland owner associations and other non-profits can build collaborative relationships and provide funding sources to meet watershed restoration needs irrespective of ownership.
 - Conduct watershed assessments and cumulative effects analyses across boundaries.

8. **Active management includes, but is not limited to, cutting trees, riparian area planting, reforestation, prescribed fire, road treatments, stream rehabilitation, and noxious weed management, as well as protection of ecologically sensitive areas.**
 - Develop restoration strategies that address forest, watershed, and community concerns in an integrated and comprehensive way.
 - Combine active treatments with passive approaches, for example managing livestock grazing to allow re-establishment and growth of aspen, cottonwood or other native vegetation.
 - Road treatments include fish passage and drainage improvements, closure, decommissioning, obliteration and re-contouring.

9. **Protecting soils through the use of low-impact, cost effective equipment and techniques is an essential element of restoration.**
 - Soil protection should be a high priority for all restoration activities. Soil protection involves more than selection of proper equipment. Plan projects to minimize impacted areas and avoid sensitive areas. Pre-designate skid trails and limit activities to seasons when soils are less vulnerable to damage.
 - Provide clear direction to equipment operators based on prescriptions that establish a common understanding of soil protection objectives. Monitoring active management impacts on soil is essential.
 - Maintain and enhance workforce skills, training, and development to ensure skills are available to deliver the high level of soil protection required.
 - Create predictable opportunities to use modern low-impact equipment to increase the likelihood of investment in such equipment.
 - Consider incentives that encourage investment in low-impact equipment, including bidding preferences or grants. As acceptance of these practices improves, look for ways to expand their application.

10. **Post-fire salvage logging is primarily an economic activity intended to benefit local communities, but may be compatible with watershed restoration and fuel reduction strategies if consistent with ecosystem health goals.**
 - Abundant snags in burned areas can provide important habitat for many species of wildlife.
 - Soils, particularly in severely burned areas, can be sensitive to disturbance and should receive even greater protection than usual.
 - Salvage logging can provide economic value and reduce the likelihood of bark-beetle outbreaks. General guidance for such logging should be developed in a way that fosters public understanding and acceptance to ensure prompt implementation and realization of benefits.

11. **Where the costs of ecosystem health restoration efforts are not paid for by sale of forest products, funds should be made available to finance these activities on a priority basis. Restoration is a long-term investment that will require support by the public and Congress.**

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



Drought Emergency Information

Drought Map

State Agency Action and Response

Each link below describes the major state agency activities relating to the Klamath Basin drought disaster. In some cases, these activities may also apply to other areas in Oregon experiencing drought conditions. This summary will be updated on a regular basis to capture the latest information and planned activities.

[Water Resources Department](#) (includes well permit information)

[Department of Human Services](#)

[Employment Department](#)

[Economic and Community Development Department](#) (includes Oregon Business Development Fund and Revolving Loan Fund Information)

[Oregon Department of Agriculture](#) (includes other drought related web sites)

[Department of Environmental Quality](#)

[Oregon Watershed Enhancement Board](#)

[Department of Energy](#)

[Department of Forestry](#)

[Oregon Emergency Management](#) (for latest status on county disaster declaration requests)

[Oregon State University](#) (Water Conservation Publications)

Federal Drought Information

[National Drought Policy Commission \(NDPC\)](#)

[Interim National Drought Council](#)

[National Drought Mitigation Center](#)

Governor's Press Related Items

[Speech to Sustainability Forum - September 7, 2001](#)

[A Tale of Two Rivers, National Conference of Trout Unlimited - August 16, 2001](#)

[Governor Seeks Help In Klamath Aid - June 28, 2001](#)

[Governor Announces State Financial Assistance For Agriculture Drought Disaster - May 31, 2001](#)

[State of Oregon Participating In Klamath County Drought Emergency Information Open House - May 15, 2001](#)

[Governor Declares Drought Emergency In Klamath County - March 28, 2001](#)

[Governor Discusses Pending Drought, Considers Emergency Declaration In Klamath County - March 21, 2001](#)

Governor's Executive Orders

Note: You need [Adobe Acrobat Reader](#) to review these document

[EO-01-23 - Drought Emergency In Morrow County](#)

[EO-01-17 - Drought Emergency In Deschutes County](#)

[EO-01-12 - Drought Emergency In Harney County And Union County](#)

[EO-01-11 - Drought Emergency In Jackson County And Josephine County](#)

[EO-01-09 - Drought Emergency In Baker County, Sherman County, Wallowa County, And Wheeler County](#)

[EO-01-07 - Drought Emergency In Douglas County](#)

[EO-01-06 - Drought Emergency In Gilliam County](#)

[EO-01-05 - Drought Emergency In Crook County, Hood River County, And Lake County](#)

[EO-01-04 - Drought Emergency In Wasco County](#)

[EO-01-03 - Dought Emergency In Jefferson Klamath County](#)

[E0-01-01 - Dought Emergency In Klamath County](#)

Governor's Federal Correspondence

Note: You need [Adobe Acrobat Reader](#) to review these document

[Letter to Chair of Council on Environmental Quality Jim Connaughton - August 30, 2001](#)

[Governor Seeks Help in Klamath Aid - June 28, 2001](#)

[Letter to Secretary of Agriculture Ann Veneman - March 26, 2001](#)

[Letter to Secretary of Agriculture Ann Veneman - March 30, 2001](#)

[Letter to Oregon Senator Ron Wyden - May 7, 2001](#)

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.

Governor's Office for Health, Human Services and Labor

The Governor's Office for Health, Human Services and Labor advises the Governor on issues relating to the health and livelihood of Oregonians and provides policy direction to state agencies. Some of the areas included in the broad category of health and human services are the Oregon Health Plan, the Oregon Children's Plan, the Oregon Strategy for Social Support, Juvenile Crime Prevention, and Workers' Compensation.

The Oregon Health Plan is a comprehensive health reform strategy predicated on public values, clinical efficacy, and cost-effectiveness. The Plan includes both government programs and public/private collaborative efforts. Its mission is to improve the health of Oregonians. The primary method for achieving this mission is to increase the availability of an adequate level of high quality health care at an affordable cost. Oregon Health Plan services are delivered through managed care and based on a prioritized list of medical conditions and effective treatments. The health plan's Medicaid expansion, begun Feb. 1, 1994, was authorized by the Oregon Legislature and received a federal waiver of Medicaid rules.

The Oregon Children's Plan represents the continuation of a long-time endeavor to identify and assist at-risk children and their families. The Plan, which will increase services available to children and families through the State and counties, expands the Healthy Start program statewide with its emphasis on home visiting, and it continues implementation of the early childhood planning portion of Senate Bill 555. (SB 555, established by the 1999 Legislature, is a comprehensive policy for Oregon's children and families. SB 555 directs state agencies to establish policies for a statewide early childhood system of social supports and requires the development of a local coordinated comprehensive plan that includes children ages 0-8 and their families.) The 2001 Legislature approved a \$60 million budget for key early childhood services under the Oregon Children's Plan.

This office coordinates **the Oregon Strategy for Social Support**, which is based on Governor Kitzhaber's Human Investment Framework. The Framework requires that education, workforce and social support investments must be carefully balanced and coordinated to be most effective in making Oregonians as self sufficient as possible. Some examples of social supports are affordable, safe housing; access to alcohol and drug treatment; and available and affordable child care. The Oregon Strategy for Social Support ensures that state resources used to provide social supports are properly focused and carefully coordinated with partners in local government and the private sector.

The goal of the **Juvenile Crime Prevention** program is not only to prevent crime but also to give all children an opportunity to succeed. This effort requires establishing a strong partnership to coordinate the state's juvenile crime prevention system with community-based programs and targeting efforts at those youth who are at highest risk. These efforts are overseen by the state Juvenile Crime Prevention Advisory Committee. In addition, a statewide information system--The Juvenile Justice Information System-- has been established in the Oregon Youth Authority to encourage policy decisions based on accurate information and effective programs.

Labor and management leaders and the Governor's Office have worked together to reach agreement on recommendations for improving the Oregon **Workers' Compensation** system. One goal of the measure adopted by the 2001 Legislature is to create a less adversarial system for all. It attempts to remove uncertainty about payment for medical treatment for injured workers and brings them needed health services and wage replacement. Many of these workers previously fell through the gaps in our system. It also addresses compensability standards and benefits providing more certainty to employers about future liability exposure.

The Governor's Office of Health, Human Services and Labor is directed by Mark Gibson, Policy Advisor, and includes Pam Curtis, Policy Analyst; Evelyn Bloemhard and Grace Roth, Executive Assistants; and Alicia Philpot, Community

Outreach Coordinator. The office can be reached at (503) 378-6895.

Governor's Office



Health, Human Services & Labor Newsletter

Farewell Edition

December 2002

Positive Programs Mark Administration's Eight-Year Term

Programs designed to improve the health and well being of Oregonians, especially Oregon children, are a hallmark of Governor John Kitzhaber's administration. Long an advocate of helping children become successful citizens, the Governor has promoted initiatives to improve adult and child health, prevent juvenile crime, and reduce the incidence of alcohol and drug abuse, school failure, and poverty. Among the most notable of his initiatives in the Health and Human Services field are:

Oregon Health Plan

Conceived in the 1980s by then-Senate President John Kitzhaber, the Oregon Health Plan (OHP) is a comprehensive health reform strategy predicated on public values, clinical efficacy, and cost-effectiveness. Its mission is to improve the health of Oregonians, and its specific goals include reducing the percentage of Oregonians without health coverage as well as containing the rate of growth in health care expenditures. It seeks to eliminate cost shifting while improving the quality of health services. The Plan is based on a prioritized list of health services and relies on public/private partnerships to improve the effectiveness and accountability of health care and health insurance programs in the state.

Overall, the gains have been substantial. At any given time, the OHP participated in covering nearly 400,000 Oregonians. In an unduplicated count, over one million Oregonians have at one time or another used the OHP. From 1990 to 1999, the percentage of Oregonians without health insurance dropped from 18% to 10%. For children, the percentage without insurance dropped over the same period from 21% to 8%.

In addition to expanded public coverage, a substantial portion of these gains occurred in commercial organizations. It is widely believed that the Medicaid expansions contributed to the commercial gains by helping to control cost shifting.

Human Investment Framework

The Governor developed the Human Investment Framework in 1996 to form the foundation needed for Oregonians to be as independent, productive and self-sufficient as possible. It held that in order for children to succeed in school and for adults to succeed at finding and maintaining employment, certain social supports must be present. The Framework called for new roles for state government and state agencies with increased emphasis on collaborative partnerships, wise investments and increased accountability. It stressed the importance of community-based services and community responsibility in supporting families. Work groups studied the need for specific social supports and identified potential inconsistencies in their delivery. The groups tried to determine the most efficient means of aligning efforts to deliver those supports and made recommendations to the Governor.

This extensive examination of Oregon's social support system provided building blocks for other initiatives aimed at improving the safety and (continued on page 2)

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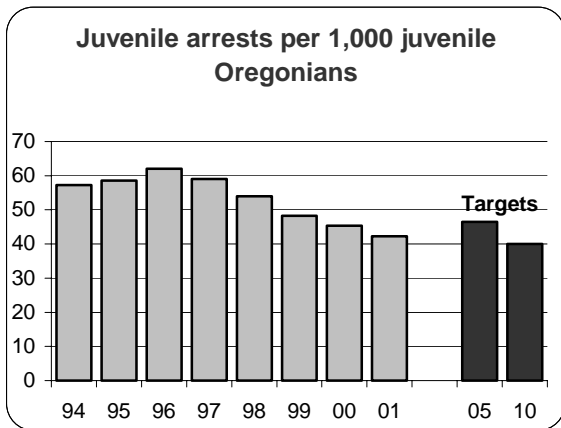
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(Human Investment Framework – continued)
 well being of Oregonians. Bills passed by subsequent legislatures made way for improvements in alcohol and drug treatment, access to transportation, accessible and affordable child care, and safe and affordable housing. Recommendations regarding an early childhood system of supports led to the Oregon Children’s Plan (see below).

Juvenile Crime Prevention

In response to concern about juvenile crime, Governor Kitzhaber created the Juvenile Crime Prevention Task Force in 1996. In 1999, following the recommendation of the Task Force, the Legislature adopted a comprehensive strategy to prevent juvenile crime. The four elements of the approach include focusing on community-designed strategies for high-risk youth, coordinating existing efforts at state and local levels, holding the juvenile justice system accountable for achieving results, and reinvesting the resulting savings into further prevention efforts.

Now, every Oregon county has a comprehensive juvenile crime prevention strategy in place, supported in part by state resources. They have utilized strategies and services proven to reduce and prevent involvement in the criminal justice system, and they have succeeded in identifying high-risk youth early before they commit a crime. The results are clear. By 2001, Oregon’s



juvenile crime rate had dropped 25%. (See graph.)

Oregon Children’s Plan

Six of every ten children are born exposed to risks that can affect future success. By identifying these risks early, we can give children the opportunity to succeed in school and in life. The Oregon Children’s Plan represents the continuation of statewide efforts to provide an integrated, comprehensive system of services to children 0-8 years and their families. Building on SB

555, the 71st Legislative Assembly enacted HB 3659 which contains three key policy elements. They are: to define the goals and elements of a state voluntary early childhood support system, define and coordinate state and local responsibilities in carrying out such a system, and build upon existing programs and improve linkages between them. The basic components of the plan are:

- Early identification
- Home visiting services
- Community-based services
- Preschool
- Mental health and alcohol and drug treatment
- Evaluation and technical assistance

Preliminary data from the Oregon Progress Board indicate that providing an integrated system of services early in a child’s life can help families. In Oregon the number of children under 18 reported to be abused or neglected since 1994 has dropped 20%.

Oregon’s current poor economic climate has forced a reduction in many programs, but the structure for providing services to help create strong families and communities is in place and will contribute to the future well being of all Oregonians.

Comprehensive Planning—Senate Bill 555

Over 100 citizens and professionals were involved in developing SB 555, the landmark legislation that recognized the interdependence between healthy children and families and strong families and healthy communities.

This focus on children, families, and communities calls for state agencies and local communities to collaborate in comprehensive planning for children 0-18 years of age. Senate Bill 555 provides a framework for identifying community resources. It defines the goals and essential elements of an early childhood system of supports. Building on an existing system, it defines coordinated responsibilities in carrying out the early childhood system.

Did you know...?

In the past ten years, teen pregnancies have decreased by more than one third.*

The Governor’s Action Agenda of 1997 which laid out a multi-faceted plan has made a difference according to Sue Abrams, Office of Prevention & Transitional Benefits, CAF, DHS. In addition, teens are making responsible choices more often.

**Oregon Vital Statistics Annual Report for 2001*

State Employees Urged to Participate in Mentoring Project

Governor Kitzhaber recently announced a state policy initiative that will link employees with qualified mentoring programs for children and families through a partnership with Oregon Mentors, a statewide business-led organization. This effort, at no additional cost to the State, encourages state employees to use flexible work schedules, job sharing, personal leave, vacation leave or leave without pay—subject to applicable collective bargaining agreements—to schedule regular time to participate in mentoring programs. Mentoring is designed to provide an opportunity for youth to establish positive, supportive relationships with adults, an important element in a child's ability to develop trust and confidence.

Studies have shown that children with mentors are less likely to begin using illegal drugs and alcohol and are less likely to engage in violence. Studies also show that young people with mentors feel more competent about their ability to do well in school, report more positive relationships with friends and parents, and have better attitudes toward school, their family and communities.

Mentoring benefits adults as well. They feel better about themselves for playing a positive role in a child's life; they enjoy an increased sense of responsibility and accomplishment. As the saying goes, "If you help someone up the hill, you get closer to the top yourself."

Oregon is fortunate to have a strong mentoring program already in place. Oregon Mentors is a community-driven, nonprofit organization that is dedicated to the dramatic expansion of quality youth mentoring. It maintains a comprehensive list of mentoring programs in Oregon in a statewide database that can be accessed online. It recruits and refers mentors and provides training and technical assistance for groups and individuals.

Joining the Governor at the news conference held December 4 was PSU President Daniel Bernstine; Ken Thrasher, co-chair, Oregon Mentors; and Robert Pallari, President & CEO, Legacy Health Systems, and Tom Nelson, Executive Director of Oregon Mentors.

The Oregon Commission on Children and Families (OCCF) will work with state agencies to recruit State employees to participate in identified mentoring opportunities. For additional information, contact Barbara Fuller at (503) 373-1570, ext. 229.



Governor Kitzhaber urges state employees to participate in a mentoring project with Oregon Mentors, a non-profit Organization dedicated to expanding high quality youth mentoring.

Governor Declares Human Rights Day; Apologizes for Past Eugenics Practices

Governor Kitzhaber declared December 10 to be Human Rights Day in Oregon. Hosting a public reception to celebrate the progress Oregon has made in the treatment of people with mental health disorders, developmental disabilities and those incarcerated by the criminal justice system, the Governor acknowledged past eugenic practices in the state. "Even as we celebrate the progress we've made," he said, "we must also acknowledge the realities that darken the history of our state institutions. The time has come to apologize for misdeeds that resulted from widespread misconceptions, ignorance and bigotry. It's the right thing to do, the just thing to do."

The Governor listed changes in state policies that reflect the growing awareness of the need to safeguard human dignity and to ensure that the state relegates no one to second-class citizenship because of illness or affliction. These changes include compensation of residents in institutions, discontinuation of the use of inhumane devices to restrain and control patients, respect for patients' privacy, and greater emphasis on a transition to community care.

**Governor's Office
Health, Human Services & Labor
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Salem, OR 97301
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Governor Kitzhaber's Office of Health, Human Services, and Labor has appreciated the interest and participation of all those stakeholders who have shared with us their concern and expertise to promote the well-being of Oregonians.

Health Services Receives Grant for Improving Child Oral Health

The Office of Family Health in DHS, Health Services has been awarded \$932,000 in "State Action for Oral Health Access" grant funds from the Robert Wood Johnson Foundation to expand and enhance preventive oral health programs for low-income pregnant women and children up to 24 months of age.

Oregon's proposal for the Early Childhood Cavity Prevention Project was one of 6 states (out of 35 proposals) selected by the RWJ National Advisory on Oral Health to receive funding. Project evaluators and representatives of the RWJ Advisory Committee made a site visit in August to learn more about the plan for improving the oral health of children. Elements of the proposal focus on access to early intervention and prevention, collaboration with private providers, primary care and health systems, education of private providers and health systems, and evaluation of client population and provider involvement.

The Early Childhood Cavities Prevention Project is a collaborative effort of the Office of Family Health in DHS and the Office of Medical Assistance Programs in DHS, Health Services. The proposal includes three demonstration projects that will serve pregnant women in Klamath County, infants in Multnomah and neighboring counties, and children up to 24 months in Central and Eastern Oregon counties. The implementation and evaluation of these projects over the three-year period will create models that can be replicated and sustained statewide.

Governor Kitzhaber is particularly pleased with these continuing activities to strengthen oral health in Oregon, noting that early childhood cavities is the most prevalent chronic disease affecting children in the state, even surpassing asthma. Untreated tooth decay can seriously affect a child's normal growth and learning abilities and is associated with other costly infections and medical conditions such as failure to thrive, slowed growth rate, delayed speech, learning delays, and hospitalization for restorative and surgical treatment. Infant tooth decay is associated with oral bacterial infections of the mother and can be transmitted from mother to infant.

This project furthers the recommendation accepted by the Governor from the Oregon Strategy for Social Support Health Care Work Group.

Governor's Office



Health, Human Services & Labor Newsletter

Fall 2002

Oregon's Prescription Drug Conference Breaks New Ground

Leaders in public and private-sector health care professions from the U.S., Canadian provinces and other countries hailed Oregon's pioneering effort to promote clinical excellence and value purchasing of prescription drugs in a special conference October 10th and 11th in Portland.



A collaborative effort with AARP and the Milbank Memorial Fund, the conference provided an opportunity for participants to share progress in applying systematic reviews and evidence-based research more broadly to policies authorizing and financing the purchase of prescription drugs. AARP Executive Director and CEO, William D. Novelli, described Oregon's Practitioner-Managed Prescription Drug Plan (PMPDP) as "innovation at its best." He noted that for the first time, consumers and physicians are receiving credible, unbiased information and consumers are able to compare drugs and make choices based on credible research rather than marketing efforts.

Oregon's drug program, passed by the legislature in 2001 to help reduce drug costs to the State, will allow Oregon to base its Medicaid prescription drug plan on public, evidence-based reports of the safety and effectiveness of similar medications. (See www.oregonrx.org or www.aarp.org/or for lists of cost-effective drugs studied by OHSU's Evidence-Based practice Center.)

Governor Kitzhaber spoke to the issue of creating a functional marketplace for prescription drugs. He observed that unlike other commercial products, there is little or no competition in drug pricing. Consequently, pharmaceutical companies have little incentive to reduce costs. The PMPDP addresses that problem by providing a comparative process based on evidence and science in full public view for determining first the effectiveness and then the relative cost of similar medications. The Plan has built-in flexibility, so physicians always make the final decision regarding the best drug for individual patients.

"...for the first time, consumers and physicians are receiving credible, unbiased information and consumers are able to compare drugs and make choices based on credible research."

William D. Novelli, Executive Director and CEO of AARP.

The conference also included a well-attended mental health track that explored whether evidence-based reviews hold promise for improving the practice of mental health care. Attendees discussed the opportunities and obstacles in using evidence to make clinical decisions when treating mental health disorders and considered the differences in evidence-based approaches for mental health care from those used in other medical care.♣

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Summit on Minority Over-representation Focuses on Education

The Governor's recent conference on the over-representation of minority youth in the justice system emphasized enhancing partnerships with the education community. In his address to the gathering, Governor Kitzhaber cited the importance of a strong partnership among law enforcement, juvenile justice, education, health care and social service agencies in the effort to reduce the over-representation, noting that no single agency, entity or professional community can do the job by itself. He repeated his strong belief that success in school is one of the strongest protective factors that can keep a young person from falling into delinquent behavior, no matter whether he or she happens to be a Native American, an African-American, Asian, Latino or white.



YOUTH award winners shown with Governor Kitzhaber are Michael Arnold, Tasha Murphy, Cody Campbell, Melissa Garcia, and Mike Greene.

A panel of youth, moderated by Attorney General Hardy Myers, discussed their education experiences and the difficulties they encountered with the system. They offered suggestions to teachers and administrators for improving the education of minority youth, especially of those with troubled backgrounds, and offered encouragement to youth in the audience for overcoming obstacles.

Attendees, participated in morning and afternoon workshops to explore strategies for engaging and supporting minority youth in the education process.

Students and adults discussed diverse topics including integrating culture into education, alternatives to suspension and expulsion for high-risk youth, and engaging students in rural communities.

Two young women from Corvallis House opened the morning session singing Amazing Grace. The Native American drumming group, Eagle Beak Singers of Grand Rhonde, performed at the beginning of the summit and during the lunch break.

The highlight of the day occurred when Governor Kitzhaber presented the annual YOUTH awards to five young people who have shown consistent progress in overcoming adversity. The 2002 winners are Michael Arnold, Tasha Murphy, Cody Campbell, Melissa Garcia, and Mike Greene.

The awards honor youth who take positive risks in turning their lives around, achieving success, and contributing to the success of others. ♣

Tax Measure Set for January

The income tax measure that will determine whether House Bill 5100 takes effect has been scheduled for the January 28 special election. HB 5100 contains \$310 million in legislatively approved cuts to education, public safety and human services programs. It becomes effective February 1, 2003 if voters do not approve the tax measure.

Under HB 5100, K-12 will lose \$95 million in state support while funding for Higher Education will drop by \$23 million. Community colleges will lose \$14 million.

Public Safety will have cuts as well. The Dept. of Corrections budget will be reduced by \$18 million, resulting in reductions in community corrections. The Oregon Youth Authority will close four facilities due to an \$8 million reduction.

The \$90 million reduction to Human Services programs will reduce or eliminate programs for medical assistance, seniors and the disabled, the developmentally disabled, and for abused and neglected children. After they have been compiled, details of the cuts in HB 5100 will be posted on the Governor's web page.

If the tax measure does not pass, these cuts will be taken by June 30, 2003, the end of the fiscal year. ♣

For Very Little Investment, Public Health is Quietly Improving the Quality and Length of Our Lives

(Excerpted from an opinion piece by Barry S. Kast, MSW, Assistant DHS Director for Health Services)

In grade school, we read about an almost forgotten disease called rickets. Only 80 years ago, it was America's leading nutritional disease among children.

That beautiful baby you saw recently will probably live into his or her 70s, perhaps longer. But a century ago, children under age six accounted for three of every ten deaths in this country.

The almost miraculous improvement in the quality and length of our lives is largely a result of advances in public health. Medical science is critical, but most of the gains in our health status have been achieved by our largely unrecognized public health system, complemented by advances such as refrigeration, pasteurization, and adding vitamin D to milk and iodine to table salt. In fact, of the 30-year gain in U.S. life expectancy since 1900, federal officials attribute 25 years to advances in public health.

Our public health system delivered effective polio vaccine to millions in the 1950s and warned Americans that tobacco caused cancer in the 1960s. Public health received some of its greatest attention by identifying anthrax threats as recently as last fall. Americans are gaining a new appreciation of public health as it plays a central role in the growing preparedness against possible bio-terrorism.

As important as public health is to us, resources are available to do only a third of what is needed. This year, the State will spend more than \$1,500 per each Oregonian on K-12 public education. We'll spend about \$300 each on state Corrections. By contrast, we'll spend less than \$49 each this year on public health services, only \$9 of which is from Oregon state funds. That's a little more than two cents a day!

Measured by what public health has done for us, and as cost-saving prevention, it's a great investment. ♣

More Uninsured Oregonians to Receive Health Coverage

Federal officials recently approved the Medicaid waiver required to implement the 2001 Legislature's expansion of the Oregon Health Plan (OHP). This will extend health coverage to 60,000 low-income working Oregonians and their families at no additional cost to the State.

Approval of the expansion was required because federal money pays for more than half the cost of the OHP. Other costs will be offset by increased premiums, co-pays for services and reduced benefits for low-income adults who don't normally qualify for Medicaid but who are eligible for coverage under the Oregon plan.

Governor Kitzhaber said "Oregon's ability to deliver health care to more Oregonians at no more direct cost to Oregon taxpayers is another example of this state's ability to find innovative ways to save money while still expanding services to needy Oregonians." ♣

Prevention Conference

Do you interact with individuals, families, schools and communities on a preventive basis? Then the 2002 Prevention Conference is for you. It's an opportunity for agencies and communities to learn about current techniques and programs for physical and behavioral health risk prevention. Presentations will cover skill-building techniques, latest prevention research and best practices, tools for community mobilization, opportunity for professional development, and networking and collaboration. The date is **November 19, 20, 21 at the Eugene Hilton**. For more information, contact **Caroline Cruz (503) 945-6190** or **Kristal Yoakum (503) 945-6197** or <http://www.ohd.hr.state.or.us/cahs/>

Coming Soon:

A grant-funded mentoring project that will give kids a boost.

(Watch for more information here next month.)

**Governor's Office
Health, Human Services & Labor
State Capitol, Room 160
900 Court Street NE
Salem, OR 97301
(503) 378-6895**

The Governor's Office of Health, Human Services, and Labor produces this quarterly newsletter to provide information about issues related to our policy area. Your ideas and feedback are important. **E-mail us at HHL.gov@state.or.us** or visit our web site at **http://www.governor.state.or.us/gol_health.htm**. Please send requests to receive this newsletter electronically or to have your name removed from our mailing list to above e-mail address or call Alicia Philpot (503) 373-7489.

Corvallis House Provides Young Women With Support & Opportunities

Corvallis House, a 25-bed closed custody facility under the direction of the Oregon Youth Authority (OYA), serves young women from all Oregon counties. It provides youth offenders opportunities for reformation and rehabilitation and offers a transition program that can ease their entry back into the community.

Currently, 10 of the 16 youth in Corvallis House are working, attending college, or volunteering in the community. Three started college in September. Their interests range from biology and mathematics to ceramics and music instruction. It is important for these young people to experience some success in higher education. Besides the practical benefit of increasing later employment opportunities, college boosts their self-esteem as they become positive role models for girls at the residential facility who have not yet completed high school and for those considering additional education.

Through collaboration with the city of Corvallis' Youth Garden Project, some Corvallis House residents were able to gain experience in the landscape field. They provided the preparation work for a pathway and gazebo that will be surrounded by flowers and other plants. Youth participating in the project receive high school credit.

The Corvallis House staff provides a wide range of support and education groups. One is the Be Proud, Be Responsible curriculum designed to bring about HIV awareness. Using a combination of media resources, the program incorporates role-playing, music videos, and lectures selected for maximum effectiveness with young people. For additional information about Corvallis House, contact Lori McGovern at (541) 757-4144 X24. ♣

Governor's Office



Health, Human Services & Labor Newsletter

Late Summer 2002

Fifth Special Session Seeks to Fill Budget Hole

For a record-breaking fifth time, the Oregon Legislature has met to find a way to address another large budget shortfall. At a hearing August 29, state agencies described the effect of budget cuts to their programs should the Legislature choose not to support an effort to raise additional revenue. Governor Kitzhaber warned that Oregon's future is at risk. The ability of children to receive an education, the safety net for vulnerable citizens, and the state's ability to provide effective and responsive law enforcement are all threatened by loss of funding. Without an increase in current funding, cuts to education, public safety, and services to groups such as the disabled, frail elderly, and those with mental health disorders are likely because of a \$482 million budget deficit.

To those who contend that the state should not raise taxes in a recession, Governor Kitzhaber points out that cuts to programs providing needed services to Oregon families will result in increased costs to the state for unemployment compensation and other social services needed by Oregonians without jobs. In addition, job cuts will further decrease revenue to the state through loss of income taxes.

The longer the delay in taking action, the more severe the impact of any cuts taken because service reductions will be focused in the last months of the biennium. Immediate legislative action is needed to finance some or all of the budget reductions necessitated by the new revenue forecast.



Governor Kitzhaber addresses a rally supporting an increase in revenues.

✕ Potential Cuts

To see the range of cuts facing our state without additional revenue, click on www.governor.state.or.us/ ; then click on *August 29, 2002 Information from State Agency Budget Hearing.*

The Governor has long opposed borrowing from the future to finance current programs, but he has been willing to compromise as long as the net result is to substantially mitigate further cuts in the current biennium and to greatly reduce the projected deficit for 2003-2005. As this newsletter goes to press, legislative leaders and the Governor are negotiating to address the shortfall by some combination of service reductions, bonding, and revenue increases through a temporary tax surcharge.♣

State Drug Cost and Effectiveness Study Provides Guide to Prescriptions



Consumers and health professionals now have a guide to the first publicly funded, unbiased source of information comparing the effectiveness of certain similar prescription drugs. The guide is already being touted as a national model by state policy makers and consumer organizations such as AARP.

The State is developing evidence-based evaluations on the effectiveness of similar drugs in specific classes to help the state and consumers purchase drugs more wisely. For example, the research conducted by the Oregon Health and Science University shows that three cholesterol lowering drugs have demonstrated superior outcomes. These drugs are lovastatin (a generic), Mevacor (brand name for lovastatin), and Zocor (a brand name drug still on patent and so has no generic equivalent). Of these three most effective drugs in this class, the least expensive is generic lovastatin. For purchasers such as the state and seniors, it makes the most sense to buy lovastatin, because the cost is lower and the results are virtually the same.

Four categories of drugs have been researched so far. The reports compare the effectiveness of drugs for high cholesterol, stomach acid and heartburn, severe pain, and arthritis. In the near future, reports on drugs for high blood pressure, migraine headaches, and hormone replacement will be available, and there are plans to research drugs for heart disease, urinary incontinence, muscle relaxants, and oral hypoglycemics.

The AARP has joined the effort to bring consumers and health professionals information needed to assist in making wise decisions regarding prescription drugs. The information is available at www.aarp.org/or and on the state web page at www.oregonrx.org. ♣



Social Support Initiative Review

The Governor's Office has released a review of the work of the Oregon Strategy for Social Support Initiative work groups. It is available online at www.governor.state.or.us/gol_health.htm or contact Alicia Philpot at alicia.h.philpot@state.or.us (503) 373-7489

Prescription Drug Conference to Focus on Clinical Excellence and Value Purchasing

The Governor has invited leaders in public-and private-sector health-care purchasing and the health professions to a one-and-a-half-day conference on prescription drugs. Entitled Creating a Functional Marketplace for Prescription Drugs, it will take place in Portland October 10-11. Attendees will discuss the evidence available about the effectiveness and cost of prescription drugs and how that evidence can inform policies that maximize the well being of patients at an affordable cost.

Since 1995, drug costs have increased by double-digit percentages. According to a brief issued by the U.S. Pharmacopoeia Public Policy Center in 2002, these increases have been double or triple those of hospital care and physician services. To help reduce drug costs to the State, the legislature passed Senate Bill 819 in 2001 which will allow Oregon to base its Medicaid prescription drug plan on public, evidence-based reports of the safety and effectiveness of similar medications. (See www.oregonrx.org or www.aarp.org/or for lists of cost-effective drugs studied by OHSU's Evidence-Based Practice Center.)

The conference will include a mental health track to explore whether evidence-based reviews hold promise for improving the practice of mental health care. Experts will consider the implications of evidence-based reviews for practice and behavior in a community setting and discuss what the evidence says about the integration of physical and mental health care. Participants will also explore how to connect medication management with the behavioral health supportive services necessary for good outcomes named in the literature.

The conference, which will include an international faculty, is planned to share progress in states, Canadian provinces, and other countries, as well as among private-sector purchasers in applying systematic reviews and evidence-based research more broadly to policies authorizing and financing the purchase of prescription drugs.

For more information call Michael Wiltfong (503) 378-2422, Ext. 418. *To register and submit your payment online, visit our web site: www.oregonrx.org* ♣

Building Economic Self-sufficiency for Oregon Families



In 1996, Governor Kitzhaber established the Human Investment Framework to establish goals for Oregon's approach to investing in its people. It was an effort to help Oregonians be independent, productive, and self-sufficient. Here's an update on some of the ways Oregon is helping families to become economically self-sufficient

- Housing and Community Services (HCS) is developing the **Oregon Economic Well-being** website with tools and links to tools that should help Oregonians achieve economic resilience (Go the HCS website and click on Economic Well-being: <http://www.hcs.state.or.us/>). One of the tools is **Oregon Helps** where people can find out on line what types of economic or social assistance they are eligible to receive (<http://www.oregonhelps.org/>). Other tools linked at the Well-being site to help families make the most of available opportunities are **One-Economy's Beehive** (provides information and resources about handling money, health, jobs, and other topics: <http://www.thebeehive.org/>) and the **Portland Metro Area Housing Connections** (provides housing information about availability, loans, etc.: <http://www.housingconnections.org/>). The Governor's Well-being website should be fully updated soon
- Oregon Housing and Community Services is part of a collaborative of homeownership training providers called the **Homeownership Education Collaborative of Oregon** that provides the "ABCS of Homebuyers" training across the state. This is a great program providing potential home buying families the skills to handle homeownership.
- Several of the local Commissions on Children and Families in their Comprehensive Plans for Children and Families, have embraced the **Search Institute's Forty Developmental Assets for Youth**. Though not focused on financial assets, this is another asset-building front.

- The **Oregon Children's Plan (OCP)**, a recent initiative by the Governor, can also be seen as a strategy to focus and build on individual family's assets. Under the OCP, first-born children in the state will receive a voluntary screening prenatally or at-birth for significant medical or psychosocial risk factors that could impede their healthy development. Risk factors include family and income status indicators. Assuming a positive risk screen and willingness of the family to participate, the child/family is then matched and provided with the appropriate type of community-based support. This may include nurse home visits, income development strategies, substance abuse treatment for the parent, etc. For more information about the Oregon Children's Plan, see <http://www.governor.state.or.us>.

For more information about some of these programs, see the Spring 2002 edition of this newsletter at http://www.governor.state.or.us/gol_health.htm. ♣

Sale of Dammasch State Hospital Improves Housing Options for People with Mental Illness

Dammasch, the former state facility was closed several years ago and sold last June. Part of the proceeds from the sale will go to purchase or rehabilitate housing for people with mental health disorders. They face a serious housing shortage so the impact of the sale on housing for this population is significant. Of about 35,000 people with mental illness served in Oregon at any one time, more than 12,000 are in immediate need of affordable housing, and 2600 would benefit from some kind of residential setting

Housing at the Dammasch site will include a variety of options for people with mental illness and blend in with surrounding residential properties. ♣

Save the date: Governor's Summit on the Over-representation of Minorities in the Juvenile Justice System Planned for October

What can you do to address the problem of the disproportionate presence of minority youth in the justice system? Come to the Governor's Summit planned for October 9, 2002 in Portland to hear what is being done and what has been accomplished to overcome the problem. Governor Kitzhaber hosts this event annually with the long-term goal of reducing minority over-representation in the juvenile justice system through strategic partnerships that develop a sustainable ongoing effort to address over-representation. It is also a celebration of progress made by many committed state and community-based groups and organizations.

The theme of this year's Summit is Enhancing Partnerships with the Education Community. Sessions will feature programs, projects, and other activities to keep minority youths in school and help them achieve academic success. Poor school performance is one of the highest predictors of involvement in the juvenile justice system. School success is among the strongest "protective factors to deter young persons from engaging in delinquent behaviors.

The summit is free, but registration is required. Additional information and on-line registration is available at www.Oregon.gov/summit. For more information, contact Grace Roth at grace.roth@state.or.us or (503) 378-5884.

2002 Governor's Summit on Over-representation of Minorities in Juvenile Justice System
October 9, 2002
New Hope Community Church
Portland, Oregon

Governor's Office

Health, Human Services & Labor

Newsletter



Spring 2002

Health Plan Waiver on Way to Feds



Oregon's application for a waiver that will permit 50,000 more people to obtain coverage under the Oregon Health Plan is finally on its way to the Bush administration for consideration. Earlier this month the Emergency Board acted on the Governor's request of last January to submit the waiver. Federal permission is needed to make changes in the Plan.

The increased number of Oregonians served will not require additional dollars because of savings obtained by requiring a co-pay and by reducing benefits for certain adults without disabilities. Benefits for children, pregnant women, and the disabled would not be reduced.

House Bill 2519 grants the Governor the authority to request a waiver providing coverage for persons up to 185% of the federal poverty level within the funds available. However, the bill also requires the expansion to be limited to "the funds available" which means that the program will be capped before it covers all persons without insurance under 185% of FPL. Coverage will be provided through both the Medicaid program and the Family Health Insurance Assistance Program that subsidizes access to commercial insurance.

The next step in the long process involves an effort to negotiate terms with the Centers for Medicare and Medicaid Services. *For more information on the Oregon Health Plan waiver, call (503) 378-2422, ext. 401* ♦

What makes a successful citizen?

(See back page)

Governor Visits Designers of Award at MacLaren

Governor Kitzhaber paid a recent visit to MacLaren, the Oregon Youth Authority's correctional facility for youth. He was there to visit with Carlos Cordova and Enrique Rivera, the designers of an award given to youth who take positive risks in turning their lives around. The Governor presents the award each year at the Summit on the Over-representation of Minorities in the Juvenile Justice System. During this visit, Governor Kitzhaber wore a belt buckle with the same design. It had been given to him at the last Summit in recognition of his efforts to address the problem of the disproportionate number of minority youth that end up in courtrooms and jails.

The Governor has continued to follow Rivera and Cordova's progress. His visit was an opportunity to present them with a copy of the award they designed and to learn about their experience in the Secure Intensive Treatment Program implemented at MacLaren. ♦



Gov. John Kitzhaber is shown with Carlos Cordova and Enrique Rivera, the designers of the Minority Over-representation Youth Award.

Governor Cuts Budget and Supports Increasing Revenue to Avoid Adding to Future Deficit

Governor John Kitzhaber in a move to avoid pushing more painful budget cuts into the next biennium, took the difficult step last March of using an Administrative Rule to make additional cuts in the state budget.

Stating that these were not cuts he supports, the Governor emphasized that they were necessary to responsibly balance the budget. The half-billion dollars in one-time revenue passed by the Legislature created a fiscal hole that would have required even greater cuts in the next biennium to services Oregonians care deeply about.

The problem facing Oregon is not a temporary downturn in the economy, but rather the fact that the State's revenue base will not support all of the programs the 2001 budget originally funded. The Governor believes that Oregonians value the programs he cut and those cut by the Legislature and that, if given the choice, they would vote to provide ongoing revenue to fund them.

Raising revenue will not be easy, but if Oregonians value services and the people who receive them, then everyone must work together to find real, permanent revenue to fund those services. Quoting Martin Luther King Jr., the Governor said, "Whatever affects one directly, affects all indirectly." ♦

Good Health News: Smoking Declines In Oregon

Oregon taxpayers can take satisfaction in knowing that the tobacco tax increase they approved in 1996 has a good outcome: cigarette consumption has fallen 29 percent in Oregon, more than twice the rate of the national decline. This decrease in smoking is due partly to the fact that people smoke less if they have to pay more. This is especially so among young people. But the decline is also attributed to a successful anti-smoking campaign, which has been funded by revenue provided by the tax. Ten percent of the tax income is dedicated to a statewide effort to educate Oregonians about the dangers of tobacco use. ♦ For additional information: Call Bonnie Widerburg at (503) 731-4180 or visit this web page: <http://www.ohd.hr.state.or.us/news/2002/0320tob.htm>

Steps Urged to Curb Underage Drinking

According to the results of the *Oregon Healthy Teen Survey 2001* released by Oregon's Department of Human Services, 43 percent of the state's 11th graders are likely to consume alcohol in the next month. This startling finding is one more indication that unlike tobacco, alcohol use among Oregon's youth is not declining.

The consequences of underage drinking can be devastating. Young people who drink alcohol are more likely to consider attempting suicide, skip school, get poor grades, carry a gun, and be involved in car crashes.

Barbara Cimaglio, DHS Special Assistant for Child and Adolescent Health Services, says adults and especially parents need to take steps to stop underage drinking. She encourages parents to talk to their children about alcohol and let them know that adolescent drinking is not acceptable. She adds that it's also important for parents to set a good example in their use of alcohol.

To address the problem of underage drinking, a variety of activities were planned for April, Alcohol Awareness Month. First Lady Sharon Kitzhaber, who co-chairs the National Leadership to Keep Children Alcohol Free unveiled a new OMSI exhibit showing youth the effects of alcohol on the brain. The Oregon Partnership, a statewide nonprofit organization dedicated to substance abuse prevention and treatment referral launched a Spanish language alcohol and drug information and referral hotline funded by DHS.

Other recent efforts to combat underage drinking include the 17th Annual All-Night Teen Conference at Jefferson High School in Jefferson, Oregon sponsored by Operation Student Safety On the Move (OSSOM). In its effort to raise alcohol awareness among young people, the Oregon Liquor Control Commission (OLCC) has funded an essay contest for students about why it's important for them to wait to use alcohol until they are 21. And on May 1 DHS launched its new statewide public awareness campaign, *Wise Up: Straight Talk on Alcohol*

To underscore the Governor's commitment to this serious problem, the 1997 task force which he appointed on underage drinking is being re-established and will be revitalized. ♦

New Information on Services Now Available on the Web

Oregon families seeking assistance have more options for locating services and housing and for determining their eligibility now that two web-based programs are available. Information can be obtained by anyone with access to the Internet at home, work, schools, libraries, or any public computer location. (Programs to help families locate housing and needed social services were recommended by the Oregon Strategy for Social Support.)



To help locate affordable housing, Oregon Housing and Community Services has launched a searchable database of over 1000 government assisted, privately owned buildings around Oregon. Both subsidized and non-subsidized units are listed within the system. Searchers can specify criteria as to location, price, etc. and learn where they can apply directly for housing that meets their needs. The affordable housing information system can be found at

http://www.hcs.state.or.us/housing_locator/index.jsp

The city of Portland has also established a website containing information about affordable housing in the Portland area at www.housingconnections.org. This site provides information for both renters and landlords and provides a way to search for affordable and accessible homes for sale in the Portland Metro area. Landlords can advertise their properties on-line at no cost and will eventually be able to accept on-line rental applications.

Future additions to the Portland site will include a Housing Problem Solver to help people find other services and shelters and a Housing Connector, which will accept online applications.

Another exciting, newly launched website designed to help families locate services is available at www.oregonhelps.org. Still being tested, this site known as the Eligibility Estimator can be used to determine the services Oregonians might be eligible for. Without traveling to many different agencies, Oregonians can learn whether they are likely to qualify for assistance such as coverage under the Oregon Health Plan, Food Stamps, or Temporary Assistance for Needy Families. The website is multilingual, available in Spanish, Vietnamese, Russian, and English. ♦

Efforts to Preserve Affordable Housing Underway

Many affordable housing development projects that have served lower income residents through rental and other subsidies have contracts that will be expiring over the next few years. These units may soon be lost, or have already been lost, as affordable housing stock in Oregon.

There are approximately 282 projects—11,619 units—in Oregon that receive project-based Section 8 rental assistance from the US Department of Housing and Urban Development (HUD). The contracts on these properties are set to expire over the course of the next 8 years. The owners of thousands of these units can choose not to renew their contract for the subsidy or even to opt out of their contract by prepaying their existing loans. They can then convert the projects to market rate units thereby forcing a large percentage of the households into homelessness.

Oregon Housing and Community Services (OHCS) has developed a Strategic Plan for the 2001-2003 biennium to address this potential loss. One goal of the Plan focuses on the preservation of cost-effective affordable housing with an emphasis on those that contain project-based rent subsidies. These rental subsidies not only provide a guaranteed revenue source for the owner, but also provide rental assistance to residents. Residents that live in these projects have incomes at or below 50% of area median income and pay no more than 30% of their income for rent.

If owners want to opt out of their contract and convert projects to market rate units, OHCS attempts to match up buyers whose mission is to provide affordable housing, so that the project-based rental subsidy can be maintained for the project. To date 75 properties have been maintained as low income housing that otherwise would have gone to market rate. It is estimated that an additional 15 expiring properties will be preserved this biennium totaling 442 units. *For more information, call Shelly Cullin at (503) 986-2118 or e-mail shelly.cullin@hcs.state.or.us*

Did you know...?

Newborn screening saves lives. The Oregon-based Northwest Regional Newborn Screening Program annually tests 230,000 specimens for diseases such as PKU, Maple Syrup Urine Disease, sickle cell disease and hypothyroidism. Before the start of statewide newborn screening, one percent of Fairview Training Center admissions were for untreated PKU. After screening began, there were no more such admissions.

Successful Citizens: The Next Step

Success in school and the future of our state are inseparable because people who succeed in school most often succeed in life. For those who fail in school, however, success is often elusive. Oregon's drop out rate in the 1999-2000 school year was 6.3 percent, which means that on average, 20 percent of the students in every freshman class drop out before the end of their senior year. Society pays a high price for our children's school failure. An estimated 36 percent of incarcerated adults and 35 percent of incarcerated youth in Oregon have dropped out of school. Eighty-two percent of incarcerated youth have a need for special education.

Since the 1980's we've seen an emphasis on improving schools and the school environment in order to improve our young people's success. We have raised standards and expectations. We have focused on raising test scores. In our effort to improve *schools*, however, we have failed to give *children* the focus they need. We have ignored the fundamental fact that in order to improve our schools, we must first lay a solid foundation. We have not paid attention to the root causes of poor student performance—lack of parental control and parenting skills, child abuse and neglect, substance abuse in the home, mental health disorders on the part of parent or child, and family instability.

Now it is time to take the next step: to connect our efforts to help children be ready to learn when they enter school—and to help schools prepare to teach the diversity of students they receive, especially those who are high-risk. A three-pronged approach is proposed:

1. Increase the adult-child ratio in our schools and in our communities.
2. Increase the connection between families, social services, and schools.
3. Provide purposeful, relevant and engaging curriculum.

(For more information, see the *Successful Citizens* concept paper by going back to our home page at: http://www.governor.state.or.us/gol_health.htm)

The Governor's Office of Health, Human Services, and Labor produces this quarterly newsletter to provide information about issues related to our policy area. Your ideas and feedback are important. **E-mail us at HHL.gov@state.or.us** or visit our web site at http://www.governor.state.or.us/gol_health.htm . Please send requests to receive this newsletter electronically or to have your name removed from our mailing list to above e-mail address.

Governor's Office

Health, Human Services & Labor

Newsletter



Winter 2002

Implementation is Focus of OCP Conference



Providers of childhood services from throughout the state gathered in January to gain a clearer understanding of the Oregon Children's Plan (OCP) and to share information for implementing its provisions.

Governor Kitzhaber delivered the keynote speech, describing the Plan as a framework for bringing services to those in need – putting kids, not programs, first. He described the Plan as both an investment and a preventive measure intended to identify and address risk. And he noted the importance of teamwork to make certain that firstborns receive screening and any indicated follow-up service.

Referring to the short fall in state revenue, Governor Kitzhaber warned that we should not jeopardize our commitment to at-risk children and their families who could fall into the trap of drug abuse, academic failure, and criminal activity.

Attendees also heard the guest speaker, Dr. Terry Carrillio, Director of the Social Policy Institute at San Diego State University, discuss the integrated team case management approach to supporting vulnerable families.

Teams comprised of representatives from various county providers of services to children met to hear information covering the various OCP components. Armed with information obtained in these breakout sessions, team members discussed how they would structure the key elements of the OCP/Early Childhood System in their areas. They also identified the assistance needed to put an agreed-upon structure in place. This information will aid state early childhood planners in providing support to local providers of services. Preliminary rollout of the effort to identify families of newborn children who could benefit from a variety of social supports has already begun in some counties. ♦

Governor Seeks Solutions for Rebalancing Budget

Governor Kitzhaber has continued to seek ways to bring the state budget back into balance. As in most states (and unlike the federal government), Oregon cannot carry a budget deficit, so the current loss in revenues due to the economic recession requires some painful decisions. Either a reduction in spending or an increase in revenue, or both, is needed.

To fill the budget shortfall, the Governor has proposed a combination of spending cuts and revenue increases. He called a second special session, urging the legislature to find ways to rebalance the budget that will protect essential human services and education without mortgaging the state's future. To accomplish this, he is unwilling to borrow funds from state accounts that will force future legislatures to deal with even bigger deficits. ♦



Gov. John Kitzhaber discusses budget options relating to education with (L to R) John Marshall from the Oregon School Boards Association, Kris Kain, President of the Oregon Education Association, and Ozzie Rose, from the Confederation of Oregon School Administrators.



Improved Treatment Location for Children with Mental Disorders

Seriously mentally ill children will no longer have to endure being housed in a facility at the Oregon State Hospital young children's unit where their playground is adjacent to an area for the criminally insane. These children will now be served in Portland and Corvallis facilities especially designed to treat young mentally ill patients who need long-term and specialized care.

This change has been a goal of advocates for improved mental health services for children. In recommendations to the Governor in January 2001, the Mental Health Alignment Workgroup emphasized the importance of providing needed treatment and support for children as soon as possible.

Under a policy package approved by the 2001 Legislature and aimed at serving children and adolescents in the least restrictive setting, a Secure Children's Inpatient program and additional psychiatric residential beds will be available for those aged 13 and younger. The policy package makes resources available to fund a locally developed, individualized plan to support those children who are clinically ready in their home community. This will improve the state's ability to provide "wrap around" care for these children, and they will go home sooner and be better cared for.

Confinement of mentally ill children in the state hospital often prevents them from receiving appropriate levels of care because it is not designed for children. Community-based facilities are better able to provide different levels of care in a setting that can give younger clients hope.

This change will not increase costs, and will actually allow the state to gain eight more beds for children ages 5-13. ♦

Oregon Health Plan Update



The Oregon Health Plan (OHP) has found itself in the midst of significant changes as Oregon's economy and health care industry changes. These changes include:

- Substantial increases in enrollment have occurred since the downturn in Oregon's economy began. The Legislature has approved a rebalance of the Department of Human Services budget to cover these increases.
- Fully capitated health plans in Eugene, Salem, and Portland have continued to move through the transition created by the departure of insurance-based plans.
- Substantial increases in enrollment have occurred in the Oregon Medical Insurance Pool (OMIP), Oregon's high-risk pool. As Oregonians lose employer based coverage or health insurance coverage becomes more important because of a chronic illness, high risk Oregonians are able to purchase health insurance through OMIP.
- Implementation plans for a variety of changes in the OHP are moving forward. This includes co-payments on prescription drugs and limits on use of multiple pharmacies.
- The Health Resources Commission's analysis of four families of drugs that are frequently prescribed continues. Findings regarding these families of drugs should be available in the Spring of 2002.
- Waivers that would change the OHP have been prepared based on input from multiple stakeholders, the Legislature and the Governor. These waivers await further review prior to submission to the federal government. (*See related item on page 4*)

Did You Know...?

On any given night, an average of 8,840 Oregonians are homeless and seeking assistance, 37 percent of which are children under the age of 17. Of those seeking assistance, more than 2,000 are turned away, including about 800 children.

Homelessness in Oregon, OHCS, Fall 2000

Affordable Housing: Human Services and Economic Development

Affordable housing plays a critical role in improving the lives of Oregonians. In a report to the Governor in 1998, the Work Group on Safe, Affordable Housing identified housing as one of ten critical social supports necessary to ensure the state's education and workforce goals. But in these times of economic dislocation, the ability of Oregonians to live in secure, economical, community-based accommodations is more threatened than ever.

According to a Fall 2000 report from Oregon Housing and Community Services on homelessness, the number of homeless Oregonians has increased. As the cost of housing shot up through the boom times of the 1990s, even some minimum-wage workers, unable to afford the higher rents commanded by the hot economy, were forced into homelessness. Affordable housing is needed now more than ever. Many of those families whose breadwinner has lost a job in the current recession might also need lower-cost housing.

Another group with unmet housing needs are mental health consumers. The Mental Health Alignment Work Group in its report to the Governor a year ago cites research showing that housing is one of the central features of effective treatment and recovery. Yet in a report compiled by the State Office of Mental Health Services, 36,732 adults with psychiatric disorders needed either subsidized rent or a special housing program.

Affordable housing developments can help address these housing needs and help stimulate the economy at the same time. According to the Home Builders Association estimate, local one-year impacts of building 100 multifamily units include:

- \$5.2 million in local income
- \$579,000 in taxes and other revenue for local governments
- 122 local jobs

The additional, recurring impacts of building 100 multifamily units include:

- \$1.8 million in local income
- \$308,000 in taxes and other revenue for local governments
- 46 local jobs

(Continued on page 4)

HHL Personnel Changes

The Health, Human Services and Labor Office lost one of its longest serving staff members last month. **Julia Cooley**, who began working as a policy assistant in the Governor's office eight years ago, has accepted the position of agency administrator of the Oregon Board of Licensed Professional Counselors and Therapists. Legislators, visitors to the Capitol, and other staff will miss her friendly assistance and wicked sense of humor.

Although Julia's duties required high-level administrative work and research, she placed strong value on customer service and helping others. She made extra effort to understand the difficulties people endure. A single mother at the time, she once met with a young woman—also a single mother—who was struggling to live independently while on a very limited income. For one month, Julia matched her spending to the woman's income to better understand her problems and to be able to provide practical help.

We know wherever Julia works, she will always be an advocate for those in need of human services.

HHL will also miss **Roslyn Romero** who has accepted a position as program coordinator for the Director of the National Policy Consensus Center at Portland State University. Roz came to HHL from the Justice Department where she provided executive support in the Government Services Section. As executive assistant to Policy Analyst Pam Curtis, her reputation for efficiency and organization spread quickly. That probably accounts for widespread efforts to steal her away. Roz also brightened the office with comical stories. She is sad to leave HHL, but confesses she will not miss the long commute from Southeast Portland.

Evenly Bloemhard has assumed the position of executive assistant to Mark Gibson, HHL Policy Advisor. She comes to HHL from the Governor's Community Solutions Office where she served as the office manager. She also assisted the Governor's Community Development Advisor. Before that Evelyn worked for several attorneys general in the Oregon Department of Justice. She is from the Salem area but has lived in Seattle and Europe. ♦

Grace Roth will be joining HHL as executive assistant to Pam Curtis. She leaves the post of Oregon Health Plan Specialist at the Salem Clinic where she has served since 1999. We look forward to Grace's start at HHL March 19.

Housing (continued from page 3)

This stimulus benefits both urban and rural Oregon. During the last biennium twenty-three out of the thirty-six counties received funding for development. These projects have taken place in both large and small communities, so the positive economic effect is experienced equitably. In the last three years, 61% of the state's competitively allocated housing funds have gone to areas outside of the Portland Metro area. All funds are directed toward low-income and rural areas that are likely to be hardest hit during the recession. This is money well spent—the state's investments are leveraged at \$5.77 to \$1 from private investors, the federal government, and from banks.

Current Status of OHP2 Waivers

HB 2519, passed by the 2001 Legislature, requires that the Department of Human Services request a federal waiver to restructure and expand the Oregon Health Plan (OHP). Under that law, about 100,000 of current OHP recipients (non-categorical adults) would receive a reduced benefit package. Those savings, along with federal funds for the Family Health Insurance Assistance Program (FHIAP), would be used to expand coverage under the OHP. Coverage for pregnant women and children up to age 19 would be expanded to 185% of the Federal Poverty Level (FPL). Coverage under FHIAP and for other non-categorical adults would also be expanded to 185% FPL, but subject to caps on enrollment. No action has yet been taken by the Legislature to either approve or deny submittal of the waiver request to the federal government. Planned implementation would be October 1, 2002.

State Employees Food Drive

State employee volunteers will soon be completing their annual food drive with the theme of "Fighting Hunger, Feeding Hope." The statewide team collecting food and cash donations from co-workers set a goal of raising 3.5 million pounds of food. Last year's drive brought in a record 3.3 million pounds. According to the Oregon Food Bank, every dollar raised can generate six pounds of food, so this drive is important for Oregonians in need—especially during the current economic downturn.



Governor's Office

Health, Human Services & Labor

Newsletter

Fall 2001

A New Odyssey

Looking for Solutions for Reducing the Over-representation of Minorities in the Juvenile Justice System

Odyssey = A long wandering or voyage, an intellectual or spiritual quest.

Many who attended last month's Governor's summit on the over-representation of minorities in the juvenile justice system regard their efforts to reduce the number of minority youth who end up in trouble with the law as a special odyssey. It is a quest to find ways to overcome the challenges and barriers that prevent youth from leading successful lives. For minority youth, the challenge is especially clear. They continue to comprise a larger percentage of school dropouts, and they still serve Measure 11 sentences at rates higher than others.

Last month's fifth annual conference brought together youth and adults from all over Oregon. Attendees represented a wide number of justice system agencies and departments, as well as social service agencies and many youth.

Governor Kitzhaber has said that the search for solutions to racial imbalance must include prevention. Because one of the highest predictors for involvement in the juvenile justice system is poor performance in school, the Governor called for continued emphasis on school improvement. School success is one of the strongest "protective" factors that can keep a young person from engaging in delinquent behavior. These predictors are even stronger for youth of color.

Still, he noted that to succeed in school, children must also be loved and well nurtured. They need good health care and supportive families to become successful, independent learners. To improve the opportunities for

children and families to succeed, the Legislature recently passed the Oregon Children's Plan. It will offer voluntary screening of first-born infants and help to identify risk factors that might be mitigated through a range of proven services.



Governor Kitzhaber with members of the Minority Over-representation Planning Committee.

In his remarks, the Governor noted that in spite of the challenges remaining, there is still much to celebrate. Oregon is the first state with ample statistical evidence to show that we are making a difference and actually reducing the number of minorities involved in the juvenile justice system. For example, while the percent of minority youth in the general population is rising – from 15 percent of youths in Oregon just a few years ago to 19 percent today – their overall representation in the juvenile justice system is declining. In addition, since the first youth summit in 1997, (*Continued on page 2*)

(Odyssey - Continued from page 1)

arrests of all juveniles are down almost 25 percent. (Arrests of African American youth declined steadily until this last year, when they crept up just short of a percent.) The Governor also pointed to the fact that more than 125 young people were in the audience. He commended them for being present to help think about and discuss the issue of youth in the justice system.

A highlight of the conference came when the Governor awarded four young people special recognition – the YOUTH award (Youth Overcoming Difficult Times and Hardship) for having overcome difficult circumstances. They are Ernan Contreras, Noah Winterhawk, Ellie Heater, and Elton Seals ♦ (See related story on page 3)

CHANGING THE OREGON HEALTH PLAN



The summer and fall has seen multiple activities related to changing the Oregon Health Plan (OHP). These changes were approved by the 2001 Legislature and Governor within HB 2519. This legislation allows Oregon to pursue federal waivers that will provide flexibility to Oregon around Medicaid benefits – flexibility related to eligibility and enhanced ability to work with uninsured Oregonians who have access to employer based health insurance. When fully implemented, these changes would allow Oregon to make maximal use of state, federal, employer and individual funding streams. Additional federal funds would come to Oregon, which in combination with employer and individual funds, would allow a significant number of currently uninsured Oregonians to afford coverage.

The Health Services Commission (HSC) has completed its work toward the establishment of a second and more basic benefit plan for those adults currently covered by OHP and for additional adults to be added. Children, pregnant women, and persons with disabilities will continue to receive the current OHP benefit. The Waiver Application Steering Committee (WASC) has held multiple sessions in October and early November to study the list of benefit packages developed by the HSC. In late November and early December the WASC will form a recommendation on where the “line” for

coverage should be drawn on the HSC list in determining the new OHP Standard benefit package. Presentations were made in mid-November to the Commission on Health Care Costs and Trends and the Emergency Board as they begin to examine these issues in preparation for a final decision in January 2002.

The Insurance Pool Governing Board has issued its recommendations regarding benchmarks for employer-based plans that Oregon proposes to be subsidized by the state in specific circumstances. These benchmarks will require that benefits be provided in 21 different benefit families with overall cost sharing not to exceed 20 % for all benefits except prescription drugs where cost sharing is recommended to be no higher than 25%. This should allow a more simple and inclusive subsidy approach leading to increased eligibility for employees who have access to insurance but cannot afford it.

Multiple state agencies (Office of Medical Assistance, Office of Oregon Health Policy and Research, Family Health Insurance Assistance Program and Governor's Office) are working together to staff the decision-making bodies involved and to prepare the federal waivers needed. Jean Thorne from the Governor's Office has been selected as the project director.

Oregon has been awarded a three-year grant from the Robert Wood Johnson Foundation to prepare and implement these changes. More information about all of these issues, including times of various meetings, minutes, and documents related to these issues are available at the web site of Office for Oregon Health Policy and Research—ohpr.state.or.us ♦

GOVERNOR'S HOLIDAY FOOD DRIVE

Remember those who have less

*Bring your contribution of canned and
sealed foods to the Governor's staff offices
in
Rooms 160 and 254*

The Oregon Children's Plan: What's in it for the Medical Community?

During the 2001 legislative session, the Governor proposed and oversaw the passage of the Oregon Children's Plan. The vision of the Children's Plan is to ensure the success of all Oregon's children by creating a seamless system of services and supports for young children and their families.

Oregon's early childhood system of services has three key components:

- ✓ A process to identify as early as possible children and families who would benefit from services;
- ✓ A plan to support the identified needs of the child and family, coordinating case management and service delivery; and
- ✓ A broad array of services and supports for families with pregnant women and children through their 8th year.

This legislation engages community planning efforts to improve our system of services for families with children ages 0-8. It also provides for more effective delivery of funds for these services to local communities across the state.

The medical community plays a key role in the success of the Oregon Children's Plan. Oregon needs pediatricians, obstetricians, nurses, and family physicians to conduct voluntary screening, identifying families with needs, and connecting them to services. Partnerships between community service providers and the health care community will be critical in serving families in need.

The benefits of early preventive care and supports are numerous and well known to the health care community. We know expectant mothers with good pre-natal care and a support system will need fewer stays in neonatal care units. Through health and social supports, more children will receive immunizations on schedule and fewer will suffer from abuse and neglect. Parenting skills will be enhanced and children will develop better early literacy skills.

Through collaboration between the medical community, state and local government, and local service providers, children and families will be healthier and other social service needs will be better met. ♦

A Life Changed

For Doug Harder, a 15-year employee of the Department of Corrections, and Elton Seals, a college student and football player, their chance meeting at a recent conference had special meaning. Both were attending an annual summit on racial imbalances in the justice system where Governor Kitzhaber presented Seals with a youth award. The honor was in recognition of Seals overcoming difficult times and hardship to turn his life around. Now a 25 year-old senior at Western Oregon University, Seals will graduate soon with a degree in sociology.

It was before Seals turned his life around that Harder first knew him. The two met at Eastern Oregon Corrections Institution (EOCI) where Seals was serving a long prison sentence. He had grown up in Portland and got involved in gang activity and serious crime. Harder, now executive assistant to the EOCI superintendent, was a corrections officer at the time. For him, the unexpected meeting at last month's conference was an emotional moment. "It was inspiring to see such an outcome," he recalled. "This was a young man who was extremely focused."

In prison Seals had redirected his energy to positive activities like weight lifting and other physical programs. "Everybody needs a passion," he says. "Mine was football, but among my friends, I was ridiculed for being a jock. Being in a gang made me feel accepted."

When he happened to see Harder at the conference, Seals says he was happy. "Prison was rough, but it helped me deal with all the issues that had put me on the wrong path." To the young people at the conference, Seals shared what he had learned: "Let go of your anger," he said, "it just gets you in trouble." ♦

Did You Know...?

...the social and economic costs of alcohol and drug abuse last year carried a price tag of \$1,000 for every American adult and child.

Barbara Cimaglio, Special Assistant for Child & Adolescent Health, DHS

What Is Oregon Doing to Control Drug Costs?

The cost of prescription drugs in the Oregon Health Plan (OHP) will rise approximately 60% in the next two years. At Governor Kitzhaber's urging, the 2001 Legislature passed SB 819 which authorizes the state to adopt a prescription drug formulary through an approach called the "practitioner-managed prescription drug program."

Overview of Practitioner-Managed Prescription Drug Plan

The Practitioner-Managed Prescription Drug Plan (PMPDP) will enable the state to purchase drugs more economically without compromising the quality of care for patients using the OHP. It will be part of the benefits provided to OHP patients who are not in managed care plans. Costs will be contained by carefully evaluating the effectiveness of similar drugs and among drugs found to be equally effective, using the least expensive drug. The evaluation of effectiveness will rely on independent, evidence-based research. Establishing a list of preferred drugs for a health plan is called a formulary.

Prescription drug formularies have been used extensively by private insurance plans and hospitals for some time. Unfortunately, until SB 819 was passed, it was illegal for the state to use this widely accepted cost containment tool due to heavy pressure from pharmaceutical companies.

Practitioners will be able to prescribe drugs other than the preferred formulary drug based on medical necessity. The procedure for doing so will be to note on the face of the prescription – in the practitioner's handwriting – the phrase "do not substitute." If the practitioner determines that a drug other than the formulary drug is medically necessary, the patient will be provided the drug at a cost no greater than the preferred formulary drug. ♦

(For more information on the PMPDP, visit our web site at http://www.governor.state.or.us/gol_health.htm)

Wishing you safe and happy holidays



Governor's Office

Health, Human Services & Labor

Newsletter

Summer 2001

Oregonians Score Successes in Legislative Session

The 71st session of Oregon's Legislative Assembly produced significant wins for Oregonians in the Health and Human Services area. Among the many gains were measures to increase access to health care, reduce the cost to the state of prescription drugs, establish a refundable working family child care credit, and provide newborns and their families the offer of needed services. Lawmakers also gave thumbs up to laying the groundwork for reforming Oregon's mental health system, increasing funding for juvenile crime prevention, improving child care, and improving workers' compensation benefits for injured workers. Here are some of the many important measures passed by legislators and either signed by the Governor or awaiting his signature:

CHILDREN'S ISSUES

The Oregon Children's Plan – HB 3659

"The OCP is visionary legislation aimed at providing comprehensive and early support for the highest risk young children and their families. By focusing efforts and community-based support on the early years of life, the bill seeks to prevent chronic social problems and thereby reduce costs associated with treatment, crime, and incarceration. No other state has taken this type of coordinated, comprehensive and systematic approach.

The bill includes voluntary early screening for medical and psychosocial risks. Follow up services will be provided as risks are identified, and the family consents to services. Follow up services provided for in the bill include: home visits by nurses and other trained professionals, research-based model programs that are provided out-of-the-home, access to health, mental health and substance abuse treatment, and access to quality preschool or child care environments.

The bill requires communities to submit a plan for providing services prior to the receipt of resources. The plan will become part of the overall comprehensive plan for children required by SB 555 from the 1999 session (juvenile crime prevention). The bill also requires coordination of administrative functions by state agencies such as data collection, technical assistance and planning, and the coordination of services by local providers.



Governor Kitzhaber signs HB 3659, the Oregon Children's Plan, with the help of young friends who attended the ceremony.

HB 3659 also includes an interim task force on financing childcare. The work of this task force will be important as Oregon seeks to increase the availability of affordable, safe childcare in the context of diminishing general funds, and a profession that suffers from low wages and high turnover.

(For more information about the Oregon Children's Plan:
http://www.governor.state.or.us/gol_health.htm)

Child Care –The following summarizes Child Care legislation of major importance:

HB 2281 and HB 2716, the refundable working family childcare credit bills are of particular importance to low-income families who use child care. **HB 2716** changes the working family child care tax credit to refundable credit while **HB 2281** modifies the formula used to apportion business income under the Uniform Division of Income for Tax Purposes Act. This means that families with income insufficient to pay taxes will still receive a refund for childcare expenses.

SB 436 and HB 5015 expand on-site and safety review visits by the Child Care Division of the Employment Department to all registered child care providers, including those applying for renewal of registration. The bills continue funding for programs established by the 1999 Legislature and provide for the investigation of citizen complaints.

HB 2676 assists businesses by extending the period in which income and corporate excise taxpayers may claim dependent care assistance tax credit.

Child Safety Seats

The seat belt law adopted by voters in 1990 and the use of infant safety seats have saved the lives of many Oregonians. However, seat belts installed for adults don't always protect younger children who have outgrown infant seats. Now protection for children between the ages of four and six or weighing between 40 and 60 pounds will be improved by the passage of **HB 3155**. The bill requires that these children must be properly secured with a safety belt or safety harness that meets requirements established by the Oregon Department of Transportation and consistent with regulations and standards of the U. S. Department of Transportation.

College for Foster Care Children

HB 2431 includes former foster children among those to be provided scholarships by the Oregon Student Assistance Commission to any state institution of higher learning. Students are required to enroll as undergraduates not later than three years from the date they were removed from the care of the State Office for Services to Children and Families, when they graduated from high school, or the date they received the equivalent of a high school diploma, whichever is earliest.

Significant gains were also achieved for children in the area of health issues.

HEALTH ISSUES

Some of the most noteworthy bills passed in the last legislative session relate to health care.

Formulary (Prescription Drug Plan)

SB 819, the Practitioner-managed Prescription Drug Plan, creates the Oregon Formulary. The formulary will establish a priority list of prescription drugs that doctors are encouraged to use because the drugs are equally or more effective and the most economical. The Plan recognizes that decisions concerning the clinical effectiveness of prescription drugs should be made by licensed health practitioners based on both the condition and individual characteristics of the patient and the latest peer-reviewed research relating to the condition and available treatment protocols. The Plan is the Governor's major effort to reduce soaring prescription drug costs. Savings to the state will increase over the years as pharmaceutical companies compete to qualify their drugs for the list.



OHP Waiver

HB 2519 expands access to the Oregon Health Plan through Medicaid, the Children's Health Insurance Program, and the Family Health Insurance Assistance Program for Oregonians with income up to 185% of the Federal Poverty Level. This effort will require a federal waiver to allow state flexibility in benefit design and to garner additional federal funds. If the waiver is approved, **HB 2519** will allow up to 50,000 more uninsured Oregonians – many of whom are children – to receive healthcare.

Mental Health Reform

HB 3024 represents the number one priority of the Governor's Mental Health Alignment Work Group. The bill represents a significant step in reforming Oregon's mental health system for both children and adults. It directs local mental health authorities to develop a local plan for mental health services. It lays groundwork for reform of Oregon's mental health system that is coordinated, accountable, cost effective, consumer-centered, community-based, comprehensive and culturally competent.

LABOR ISSUES**Workers' Compensation**

A major accomplishment for labor-management relations, **SB 485** creates a less adversarial system for settling workplace injury claims. It helps bring needed health services and wage replacement to injured workers who previously fell through the gaps in our system. The bill also protects employers from certain lawsuits.

Dislocated Workers

HB 2993 permits the payment of unemployment compensation to certain dislocated workers who are otherwise eligible and who receive a lump sum retirement payment. Under current law unemployed workers receiving retirement benefits or other periodic payment from previous work are disqualified from unemployment benefits.

Unemployment Insurance Extension for Dislocated Workers

HB 3759 extends Unemployment Insurance benefits for up to an additional 26 weeks (for a total of 52 weeks) for dislocated workers who have lost their jobs due to high energy costs; extended drought conditions and the attendant economic conditions; secondary effects of foreign trade; or a shift of production to another state or territory of the United States. The worker must be enrolled in professional technical training approved by the Employment Department.

HOUSING**Individual Development Accounts**

HB 3391 is an effort to provide poverty-level Oregonians with the same opportunities as other citizens to "get ahead." It increases the income tax credit for Individual Development Accounts. These accounts can be used for three purposes: obtaining an education, owning a home, and starting a business.

Farmworker Housing

HB 3171 eliminates the special conditions required for approval of farmworker housing. The bill prohibits cities and counties from imposing zoning requirements on single-family or multi-family housing for farmworkers and their immediate families more restrictive than for non-farmworker housing.

HB 3172 directs the Housing and Community Services Department to facilitate measures that promote adequate housing for farmworkers.

HB 3173 removes the 12/31/01 sunset of the Farmworker Housing Construction Tax Credit and makes the tax credit permanent. The bill allows non-profit corporations to sell credits to another taxpayer. It also expands the tax credit.

HB 3573 creates the Farmworker Housing Development Account to expand Oregon's supply of housing for low and very low income farmworkers.

**Reorganization of Department of Human Services Underway**

Governor Kitzhaber has signed HB 2294, authorizing the reorganization of the Department of Human Services. Previously, a wide number of divisions, programs and offices made up the 9700 employee department. Because most DHS clients have multiple needs, services will be consolidated into a one-stop integrated system for clients.

For more information about DHS reorganization, visit the department's web site at <http://www.hr.state.or.us/> or call 503-945-5944.

Announcing

Governor's Summit 2001: A New Odyssey Effective Solutions for Reducing the Over-representation of Minorities in the Juvenile Justice System

October 17, 2001

**New Hope Community Church
11731 SE Stevens Road
Portland, Oregon 97266**

**For information call Shawna Hill (503) 378-4667
For reservations call Cheryl Lyons (503) 378-6502
or**

Register on line at http://www.governor.state.or.us/gol_health.htm

Did You Know.....?

Data show fewer women smoke during pregnancy.

The rate of Oregon mothers who reported using tobacco during pregnancy declined 18.5% since 1995, a tribute to the State's tobacco cessation efforts.

From: *1999 Oregon Vital Statistics Annual Report*

The Governor's Office of Health, Human Services and Labor produces this newsletter to provide information about issues pertinent to our office. Your ideas and feedback are important. For more information and to give us your comments, visit our website at www.governor.state.or.us/gol_health.htm or e-mail us at Hhl.gov@state.or.us. Please send address changes or requests to have your name removed from our mailing list to the above e-mail address or call Alicia Philpot at (503) 373-7489.



Governor's Office

Health, Human Services & Labor

Newsletter

Spring 2001

Governor Proposes Children's Plan

Speaking to the Ways and Means Sub-Committee on Human Resources, Governor Kitzhaber said that the Oregon Children's Plan (OCP) may well be the most important initiative in the \$12 billion budget he submitted this session. He cited two reasons. First, it gives children the foundation to succeed and second, it is important because of its potential impact on the cost and scope of state services in the future.

The OCP completes the comprehensive approach to prevention put in place by SB 555 in the 1999 Legislature. The Juvenile Crime Prevention and Alcohol & Drug components of SB 555 will help prevent older at-risk youth from entering the juvenile justice system. But it is not soon enough for some children and families. In many cases the pattern of behavior and risk factors is set much earlier in life. The Plan will lay the foundation to identify at-risk children, before they even get into school, before they get into trouble.

The OCP builds on the efforts of Healthy Start, Early Intervention and other programs by adding missing elements and linking them together into a comprehensive and coordinated system of supports. The OCP includes: prenatal and at-birth screening; assessment and family support; community based programs; home visits and in-home supports; substance abuse and mental health treatment; and early learning opportunities such as the Oregon Prekindergarten Program.

The well-being and future success of Oregon's children is the most important basis for the OCP, but there's a budgetary case to be made as well. The

Governor noted that the economy is slowing and state revenue is likely to be reduced; yet there are more demands on the state budget today than ever. What is the wisest response? Preventing problems from occurring in the first place can save millions of dollars in future years. For every dollar invested in this type of prevention, over four dollars are saved in avoided costs later in life.



Governor Kitzhaber shares photos of his son, Logan, with new parents Dennis Kelsay and Jana Rowley as Pam Curtis looks on. Multnomah County Early Childhood Advocates presented the Governor with a resolution supporting the Oregon Children's Plan. (Photo by Jim Clay)

Governor Kitzhaber said this is not merely a budget argument, however, "It's about whether we have the courage to change our priorities, reflected by how we invest our resources. It's about whether we are willing to be accountable for the outcomes of the resources we invest and the outcomes for the resources we fail to invest." ♦

Availability of Affordable Housing Threatened

Many affordable housing development projects that have served lower income residents through federal Section 8 subsidies will be expiring over the next few years. This can mean dislocation and possible homelessness for the occupants who are often elderly and disabled.

Approximately 4400 Section 8 units and 3000 tax credit funded units could expire in the next five years. These units, which typically represent the affordable housing inventory serving the lowest income tenants, could be converted to market rate when they come up for sale.

One means of addressing the affordable housing issue is currently being considered by the Oregon Legislature. HB 2258 would allow the Oregon Housing and Community Services

Department (OHCS) to own property for a time before selling it to a non-profit



entity. A model for this effort to retain affordable housing exists. OHCS entered into a partnership with Mental Health and Developmental Disability Services (MHDDS) through the Community Integration Program to provide housing for developmentally disabled clients as they were being moved out of Fairview. OHCS achieved this by acquiring and holding housing until MHDDS closed the permanent financing with the service provider.

Oregon will continue to work with its national partners and local affordable housing advocates to seek ways to retain housing for lowest-income Oregonians. This includes supporting efforts to streamline federal regulations and encouraging private investors to acquire and manage affordable housing properties. ♦

Did You Know...?

...the Oregon Health Plan has been the single greatest factor in increasing access to needed mental health care in recent history.

Report to the Governor of the Mental Health Alignment Work Group, 2001

Health, Human Service Bills on Legislative Agenda

Oregonians are concerned about the high cost of prescription drugs and the lack of adequate mental health services as well as other issues. Below are some health and human service bills introduced this session:

Prescription Drug Affordability Act – SB 879 & HB

3300: These bills provide a tool to help control the huge increase in drug costs in the Oregon Health Plan (OHP) by removing the statutory prohibition preventing the OHP from using a prescription drug formulary.

Bill Status: House Health and Public Advocacy Committee and Senate Health and Human Services Committee. (See page 4 for additional information on the drug formulary.)

Mental Health Parity – HB 3017: Directs the Legislative Assembly to determine a basic level of health care services provided by carriers in health benefit plans. Ties the level of health care services to the prioritized list of services developed by the Health Services Commission (HSC) for the Oregon Health Plan. Although the bill does not specifically require that mental health services be provided, those services are on the prioritized list established by the HSC and thus would be required to be provided by non-OHP providers.

Bill Status: House Health and Public Advocacy Committee; subsequent referral to Ways and Means.

Local Mental Health Plans – HB 3024: Directs local mental health authorities to develop a local plan for mental health services (replacing existing requirements) and directs the Department of Human Services to develop a statewide plan for mental health services from the needs identified in local plans.

Bill Status: House Health and Public Advocacy Committee.

Affordable Housing – HB 2258: Allows the Oregon Housing and Community Services Department to acquire title and hold property before transferring it to an entity that will develop the property for affordable housing.

Bill Status: House Health and Public Advocacy Committee. Work session on February 27.

Legislative Agenda (cont.)

Child Care On-Site Review – SB 436: The Governor and other advocates for children have worked hard to ensure the health and safety of children in child care. This bill continues that effort by directing the Child Care Division of the Employment Department to conduct on-site reviews of child care facilities applying for renewal of registration.

Bill Status: Passed the Senate March 29.

Reorganization of the Department of Human

Services – HB 2294: Provides a comprehensive restructuring of the Department of Human Services to enhance collaboration and increase efficiency. Clients of the department often face multiple, related needs and require access to a full range of services. The reorganization will make available an integrated system that provides a single, coordinated case plan tailored to the needs of each client or family.

Bill Status: Hearings before House Health and Public Advocacy Committee were held January 30 and February 20.

Workers' Compensation – SB 485: Labor and management leaders and the Governor's Office have worked together to reach agreement on recommendations for improving the Oregon workers' compensation system. SB 484 creates a less adversarial system for settling workplace injury claims. It provides faster decisions, removes uncertainty about payment for medical treatment and gives more certainty to employers about future liability exposure. It also creates fairer compensability standards and benefits for injured workers.

Bill Status: Passed Senate March 22. ♦

Mental Health Alignment Work Group Sends Recommendations to Governor

The hard working Mental Health Alignment Work Group completed its assignment recently and presented its report to the Governor. Members were charged with recommending how to best align existing programs, policies, and resources into a statewide mental health system for children and adults. In addition, they were

asked to recommend steps that need to be taken to fully implement such a system.

Generated after an inclusive and thorough yearlong study by a diverse group of mental health consumers, family members, practitioners, local officials and stakeholders, the report contains eighteen recommendations aimed at solving the problems of the current mental health system in Oregon. It forms a plan for creating a system that is community based, consumer centered, and adequate to meet the diverse needs of persons with mental health disorders.

The work group identified concerns and barriers to improving Oregon's mental health system and then designed a model or "ideal" system to address the barriers. Although all the recommendations are considered essential for designing such a system, members of the work group agreed that initial emphasis should be given to the first two. They are:

1. Develop local biennial blueprint plans that use a multi-system team approach to coordinate and deliver services for children, families and adults.
2. Establish equal benefits for mental health and physical health (parity).

To begin implementation of these recommendations, Senator Gordly and Representative Jeff Kruse, both members of the workgroup, have introduced legislation. The first bill, HB 3024, would begin to set policy in place to support a community-based mental health system that is consistent with the values, vision and accountability structures recommended by the report. It directs local mental health authorities to develop a plan for mental health services and requires the Department of Human Services to develop a statewide plan for mental health services based on the needs identified in the local plans.

The second, HB 3017, would achieve parity (equal) benefits for mental health services by establishing a basic health benefit package based on the Oregon Health Plan prioritized list. ♦

A copy of the complete mental health report to the Governor as well as work group meeting summaries can be found at
<http://www.governor.state.or.us/governor/hhslp/mental/alignmnt.htm>

Reducing Drug Costs: The Prescription Drug Affordability Act

The cost of prescription drugs in the Oregon Health Plan (OHP) will rise 60% in the next two years. To help control these costs, Governor Kitzhaber, as well as representatives of business, labor, health care consumers, doctors and hospitals are supporting a bill to address the high cost of prescription drugs through the use of a drug formulary. (A formulary is a list of preferred drugs that doctors are encouraged to use because they are equally or more effective, and the most economical.) Providers of commercial health plans routinely use drug formularies to help control their drug costs and report significant savings without affecting quality. The OHP fee-for-service program is the only major insurer in the state that does not use a formulary.

The Prescription Drug Affordability Act, SB 879 and HB 3300, would help to reduce the cost of prescription medicine by removing the statutory prohibition that prevents the OHP from using a prescription drug formulary. It would empower the existing Health Resources Commission (HRC), to evaluate groups of prescription drugs that yield therapeutically equivalent outcomes, yet have a wide variation in cost. The HRC

would select a "reference" drug for each of these groups using expert panels of specialists and their review of evidence-based literature. The reference drug must be just as effective as other drugs within the group for initial treatment and be more cost effective than the other drugs in the group.

It's important to note that the Act applies only to fee-for-service plans within the Oregon Health Plan, not to inpatient services or managed care plans. Treating physicians and pharmacists (with the concurrence of the treating physician) can make exceptions to the formulary.

The Prescription Drug Affordability Act builds on a history of decision making in the OHP that is explicit, public and evidence-based. "We have to put some reasonable, intelligent limits on prescription drug costs and prioritize what the State will pay for," Governor Kitzhaber said. "There is no reason we can't be both more cost effective and provide quality prescription drugs for Oregon Health Plan patients." The Prescription Drug Affordability Act is predicted to save up to \$7 million in the next biennium. ♦

GOVERNOR'S TASK FORCE ON PERS

PERS Headquarters
11410 SW 68th Parkway
Tigard, Oregon

Thursday
August 1, 2002
1-5 PM

AGENDA

- 1. Review the Task Force Charge**
- 2. Introductions**
- 3. Review of the Draft Work Plan**
- 4. General Discussion of Pension Policy, Objectives, Principles and Issues**

Governor's Task Force on PERS

Draft Schedule and Work Plan

Meeting One

August 1, 2002

Agenda

- Governor's Charge
- Pension Policy Objectives and Principles—Discussion
- Issue Definition--Discussion
- The Task Force Work Plan—Review and Discussion
- Planned Analyses and Resources—Presentation
- Preview of Next Meeting's Agenda

Meeting Two

Aug/Sept xx, 2002

- Governor's Review of Policy and Issues Definition
- The State of the PERS Statute—Presentation and Discussion
- Case Analyses:
 1. Equal vs. Sequential Crediting and Equal to or Better
 2. The IRS and Oregon Contract Rights—Presentation and Discussion
 3. Current PERS Related Litigation—Presentation and Discussion

Public Comment: Members and Retirees

Meeting Three

Sept/Oct xx, 2002

PERS Financial Parameters—Presentation and Discussion

Historical

Current

Projected

Case Analyses:

1. The Assumed Rate
2. Life Expectancy
3. Financial Simulation Study
4. Replacement Ratio's: Recent Experience

Public Comment: Public Employers and Private Organizations

Meeting Four

October xx, 2002

- Pension Plan Structures and Comparative Experience—Presentation and Discussion
- Options and Alternatives—Presentation
- Options and Alternatives—Discussion
- Instructions to Staff Regarding Draft Report

(Virtual) Meeting Five

November xx, 2002

- Electronic Circulation of First Draft of Task Force Report
- Written TF Members Comments/Suggestions Assembled and Distributed
- Electronic Circulation of Second Draft

Meeting Six

December xx, 2002

- Presentation of Final Draft
- Discussion
- Final Revisions as Directed

Final Task Force Report Released

December xx, 2002

Pension Policy Objectives and Plan Structure

Discussion Paper

Jim Voytko
Executive Director
Oregon Public Employees Retirement System
July 19, 2002

Purpose: The purpose of this discussion paper is to provide as broad an array of pension policy objectives as possible to aid elected and appointed officials in reviewing our state's pension policy. The list of possible pension policy objectives may not be comprehensive and can be expanded as the review moves forward. The paper also contains some general descriptions of generic plan structures and initiates a discussion of the linkage between choices over plan structure and the degree to which those choices achieve one or more the policy objectives noted. Finally, the paper makes the important point that decisions about plan structure do not predetermine the levels of pension benefits provided (and thus plan costs) nor do they predetermine the distribution of those costs among plan participants. The paper does not offer recommendations regarding either priorities among pension policy objectives or among various plan structures.

“How” and “How Much”: Different Questions

In considering a successor pension plan—if that should be the Legislature's desire—there are two fundamental questions on the table. First, “how” the system would work (i.e., its structure and the manner in which it permits members to earn pension credit and determines the distribution of the costs required to fulfill those obligations). Second, “how much” those benefits and the costs they generate should be. *Any plan structure*—including all those discussed below—can be set up to (1) produce either high or low retirement benefits, (2) be very costly or very inexpensive overall or (3) create equal or unequal distribution of those costs among participants. Decisions over successor plan structure (the “how”) are important but they do not predetermine whether a successor system will produce a level of pension benefits and costs that any particular stakeholder group might find exceptionally attractive or unattractive.

Some Commonly Considered Pension Policy Objectives

How does one choose among many possible pension plan structures? Obviously, it depends on the policy objectives of decision-makers. In this regard, it would be helpful to note some of the issues, questions or objectives in evaluating competing plan structures. In presenting these potential objectives, we do so without advocating one versus another nor do we even maintain that this list below is comprehensive. Nor do we maintain that all objectives can be achieved simultaneously as some, such as flexibility versus uniformity discussed below—are at least partially mutually exclusive. Consider it

the start of a potential checklist for considering the merits of one plan structure versus another.

Cost to the Plan Sponsors (Public Employers):

The costs public employers and their constituents bear to provide pension coverage to their employees are substantial under most systems and, of course, must compete with other needs for those same funds. Those needs range from salaries and health care benefits for those same employees to the full range of needs found in every public budget—parks, education, public safety, etc.

Predictability of Plan Costs and Other Parameters:

Since pension costs are virtually a perpetual expense (and, indeed, under some plan and legal structures contractual in nature), there is obviously tremendous value to public employers and their constituents when pension costs are highly predictable. Pension plan structures that produce greater predictability in pension expense also allow both public employers and employees to bargain more intelligently over the elements of the compensation package that traditionally vary from contract cycle to contract cycle—primarily salaries. Predictability also allows cities, counties, etc., to make other budget decisions—especially multi-year ones—with greater confidence.

Compensation Value to Members (Public Employees):

Pension plan coverage (or, more generically, retirement saving/income generation) is a substantial element in most employee compensation, but particularly so for public employees and even more so presently for the majority of Oregon's public employees. To note that employees normally scrutinize carefully their assessment of the value delivered in this element of the compensation package is to state the obvious.

However, it is also true that while the value delivered under the pension plan structure can be viewed in isolation, it is just as appropriate for employees as for employers to assess it in the context of the entire compensation package. For example, at least for some, perhaps many, public employees, it is possible to have a compensation package that is too heavily or too lightly weighted toward pension value. If pension expense is sufficiently large, it will tend to crowd out or depress value delivered in the other elements of the compensation package. This is particularly possible when the pension expense is long-term and contractual in nature and subject to little or no control by employers or employees. A “pension-heavy” compensation package can also prove ineffective in attracting candidates who place greater weight on salary levels as is often claimed to be true in the case of younger, highly mobile workers with skills new to (or scarce within) the workforce. Conversely, it is conceivable that a compensation package weighted toward pension value at the expense of the other elements may prove attractive to a desirable portion of the workforce for many public sector activities.

Alignment of Interests Among Participants (Employers and Employees):

There is a case for placing value on elements of plan structure that tend to align the interests of employers and employees. Aligning interests offers at the least the opportunity to ameliorate strife and adversarial conduct in pension policy management, especially when unanticipated problems arise. One example of this is structures that, on a permanent basis, equalize the relative employer and employee responsibilities for bearing pension plan expense—anticipated and unanticipated, actuarial (benefit related) and administrative. Another plan structure that addresses the alignment question does so by eliminating the problem altogether. This is accomplished by creating separate pension structures (see the description of hybrid but discrete earlier) and placing all funding burdens and control over one in the hands of employers and the other in the hands of employees.

Plan Flexibility For Public Employers:

Not all public employers are equal in size, financial resources, the sophistication of their financial management infrastructure, preferred balance of pension expense versus salary versus other fringe benefits in the compensation package, ability to attract the desired employee universe to public service, ability to take on long-term investment risk, etc. Plan structures that offer public employers some range of variability in cost and administrative complexity (for example, the ability to adjust key parameters to reflect changes in local environments, variations in local employee preferences or degree of long-term investment risk) may be extremely valuable when these employers vary substantially within the universe of Oregon public entities.

Some employers, for example, may be perfectly comfortable and see recruiting value in providing a highly defined retirement benefit to employees while retaining the investment risk associated with providing it. Others may find retention of all or some of the long-term investment risk of providing a defined benefit unwise given their circumstances and, like most small companies in the private sector, prefer the more controllable commitment of an annual “contribution match” in a defined contribution retirement plan structure, shifting a portion or all of the long-term investment risk to employees saving for retirement. Plan structures that allow public employers the option to participate in the plan at all, to what degree, for what types of employees, at what terms, and for what length of time are similar degrees of freedom which may carry great value. However, we caution that providing substantial flexibility in this area, if not done carefully, can add to the complexity of any successor plan.

Plan Flexibility For Members:

Just as public employers may vary substantially, one from another, so do employees. Some public employees place great emphasis on the pension plan element of the compensation, some far less. Some place great value on the security of a defined benefit at retirement; others prefer the unconstrained upside, sense of direct asset ownership and at least partial personal control of investments associated with defined contribution plans. Plan structures that offer choice and flexibility to members obviously offer value as well.

Once again, however, we caution that adding substantial flexibility to members, if not done carefully, can add substantial complication to the successor plan. This is particularly true in the case of members simply because of the sheer numbers of individuals involved.

Plan Uniformity:

The gains to employees and employers from any flexibility offered in a pension plan structure come at some cost. There is a case that highly uniform pension coverage across the entire universe of the state's public employers and employees reduces competition among employers for employees using this portion of the compensation package and creates a sense of total equality among public employees. Some pension stakeholders may well place considerable value on statewide uniformity. These achievements are offset, however, to the extent that competition among employers is inevitable and that this competition and the variability in compensation packages mandated by varying local circumstances is simply shifted from the pension arena to the other elements of the compensation package—largely, salaries. Indeed, if there is no opportunity to vary pension coverage offered, *all* variability is likely to be concentrated on salaries alone, which may or may not be desirable to either employers or employees. Precisely how any stakeholder group may view this is quite difficult to predict as it depends in part on where they would prefer to focus compensation discussions and decisions. A final note: multi-tier plans, by definition, reduce uniformity and the overall sense of equality it fosters.

Predictability of Retirement Income

Plan structures differ in the precision with which one can predict a member's benefits in retirement. Defined benefit plans tend to have high predictability and this certainty has considerable value to most employees, and even more value for some. Indeed, for some employees, the predictability of a retirement benefit may be nearly as important as the dollar amount (without normal ranges of actual plan experience). Defined contribution plans are less predictable in their contribution to retirement income. Though they offer theoretically uncapped benefits without cost implications for employers, the actual benefits produced are always constrained by capital market realities.

Simplicity:

There is enormous value in simplicity, sometimes obvious but often less apparent. The value of pension plan simplicity is particularly large where the vast sums involved and the huge numbers of people affected inevitably generate strong views and create incentives for adversarial action. Simple structures allow all participants to know and understand clearly what drives both costs and benefits. Simple structures allow quick and easy analysis of results that do not meet the expectations of any participant. Simple plan structures reduce the cost of administration in each and every year the plan is in effect, leaving more value to the participants. Simple plan structures dramatically reduce opportunities for conflict, adversarial behavior, inadvertent inequities and litigation among participants. Simple plan structures allow both employers and employees to more accurately assess the value of pension coverage and integrate it into periodic negotiations

over other elements of the compensation package such as salaries. In short, simplicity in pension plan design generates benefits in multiple dimensions for as long as the plan is in effect.

Moreover, unlike the fairly direct trade-off between flexibility and uniformity, there are many plan structures that can simultaneously provide flexibility without sacrificing simplicity. Something as simple as a defined contribution plan with a varying match by employers or varying contribution levels by employees can be structured to retain most of the simplicity of a defined contribution plan structure yet offer participants enormous flexibility for coping with changing circumstances or desires. Similarly DB structures can be relatively simple in form or far more complex and even in their simple forms still offer the high predictability in benefit obligations often sought under this structure. These comments hold true for hybrid plans as well.

Three Generic Plan Structures

Defined Contribution: Defined contribution plans are exactly what the term implies. The annual contribution to the assets designed to provide retirement income for a particular employee are “defined” and represent the obligation of both the employer and the employee to the retirement plan. There is enormous flexibility in the manner in which annual contributions may be defined. Employee and associated employer contributions may vary in any number of ways. The resulting assets from accumulated contributions are invested in a range of broad categories usually pre-screened by an impartial, expert fiduciary body. There is tremendous flexibility in the degree of choice and control over investments offered to plan participants. The retirement income available under this structure is not capped by the plan structure itself nor does the structure provide a guaranteed floor. Rather, retirement income is determined by the magnitude and duration of the contributions to the asset account by both the employee and the employer and long-term performance of the investments.

Defined Benefit: Defined benefit (DB) plans start with a premise that certain attributes of active employment are linked to defined values in terms of the financial value delivered to the employee from the pension plan. Many standard defined benefit plans link, for example, years of service and final average salary, to a highly specified monthly or annual retirement income obligation to the member from the plan. There is usually no structured opportunity for achieving retirement income higher than what the plan specifies, though often some more limited upward flexibility is offered via cost-of-living adjustments (COLA) provisions in the plan. However, DB plans generally offer the employees the highest degree of certainty and predictability with regard to retirement income. There is virtually no flexibility in the total contribution streams, as the specified benefits mandate actuarially required contribution levels. There is considerable flexibility as to how responsibility for the total contribution stream necessary to adequately fund those retirement obligations is apportioned between employers and employees.

Hybrid But Discrete: Some pension plans attempt to incorporate the attributes of both defined contribution (DC) and defined benefit (DB) structures. Because the two structures are fundamentally different, this is increasing done by putting in place a plan with two discrete, separately operating structures—one DC, the other DB. These operate independently, each producing a retirement income stream for the plan participant. The streams combine only at the point when a monthly check is drawn up representing the combined obligation due from the pension plan to the retiree. This eliminates the complications and potential for unintended consequences that may arise if the two plan structures are programmatically and financially entangled while the employee is in active service and retirement obligations are still being earned.

Hybrid but discrete plan structures offer an enormous array of flexibility in pension plan elements for both employers and employees. In addition, they offer the opportunity to deliver a portion of the retirement obligation with the security inherent in a defined benefit plan and a portion where the employer expense is tightly controlled and so carries with it the cost certainty and predictability inherent in a defined contribution plan.



LEGISLATION TO SUPPORT CHILDREN

2001

2001 LEGISLATION PASSED TO SUPPORT CHILDREN

During the recent legislative session, Oregon's 71st Legislative Assembly passed numerous bills benefiting children. Among the many gains are measures that establish a refundable working family child care credit, increase access to health care, offer newborns and their families needed services, improve child care, and expand emergency medical services for children.

The following are summaries of the legislation compiled from enrolled bills and from legislative committee reports and agency information. (This is only a partial list—it does not include every bill passed by the legislature that could benefit children.) The complete text of all 2001 bills can be found on the web at <http://www.leg.state.or.us/billsset.htm>.

SENATE BILLS

SB 199 – Safe Surrender of Newborn

Allows a parent to leave an infant, who is 30 days of age or younger, with an employee at an authorized facility. Provides that the parent's anonymity is guaranteed as long as the infant shows no sign of abuse. The measure grants immunity for an authorized facility acting in good faith, and requires the facility to notify the State Office for Services to Children and Families (SCF) who must take protective custody of the infant. Compliance with this provision provides affirmative defense to the crime of abandonment of a child. The act authorizes the Department of Human Services to accept grants and contributions to fund payment of expenses and costs incurred in carrying out provisions of the bill.

SB 243 – Emergency Medical Services for Children

Expands emergency medical services for children by requiring the Health Division in the Department of Human Services (DHS) to provide advice and technical assistance to the state and area trauma advisory boards regarding emergency services for children.

Emergency Medical Services (EMS) in DHS operates a federally funded grant program called Emergency Medical Services for Children to enhance pediatric emergency care, education, and the infrastructure within Oregon. The program has conducted a needs assessment of emergency services, is developing collaborative projects with emergency care nurses and Oregon's Safe Kids Coalition, and makes free, continuing education available to all Oregon EMS agencies. It co-sponsors or conducts other training and conferences on pediatric emergency services.

SB 243 requires the Health Division to report to the Emergency Board by June 30, 2002 on the progress and implementation of the program. It establishes the Emergency Medical Services for Children Advisory Committee and sets guidelines for pediatric care systems for critically ill or injured children.

SB 419 – Protective Custody—Best Interests of the Child

The bill directs a court to include in a protective custody order, findings about best interests of the child. It amends juvenile dependency laws to bring Oregon into compliance with federal requirements, and it also clarifies a court's right to relieve the local citizen review board of the responsibility to review a case if the court has conducted a complete judicial review within a specified period. It expands authority of the local citizen review board to make findings and recommendations in certain circumstances. Finally, it requires SCF to adopt rules regarding criminal records checks for foster parents, adoptive parents, relative care givers and others over 18 who will be in the household with a foster child, ensuring that Oregon continues to receive federal funds for the state's child protective services.

SB 436 – Child Care

(Generated by the Oregon Strategy for Social Support Initiative)

Expands on-site health and safety review visits by Child Care Division of Employment Department to all registered family care providers, including those applying for renewal of registration. Continues funding for programs established by the 1999 Legislature and provides investigation of citizens' complaints. SB 436 also prohibits the division from waiving the on-site review before renewing the registration.

The Child Care Division of the Employment Department is responsible for regulating child care in Oregon. The division currently certifies over 1,100 child care centers and group homes and registers 7,776 family child care homes (a family child care home is operated in the living quarters of the provider's home). The home may provide care for a maximum of ten children. No more than six children may be younger than school age, and no more than two may be 24 months of age or younger.

The registration process for a family child care home includes completing an application, paying a \$30 fee, and passing a criminal history check. Since January 2000, the division has conducted a total of 2701 reviews. Of those, 45 percent passed on the first review, 99 percent passed on the second visit, and one percent did not pass. Prior to the 1999 Legislative Session, Oregon was one of only five states that did not conduct regular on-site reviews of family child care homes. In 1999, HB 2241 required on-site reviews of new providers, providers who are changing addresses, and providers re-entering the field after a period of absence.

SB 656 – Child Neglect

Expands crime of child neglect in first degree to include leaving child or allowing child to stay at a place that has been determined not fit for use due to illegal drug manufacturing. Current law prohibits a person from permitting a minor to enter or remain in a place where drug activity is conducted. Health risks to children stemming from the toxic chemicals used in drug manufacturing persist after the drug manufacturing has ceased. Children were present in 54 out of the 230 methamphetamine labs seized in Oregon in 2000.

SB 5527 – DHS Budget

DHS budget bill includes elimination of child care "cliff" for families receiving public assistance by reorganizing AFS child care co-pays for low-income families.

HOUSE BILLS

HB 2330 – OCCF Grants

Requires the Oregon Commission on Children and Families (OCCF) to make grants to local commissions on children and families for 1) research-based services and initiatives to improve outcomes for children, youth or families, and 2) Great Start grants for community-based programs for children newborn through age 8. The grants are to be used at the local level according to the county's local coordinated comprehensive plan. Requires OCCF to assist counties in implementing efficient, accountable, coordinated, and readily available community services. Eliminates Student Retention Initiative and juvenile services grants.

HB 2431 – College for Foster Care Children

This measure includes former foster children among those to be provided scholarships by the Oregon Student Assistance Commission to any state institution of higher learning. Students are required to enroll as undergraduates not later than three years from the date they were removed from the care of SCF, when they graduated from high school, or the date they received the equivalent of a high school diploma, whichever is earliest.

HB 2491 – Community-Based Foster Care

Allows SCF, in consultation with local commissions on children and families, to establish community-based foster care demonstration projects. The measure was effective on passage.

Community-based foster care is built on the premise that comprehensive service for children and families must be rooted in the child's natural community and must have considerable community involvement. This model allows children to stay in their own neighborhood school and maintain friendships and familiar connections, thus limiting the amount of trauma children may experience when starting in a new school, making new friends, and becoming acclimated to new surroundings. Another goal of community-based foster care is to help children and their natural parents connect to community-based organizations and support services in one place, which assists families to continue accessing services after reunification.

SCF is currently administering a pilot project called Family-to-Family Foster Care with a grant from the Annie E. Casey Foundation. Family-to-Family is a family-centered approach that places a child with caring, capable relatives or with another family within the child's own community. The program has four goals: identifying and working closely with foster families in the communities from which foster children are usually drawn; training the foster families to work closely with birth parents – family to family; recognizing cultural differences; and decreasing the number of children placed in institutional care.

HB 2519 – OHP Waiver

Expands access to the Oregon Health Plan through Medicaid, the Children's Health Insurance Program, and the Family Health Insurance Assistance Program for Oregonians with income up to 185% of the Federal Poverty Level. This effort will require a federal waiver to allow state flexibility in benefit design to garner additional federal funds. If the waiver is approved, HB 2519 will allow up to 50,000 more uninsured Oregonians – many of whom are children – to receive health care.

HB 2676 – Child Care – Tax credit for business

(Generated by the Oregon Strategy for Social Support Initiative)

Extends the period in which income and corporate excise taxpayers may claim Dependent Care Assistance and Referral Credit through December 31, 2007. The credit equals 50 percent of the total costs the employer paid for dependent care (but no more than \$2,500 per employee) and 50 percent of the cost of providing information and referral services. It caps the total value of tax credits for certified contributions at \$500,000 per calendar year. The employer may not take the credit if the provision of dependent care services is part of a salary reduction plan. Credits unclaimed due to insufficient tax liability may be used in later years, for up to five years.

The measure requires that employers electing to receive the credit submit an application to the Child Care Division of the Employment Department each year. It creates a new tax credit for certified contributions to the Child Care Division and/or a qualified community agency for the purpose of promoting child care, effective 1/1/2002 – 12/31/2006, and it establishes a fund for collecting these contributions. It directs the Child Care Division to establish and administer a program for identifying qualified community agencies and distributing collections to community agencies for allocation to eligible child care providers.

HB 2676 defines criteria for identifying eligible child care providers, including maximum income limits for a specific share of clientele. It also defines criteria for determining allocations to eligible child care providers, based on actual costs of providing quality child care.

HB 2716– Refundable Working Family Child Care Credit

Changes the Working Family Child Care Tax Credit to refundable credit, making the tax credit for child-care expenses refundable to the poorest families. It continuously appropriates amounts necessary to make refunds in excess of tax liability from the General Fund to the Department of Revenue Suspense Account and adjusts the indexation of the minimum earnings limit. Currently, low-income taxpayers are unable to effectively use the Working Family Child Care Credit because their income tax liability is low. Beginning with the 2003 tax year, the full amount of entitled credit is refunded to taxpayers, regardless of their tax liability.

HB 2877 – Reorganization of Criminal Fine and Assessment Funds

Provides that moneys in the Criminal Fine and Assessment Account are to be distributed to the General Fund and to the Criminal Fine and Assessment Public Safety Fund for services, many of which are for children (such as Children's Trust Fund, child abuse assessment centers and child abuse multi-disciplinary teams).

Specifically, it redirects 70.35 percent of the moneys in the Criminal Fine and Assessment Account to the General Fund and 29.65 percent to the Criminal Fine and Assessment Public Safety Fund. Establishes the Crime Fine and Assessment Public Safety Fund; provides for continuous appropriation of the funds to the Department of Revenue; and establishes three distribution priorities. The distribution priorities are 1) public safety standards, training, and facilities; 2) Criminal injuries compensation and assistance to victims of crime; and 3) Emergency Medical Services Enhancement Account. Funds may not be allocated for any other purpose. The funds are to be distributed as the Legislative Assembly so directs. The new distribution formula takes effect July 1, 2003.

HB 2884 – Criminal Background Check Information

Authorizes private organizations and non-profits dealing with children, the elderly or dependent persons to request criminal offender information from an authorized agency. It allows a qualified entity to request a criminal records check from the State Police or through the FBI on an individual for the purpose of evaluating that individual as an employee or volunteer. It requires a person or agency receiving criminal records information to enter into an agreement limiting how the information will be used. A qualified entity is defined as a business or organization that provides care or placement services, or licenses or certifies others to provide care or placement services for children, elderly or dependent persons. It requires the Department of State Police to waive the fee for doing a criminal records check, including the fee charged by the FBI, for nonprofit organizations providing tutoring and mentoring programs for persons under 18, a dependent person, or elderly person. It authorizes the State Police to furnish a Native American tribe with criminal records of a person employed or seeking employment with a tribal agency responsible for child care, child welfare, law enforcement, health care, housing, or social services.

HB 2891 - Paid Family Leave

Establishes the 14 member Paid Family Leave and Unemployment Insurance Task Force , staffed by the Employment Department, to study and report to the appropriate interim committee on the issue of extending unemployment benefit eligibility to workers on leave due to the birth or adoption of a child and other paid family leave issues. It became effective on passage.

HB 2918 – Funding for Domestic Violence Programs

Appropriates \$2.5 million for the establishment of the Domestic and Sexual Violence Services Program. The Department of Justice will collaborate with DHS, State Police, local service providers and advocacy groups and victims of domestic violence and sexual assault on how the funds will be allocated. The measure was proposed because the Internet provides stalkers with increased opportunities to intimidate and endanger their victims.

Specific provisions include:

- Specifies that electronic communication is contact for the purposes of stalking.
- Includes electronic threats within the crime of harassment.
- Expands state of mind requirement needed to sustain conviction for identity theft to include “intent to deceive.”
- Allows the state to appeal a trial court order suppressing evidence or dismissing or setting aside an indictment directly to the Supreme Court and requires the Supreme Court to issue the opinion upon review within one calendar year of the state’s filing of the notice of appeal.
- Changes title “criminalist” to “analyst” in regard to those employed by the Oregon State Crime Lab to conduct analysis.
- Changes term “state police crime detection laboratory” to “state police forensic laboratory”

- Sets level that constitutes substantial quantities for purposes of the possession, delivery, or manufacture of the drug known as ecstasy
- Sets level that constitutes a factor in determining whether the possession, delivery, or manufacture of the drug ecstasy is a commercial drug offense.
- Allows a Uniform Traffic Citation to be used as a complaint if the peace officer certifies on the citation that the officer has reasonable grounds to believe that the person named in the citation committed the offense specified .
- Eliminates need for the state to prove that the criminal delivery or manufacture of drugs in a vehicle was for consideration or profit to sustain a conviction for child neglect in the first degree for any drug other than marijuana .
- Allows the state to aggregate the damages caused by criminal mischief if the incidents of criminal mischief were committed by a defendant within a 30-day period against multiple victims by similar means .
- Requires peace officer to give District Attorney copy of citation when officer cites a youth in lieu of custody and requires person taking youth into custody to give a copy of report to the district attorney .
- Re-defines computer for purposes of computer crime .
- Repeals sunset regarding limitation of time defendant may be held in custody prior to trial.

HB 3024 – Local mental health plans

Directs local mental health authorities to develop a local plan for mental health services and to submit a copy of the first plan to DHS by March 1, 2002. It directs the development of a statewide plan for mental health services from needs identified in local plans. It stipulates deadlines for reporting on development and implementation of local plans and encourages the development of regional mental health authorities at the county level. It clarifies that plans referenced in the act are biennial plans created with state and local effort. It requires a biennial report of local plans to the legislature and governor each biennium. It ensures that a continuum of care is clinically appropriate and that it is based on patient need. It was effective upon passage.

HB 3024 lays the groundwork for reform of Oregon's mental health system that is coordinated, accountable, cost effective, consumer-centered, community-based, comprehensive, and culturally competent. It represents the number one priority of the Governor's Mental Health Alignment Work Group. The group met for a year to arrive at the provisions in HB 3024 and 17 other recommendations to improve mental health services in Oregon. The bill represents a significant step in reforming Oregon's mental health system for both children and adults.

HB 3059 – Missing Children

Requires Board on Public Safety Standards and Training to ensure, subject to availability of funds, that all police and certified reserve officers are trained to investigate and report cases of missing children. The measure requires the board to offer federal training programs when these programs are available free of charge.

HB 3155 – Child Safety Seats

Requires children between four and six years of age or weighing between 40 and 60 pounds to be secured in a child safety system that elevates the child so that a seat belt fits properly. It requires the Oregon Department of Transportation (ODOT) to establish minimum standards and specifications for child safety seats. The measure adds to the offense of failure to use safety belts and punishes violations by a maximum fine of \$75. It also clarifies current law in reference to “proper use” of a lap or shoulder belt system.

HB 3330 – Outdoor Youth Programs

Establishes and appropriates money for the Outdoor Youth Program Advisory Board. Its purpose is to provide advice to the SCF on licensing outdoor youth programs as child-caring agencies. The board will provide advice to the office on policies regarding outdoor youth programs, requirements for treatment programs provided by outdoor youth programs, for behavior management by the programs, and for health and safety.

It requires outdoor youth programs to be licensed by the SCF. HB 3330 defines an outdoor youth program to include services to children with behavioral problems, mental health problems or problems with abuse of alcohol or drugs. It establishes the five-member Outdoor Youth Program Advisory Board to advise on implementation of the new licensing requirement and requires board members to be appointed by the Governor subject to Senate confirmation. It requires outdoor youth programs to post a bond of \$50,000 or fifty percent of the program’s annual budget, whichever is less, as a condition of licensure. The licensing provision becomes operative January 1, 2002. It also requires reports from SCF and the board to the Legislative Emergency Board and the 2003 Legislative Assembly. It became effective upon passage.

HB 3391 – Individual Development Accounts

Increases the income tax credit for donations to fiduciary organizations administering Individual Development Accounts (IDAs). This bill increases the maximum credit amount from \$25,000 or 25% of the amount donated to \$75,000 or 75% of the amount donated. IDAs can be used for three purposes: obtaining an education, owning a home, and starting a business. The IDA program was established in the 1999 session. It is an asset-based anti-poverty strategy providing matching funds (raised through the tax credit incentive) to low-income people. This is an effort to provide people living at poverty level to have the same opportunities as higher-income Oregonians.

HB 3444 – At-Home Infant Child Care

Directs DHS, if Child Care Division of Employment Department obtains a federal waiver, to establish At-Home Infant Child Care pilot program in a geographic area that includes Jackson County and two other geographic areas. The purpose is to help eligible families with infants cover some costs of staying home and caring for their infants by providing a subsidy in lieu of child care assistance under the temporary assistance for needy families program.

HB 3659 – The Oregon Children's Plan (Generated by the Oregon Strategy for Social Support Initiative)

Represents the continuation of a long-time endeavor to identify and assist at-risk children and their families. It defines the goals and essential elements of an early childhood, voluntary system of supports and defines coordinated state and local responsibilities in carrying out such a system. Finally, it builds on existing programs and links them together into a coordinated and efficient system.

HB 3659 also includes an interim task force on financing child care. The work of this task force will be important as Oregon seeks to increase the availability of affordable, safe child care in the context of diminishing general funds and a profession that suffers from low wages and high turnover.

HB 3669 – Terminating Parental Rights

Expands the definition of conduct that constitutes extreme conduct for purposes of terminating parental rights to include exposing a child to storage or production of methamphetamine.

It includes knowingly exposing a child to the manufacture of methamphetamines as extreme conduct in a juvenile dependency case, allowing a court to terminate parental rights without the requirement that reasonable efforts be made to reunify the child with the parents. It requires a court to consider the extent of the child’s exposure and the potential harm to the physical health of the child in deciding whether extreme conduct exists.

HB 3962 – Unsafe Cribs

Prohibits the remanufacture, retrofitting, sale or lease of unsafe cribs and makes it illegal to remanufacture, retrofit, sell, contract to sell or resell, lease, or sublet any infant crib that is unsafe. It defines “commercial user” and exempts antique or vintage cribs. The measure provides a penalty of not more than \$1,000 for commercial users, \$200 for others. It became effective on passage.

The Danny Foundation, a non-profit organization named after a young child who was accidentally hanged in an unsafe crib, was formed to prevent injuries, conduct research and provide leadership to set standards for safe nursery products. The foundation reports that over 10,000 children are injured in unsafe cribs each year and that 540 children have died from crib injuries in the past ten years.

**Successful Citizens
Ready for School & Ready Schools
A Concept Paper**

May 2002

We all bear the responsibility to nurture our children as they grow, and we work to ensure that they live safe and healthy lives. We want them to be ready to learn when they enter school, so that they can become productive, successful citizens as they mature. This is a goal we all share, one that requires a good-faith effort from all of us.

Most children receive the nurturing and stimulation they need from parents who encourage them, from responsive schools and supportive emotional environments that enable them to develop emotional, social and intellectual competencies. Unfortunately, a certain group of children lacks these benefits, and their development does not proceed smoothly, which places them at greater risk for poor cognitive, social and behavioral outcomes, and subsequent failure in school. Some children don't develop the skills they need to succeed in school and become productive, self-sufficient citizens of Oregon.

Success in school and the future of our state are inseparable, because people who succeed in school most often succeed in life. For those who fail in school, however, success is often elusive. Those who cannot communicate, for example, are powerless to help themselves in today's world. Those who know nothing of their past suffer cultural impoverishment. People with inadequate training lack the necessary preparation to face the future with its new technologies. Without good schools, Oregon cannot remain economically competitive or civically vital.

We ignore these facts at our peril. Uneducated children will likely lack adequate skills to secure employment and become self-sufficient adults. Nationally, approximately 63 percent of high school dropouts are unemployed. Those dropouts who do find jobs often languish at the low end of the pay scale without benefits or job security. Over their lifetimes, high school dropouts earn significantly less than high school graduates, and less than half of what college graduates earn. Similarly, dropouts experience more unemployment during their work careers. They are more likely to end up on public assistance. In short, people who lack a basic education must overcome tremendous barriers to achieve financial success, or even meet their basic needs.

Oregon's drop out rate in the 1999-2000 school year was 6.3 percent, which means that on the average, 20 percent of the students in every freshman class drop out before the end of their senior year. The three-year average high school completion rate for Oregon is worse than the national average, and lower than that of neighboring states. For Latinos,

Native Americans and African Americans, the dropout rate is more than double that for Asian and Caucasian youth.

Society pays a high price for our children's school failure. An estimated 36 percent of incarcerated adults and 35 percent of incarcerated youth in Oregon have dropped out of school. Eighty-two percent of incarcerated youth have a need for special education. Experts have estimated that every year's class of dropouts costs the nation \$240 billion in lost earnings and taxes over their respective lifetimes. The country spends billions more on crime control, law enforcement and prison programs, welfare, healthcare and other social services. This staggering drain on federal, state and local governments is unsustainable, as it is for the private sector.

A recent five-year study of Oregon Youth Authority (OYA) youth revealed that the average age at first adjudication is 14. Research tells us that youth who end up in court for serious offenses at age 14½ typically begin to suffer minor behavior problems in school at age seven, progressing to moderately serious behavior problems at age 9½ and serious delinquency offenses beginning at age 11.9. On average, more than seven years pass between the earliest behavior problems and the first court appearance for an offense.

By the time these youth enter intermediate grades, they have formed antisocial peer groups. A member of a "negative peer group" has an almost 70-percent chance of experiencing his or her first felony arrest within two years. An Oregon-based study has found that many of these students live in dysfunctional homes, where their parents lack parenting skills as well as an ability to provide positive support and reinforcement for the children. These families often experience severe stress, which disrupts the parents' ability to monitor and discipline their children.

A just-completed study examined transition issues and recidivism in 531 youth leaving OYA facilities between 1993 and 1999. Generally speaking, the study found a significant link between school attendance revocation. Among the specific findings are the following:

- Youth who don't attend school or work are more than twice as likely to return to OYA within six months of release.
- Youth who have special education needs are about three times as likely to return to OYA.
- Youth who leave OYA's custody are at the highest risk of returning within the first 6-10 months, making it critical for them to go back to school immediately after release.

Since the 1980's, we've seen an emphasis on improving schools and the school environment in order to improve our young people's success. We have raised standards and expectations. We have focused on raising test scores.

In our effort to improve *schools*, however, we have failed to give *children* the focus they need. We have ignored the fundamental fact that in order to improve our schools, we

must first lay a solid foundation. The more risks a child faces *outside* the classroom, the higher the probability that his or her cognitive and emotional development will be compromised. We have not paid attention to the root causes of poor student performance—lack of parental control and parenting skills, child abuse and neglect, substance abuse in the home, mental health disorders on the part of parent or child, and family instability.

We have failed to recognize that the institution of the *family* may face an even greater peril than schools face, and that many of “education’s failures” relate to problems in the lives of children that precede schooling and maybe even birth. In focusing on school outcomes, we have forgotten the critical importance of providing a good beginning and a stable, nurturing environment for all our children. If they lack nurturing and love during the first years of their lives, we will have great difficulty compensating for such omissions later on.

The difficult truth is that in Oregon today, more than 40 percent of children enter school unprepared to participate fully in the learning experience. These children grow up without good health care, supportive families, and the love they need to become successful, independent learners. Too often we demand that schools do what homes, churches and communities have failed to do. If the schools fail along the line, we condemn them (and the teachers) for not meeting our high expectations.

The truth is that most people who work in schools care about every child. Unfortunately, our schools and our education system are not set up to help *every* child succeed.

Our focus must both be *children* and *schools*. Children must be ready to learn when they enter school and every day thereafter, and schools must be ready and able to teach even the most high-risk students.

Most recent polls and surveys agree: the public wants education to be our first priority. Many states and communities seek ways to reform schools and promote excellence. We have paid comparatively little attention, however, to policies and practices *across* systems—education, human services, and community—in order to promote healthy development and success in school. Parents, teachers, mentors, ministers and other community members are *all* active agents in influencing how and whether a child’s development will thrive or founder.

The consequences of failure are often long-lasting and sometimes severe. The circumstances under which a child grows and develops, and the individuals and institutions who govern those circumstances, are many and interrelated, and they are cumulative in their effects. We can gain much from deliberate efforts to forge ongoing partnerships among families, schools, human service agencies, juvenile justice and others to ensure that all our children receive the skills and support they need to succeed in school and in life.

Oregon has laid an important foundation for such partnerships.

In 1999, the Oregon Legislature passed the “High Risk Juvenile Crime Prevention Initiative,” aimed at addressing the top five risk factors that correlate to delinquent behavior and involvement in the juvenile justice system (including school failure). This effort experienced early success, and the juvenile crime rate has declined. Many local communities, however, struggle with making important connections among parents, schools and social services, both to plan and to implement prevention efforts. Making these connections is critical if Oregon’s juvenile crime rate is to continue to go down.

In 2001, Oregon enacted the Oregon Children’s Plan. The goal of this initiative is simple: Give every child and family a chance to succeed. We do this by offering voluntary screening of first-born infants. We believe that we can identify risk factors such as illegal drug use, unemployment and poor parenting skills. We offer families a range of proven services by coordinating the efforts of many different agencies. In this way, we help families overcome these barriers and get the children off to a good start. The plan received a \$60 million budget, which is tiny in comparison to the \$5.2-billion school budget, and a small fraction of our corrections budget. But it may be the single most important \$60 million in the state’s budget, because it will lead to happier, healthier lives by helping children enter school with the ability to participate and learn. In the long run, the program will reduce the amount we must spend on juvenile justice, the Oregon Youth Authority and the Department of Corrections.

Now it is time to take the next step: to connect our efforts to help children be ready to learn when they enter school—and to help schools prepare to teach the diversity of students they receive, especially those who are high-risk. Collaboration among schools, businesses, families and community groups is a prerequisite. This paper proposes a three-pronged approach:

1. **Increase the adult-child ratio in our schools and in our communities.** Citizens and community groups should guarantee that every child in Oregon has *at least* one positive adult supports and cheers for his or her success. Children grow and thrive in the context of close and dependable relationships that provide love and nurturance, security and responsive interaction. In the absence of positive parental support, volunteers, school janitors or secretaries can help make a difference in helping a child succeed. Research shows that the most successful “mentoring” efforts are those that provide a specific focus on helping a child succeed in school. One study found that 68 percent of the young people who enjoy this kind of structured relationship develop more positive attitudes toward school, and 58 percent achieve higher grades. Other studies have also noted lower related risk factors such as alcohol and drug abuse and anti-social behaviors. Adult-child ratio is very important to school success and particularly so with high quality interactions.
2. **Increase the connection between families, social services and schools.** Schools and social services should work together to build partnerships with parents and

families that address the broad range of factors contributing to a child's success in school. Many models exist for family-school-community partnerships. But research is clear that all must become *actively involved* with each other in order to maximize the success of highest-risk students. Close communication must occur at a planning level and in day-to-day communication among parents, the school and service providers. The most effective efforts are those that address multiple problems and occur simultaneously in the home and at school. Connections among families, social services and schools are paramount to meeting the needs of at-risk children.

- 3. Provide purposeful, relevant and engaging curriculum.** Schools should be called upon to ensure that high-risk students have an equal chance to succeed; this starts by maintaining high expectations for all students. Instead, of moving many antisocial youth from mainstream classrooms into school-based, specialized placements or home tutoring programs, or suspending them, schools must demonstrate flexibility to deal with the diversity and ambiguity of their students by personalizing opportunity and learning for each student. Understandably, attempts to address the needs of high-risk students will create management and administrative challenges. With one in every five students dropping out of school, however, one of the best investments we can make in Oregon's future is to find a way to keep these youth engaged in school. Relevance is a cornerstone of meaningful learning beyond the classroom and into the adult world. These qualities in Oregon schools will prepare each student with the skills and dispositions to be an active and successful citizen.

In summary, there are two sides to the issue of "readiness to learn": Getting children ready for school; and getting schools ready for the particular students they serve—children of all ages and risk levels. All children are born "ready to learn." We need to join the efforts of parents, schools and communities to nurture every child's learning potential, and provide opportunities for continued growth, no matter the level of child's risk. Many ideas are emerging to help high-risk children who don't enjoy nurturing opportunities at home, including interventions for parents and children (both together and separate), school-based efforts, and screening and assessment strategies. We must now link these efforts. In the face of limited and shrinking resources, by forging new alliances, by constructing new partnerships and by building on efforts already under way at the state level and in communities, we can help *all* our children become successful citizens.



Governor John Kitzhaber

**Governor's Summit on the Over-Representation
of Minorities in the Juvenile Justice System**

Portland, Oregon

October 9, 2002

Thank you very much. Today I want to talk with you about the theme of this year's summit—"Enhancing Partnerships with the Education Community"—and what it means to our cause of ending the injustice of over-representation of minorities in the juvenile justice system.

But first, I want to express my deep appreciation to all of you for being here today—whether you're a young person or an adult. To you young people, I say, Thank-you for giving us hope. Thank-you for setting the example of personal strength and character that inspires others to overcome the bad things in their lives—the disadvantages and pressures that too often doom young people to poverty and hopelessness. You are showing the way, and we owe you more than we can ever express.

To the older folks who are here today—the professionals in education and juvenile justice, the teachers and counselors, the administrators and planners—I say, Thank-you for your commitment and hard work. Thank-you for rolling up your sleeves and doing the hard things, and the often-thankless things, that help young people of color overcome the risks and hardships to become successful citizens. You too are making a difference, and Oregon owes you much.

This year's Summit on Over-Representation will be the final one I host as your governor. Since we starting sponsoring this event six years ago, we've accomplished a great deal, and we've learned even more. We have shown that by recognizing the over-representation of minority kids in the juvenile justice system, and by acting to reduce that over-representation, we can make a better world for everyone.

"Enhancing Partnerships with the Education Community" [PAUSE]—in my view, that is the right theme for two very important reasons.

First, it expresses the fact that no single agency, entity or professional community can do this job alone. Success requires a multilateral effort. Nothing short of a strong partnership among law enforcement, juvenile justice, education, health care and social service agencies can achieve the goal we've set for ourselves.

Second, this year's theme expresses an idea that I believe in with all my heart, one that I've stated many times in the past. Today I'll state it one more time: Success in school is one of the strongest protective factors that can keep a young person from falling into delinquent behavior, no matter whether he or she happens to be a Native American, an African-American, Asian, Latino or Caucasian.

In the broader context, we know that success in school and the future of Oregon are inseparable, because people who succeed in school are more likely to succeed in life. For those who fail in school, however, success is often an elusive thing.

Those who lack the power to communicate forcefully and persuasively, for example, are powerless to help themselves in today's world. Those who know nothing of art or history suffer cultural impoverishment that causes isolation and alienation. People with inadequate training lack the ability to make use of the new technologies of the 21st century. In short, without good schools that turn out well-educated people, Oregon cannot remain economically competitive or

civically vital.

You and I know that uneducated children are unlikely to become self-sufficient adults with secure, productive jobs. We also know that well over half of Oregon's employed people are high school dropouts, and that dropouts can expect to earn 30 percent less than those who graduate from high school.

Forty-six point two percent of the youth who enter the juvenile justice system have suffered academic failure within a six-month period prior to contact with the system. More than a quarter of them are chronically truant. Almost a third display antisocial behavior in school before the age of 13. We know who they are. We should be helping them. All these youth are likely to suffer problems with substance abuse and mental health issues.

Even more telling is the fact that 79 percent of the adults who enter Oregon's prisons have dropped out of high school. To me, this is the most illustrative and most tragic of all the statistics I've tossed out today, the one that underscores the importance of the partnership with education. The cost of failure on this front is staggering—the cost of prisons, police, probation programs, drug and alcohol counseling; the list goes on and on—costs that taxpayers must bear. When Children fail in school, taxpayers pay the price. It's as simple as that.

From a purely human perspective, I can think of no greater injustice than the one that so many children of color endure in today's world—the injustice of bearing the high risk of failing in school; the injustice of being poor through no fault of their own, of living in homes where they don't get the support they need to become good students; the injustice of coping with parents or foster parents who abuse drugs and commit crimes.

The State of Oregon has resolved to fight the injustice that weighs these young people down, for their sakes and all Oregonians who care about their fellow human beings. Today, I want to reaffirm this state's commitment to win that fight.

Can any of us estimate how many great scientists we've lost, or how many poets, doctors, jurists, or writers, or homemakers because we've allowed so many children to fall victim to the risks that many young people of color endure? No, we can't begin to make such an estimate. But the loss is no less real, and we're all poorer because of it.

Fortunately, we've made some notable progress in recent years.

The statewide dropout rate for the 2000-2001 school year was 5.3 percent, which reflects a 23-percent reduction in just three years. And even though the dropout rates for African-American and Hispanic students were 11 percent and 11.3 percent respectively—more than twice the overall average—both have declined measurably in the past five years, which is good news.

We still have much to do, no doubt about that. During the past four years, the percentage of minority students in Oregon has grown more than 18 percent, to the point where nearly one out of every five kids in school is a person of color. Yet, the percentage of minority teachers has grown hardly at all. We need more minority teachers in Oregon's schools, and our partnership with the education community must make this a priority.

Enhancing that partnership also means addressing the policies and practices that cut across systems—education, human services, and community—in order to promote healthy development and success in school. Parents, teachers, mentors, ministers and other members of the community are all active ingredients in influencing how and whether a child of color will thrive or fall by the wayside.

In Oregon, we've laid the foundation of such partnerships. Three years ago, we enacted the High Risk Juvenile Crime Prevention Initiative, and—just last year—the Oregon Children's Plan. Our goal is to give every child and family an equal chance to be successful. Rather than thinking of at-risk students as liabilities, we think of them as assets that need some extra attention. They need our respect and our care if they are to grow up to become healthy, productive members of society.

My friends, the time has come to link our efforts to help ensure that minority children are ready to learn when they reach our public school system. We're talking about helping schools prepare to teach the diverse student populations who

enter their doors. We're talking about collaboration among schools, businesses, families and community groups.

Let me challenge you to make two measures a matter of policy in Oregon's schools, and then work to implement them throughout the state.

First, let's increase the adult-child ratio in our schools and communities. Let's enlist individual citizens, charitable organizations and community groups to ensure that every minority child gets the personal support of at least one upstanding adult—someone who provides encouragement and support, someone who cheers for his or her success and comfort them in their times of failure. We know that kids thrive with close and dependable relationships that give them love, nurturance, security and responsive interaction. Studies have told us that the most successful mentoring efforts are those that focus on helping a child succeed in school. So let's get that job done.

Second, let's increase the connection among families, social services and our public school system. Agencies and schools should extend their partnership to parents and families, and enlist them as allies to ensure that every child has a chance to succeed. What does this mean? It means close communication with parents on a day-to-day basis—communication that includes people from the schools and the social service agencies.

I don't doubt that doing these things will require investments of time, resources and money, none of which is in ample supply these days. For this reason, I urge each and every one of you to give your strong support to the ballot measure that will go to voters on January 28 of next year—a measure to establish a modest, temporary surtax that will provide critical financial support to education and other services in Oregon. Passage of this measure will give the next legislature and the next governor time to examine the larger issue of Oregon's revenue structure, and make changes that make it more reliable and more responsive to our state's needs.

My friends, never has it been more important for those of us who care about people to make our voices heard. Never has it been more important for us to stand up for the values that have made Oregon a leader among states, a place where the citizens work to ensure that no man, woman or child suffers because of race, religion, philosophy, sexual orientation, or cultural background.

Francis Bacon, the great Renaissance humanist of the 17th century, said, "If we do not maintain justice, justice will not maintain us." Let's keep our commitment to justice strong in Oregon, so that justice will continue to keep us strong. Let's reaffirm that commitment by renewing our efforts at every level and every part of this state to ensure that every child, regardless of the color of his or her skin, gets an equal chance to succeed in school. This, I believe, is the richest legacy that we could leave to the generations that follow us.

And now, for my favorite part of the program—the presentation of the Governor's Youth Awards.

Our first recipient is Michael Arnold, who's 19 years old, from Salem. He's a young man who has made a big impression on the people who nominated him. Even though he has spent time in a youth correctional facility and several different households, he's shown himself to be creative, willing to learn, eager to improve, and—perhaps most important—respectful of others. Today, thanks to his own basic goodness and the efforts of people at the Oregon Youth Authority, Michael has taken full accountability for his life. No longer on probation, he's a contributing and successful member of the community. I'm proud to present to him the Governor's Youth Award for 2002. Michael . . .

Our next recipient is Melissa Garcia, who's 15. She lives in one of my favorite parts of Oregon—Tillamook. After her father died in a shooting in 1999, Melissa fell in with people who did drugs and took part in gang violence. In her emotional turmoil, she came to hate police officers and other authority figures, and became more and more antisocial. But then she began to learn about the richness of Hispanic culture—the dances, the traditions and the cooking. She became more active in her church, and joined the school volleyball team. She became a volunteer translator to help Latino families, a wonderful way to use her precious bilingual skills. Today she's a great student, an example for people of all races and backgrounds to follow. I'm pleased and proud to present the Governor's Youth Award to Melissa Garcia. Melissa . . .

Cody Campbell is a young man who first turned up at the Marion County Juvenile Justice Department when he was only 12. A sufferer of ADHD, he was failing all his classes. Charges against him ranged from unauthorized use of a

motor vehicle to theft and criminal mischief. Having lost both his father and his stepfather at a very early age, and having seen a close friend shot dead right in his own neighborhood, his emotional troubles were significant. But after participating psychological counseling, and after learning to manage his anger and grief through classes, and has started college. Through hard work, Cody has succeeded admirably, even to the point of becoming a staff assistant in the Marion County Fuel program, which develops skills in mechanics, welding and construction. He also works as a peer counselor for Mother Oakes Child in grief counseling. Here's a young man who has learned that the greatest rewards come to those who help others, and I'm proud to present to him the Governor's Youth Award. Cody . . .

People call Tasha Murphy a survivor. At the tender age of 15, she knows the hardship of living in a condemned building. She knows poverty and privation. She has suffered the pain that comes with being an at-risk child. Despite the troubles she's known, Tasha has displayed courage and determination, and she's worked hard to overcome hardships, risks and disadvantages. Today, she's a high school graduate with a GPA of 3.0, and a volunteer with the Tillamook County SMART program. She will shortly begin her college education. Those who know her describe her as sensitive, caring and supportive of other students, a person to whom others are drawn. She's always willing to lend a hand, and exhibits tremendous resolve, as well as a capacity to see the big picture. Maybe this is why she hopes to become a special education teacher for pre-schoolers, a career that will enable Tasha to help others avoid the hardships and pitfalls that she herself learned to surmount. Ladies and gentlemen, I'm delighted and proud to present the Governor's Youth Award to Tasha Murphy.

Our final recipient is Mike Greene. During his childhood, his parents lived lives of delinquency, so a friend of the family adopted him. Despite the problems he endured, Mike was a good student. But he started to suffer extreme abuse by an adopted parent, which included imprisonment in a locked room for 30 days. He rebelled, starting running away, stealing cars and committing other crimes. At the age of 13, he sold drugs, and took up an affiliation with a gang. He lost friends to gang violence, and suffered a gunshot wound himself. But then he found strength and inspiration in religion, and thanks to counseling and friendships at the House of Umoja, Portland's safe house for threatened youth, he showed what he's made of. Mike now works as a counselor at the House of Umoja, helping other young people steer clear of the troubles that he himself suffered. He's a young man who's giving back to his community, a young man any of would be proud to have a friend. I'm honored to present the Governor's Youth Award to Mike Greene. Mike . . .

Join me in giving these young Oregonians a big hand. Thank-you all for coming, and keep the faith!

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Governor's Summit 2001: A New Odyssey
Effective Solutions for Reducing the Over-representation of
Minorities in the Juvenile Justice System

Summit Report

This report published by the office of Governor John A. Kitzhaber, M.D.
Health, Human Services and Labor
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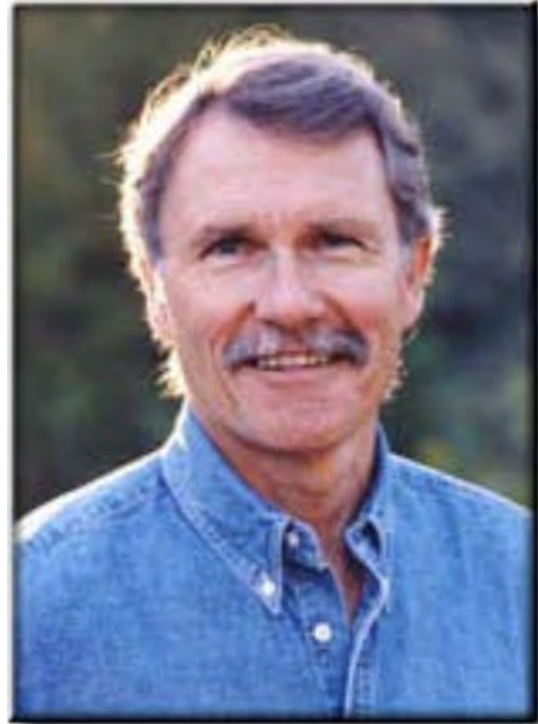
Available on line at http://www.governor.state.or.us/gol_health.htm

Annual Report From Governor Kitzhaber

It would be good if there were no need for an annual summit on reducing the over-representation of minorities in the juvenile justice system. There would be no need for a summit if there were no problem.

We have had some successes, and we have more work to do. Let me start with the successes:

- Many young people are willing to discuss and think about this challenge. Over 125 youth attended the 2001 Summit—an incredible testimony about our future that so many would take the time to participate in an all-day conference.
- There is ample statistical evidence that we are making a difference and actually reducing the number of minorities involved in the juvenile justice system. For example, while the percent of minority youth is rising—from 15 percent of youths in Oregon just a couple of years ago to 19 percent today—their overall representation in the juvenile justice system is declining.
- Since we held our first summit in 1997, arrests of all juveniles are down almost 25 percent. Specifically, arrests of Hispanic youth have dropped 12 percent. Arrest of Asian youths has dropped 42 percent and Native American Youth arrests have dropped almost 15 percent. Arrests of African American youth declined steadily until this last year when they crept up just short of 1 percent.
- We have seen a continued decline of minority youth sentenced to Ballot Measure 11 sentences at the Oregon



Governor John A. Kitzhaber

Youth Authority since 1999. The percentage of minority youth has gone from 40 percent in 1997 to 43 percent in 1999 to 35 percent in 2001.

In short, we have a lot to celebrate! Oregon is truly a national leader on solving the problem of minority over-representation in the juvenile justice system. We take action here in Oregon, and we have the data to show our successes. No other state has seen this kind of progress.

But there are still some troubling statistics that we must continue to address.

- Minority youth continue to comprise a larger percentage of school dropouts: 25 percent in 2001 compared to 22 percent in 1996. We know that one of

**Over-representation of Youth in the Juvenile Justice System
2001 Summit Report**

the strongest predictor of avoiding juvenile justice involvement is school success.

- Measure 11 charges and sentences still represent some of our biggest challenges for certain ethnic groups: Asian youth serve Measure 11 sentences at a rate more than two times their representation in the population. African American youth serve Measure 11 sentences at a rate five times their representation in the population.
- African American kids are also arrested at a rate three times their representation, and in overall closed custody (regardless of crime) four times their representation in the population.

So, our work is not done. Far from it. That's why I will continue to pour energy both into school quality and into helping kids to be ready to learn.

We already know that one of the highest predictors for involvement in the juvenile justice system is poor performance in school. Conversely, school success is one of the strongest "protective" factors that can keep a young person from engaging in delinquent behavior. These predictors are even stronger for youth of color.

Schools, then, play an integral role in preventing crime and in preventing minority youth from involvement with the juvenile justice system.

Since the 1980's, there has been an emphasis on school improvement and improving the school environment so that our young people have a better chance of succeeding. We have raised standards and

expectations. We have focused on improving test scores.

The quality of our schools and the future of our state are inseparably connected. People who are successful in school are more often successful in life. People who cannot communicate are powerless. People who know nothing of their past are culturally impoverished. People who are poorly trained are ill prepared to face the future. Without good schools, Oregon cannot remain economically competitive or civically vital.

But in our search for school excellence, the *children* have somehow been forgotten. We have ignored the fundamental fact that in order to improve our schools, a solid foundation must be laid beforehand.

We have failed to recognize that the family may be a more imperiled institution than the school, and that many of education's failures relate to problems that precede schooling -- even birth itself. We have focused on school outcomes, forgetting that if children do not have a good beginning -- if they are not well nurtured and loved during the first years of life -- it will be difficult, if not impossible to compensate fully for such deficits later on.

The difficult truth is that in Oregon today, over 40 percent of children are entering school unable to fully participate in the learning experience. These children are growing up without good health care, without supportive families, without the love they need to become successful, independent learners.

Schools in turn are being asked to do what families and churches and communities have not been able to accomplish. And if

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the schools fail along the line, we blame them and the teachers for not meeting our high expectations. Our focus, our concern must be *children* – not just the schools.

That's why we worked hard to pass the Oregon Children's Plan in the last session of the Legislature. Our goal is simple: give every child and family the chance to

succeed. We do this by offering voluntary screening of first-born infants. Hopefully, we will identify family risk factors such as drug use and unemployment and offer a range of proven services that will help young families get off to a good start. Your participation and commitment in this effort are more important than ever, and I appreciate your help.

John A. Kitzhaber, M.D.

What is Disproportionate Minority Confinement (DMC)?

In many areas across the country, the number of minority youth in secure facilities exceeds the population of such groups in the general population. In 1998 during the reauthorization of the Federal Act on Juvenile Justice and Delinquency Prevention, Congress established a new requirement for states to determine whether or not minority youth are being confined in disproportionate numbers in secure facilities and to create a strategy for addressing racial inequality where it is present. States go through stages of data gathering, analysis and problem identification, assessment, program development, and systems improvement initiatives.

Oregon was selected as one of five states to receive assistance in the data gathering and analysis stage. The research includes the extent of over-representation statewide and in the three largest counties (Lane, Marion, and Multnomah), the points in the juvenile justice system at which it is most likely to occur, and the implications of the current research for future policy research on the reasons for over-representation. The summary data from 1990-93 indicate that African American youth are particularly likely to be over-represented at every decision point from arrest to final case disposition than at the front end of the system.

Over-representation

Over-representation exists when, at various stages of the juvenile justice system, the proportion of a certain population exceeds its proportion in the general population.

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**Reference Data for the Governor's Summit on the
Over-representation of Minority Youth in the Juvenile Justice System
October 2001**

The chart in Figure 1 illustrates some of the changes that have occurred over the past five years regarding minority youth. (Figures in the chart are rounded.) The biggest change from the 2000 data on youth is the increase in the Hispanic youth population. Long-term, minority youth have gone from 15% to 19% of the youth population, driven primarily by the number of young Hispanics. The good news is that while the percent of minority youth are rising, their overall representation in the juvenile justice system is declining.

The drop out rate of minority youth has remained steady over the past three years at 25%, but that is an increase compared to 22% percent in 1996. Since 1997, Hispanic dropouts have increased from 12.4 percent of all dropouts to 15.6 percent. Asian and black youth have increased slightly (about one-half percentage point each). Native American dropouts, however, have declined by one percent. Drop out rates are significant because school failure is strongly equated with juvenile crime.

The percent of total youth arrests has increased for minorities by two percent from last year, but for the long term, minority arrest rates have fluctuated year to year from 15 to 17 percent. Native Americans declined one percentage point, while Hispanics increased one point and Blacks increased two points.

There is a continued decline of minority youth sentenced to Ballot Measure 11 sentences at the Oregon Youth Authority (OYA) since 1999. The percentage of minority youth has gone from 40% in 1997 to 43% in 1999, then dropping to 35% in 2001. The overall percent of minority youth in closed custody (regardless of crime) at the OYA showed a sharp drop in 2001 from 28% to 25%.

	Percent of Overall Youth Population (1)					Drop-Out Rate (Percent of all dropouts) (2)					Percent of Total Youth Arrests (3)					Percent of Close Custody Population Serving Measure 11 Sentences (4)					Percent of OYA Close Custody Population (5)				
	97	98	99	00	01	97	98	99	00	01	97	98	99	00	01	97	98	99	00	01	97	98	99	00	01
Year	3%	4%	4%	4%	3%	3%	3%	3%	3%	3%	1%	1%	1%	1%	1%	10%	7%	9%	8%	8%	2%	2%	2%	2%	3%
Asian	2%	2%	1%	1%	2%	3%	3%	3%	3%	2%	2%	2%	2%	2%	1%	2%	3%	3%	3%	2%	5%	4%	4%	4%	4%
Native American	2%	2%	2%	2%	2%	4%	4%	4%	4%	4%	4%	4%	4%	4%	6%	8%	14%	16%	14%	11%	10%	11%	11%	11%	9%
African American	8%	9%	9%	10%	12%	12%	14%	15%	15%	16%	8%	8%	8%	8%	9%	20%	16%	15%	12%	14%	11%	11%	11%	11%	10%
Hispanic	15%	17%	16%	17%	19%	22%	24%	25%	25%	25%	16%	15%	16%	15%	17%	40%	40%	43%	37%	35%	29%	28%	28%	28%	25%
Total																									

Figure 1

- (1) US Census Bureau, www.census.gov, ages 0-17, Race and ethnicity are defined differently for census figures and the Oregon Youth Authority. For the youth population figures, Non-Hispanic and Hispanic African-Americans were grouped together as African-Americans and all other Hispanics were grouped together as Hispanic. Asian and Native-American groups include only Non-Hispanics. Oregon Corrections figures use a "self-identification" system. The Census Bureau changed its race and ethnicity categories for Census2000, allowing respondents to check multiple categories. The '01 data are estimates from that multiracial data.
- (2) Oregon Department of Education for grades 9-12. Rates reflect the previous school year (e.g., 2001 data is from the 1999-2000 school year).
- (3) Oregon Law Enforcement Data System, 0-17 arrests. Data for 1999 ('00) is preliminary and unaudited data, and does not include data from Roseburg and 18% of cases from Portland. There is no evidence that the missing data would affect the results cited here.
- (4) Oregon Youth Authority. ('01 data are as of July 1, 2001 and do not include sentences reduced under SB1049).
- (5) Oregon Youth Authority. ('01 data are as of July 1, 2001 and include total close custody population).

Summit Activity

Speakers

The 2001 Governor's Summit on the Over-representation of Minorities in the Justice System was all about action. When **Governor Kitzhaber** addressed the conference, he emphasized the importance of schools, judges, and district attorneys being more proactive in their response to the issue of over-representation. He reminded the audience that school success is a strong shield against delinquency and that schools play an integral role in preventing crime and in keeping minority youth from involvement with the juvenile justice system.

Chief Justice Wallace P. Carson, Jr.

reaffirmed the Oregon Judicial Department's long-standing commitment to ensure that all people who come before the courts are treated fairly and with respect. Because he



Chief Justice Wallace P. Carson

knows that minority over-representation in the juvenile justice system is a complex problem that goes beyond the courthouse doors and requires sustained collaboration by all three branches of state government, he pledged to continue the Oregon Judicial Department's initiatives and to work with the Executive and Legislative branches to make resolving this problem a priority.

In her keynote address, **Senator Avel Gordly** also posed challenges for the group. She told the audience to address the dropout issue. The Legislature didn't

pass proposals expanding options for dropouts or a bill requiring teachers and other educators to have cultural competence. She believes these issues must be brought up in the next regular session. Senator Gordly urged attendees to ask gubernatorial candidates to make reducing the over-representation of minority youth in the justice system a priority. "This is about saving young people and eradicating racism," she said.

In his introductory remarks, **Attorney General Hardy Myers** encouraged participants to reassess what is important and to keep these goals in mind as they searched for solutions to the problem of over-representation. "Envision what can be done," he urged. "Demand accountability, but assure justice for youth while seeking accountability."

Lane County Commissioner Bobby Green also urged action. He told the group to take advantage of "teachable moments" to get the message out that over-representation of minorities in the justice system is still a problem. He advised advocates to use community resources and to identify key legislators who recognize the need for cultural competency. In addition, he recommended using agenda-specific programs to network and collaborate with others. "Be creative," he said. "Imagine a service delivery system as if you had to use it."

Discipline Areas

After hearing the speakers, participants focused on how tools and strategies could be used at different points in the system to reduce the numbers of minority youth who end up in the juvenile justice system. The seven discipline areas identified for the

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Summit as points in the system where steps can be taken were:

- Prevention
- Arrest
- Adjudication
- Commitment
- Intervention
- Transition/Aftercare
- Legislation

Participants discussed positive developments underway in their communities and the outcomes those activities generated. Group members described how the activities have built positive relationships within their communities, and they considered additional opportunities to build such relationships. They discussed how their organizations could do a better job of working with other parts of the system to reduce over-representation, while brainstorming ideas about steps that could be taken to overcome barriers. Some of the barriers identified are:

- Lack of parenting skills
- Lack of nurturing homes in early childhood
- Lack of money and resources (unlikely potential for more money)
- Lack of knowledge about accessing existing resources
- Negative images of youth in media
- Hopelessness created by poverty and hunger
- Youth mental health and drug/alcohol issues
- Low expectations – racist attitudes
- Cultural barriers
- Lack of opportunities
- Leadership not diverse

The main themes coming out of the discussions on effective solutions centered on:

- The importance of early intervention
- Youth participation and advocacy
- Family involvement in these discipline areas:

During the afternoon workshop, participants considered unique crime profiles of different populations and noted that prevention efforts need to be targeted toward the specific needs of these populations. Discussions across all discipline areas throughout the day emphasized the importance of cultural competency training in order to meet those specific needs.

Prevention

Some of the programs featured to keep minority youth out of trouble are the Partnership Program in Clackamas County, a collaboration of multi-disciplinary agencies, and the Solutions Program in Salem, both of which provide wrap-around case management. Other state agencies are also involved in prevention. The Oregon Liquor Control Commission has initiated prevention-through-education programs that deal with teen drinking. The Department of Corrections developed a special program called the Children of Incarcerated Parents Project two years ago. Because such children are five times more likely to be incarcerated later in life than their peers, the project uses the period of a parent's incarceration as an opportunity for positive intervention with families at risk. Currently, a parent education curriculum is being taught to inmates in the prison system. In addition, an Early Head Start

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program will open soon at the Coffee Creek Correctional Facility.

Some suggestions made for overcoming barriers to prevention included:

- Make parenting classes available.
- Use interested kids to talk to kids who are at risk.
- Focus more on middle-school kids.
- Increase volunteerism.
- Integrate more "systems" to provide easier access to services.
- Emphasize local young people as role models.
- Increase outreach to help address poverty and hunger regarding food stamps, etc.
- Offer nurturing by "mentor parents" and programs like Healthy Start.
- Equalize access to mental health and treatment services (middle class kids get lighter sentences because they're "in treatment" which they can afford but poor families cannot).
- Hold schools accountable because low expectations can cause performance to drop.
- Address cultural barriers by tailoring programs to fit communities. Have members of community deliver programs.
- Expand mentoring programs in schools.
- Create opportunity programs to give minority kids work experience.

- Seek greater participation by education.
- Utilize more schools as "community centers" for cultural activities and training.
- Mandate educators to meet competencies in cultural awareness

Arrest

Participants discussed the problem of racial profiling. Chief Ron Louie, of the Hillsboro Police Department described the profiling project his department has implemented and some of the data available. Police are collecting information on traffic stops that include their perception of a driver's age, sex, and race; the reason for the stop; whether the car was searched; and what, if anything, illegal was found. At the time of the Summit, existing evidence did not show racial profiling, but because the amount of information gathered was small, it is possible that the conclusion could change. The perception persists that police do target drivers based on race, and that problem must be addressed.

Programs implemented by the Confederated Tribes of Warm Springs to address racial profiling emphasize relationship building and involvement of the community in the process. This might include ride-alongs that pair youth with police officers, officers "hanging out" in the community, and probationers becoming part of the sanctioning process by recommending their sanctions. Other suggestions for addressing the issues of racial profiling and ways to improve the relationship between the community and police included:

- Police districts should recruit more

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- bi-lingual officers and provide more cultural competency training.
- Police departments should represent demographics of the community it serves.
 - There should be advocates for arrested youth.
 - Arresting officers should explain rights in native language.
 - Each community needs a citizen review committee.
 - Don't neglect "small, everyday actions" that can create understanding. These could be gestures like offering meals to families/youth, mentoring, police/youth get-togethers.

Participants in the discipline area of arrest also discussed the importance of promoting understanding of juvenile-unique offenses. For example, policies that target youths can be posted, such as no gang-related clothes permitted in Lloyd Center.

Adjudication

Groups discussing adjudication focused on alternatives to sentencing and advocacy programs. They considered what the alternatives are, why they work, and whether they're being used frequently enough. Some of the alternatives discussed included prevention services, a formal accountability agreement, diversion programs, peer counseling, and peer courts. The peer court in Klamath County is a voluntary program that youth offenders may choose as an alternative to going before a judge. The objective is to ensure that offenders get a truly representative jury of their peers. Youths who serve as jurors for the court issue sanction contracts that must first be approved by a judge. Sanction contracts have included requirements such as

maintaining a minimum grade point average or participation in extra-curricular activities. Klamath County juvenile court judges support the peer court and decided it was sufficiently stable and successful to handle substance abuse charges. Other alternatives to sentencing include community service, environmental service programs, and advocacy programs like Court Appointed Special Advocates (CASA).

Participants discussed a variety of suggestions for improving the adjudication process. Members believed that including families in every step of the process is central to increasing understanding and successful completion of court-ordered programs. To achieve this, defense attorneys serving youth should be uniquely qualified. All forms and processes should be translated into native language, and the adjudication process should be age appropriate and consider the developmental stages of youth, as well as cultural differences. The use of interpreters should be increased and judges should receive more cultural competency training.

Commitment

Once youths are committed to a facility, what can be done to prevent recidivism and to promote personal success? Participants in breakout sessions considered these general factors key in addressing recidivism:

- Commitment settings should be age appropriate and must consider the developmental and cultural needs of youth.
- Educational standards should be high.
- Assure adequate cultural

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- programming and cultural competency among staff.
- Staff composition should reflect youth service.
 - Encourage strong family involvement in programming delivered in correctional settings.
 - Include youth in the development of program including design, implementation, operations, and continuous improvement.
 - Have grievance system in place in all correctional settings to handle complaints about racial discrimination or lack of culturally relevant services.

The panel considering this discipline area looked for those specific cultural issues that are more common among minority youth and that need to be addressed in facilities. The workshop reviewed the demographics of youth committed to and incarcerated at the Oregon Youth Authority (N=1,065). For females, the percentages below are usually higher (except where noted).

- More than 50% have a special education designation.
- More than 50% have a major mental health diagnosis.
- More than 70% have a substantial history of substance abuse.
- More than 15% have had at least one suicide attempt (there is a higher frequency of self-mutilation and multiple suicide attempts among girls).
- More than 30% have parents convicted of a felony.
- More than 60% have been placed in alternative care settings prior to incarceration.
- 60% have a history of running away.

- 30% have failed at least one grade (the statistic is lower for girls).
- 10% are adopted and have a very difficult time finding their place in the world.
 - 10% are parents or are expecting.
 - 25% come from families where the job history is of semi-skilled employment.
 - 44% come from families where the job history is of professional employment.
 - More than 70% of the girls have been sexually abused (this is believed to be grossly under-reported).

Panelists presented key issues related to preventing recidivism among girls, Native American youth, and Latino youth. Oregon has the only secure transition program for girls in the United States. Program design for this and other programs should be based on the following factors.

- Research for girls.
- Attention paid to sexual violence, especially control and decision-making.
- Sexism and racism in a social context with attention paid to the socialization process.
- Emotional and financial dependence on males.
- The likelihood of sexual activity and parenting.
- Seamless continuum of services and consistency of services, including language.
- Staff that represents the population of youth and the use of consultation services where necessary.

Challenges faced in putting together services for girls include the lack of

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community-based programs that target girls, the prevalence of domestic and sexual violence, the lack of affordable housing, and the need for educational/vocational training.

Effective services that are relevant to the Native American youth and their culture are very important. Members of the discussion group believe that if youth are failing in the services provided, then the question should be asked: how are the services failing the youth? One of the most important factors in serving Native youth is the issue of identity and identity development. Factors important in preventing recidivism with this population include:

- Identity development
- Peer pressure
- Family makeup
- Lack of ties to culture and community
- Rates of addiction
- Diet and nutrition
- Emotional and health status of the culture and community.

For Latinos, relevant services must be provided before adjudication. It is particularly important that the community take ownership of these youth and that they join together in a broad partnership in order to do so. The "identity gap" between youth and parents as acculturation occurs was emphasized. It was noted that greater acculturation has been associated with poorer outcomes. Also, that as skill in negotiating the dominant culture increases, so do risk factors. The gap between parent and child may lie at the heart of this risk. To this end, specific suggestions were made for services:

- Language and cultural identity

should be part of any assessment for Latino youth.

- The family should be seen as very important.
- Culture and language should be viewed as a "protective factor".

Through panel presentations and discussion, several themes emerged that cross all ethnic, racial, and sexual lines. The following components and ideas were offered as part of the solution to preventing recidivism:

- Honestly address and discuss our own bias, sexism, and racism.
- Develop effective services, relevant to the youth's culture that help with identity development. Begin by connecting in a positive way with who the youth are.
- Develop or use culturally appropriate assessment techniques. There is not one "tool" because cultures are complex.
- Involve the family and members of the youth's culture as soon as possible and include culture in transition or parole plans.
- Communication is especially important. Share information and develop relationships across agencies and departments. Break down the confidentiality barrier.
- Seek greater involvement and commitment from the dominant culture, particularly from schools, judges, and district attorneys.
- Devote time, energy, and resources to each individual youth. Use mentors.
- System plans should not just require culturally appropriate services. The planning itself should reflect the diversity of the community.

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- It is especially important not to do things just from the service provider's convenience. We must change the way we do things and deliver services.

Intervention

Groups considering intervention discussed effective intervention programs and why alternatives to detention aren't being utilized. They wanted to learn more about programs that are community or faith-based or that involve approaches such as residential treatment, community service, restitution, or house arrest.

Alternative programs might be utilized more if offenders and their families were more aware of their availability or if the treatment services and staff composition were more culturally relevant and reflect the community population.

Recommendations to address the issue of appropriate and effective intervention included:

- Provide stronger emphasis on family involvement and participation, e.g., emphasize parent training and support.
- Develop special services for families where parents have limited English proficiency. Youth should not be expected to translate for parents. Interpreters should be used or services provided by bilingual staff members.
- Develop more treatment alternatives to detention.
- Make treatment and intervention services accessible before youth get in trouble.
- Provide more diversion programs and models for youth with mental

health and/or substance abuse problems.

- Make culturally relevant intervention and treatment services for youth with mental health disorders available upon demand to prevent further involvement with justice system. Research shows that at least one in five youths under the age of eighteen who have been arrested have serious mental health problems.
- Expand treatment courts and juvenile drug courts for youth with substance abuse problems.
- Develop and fund more research-based family centered treatment models, such as Multi-systemic Family Therapy (MST) and Functional Family Therapy (FFT) to serve minority youth and their families. These treatment models have proven to be more effective than traditional community-based treatment models and have been researched and tested with various cultural groups and communities.
- Use a strengths-based, family-centered framework to develop juvenile crime prevention, intervention, and treatment services. Agencies incorporating this approach view adolescents within an interactive context of family, cultural, and community systems, and they tailor their activities and programming accordingly.

Legislation

Summit participants discussed the role of legislation in combating over-representation of youth in the justice system. There are laws that specifically address the problem of over-representation while other legislation carries unintended

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negative consequences and thereby contributes to over-representation. One example of a law that attempts to address the problem—at least indirectly—is SB 415, passed during the regular 2001 Legislative Session. It establishes the Law Enforcement Contacts Policy and Data Review Committee to receive and analyze demographic data to ensure that law enforcement agencies do not discriminate based on race. The reporting required by the law was prompted by charges of racial profiling, believed by many to occur especially during traffic stops and with minority youth.

Measure 11, passed by the voters in 1994, requires mandatory sentences for certain crimes and applies to convicted persons aged 15 and up. It was cited as an example of legislation with the unintended consequence of affecting minority youth disproportionately.

The group discussing legislation emphasized the importance of everyone feeling empowered to affect the legislative system. To encourage greater participation in law making, they shared information about effective ways to educate policy makers

Transition/Aftercare

Participants examining transition and aftercare engaged in a discussion about expanding the efforts of the Oregon Youth Authority's transition program to include probation youth and those waived to the adult system. They stressed the importance of involving the family in the transition process with strong emphasis on maintaining a relationship-based approach. The recommendation to network with

home schools generated concern about accountability for youth coming from special districts and the responsibility of those districts to provide an educational opportunity. It was also recommended that parole and probation officers establish a relationship with their clients' school officials to enhance communication and services.

The group believes it is unreasonable to expect improvement by sending young people back to the same circumstance from which they came and therefore recommended:

- Don't place youth back in public school settings immediately after being incarcerated; instead use a step-down approach to integrating them back into that setting.
- Involve family members.
- Provide more diversity in all education, training, and workplace initiatives.
- Invest dollars in programs.
- Use multiple approaches.
- Establish more treatment foster care homes.
- Engage in strategies that gradually build more community support.
- Provide more training for court workers.
- Utilize multi-color volunteerism.
- Increase collaboration among service providers.

Commitments To Reduce Minority Over-representation

Mixed groups of youth and adults met in breakout rooms during morning sessions and attended workshops in the afternoon to identify individual and collective actions that can be taken. Both adults and teens made personal commitments—actions they pledged to take as individuals--to reduce minority over-representation. Many of the individual teen commitments focused on continuing their education and mentoring younger children. Adults pledged a wide variety of actions including mentoring, increasing outreach, working with schools to educate youth regarding cultural differences, and advocating for changes in Measure 11 law.

In past years, groups working on the issue of over-representation of minority youth in the justice system have committed to taking specific steps to address the problem. During the 2001 Summit, representatives of specific discipline areas did not make group commitments as in the past, but they have continued working to fulfill the earlier commitments. Some of the progress made by the law enforcement community, those involved with juvenile/adult corrections, and the community-based social service agencies follows:

Law Enforcement Commitments

Develop a method and curriculum to educate and train veteran officers in "risk factors" and cultural competency.

A training video was produced featuring the superintendent of Oregon State Police, a representative of the Oregon Police Chiefs, and Oregon Sheriffs that reinforced the expectation of police leaders that the only appropriate enforcement decisions are those based on legitimate law enforcement concerns. It was emphasized that racial bias in policing would not be tolerated. This video was incorporated with written materials and a test to ensure that officers understand the expectations and statutory provisions contained in House Bill 2433, the 1997 law passed related to conducting traffic stops in a lawful manner.

In addition, the Department of Public Safety Standards and Training has initiated training at the entry level that deals with diversity and recognizing predisposition. The department of State Police includes entry level and in-service training curricula pertaining to cultural awareness and civil rights issues.

Continue to implement HB 2433

Oregon law enforcement agencies have completed training on HB 2433. The representatives of the legislative work group presented a report to the 1999 Oregon Legislative Assembly and continued their work as the Community Relations Work Group, a subcommittee of the Governor's Public Safety Policy and Planning Council. The diverse group supported Senate Bill 415 in the 2001 Oregon Legislature. This bill served as a mechanism to provide a statutory committee to continue the process of addressing and resolving issues of minority community trust of law enforcement. One provision of this legislation was to establish funds for the analysis of traffic stop data, which was being collected on a voluntary basis by several police agencies.

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Create a nondiscrimination declaration for police to sign

Declaration was created and Oregon State Police as well as northwest and southwest Washington police departments signed it.

Take personnel action against police who profile or otherwise discriminate against minorities.

All Oregon police agencies adopted a non-discrimination policy and reported complaints of discrimination and the outcome of the investigations to the Legislature. The Department of State Police continues to track complaints alleging bias and conducts investigations of such allegations.

Juvenile/Adult Corrections Commitments

Continue to enhance and expand the Minority Youth Transition Program

The Oregon Youth Authority, Office of Minority Services continues to expand and enhance the Minority Youth Transition Program. The program provides services to minority youth leaving secure custody and returning to Marion, Multnomah, Washington and Clackamas counties as well as to others on a case by case basis. The Transition Program has been recognized as a national model at the National Office of Juvenile Justice and Delinquency Prevention (OJJDP) Conference in December 2000 in Washington, DC and last spring at the National American Correctional Association/OJJDP “*Going Home*” Conference in Charlotte, North Carolina. The Office of Minority Services provides consultation and technical assistance nationally regarding transition/re-entry services. The transition specialists continue to work with parole officers and supervisors, community providers, Minority Services staff, faith-based organizations, the youth’s family and the youth to develop individualized transition plans. Youth may receive incentives and graduated consequences while on the Transition Program. As of April 2002, the Transition Program served 107 youth of which only 11 were either suspended from the program or received new charges.

Assist facilities in establishing effective culturally specific treatment services by providing staff development, training, technical assistance, and program development.

The Office of Minority Services continues to assist facilities in providing culturally specific and language appropriate treatment services including Gang Intervention/Youth Empowerment Treatment support groups, multicultural and ethnic specific treatment services, Gang Tattoo Removal Program, and Native American spiritual services. The Office of Minority Services provides staff training in cultural competency and working effectively with minority youth. Currently the office is in the process of developing curriculum for gang intervention/youth empowerment that will be standardized and used statewide for gang intervention services.

Develop a mentorship program

The Office of Minority Services provides ongoing support to the OYA Regions in developing key focus areas including training and mentorship programs. It advocates for resources in the region particularly through the Native American Advisory Committee and Hispanic Advisory Committee.

For more information regarding these or other services provided by the Office of Minority Services call (503) 378-4667.

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Community-based Social Service Agencies Commitments

Use multiple strategies to increase parental involvement with youth.

The Native American Youth Association (NAYA) strives to hold meetings with students, parents and teachers at least twice a year to set goals on improving students' academic experience. It is a priority of NAYA to involve parents in all youth programming.

The Morrison Center for Child and Family Services planned to adopt at its July meeting the primary goal of improving and increasing parental/family involvement in different aspects of its work with clients.

Work in partnership with other agencies to create and implement intervention strategies to support minority communities.

NAYA staff participates in the Native American Providers Circle and the Native American Leaders Round Table. It also works closely with the Native American Rehabilitation Association to streamline services for Native youth.

The Morrison Center has been developing a cultural accountability effort to increase staff and volunteer knowledge and training on a variety of cultural issues in the workplace.

The Morrison Center has operated a Latino project for the past year and a half that focuses on decreasing substance abuse in the Latino population

Help youth from counties communicate their wishes within their communities.

The young adult group housed by NAYA acts as a leadership group. They meet regularly with the board of directors as well as other community leaders to discuss issues that affect Native American youth.

NAYA has held two community strategic planning sessions where communities and youth came together and discussed issues that affect the community, including over-representation. A youth forum was scheduled for July 2002 where Measure 11 was discussed.

The Multnomah Youth Advisory Board (YAB) has a primary goal to provide a voice for young people in the community and strives to represent as diverse a population as possible. In the past year, JAB members worked on "innovation teams" with youth-serving organizations such as Portland Impact, Familyworks and Campfire, as well as the Commission on Children, Families and Communities, to develop youth-adult partnerships. In addition, JAB has worked with the Oregon Mentoring Initiative, met with Portland City Council, and participated in the School-Aged Services Policy Framework process. The Framework will help guide Multnomah County's involvement in services for school-aged children and youth.

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**YOUTH Award Winners
(Youth Overcoming Difficult Times and Hardship)**

The Governor's YOUTH award, presented annually at the Summit on Over-representation, recognizes young people who show consistent progress in overcoming adversity. Governor Kitzhaber established the award two years ago to honor four youths who take positive risks in turning their lives around, achieving success, and for contributing to the success of others. Award winners receive plaques that were designed by three young men in custody of the Oregon Youth Authority who are also working to overcome adversity. During the 2001 Summit, the Governor was given a belt buckle with the same design. It was presented in recognition of his efforts to address the problem of the disproportionate number of minority youth that end up in courtrooms and jails.

Winners of the 2001 YOUTH awards are an inspiring group of young people. All have overcome a variety of economic and social struggles.

Ernan Contreras was the youngest recipient this year. Sixteen years old and a student at Hood River High School, Ernan has been on the honor roll for two years. He excels in math and science and is a positive influence on other young Latino students. He was nominated by his assistant principle because of how he also inspires the adults in his school and in the community.

Noah Winterhawk was described as someone who will succeed because he refuses to fail. He entered his second year of studies at Eastern Oregon University September 2001. During the summer, he was employed by a youth program and is a positive influence for many younger, troubled youth. Nominated for this award by the judge who sentenced him since he was ten years old, Noah is a one-person example of the successful people connections.

Ellie Heater overcame violence, drug abuse and poverty to complete successfully complete all the terms of her probation, graduated with honors from Roseburg High School (receiving the award of excellence for both math and English) and entered a work-study program where she is employed. She began studying to be a paramedic, rides her bike twenty miles each day to attend classes, and has moved into her own apartment. Staff at the treatment facility she attended nominated Ellie.

Elton Seals was involved in significant gang activity and serious crime, but decided to change his life while in prison. When he was released, he started to work on his education. He graduated with an associate's degree with a 3.26 GPA and then went on to complete work on his bachelor's degree in social sciences at Western Oregon University. He was a starting defensive back on the football team and earned Division 2 Player of the Week, Greater Northwest Player of the Week and Conference Player of the Week. Elton was nominated by his mentor.

**Over-representation of Youth in the Juvenile Justice System
2001 Summit Report**

Kudos and Appreciation

The success of the 2001 Summit was made possible by the hard work and dedication of the planning committee, facilitators, and moderators and panelists who contributed their time and expertise.



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Governor John Kitzhaber

Minority Overrepresentation Summit

October 17, 2001

Good afternoon. I wish I could say I was glad to be here, but I'm not. I wouldn't be here if there wasn't a summit on Reducing the Over-representation of Minorities in the Juvenile Justice System. And there wouldn't be a summit if there wasn't a problem.

So the fact that we are all here together today is a signal that we have more work to do to address the problem of minority overrepresentation in the juvenile justice system.

But that does not mean that we have not had some successes. Let me start with those today:

First, it's important to note that we have more than 125 young people in the audience today to help us discuss and think about this challenge. I think that's incredible testimony about our future that so many of you would take the time to participate in this all day conference.

Second, there is ample statistical evidence that we are making a difference and actually reducing the number of minorities involved in the juvenile justice system. For example, while the percent of minority youth are rising – from 15 percent of youths in Oregon just a couple of years ago to 19 percent today – their overall representation in the juvenile justice system is declining.

Since we held our first summit in 1997, arrests of all juveniles are down almost 25 percent. Specifically, arrests of Hispanic youth have dropped 12 percent. Arrest of Asian youths has dropped 42 percent and Native American Youth arrests have dropped almost 15 percent. Arrests of African American youth declined steadily until this last year, when they crept up just short of a percent.

Furthermore, we have seen a continued decline of minority youth sentenced to Ballot Measure 11 sentences at the Oregon Youth Authority since 1999. The percentage of minority youth has gone from 40 percent in 1997 to 43 percent in 1999 to 35 percent in 2001.

In short, we have a lot to celebrate. Oregon is truly a national leader on solving the problem of minority overrepresentation in the juvenile justice system. We take action here in Oregon and we have the date to show our successes. No other state has seen this kind of progress.

But there are still some troubling statistics that we must address.

- Minority youth continue to comprise a larger percentage of school dropouts: 25 percent in 2001 compared to 22 percent in 1996. We know that one of the strongest predictors of avoiding juvenile justice involvement is school success.

- Measure 11 charges and sentences still represent some of our biggest challenges for certain ethnic groups: Asian youth serve Measure 11 sentences at a rate more than 2 times their representation in the population. African American youth serve Measure 11 sentences at a rate 5 times their representation in the population.
- African American kids are also arrested at a rate 3 times their representation, and in overall closed custody (regardless of crime) 4 times their representation in the population.

So, our work is not done. Far from it. That's why I will continue to pour energy both into school quality and into helping kids be ready to learn.

We already know that one of the highest predictors for involvement in the juvenile justice system is poor performance in school. Conversely school success is one of the strongest "protective" factors that can keep a young person from engaging in delinquent behavior. These predictors are even stronger for youth of color.

Schools, then, play an integral role in preventing crime and in preventing minority youth from involvement with the juvenile justice system.

Since the 1980's there has been an emphasis on school improvement and improving the school environment so that our young people have a better chance of succeeding. We have raised standards and expectations. We have focused on improving test scores.

The quality of our schools and the future of our state are inseparably connected. People who are successful in school are more often successful in life. People who cannot communicate are powerless. People who know nothing of their past are culturally impoverished. People who are poorly trained are ill prepared to face the future. Without good schools, Oregon cannot remain economically competitive or civically vital.

But in our search for school excellence, the *children* have somehow been forgotten. We have ignored the fundamental fact that in order to improve our schools, a solid foundation must be laid beforehand.

We have failed to recognize that the family may be a more imperiled institution than the school, and that many of education's failures relate to problems that precede schooling -- even birth itself. We have focused on school outcomes, forgetting that if children do not have a good beginning -- if they are not well nurtured and loved during the first years of life -- it will be difficult, if not impossible to compensate fully for such deficits later on.

The difficult truth is that in Oregon today, over 40 percent of children are entering school unable to fully participate in the learning experience. These children are growing up without good health care, without supportive families, without the love they need to become successful, independent learners. Schools in turn are being asked to do what families and churches and communities have not been able to accomplish. And, if the schools fail along the line, we blame them, and the teachers, for not meeting our high expectations.

Our focus, our concern must be *children* -- not just the schools.

That's why we worked hard to pass the Oregon Children's Plan in the last session of the Legislature.

I've probably described this idea to most of you so many of you are familiar with it. Our goal is simple: give every child and family the chance to succeed.

We do this by offering voluntary screening of first-born infants. Hopefully, we will identify risk factors such as drug use and unemployment and offering a range of proven services that will help young families get off to a good start.

The plan received a \$60 million budget. Tiny in comparison to the \$5.2 billion school budget and still much less than our corrections budget. But I believe it is the single most important \$60 million in the budget because I firmly believe it will lead to happier, healthier lives and will, in the long run, cut the amount of money we have to spend on juvenile justice, the Oregon Youth Authority and the Department of Corrections. And I will work very hard to ensure that these

priorities stay in place and receive funding.

After all, a budget is not a bloodless document. It is a detailing of our priorities as a society. And rather than blindly cutting anything new out of the budget, I will work to ensure that we keep high priorities programs and initiatives like these in place.

Now for the best part of the program.

Two years ago I asked the young people attending this conference to come up with an award that recognizes other young people who have overcome challenging circumstances. I am pleased to give this award – the YOUTH award (Youth Overcoming Difficult Times and Hardship) – to four courageous young Oregonians.

First, Ernan Contreras, who is the youngest recipient this year. He is 16-years old and a student at Hood River High School. Ernan began his high school career involved in criminal activities, dabbling in gangs and skipping school. He comes from a family that has overcome a variety of economic and other struggles as well. Now, Ernan has been on the honor roll for two years. He excels in math and science, and is a positive influence on other young Latino students. Ernan was nominated by his Assistant Principle because of how he also inspires the adults in his school and in the community.

Our second recipient could not be here today due to school commitments, but I would like to tell you about him. Noah Winterhawk was before the court a lot when he was growing up, both because there were no stable adults to care for him and because of delinquency.

He did not have a consistent home life and lived with a variety of friends and relatives, often in abusive situations. When he was asked by a judge what he would like to change in his life, he replied "I would like parents at home". After many foster placements and extensive criminal involvement, Noah was placed in the custody of the Oregon Youth Authority. One of his foster moms commented that "Noah will succeed because he refuses to fail." This fall, Noah enters his second year of studies at Eastern Oregon University. During the summer, he was employed by a youth program and is a positive influence for many younger, troubled youth. Noah has also established a good relationship with his parents, due to his own initiative. Noah was nominated for this award by the judge who saw him and sentenced him since he was 10 years old.

Third, please join me in congratulating Ellie Heater. Ellie is a person who statistically should fail. She came from a single parent home where there was violence, drug abuse and poverty. By age 15, Ellie was failing in school, she was a runaway and on probation, and she was a drug addict. She decided to change her life about this same time. In addition to maintaining sobriety for over two years, Ellie has successfully completed all the terms of her probation (and is off probation), graduated with honors from Roseburg High School (receiving the "award of excellence" for both math and English), and has entered a work-study program where she is still employed. This summer, Ellie began studying to be a paramedic. She moved into her own apartment and rides her bike twenty miles each day to attend classes. And, she just saved enough money to purchase her first car. Ellie was nominated by staff at the treatment facility she attended.

Finally, let's give a hand of applause to Elton Seals. Elton used to be involved in significant gang activity and serious crime. Due to the serious nature of his crimes, Elton was sent to prison at age 17. In prison he decided to change his life. When he was released, he started to work on his education. He graduated with an associates degree with a 3.26 GPA. He enrolled at Western Oregon University where he is now in his second year. He is a starting defensive back on the football team. He has earned Division 2 player of the week, Greater Northwest Player of the week and Conference Player of the week. Most importantly, however, he will receive his bachelor's degree in social sciences this fall. Elton was nominated by his mentor.

You know, when you look at what these kids have achieved, it is simply humbling. Who among us has conquered as much? I dare say few of us. So, as we go forth for another year, working to help minority children in our community, let us never be discouraged. And if we are, remember these names: Ellie, Elton, Ernan and Noah. Thank you.

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**The Oregon Strategy for Social Support Initiative:
Making Connections**

**A Review of the Work
July 2002**

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Executive Summary

In 1996, Governor John A. Kitzhaber developed the Human Investment Framework to establish goals for Oregon's approach to investing in its people. The objective of the Framework was to assist Oregonians to be as independent, productive, and self-sufficient as possible. It was to be achieved through collaboration between state, local, community, and private partners. The Framework recognized that all people depend on support from others at various points in their lives. It held that in order for children to succeed in school and for adults to succeed at finding and maintaining employment, certain social supports must be present.

The Human Investment Framework also held that it is in the best long-term interests of individuals, families, the community, and the state to provide the social supports that will assist citizens in becoming contributing members of society. This strategy helps people to be independent and productive rather than merely maintaining them in positions of dependence.

The Governor appointed twenty-eight state agency heads, city and county government officials, and citizen advocates to identify those social supports. Known as the Social Support Investment Work Group (SSIWG), it was asked to:

- ❑ identify social supports critical to education and workforce productivity and success
- ❑ identify those social supports that state government has a primary responsibility to provide and to identify the most appropriate way to provide them, i.e., as a primary payer, a provider of technical assistance, an investment partner, etc.
- ❑ identify a process by which Oregon can begin to address potential gaps, redundancies and inconsistencies in current systems of social supports and to
- ❑ identify opportunities for strategic investments to achieve the availability of the core social supports.

The group met over a period of nine months and in April 1997 issued its recommendations in *Report to Governor Kitzhaber: Investing in Independence, Productivity and Self-Sufficiency for Oregonians*. It recommended that a process be adopted to further analyze potential inconsistencies in the delivery of social supports and to determine the most efficient means of aligning efforts to deliver them. It also recommended a state policy shift that would:

- ❑ move the state out of the business of providing direct service in favor of the role of working with communities as partners in the design and delivery of core social supports and
- ❑ provide a stronger role for communities in delivering service at the closest level possible to Oregon's citizens.

The process became the Oregon Strategy for Social Support Initiative (OSSI). It provided that work groups composed of community members and state agencies, as well as legislators and local government leaders, would meet for each social support identified

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to analyze it and recommend the most efficient means of delivering support services consistent with the earlier work.

Thirteen different work groups met from 1997 through 2001. In addition to evaluating and identifying gaps and redundancies in services, they collaborated on how best to organize and improve current support systems. They made recommendations for needed policy, programmatic, legislative, or other changes. And they attempted to identify local responsibility for designing and delivering core supports at the closest community level. This included involving citizens, service organizations, businesses, non-profit providers, local government agencies, and others in the partnerships necessary to assure the availability of supports that will increase the health and safety of children, families, and communities. These efforts were designed to lay the foundation for long-term independence and productivity through systematic changes.

Over the four-year time period, the work groups recommended policy proposals on the core social supports. The Governor accepted recommendations submitted by nine of the thirteen work groups studying these supports:

- ❑ Access to alcohol and other drug treatment
- ❑ Access to diagnosis and early evaluation
- ❑ Access to family support and in-home assistance
- ❑ Access to health care
- ❑ Affordable, safe housing
- ❑ Available, affordable child care
- ❑ Mental health
- ❑ Nutrition
- ❑ Transportation

Applicable Oregon Benchmarks

Substantial work has been done to carry out many of the work groups' recommendations. This is helping the State make progress in implementing the Human Investment Framework and in meeting some of the social support goals of the State's strategic plan, *Oregon Shines*. Outlined below is a summary of major elements that implement recommendations of the nine work groups, arranged by applicable Oregon Benchmarks. It is important to note that not all Oregon Strategy efforts were linked directly to the Benchmarks. For those that were, however, percentages have been calculated based on data collected by the Oregon Progress Board from 1994 to 2000 unless other years are noted. (A list of the work groups' recommendations can be found in Appendix A. A full discussion of their implementation begins on page 1.)

Access to Alcohol and Other Drug Treatment

Benchmark

49: *Percentage of 8th grade students who report using*

- a. *alcohol in the previous month – **dropped 13%***
- b. *illicit drugs in the previous month – **dropped 26%***

52: *Percentage of pregnant women who abstain from using*

- a. *alcohol – **increased 2%** (Decreased number of confirmed cases of drug-affected*
- b. *tobacco – **increased 6%** babies)*

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- Treatment criteria were revamped so specialized treatment programs must meet the same criteria as all alcohol and drug programs.
- Established statewide consistent standards for all alcohol and drug treatment progress including detox.
- A central hotline has been established to provide information about local alcohol and drug assessment resources.
- Implemented a single, flexible case rate for nonresidential services.
- Established a shared social support data system.
- Campaigns have been mounted providing information about fetal alcohol syndrome.
- Statewide campaign is in place to increase awareness about the problems and social costs of addictions.
- The Oregon Children's Plan was started, including universal prenatal and at-birth screening and immediate access to treatment.
- Smoke-free Mothers and Babies program was started and will eventually expand statewide.
- Used \$1 million in General Fund investment to leverage \$11 million in "alcohol free housing".
- Established Governor's Task Force on Underage Drinking
- Enforcing Underage Drinking Laws program (EUDL) implemented in 1998.
- EUDL provided mini-grants to several communities, which implemented research-based programs for reducing underage drinking.
- EUDL implemented public awareness campaigns and improved coordination among partners.
- Local community EUDL partner delivered numerous trainings and informational opportunities to parents, youth, law enforcement, teachers and other community groups.
- Formed coalition of Oregon universities and community colleges to address problems of underage, binge, and high-risk drinking on campuses and in college communities.
- Oregon Liquor Control Commission has implemented a "Responsible Vendor" program to encourage retailers to train employees and establish good policies regarding underage drinking laws.

Access to Available, Affordable Child Care

Benchmark

*47: Percentage of families with incomes below the state median income for whom child care is affordable – **dropped 10%***

*48: Number of child care slots available for every 100 children under age 13 – **increased 31%***

- Child Care Division (CDC) began on-site health and safety reviews of family child care providers.
- CDC initiated annual unannounced inspections of all child care facilities
- One hundred percent of serious complaints received against family child care providers are investigated; before 2000, only 20% were investigated.
- Inspectors' caseloads have been reduced and rural coverage increased.

Oregon Strategy for Social Support Review

- Mandatory training is now required for family child care providers in recognizing and reporting child abuse, first aid, safe food handling, and training in child care.
- Child Care Subsidy Program revamped to lower co-pays and decrease coverage more slowly as wages rise.

Access to Health Care

Benchmark

No specific benchmark linked during Oregon Strategy

- A state dental director was appointed, and efforts to promote good dental health for children have been implemented. State Health Services has also started an early childhood cavities prevention campaign and an initiative for state planning and fluoridation systems development.
- Started a campaign to educate women about the importance of good prenatal oral care.

Family Support and In-Home Assistance

Benchmark

*18: Percentage of children entering school ready-to-learn – **increased 16% from 1997 to 2000***

50: Number of children per 1000 persons under 18, who are

*a. neglected/abused – **dropped 20%***

*b. at substantial risk of being neglected or abused – **increased 180%** (increase due to early screening provided by Oregon Children's Plan and inclusion of high-risk families who have been reported, but who have no substantiated abuse)*

- The Oregon Children's Plan (OCP), which the legislature passed during the 2001 Session, has addressed most of the recommendations made by the Oregon Strategy for Social Support for preparing children for school:
 1. universal prenatal and at-birth screening
 2. local coordinated triage and referral
 3. local system planning for home visits, community-based services, alcohol and drug treatment, mental health, and early learning.
- OCP exemplifies the effort to align state services by focusing on clients, i.e., children and their families instead of specific programs.
- Expanded access to the Pre-Kindergarten program.
- Child "safety nets" established in every county to provide services for high-risk families who have been reported, but who have no substantiated abuse.

Access to Safe, Affordable Housing

Benchmark

*55: Number of Oregonians that are homeless on any given night (per 10,000) – **dropped 4%***

74: Percentage of low-income households spending more than 30 percent of their household income on housing (including utilities)

*a. Renters – **increased 6% from 1996 to 1999***

*b. Owners – **dropped 7% from 1996 to 1999***

- Developed mechanism to track local housing market trends (both rent and sales).

Oregon Strategy for Social Support Review

- Established an effective, consolidated local needs assessment and prioritization process to assure best use of State's limited affordable housing resources.
- Established economic well-being website, including web-based housing locator tool to identify low-income housing and a web-based eligibility estimator for low-income services.
- Developed computerized database of needed housing data.
- Established one consolidated funding cycle, integrating special needs housing
- Commissioned a University of Oregon study to examine NIMBY issues that pose barriers to siting affordable housing. Trained service providers to encourage public acceptance of affordable housing.
- Developed Fair Housing Plan.
- Enhanced the role of regional community solutions teams in reviewing community periodic review process.
- Used \$1 million in General Fund investment to leverage \$11 million in alcohol free housing.
- To date, successfully maintained 50% (75 of 150 properties) as low-income housing that otherwise would have gone to market rate under HUD's Section 8 expiring use policy.
- Consolidated housing rehabilitation programs of Economic and Community Development and Oregon Housing and Community Services.
- Developed an environmentally safe rehabilitation component for owner-occupied housing.
- Established tenant readiness program with landlord guarantee so that high-risk Oregonians could obtain housing.
- Expanded home ownership opportunities programs for low-income and special-needs Oregonians.
- Created trust fund for long-term special-needs housing.
- Increased availability of lodging options for farm workers.

Mental Health Alignment

No specific benchmark linked during Oregon Strategy

- Increased access to forensic beds at State hospital.
- Increased availability of acute care resources.
- Closed ward for youngest children (age 10 and under) at State hospital and increased options for community care.
- Increased availability of early childhood mental health services under Oregon Children's Plan.
- Increased availability of funding for proven local mental health services.
- Implementing plan to improve care at Oregon State Hospital.
- Created parity for mental health conditions under Public Employees Benefit Board (beginning in 2003).

Nutrition

Benchmark

57: Percentage of Oregonians that are:

- a. food insecure with hunger – **increased 2% from 1997 to 1999***
- b. food insecure – **dropped 2% from 1997 to 1999***

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- Hunger benchmark created.
- Legislative Emergency Board granted five additional staff to child nutrition, so that the school meals, after-school snack, child care meals, and summer food meal programs could be supported and expanded statewide.
- USDA food security survey questions included on the Oregon Population Survey and Health Behavioral Risk Survey (adult).
- Survey conducted with Low-Income Energy Assistance Program (LIEAP) families on their food security and use of food programs.
- Labor surplus county exemptions granted for Able-Bodied Adults Without Dependents (ABAWDs).
- Simplified Food Stamp Outreach Application implemented along with allocation of state money for food stamp outreach and a toll-free information line.
- Legislature allocated \$100,000 to expand food stamp outreach to other areas of Oregon over the biennium. (\$30,000 was subsequently cut from the second year funding.)
- After-school meal pilot program applied for and granted from USDA (1 of 7 states).
- Funding awarded to create a senior farmers market program, including a community-supported agriculture pilot.
- Working Family Child Care Tax Credit made refundable, effective in 2003.
- Legislature clarified and expanded Donated Crops Tax Credit to include some already-harvested crops.

Transportation

No applicable benchmarks available

Increased coordination of transportation services across agencies to provide better access to services

- Joint technical assistance teams from ODOT and DHS deployed to help overcome local barriers to coordinating transportation services.
- Developed uniform operating safety and vehicle standards and specifications across agencies.
- Established policy group to work on risk reduction strategies, consolidate regulatory actions, and address barriers to coordinating school bus and public transportation.
- Established regional transportation brokerages in six areas.

Results

The effort to learn about the success of the Oregon Strategy was divided into two parts. The first reviewed the status of the implementation of the recommendations (see Benchmarks above and Appendix A). The second was to critique the Oregon Strategy process by surveying those who participated in it.

Overall, respondents believed that the greatest benefit of the Oregon Strategy is improved communication and collaboration among providers and advocates of social services. The Strategy work group process demonstrated the importance of the complementary nature of agency roles in the delivery of those services. Agency collaboration and the alignment of services have helped to achieve policy integration.

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The survey produced a range of ideas for how the process that produced the recommendations could be improved. Most suggestions related to narrowing the overall project, increasing resources, consistency of attendance, and avoiding too much emphasis on process. When asked whether the work of the Oregon Strategy should be continued by the next governor, 86% of the survey respondents answered yes.

Conclusion

This review was not a comprehensive study, but judging by the extent of the implementation of the work group recommendations and the opinion of participants who took time to express their views, results seem clear. The Strategy has accomplished much that has and will continue to improve services to Oregonians. Important strides have been made in organizing and improving current support systems. The Strategy has promoted the alignment of some social services and has provided a model for cooperation and collaboration among agencies and providers of social supports that can serve as a foundation for future achievement.

**The Oregon Strategy for Social Support Initiative:
Making Connections**

**A Review of the Work
July 2002**

Part I: Status of Implementation of the Recommendations

What was accomplished?

Now that the work of the Oregon Strategy for Social Support Initiative (OSSI) work groups has been completed, it is time to ask: What has been accomplished and what have we learned about the Strategy process? Was the investment of time and resources fruitful and did the effort accomplish its goals? Have state agency roles been aligned sufficiently to reduce redundancies where appropriate and to fill in gaps? Has the role of the state been reduced as the primary direct service provider of social supports where appropriate, and have new community-based roles been explored? Nine work groups made recommendations to achieve those objectives—what is the status of the implementation of those recommendations?

This review does not purport to provide a professional statistical analysis and evaluation of the Oregon Strategy to answer the above questions. Rather, it is an effort to provide a snapshot of the outcomes as reported by the agencies responsible for the implementation of the recommendations and from the perspective of some of the participants.

This assessment has considered only those recommendations made by the OSSI work groups that were accepted by the Governor. Therefore, by merit of that acceptance, they are considered at least to be pending. Those recommendations that are part of an on-going process—i.e., most of them—are considered partially implemented. Those that were very specific were easier to judge. The Health Care work group, for example recommended that a state dental director be appointed, and in 2000, the Department of Human Services hired one. That recommendation has clearly been implemented. The status of others, however, tends to be less clear. One work group member said the work is like a circle. "When you get to the end, it's a beginning because there's always something more to do." Nevertheless, substantial work has been done to carry out many of the work groups' recommendations. This is helping the State make progress in implementing the Human Investment Framework and in meeting some of the social support goals of the State's strategic plan, *Oregon Shines*.

Most of the work groups presented their reports to the Governor in November 1998. The Transportation report was issued in 2000, and the Mental Health and Nutrition reports were submitted in 2001. It's good to bear in mind that although recommendations from some work groups were made earlier than others, they are not necessarily more likely to have been implemented. Work group recommendations vary considerably in their cost and in their impact on other stakeholders. Consequently, the likelihood of their implementation varies as well.

The following is a summary of the status of the implementation of work group recommendations.

Access to Alcohol and Other Drug Treatment

The work group's report contained over forty-six recommendations. They fall into seven general categories: 1) rate structure and pooled funding, 2) a shared data system, 3) beer and wine tax, 4) central information hotline, 5) specialized training, 6) statewide standards and tools, and 7) client centered supports and aftercare.

Seven of the forty-six recommendations have been implemented, twenty-four have been partially implemented, and fifteen are pending. The recommendations were aimed at increasing effective services to a wider number of clients in need of drug and alcohol treatment.

Implemented recommendations include a statewide campaign to increase awareness about the problems and social costs of addiction. Several campaigns have been mounted providing information about topics such as inhalants, fetal alcohol syndrome, and underage drinking. Also, a central hotline has been established that provides information about local alcohol and drug assessment resources.

First Lady Sharon Kitzhaber co-chairs the National Leadership to Keep Children Alcohol Free, has agreed to be spokesperson on underage drinking. The Governor's Task Force on Underage Drinking, which was appointed in 1997, is being re-established. One of the programs fostered by the task force, Enforcing the Underage Drinking Laws (EUDL), has achieved several successes in reducing underage drinking. These accomplishments address access and availability of alcohol to minors and implementation of proven programs or strategies to reduce underage drinking. EUDL provided mini-grants to several communities which implemented researched-based programs like Project Alert and Programa de Prevencion del Uso de Alcohol de Menores.

The work group recommended that existing alcohol and other drug policies and rules should be revised to support an individualized continuum of care approach. It also recommended that specialized treatment programs should meet the same criteria that all alcohol and drug programs must meet and that the State should establish statewide consistent standards. Criteria have been adopted for all treatment providers, including those who provide detox services. Case rate funding was established to provide for a continuum of care approach.

State resources have not yet been pooled to create a funding model for treatment, but rate structures have been changed. The Office of Mental Health and Addiction Services (OMHAS) has implemented a single, flexible case rate for nonresidential services and has completed a study and implemented uniform residential rates.

The development of specific steps and recommendations for a shared social support data system is underway. The Office of National Drug Control Policy committed \$50,000 to fund preparatory work for a statewide shared data system. A preliminary report will be released soon to agencies and organizations involved, outlining the next steps.

Also partially implemented is the recommendation to review existing contract regulations that State agencies have for local partners to ensure they are consistent with the recommendations of the work group's report and to coordinate master contract language

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among agencies. OMHAS contracts have been amended to reflect this recommendation, but work on statewide master contract language is pending.

A good example of Alcohol and Drug program alignment with other social supports is the implementation of the recommendation to inventory and coordinate available transportation resources to support Oregonians who are accessing or completing treatment. The Transportation Coordination group, which completed its study and report in June 2000, is actively pursuing this effort. Eight local projects are leveraging approximately \$2.23 million of ODOT source funds with \$2.45 million of DHS source funds. These projects directly improve access to medical, alcohol and drug treatment, and other services for DHS clients

Other recommendations made by the Alcohol and Drug work group relate to training. Members urged the use of innovative training techniques and technologies to expand existing training on issues for offender populations. It also urged agencies to reach out to ethnic communities to encourage training and apprenticeships in alcohol and other drug treatment fields. To address these directives, the Governor's Council on Alcohol and Drug Abuse Programs in partnership with the Department of Corrections, the Oregon Youth Authority, and others held a summit recently to develop county-based plans for offender community re-entry. OMHAS now has an apprenticeship program in place and has drafted a plan to collect measures of cultural competency, including training for alcohol and drug treatment providers.

Also partially implemented is the recommendation to identify specific communities for drug-free housing placements and to issue specific Requests for Proposals using existing state and federal housing development resources. In another example of interagency cooperation to provide a social support, OMHAS and the Department of Housing and Community Services issued grants of \$2 million which leveraged to as much as \$12 million for drug-free housing.

Finally, in response to the recommendation to consider restructuring and increasing beer and wine taxes to provide additional treatment availability, proposals were made to the 2001 Legislature, but no legislative action was taken. This issue will probably be addressed again soon.

Access to Affordable Child Care

Implementation of the recommendations made by the Child Care work group focused on those proposals that emphasize child health and safety. All five of the relevant recommendations have been implemented.

One of the biggest goals of the work group was for the Child Care Division (CCD) to obtain the authority and resources to conduct on-site health and safety reviews of family child care providers. The Legislature authorized this in 1999 and in 2001 extended the authority to cover renewals as well.

Additional resources authorized by the Legislature in 1999 helped implement other recommendations made by the Child Care work group. Because the Legislature approved additional full time positions, annual unannounced inspections of all child care

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centers have been reinstated. CCD also received the funds and authority to investigate all serious complaints received against family child care providers. The agency now investigates 100% of all serious complaints received; before 2000, it was able to investigate only 20%. Sufficient resources also have allowed CCD to reduce caseloads and increase rural coverage.

Another goal of the Child Care work group was to develop and distribute information on safety and encourage voluntary compliance with safety principles for exempt child care settings. The 1999 legislation requires mandatory training for family child care providers in recognizing and reporting child abuse, first aid, safe food handling, and training in child care. Contracts have been let to provide and coordinate training statewide. Also, DHS has implemented an enhanced rate for exempt providers who voluntarily meet CCD registration standards.

Diagnosis and Early Evaluation

Access to Diagnosis and Early Evaluation was defined in the SSIWG report as "the ability to obtain information as soon as possible about the causes, treatment, and prognosis of conditions or situations." The two recommendations accepted from this group were: 1) design an eligibility tool in order to address confusion around eligibility requirements, and 2) implement a standard screening protocol. Both of these have been partially implemented. A wide variety of community groups under the leadership of Multnomah County are launching a web-based statewide eligibility determinant for social services. Visitors to the site can learn whether they are likely to qualify for assistance such as coverage under the Oregon Health Plan, Food Stamps, or Temporary Assistance for Needy Families. Also, a DHS study to determine shared clients within the department has been completed. A statewide screening tool has been developed under the Oregon Children's Plan and is being tested in several counties.

Access to Health Care

This group recommended that a state dental director be appointed to emphasize the importance of dental health, and that has been implemented. Among the programs being put into practice under this initiative are efforts to promote good dental health for children, an initiative for state planning and fluoridation systems development, and an early childhood cavities prevention education campaign.

Family Support and In-Home Assistance

Two recommendations of the seventeen made by this group have been implemented, eleven have been partially implemented, and four are pending. The Oregon Children's Plan (OCP), which the Legislature passed during the 2001 Session, is addressing most of the recommendations. The OCP exemplifies the effort to align state services by focusing on clients, i.e., children and their families, instead of on specific programs. However, funding to implement some of the Plan has since been cut in the 2002 Special Session 2.

Many of the recommendations of the Family Support and In-Home Assistance work group also relate to screening. They call for universal prenatal and at-birth screening and referral by any provider receiving state or federal funding and voluntary screening for others. Early screening can identify children with physical or social risks and thereby:

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- ❑ decrease the rate of child abuse and neglect
- ❑ decrease infant mortality
- ❑ decrease the percent of infants whose mothers use alcohol and/or tobacco during pregnancy
- ❑ increase the percent of children entering school ready to learn
- ❑ increase the percent of children fully immunized at age two
- ❑ increase the percent of women accessing early prenatal care

Screening recommendations include the use of a common screening tool, the connection of screening to medical testing at birth, and education for all to understand the benefits of universal screening. The OCP includes only voluntary screening, but the effort is still getting under way. A screening tool has been developed and is being piloted in four counties. The Oregon Commission on Children and Families (OCCF) provides resources for physician and hospital education and began training for screening in July 2002.

Other recommendations addressed by the OCP include local flexibility for counties, Early Childhood System planning by counties or county groups, and the creation of coordinated referral and triage teams at the local level—an OCP required component. The Early Childhood System plans must meet OCP guidelines. The plan will become part of the overall 0-18 plan under SB 555.

Still to be implemented are recommendations to pool state and federal resources for “non-mandated” populations and services. The funds should go directly to the pool, not through agencies. An attempt was made during the 2001 Legislative Session to pool funds, but individual program lobby efforts prevented the attempt from moving forward.

Access to Safe, Affordable Housing

This work group made four broad recommendations with many sub-recommendations under each. All of the main recommendations are partially implemented while a variety of the sub-recommendations have been implemented or are pending.

The first general recommendation of the work group was to improve the decision-making process. This was to be accomplished by bringing together information on the availability, affordability, adequacy, and accessibility of housing at the community level and by establishing an effective, consolidated local needs assessment and prioritization process. In the summer of 1998 a model for a computerized database of needed housing data was developed. Information from the special needs population assessment and housing requirements was integrated into the Consolidated Funding Cycle in Fall 2000. Oregon Housing and Community Services (OHCS) and DHS are developing a web-based reporting tool for anti-poverty programs that will provide additional information. Information will also be available from a study on farm worker services being completed by the University of Oregon to identify service gaps.

The second recommendation of the work group on Access to Safe, Affordable Housing was to increase community acceptance of special needs and low-income housing. This is being accomplished through a variety of cooperative steps. OHCS commissioned a study, completed in 1999 by University of Oregon graduate students from the Planning, Public Policy and Management Department, to examine “NIMBY” issues that pose

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barriers to siting affordable housing. OHCS also formed the Fair Housing Collaborative with the Bureau of Labor and Industries, the Fair Housing Council, the Oregon Economic and Community Development Department, and landlords and tenants. The department is working with the Oregon Dispute Resolution Commission on a grant to provide training and outreach to minority populations.

The third recommendation of the work group mirrors the larger goal of the Oregon Strategy. It is to align state agency goals, policies, and practices. Some of the specific tasks recommended included convening a multi-agency task force to review relevant statutes and regulations on health, safety, sanitation, licensing and zoning requirements and to increase collaboration between agencies and private organizations. Several housing initiatives are the result of partnerships with other agencies. OHCS teamed up with the Department of Corrections to build farm worker housing in the Hood River area and to provide transitional housing for released offenders. The department joined with the Office of Alcohol and Drug Abuse Program (now Office of Mental Health and Addiction Services) in the establishment of Oxford House, a residential drug-free housing program for clients who have completed treatment. It has also worked with Health Services in a program called Housing Opportunity for People With Aids (HOPWA), leveraged with Ryan White case management funds.

The last recommendation made by the housing work group was to re-deploy and increase resources. Some of this has been accomplished by providing services more efficiently. An OHCS web-based housing locator tool to identify low-income housing went on line in April 2002. To help increase awareness of available affordable housing across the state, OHCS has supported the Housing Connections program in the Portland area and the web-based Eligibility Estimator project spearheaded by Multnomah County.

The department has used a Housing and Urban Development Continuum of Care grant to unite housing with services. The process involves community action agencies and other state agencies. Other funding strategies include a trust fund from the sale of state-owned real estate dedicated for creation of housing opportunities for people with special needs and helping to secure \$15 million for Portland Development Commission to put in place a first-time homebuyer program for targeted areas in Portland.

Mental Health Alignment

Seventeen main category recommendations came from the Mental Health Alignment Work Group (MHAWG) only a year ago, so none of the recommendations have been fully implemented. Eight have been partially implemented and nine are pending. The work group's 100-page report detailed the then current mental health system in Oregon and followed up with a description of what an ideal system would look like.

Partially implemented recommendations include developing local biennial blueprint plans that use a multi-system team approach to coordinate and deliver services for children, families, and adults. Legislative members of the MHAWG, Senator Avel Gordly and Representative Jeff Kruse sponsored and the Legislature passed HB 3024 requiring local mental health authorities to develop such plans. Work is underway and some counties have already submitted plans. This bill also requires local mental health authorities and the local public safety coordinating council to work together to address the interface

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between law enforcement and mental health for both youth and adults, another recommendation of the work group. State mental health personnel are working with the Department of Corrections on the steering committee of Transition Services to develop release processes.

Senator Gordly and Representative Kruse introduced an additional bill that would have helped establish parity, i.e., equal benefits for mental health and physical health, but the Legislature failed to act on the measure. Instead, it established an interim committee on the issue. This number two priority of the MHAWG got a big boost, however, when the Public Employees Benefit Board adopted the benefit for state employees effective January 2003. This is especially significant because sometimes once the state has established mental health parity, private insurance plans have followed suit. Legislators introduced a measure to establish an FHIAP-like subsidy program for purchase of employer-based insurance based on a basic benefit package, but it failed. The interim committee will discuss this also.

The recommendation to develop or adopt statewide performance measures and allow for additional local measures is partially implemented. DHS is including mental health measures in its overall outcome system, and work will be done with counties to specify high level and intermediate outcomes for a state mental health plan. The steering committees of SB 555 and the Oregon Strategy are working on recommendations to integrate administrative functions to support local service delivery.

Recommendations that are still pending include providing public mental health funds through a block grant for the purpose of implementing local plans and encouraging local mental health authorities to enter into “blended funding” agreements with the state and providers. Also pending is the creation of a seamless data system, simplification of the Oregon Health Plan (OHP) enrollment process and elimination of periods of non-coverage, formation of a consortium of public and private groups to provide public education, and the establishment of an independent ombudsperson office. Recommendations for future implementation call for the establishment of a developmentally appropriate screening tool for children and adolescents, the development of an abuse/neglect and safety policy, and the development of standardized levels of care criteria linked to local plans.

Nutrition

The Interagency Coordinating Council on Hunger (ICCH) in coordination with the Oregon Hunger Relief Task Force (OHRTF) undertook the nutrition work and made five major recommendations, all of which have been partially implemented. They pertain to outreach, nutrition education, program monitoring, and data collection and use. The first recommendation targeted outreach to areas with greatest needs. A target of serving 80% of those eligible has now been set for the food stamp program. The State allocated \$100,000 for food stamp outreach, which is being matched with federal funds. Other nutrition service targets were to be set after the release of the 2000 census information and program service statistics are available.

Under the outreach recommendation, the Oregon Department of Education (ODE) suggested that the ICCH assess the feasibility of expanding program resource information

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offered through SAFE NET and add statewide site information for the Summer Food Service Program. They urged exploring the development of a statewide portal that references local programs. In 2001, the Summer Food Service Program was added to SAFE NET as well as the School Breakfast, Lunch & After School Program and the At-Risk program. ICCH members are reviewing whether there is a need for information and referral in the program.

The ICCH recommended assessing staff efficiencies and/or the need for additional staff to handle increases in participation for program budgeting. This was addressed by the Senior Farmer Markets Coupon program, which brought together farmers, farmer markets, representatives from the Department of Human Services, gleaners, and others in writing a successful grant application. Also, the Portland Women, Infants, and Children program (WIC) is piloting a program to offer assistance in filling out and filing food stamp applications.

The recommendation for nutrition education contained many sub-recommendations. It includes using the Nutrition Education Network to deliver and promote simple, consistent messages about nutrition and physical activity that lead to healthy lives, conducting a needs assessment, and developing an implementation plan which involves target audiences and community groups in each phase of the process. The Network is working toward a statewide social marketing program to promote family meal times. It has reviewed existing data and, in conjunction with Oregon State University, plans to conduct focus groups to further identify needs and messages. The Oregon Hunger Relief Task Force has created and distributed extensive outreach materials in multiple languages and conducted mailings through schools and low-income programs to provide information on the Food Stamp program.

Under the program monitoring recommendation, the ICCH urged a review of the monitoring requirements of each nutrition program to determine whether there is sufficient crossover to coordinate or integrate program-monitoring functions. The ODE assessed both the Summer Food Service Program and the Child and Adult Care Food Program and found that it was not feasible to share program-monitoring functions due to the extent of program specific information and regulatory oversight knowledge needed for such reviews to be conducted correctly. There is one area of cross over between the two programs: the Child Care Division conducts health and safety reviews in Child and Adult Care Food Programs.

The last series of recommendations from the nutrition group relates to data collection and use. The first proposal was to determine what nutrition-related data is needed and how it could be used and shared. To accomplish this, ICCH reviewed and discussed each of the major food security studies that have been conducted in Oregon. For additional data, ICCH will continue to fund the food and security questions on the Health Behavioral Risk Survey (Adult). DHS has outlined a strategy to develop a plan and work toward the sharing and integration of data systems among agencies.

Recommended program improvements are mostly ongoing. The 1996 Comprehensive Child Nutrition waiver proposal was revisited. This is a seamless federal child nutrition program proposal developed as a joint effort between ODE and the HRTF. Another

example was ODE's transfer of surplus USDA commodities from the Commodity Food Distribution Program to the Emergency Food Assistance Program. Also, waivers were submitted to USDA in the winter of 2001 to streamline the Summer Food Service Program.

Transportation Coordination Initiative

Transportation as a social support was added later to the original list identified by the Social Support Investment Work Group. Its interdependency with other social supports is clear, however. If individuals have access to health care, education, and child care, but have no way of getting to those supports, then in effect, the supports are not available. Members of the Transportation Coordination Initiative (OTCI) made twenty-six recommendations, four of which were implemented, twelve have been partially implemented and ten are pending.

The means for implementing the framework of the Coordination Initiative were identified in a scope-of-work document issued in July 2001 with lead agency designation and staff assignments. One of the recommendations was to encourage the creation of local coordination entities to provide community level structures for continuous improvement of coordination for all state-supported transportation services. To implement this, DHS and the Oregon Department of Transportation (ODOT) are deploying joint technical assistance teams to help agency partners and local communities in identifying and overcoming coordination barriers.

Some recommendations still to be implemented are the creation of a mechanism to reduce the risks associated with mixing clients in transportation; the development of consistent standards for transportation services and planning among DHS, ODOT, the Department of Veterans Affairs (ODVA) and others; and the development of consistent transportation billing and tracking systems among state agencies.

Funding is an area that has been resistant to coordination and consolidation. The work group recommended that where appropriate, fragmented funding and transportation reimbursements from all state agencies be consolidated into a single transportation coordination grant to local communities. Also recommended but pending is the development of a consolidated inventory of transportation funding resources, providers and coordinated services within Oregon.

Other pending recommendations are to maximize the use of existing vehicles in community programs through shared use programs and the establishment of a capital asset management plan to identify when vehicles need to be replaced.

The recommendation to develop uniform operating, safety and vehicle standards and specifications such as child restraints and training has been partially implemented. The Policy Group of the OTCI brought together a comprehensive team from regulatory departments and agencies in state government and began an identification of the regulatory practices of the multiple agencies. That group will identify best practices and the common areas needing attention and then recommend program alignment, changes to practices, policies, regulations, and statutes.

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Also partially implemented are the recommendations to coordinate transportation programs of ODOT, DHS, ODE, and ODVA and to make available a brokerage or other locally appropriate transportation coordination mechanism in each county or region. ODOT continues to co-invest with DHS in developing regional Medicaid brokerages. Three are up and running: Tri Met, Sunset Empire, and Rogue Valley Transit Department. Two are in the planning stage: Salem Area Mass Transit District and Mid Columbia Council of Governments. A sixth, the Central Oregon Intergovernmental Council, is soon to be under contract.

Another partially implemented recommendation is an effort to create incentives in the school transportation allocation for school districts to participate in coordinated transportation services (e.g., allow districts to keep savings in the state allocation from coordinating services). A study analyzing regulatory issues and barriers to coordination of school bus and public transportation was sponsored by ODOT in partnership with the Oregon School Boards Association and the DOE. It is scheduled for completion soon.

Finally, the recommendation to develop a performance monitoring and tracking system to assess the effectiveness of agencies in implementing these recommendations and in achieving desired outcomes is partially implemented. The OTCI Policy Group, DHS, and ODOT will review all Oregon Benchmarks to determine which are transportation dependent and then determine and propose the method of measuring the impact of transportation on those dependent benchmarks. When that has been completed, the group will determine and propose overarching benchmarks specific to coordinated transportation.

Conclusion

The work of the Oregon Strategy for Social Support drew on the time and talents of over two hundred individuals representing service organizations, businesses, non-profit providers, local and state government agencies and others interested in improving the way social services are provided for the health and well being of Oregonians. This review of the Oregon Strategy lacks the tools to categorically declare their efforts to change the way the State does business as either a success or failure.

But while it may be difficult to demonstrate significant progress in reducing redundancies in the provision of social services or in the role of the State as a direct service provider, the Strategy has accomplished much that has or will improve services to Oregonians. Judging by the extent of the implementation of the work group recommendations and the opinion of participants who took time to express their views, some results are clear. The Strategy has provided a model for cooperation and collaboration among agencies and providers of social supports that can serve as a foundation for future achievement. Thanks to the effort of the work groups, important strides have been made in organizing and improving current support systems. One of the work group members said, "The Oregon Strategy gave people a chance to be visionary."

The work of the Strategy has not only raised awareness about the inter-dependencies associated with the delivery of social supports and the need for collaboration, but it also promoted the alignment of some services, one of the goals of the Strategy. The planning and integration built into recent legislation dealing with mental health services and the

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Oregon Children's Plan is a good example of this alignment. Other examples are the combined efforts of the Department of Corrections and Housing and Community Services in the construction of farm worker housing. Mental Health and Addiction Services and the Department of Transportation cooperated in connecting clients with treatment services. These developments might have occurred without the Oregon Strategy, but they are the kind of outcomes that result from diverse groups of people coming together and sharing common understanding and goals—a process used by the Oregon Strategy.

Part II: Review process

The effort to learn about the success of the Oregon Strategy was divided into two parts. The first reviewed the status of the implementation of the recommendations. The second critiqued the Strategy process by surveying those who participated in it. How did they feel about the work that had been done? What did they believe should have been done differently? Did they believe the goals of the Oregon Strategy have been achieved?

Surveys were sent to 171 of the over 200 participants in the nine work groups, an advisory group, and the Steering Committee. One to two weeks later reminders were sent to those who had not responded. Participants were given a brief written summary of the status of the implementation of the work groups' recommendations. The status summaries were compiled with the assistance of the agencies charged with the implementation of the recommendations. Twenty-eight of the participants—selected to provide a wide variety of perspectives—were interviewed in person.

The survey included nine multiple-choice questions and ten open-ended questions to allow additional expansion of views. The responses to the surveys were scored according to the multiple-choice answers given by the respondents. Participants were asked about their familiarity with the Oregon Strategy and with the recommendations made by the work groups. Questions followed about outcomes and about the process by which the Oregon Strategy had been developed.

Of the 171 surveys sent, 53 responses (31%) were returned. Because some of the participants served on more than one work group or served as members of the Steering Committee as well as work groups, the total responses for each question in some cases exceed the total number of respondents. (See Appendix C)

As expected, responses tended to vary by work group. Members regarded some groups as more successful than others in how well the group carried out its charge and in the quality of its recommendations. Work groups varied in size, as did the number of respondents in each group. Also later work tended to be judged more successful than work completed earlier, possibly reflecting better recollection of both process and results.

Themes

Even though the response was fairly low, some themes emerged. Overall, respondents believed that the greatest benefit of the Oregon Strategy is that the process improved communication among providers and advocates of social services. The Strategy work group process demonstrated the importance of the complementary nature of agency roles in the delivery of those services. Survey participants said agency collaboration and alignment of services has been key and has led to successful policy integration. Comments stressed the value of process outcomes such as collaborative planning and local integration projects. Some examples of other comments include, “positive steps were made toward bigger thinking about collective work for the common good of

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Oregon's citizens", "excellent example of the value of cross training among agencies and stakeholders", "extremely valuable contacts were established along with deeper understanding of each agency's challenges", "gained a tremendous amount of knowledge relating to other department programs and processes", "intriguing to see that everything is linked", and "got people to thinking differently."

Some participants believed the project was too broad, provided "too much to chew on", and "took too big a bite of the apple". There was also a sense that the effort could have been improved if more resources had been available. On the other hand, several mentioned that de-emphasizing funding was beneficial to the process because it forced people to be creative. For some members of the Oregon Strategy effort, there was too much process while others believed the process, because of its inclusive nature, was instrumental in reducing the "silo mentality" of agencies.

Most respondents reported that they were either somewhat familiar or very familiar with the Oregon Strategy and the recommendations made by their work groups. When asked whether the work group process was effective in helping to *identify* ways of accomplishing the goals of the Oregon Strategy, ninety percent reported that it was somewhat or very effective.

Perhaps the most agreed upon barrier to progress of the work groups was the lack of continuity in attendance. Because some agencies sent several different attendees, it took time to "bring them up to speed." This was viewed as a lack of commitment.

The Mental Health Alignment Work Group was an exception in this area. Even though the committee size of fifty-three members was very large, attendance was generally consistent and commitment on the part of the agency heads and the Governor's office was regarded as very strong. Even in this group, however, lack of steady attendance by some was mentioned as a cause for inconsistent input and understanding.

Results

Responses varied as to how effective the Oregon Strategy has been in helping to actually accomplish the overall goals of aligning state agency roles, reducing the role of the state as the primary direct service provider of social supports and exploring new community-based roles. Sixty-one percent believed the Strategy had been somewhat effective or very effective in these areas.

But when asked specifically about whether the individual goals have been achieved, the responses were less positive. Fifty-three percent said agency roles have been greatly or somewhat aligned to reduce redundancies and fill in gaps, while 46% said state roles have been only slightly or not aligned or that there was not enough information to determine. One participant reported that his group was good at identifying redundancies, but not in identifying true ways to solve them. (He added the qualification that redundancies are not necessarily bad in that different types of services might require specialization.) Another respondent said that when it comes to human services, redundancies are not nearly as big a problem as gaps.

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The question of whether the role of the state has been reduced as the primary direct service provider also received a less positive response. Thirty-two percent said the state role has been greatly or somewhat reduced. Sixty-eight percent said the role has been only slightly or not reduced, or that there was not enough information to determine.

Suggestions for improvement

Respondents had a range of ideas for how the process could be improved. As noted above, most suggestions related to consistency of attendance, the broad undertaking, limited resources, and too much process. Other, less common comments included complaints about confusion and unclear expectations in the work groups. These respondents would have liked a clearer definition of roles and responsibilities. Others mentioned that having more input from the private sector would have improved the process. Better facilitation was cited as another element that would have improved the quality of the work of some of the groups. These views were expressed primarily from participants in the earlier work groups.

Successful elements

Participants identified an array of factors that they believe made the process successful. When asked to list words that describe their overall appraisal of the work-group process by which the Oregon Strategy developed, they repeatedly used the terms comprehensive, focused, inclusive, organized, productive, and thorough. They also described it as challenging, difficult, and long. (See Appendix D for complete list.) Integrating the Oregon Strategy with the benchmarks in Oregon's long-term strategic plan was cited as a means of ensuring a consistent focus for the work of each committee.

Typically, the work groups devoted several days a month for several months to the task of studying the existence of gaps and redundancies in their social service area and to the work of recommending ways to align services. But as one respondent said, in the case of the Mental Health group, they didn't just do gap analysis. "The beauty of the process," he said, "was that it showed folks this is a better way to do business because it provides better service and better bang for the buck."

The facilitation of the work and the commitment of leadership were mentioned more often than any other factors contributing to the success of those work groups that were considered productive, especially the Mental Health Alignment Work Group. Respondents believed the level of involvement by the Governor was an important element. The more involved he and his staff were perceived to be, the more the work groups were judged successful.

When asked what changes, if any, they would attribute to using this kind of process, most respondents answered that it enabled them to better understand the role of other agencies and organizations. This led to raising awareness about the interdependencies of state and local programs. One participant said that day-to-day demands do not allow new connections across "silos" to be consistently nurtured, but that it was a major accomplishment of the Oregon Strategy that these connections were developed in the work groups.

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When participants were asked, "What do you think *wouldn't* have happened without the Oregon Strategy", their answers provided another way of stating what they believed was successful about it. It raised awareness of the interconnectedness of social supports and of the importance of closer relationships among city, county, state, and citizen partners. Without that awareness, some gains in human services might not have occurred.

One respondent believes that without the Oregon Strategy, the Oregon Children's Plan wouldn't have gotten as far and bills introduced in the 2001 Legislative Session relating to mental health parity and community planning would not have been introduced. Another said, "I'm proud that we managed to develop this consistent articulation of federalist principles between counties and state government." Others credited the effort with improved communication, and a framework to think about planning.

Not everyone was optimistic about the opportunities that occurred as a consequence of the Strategy, however. One participant in the Mental Health work group wrote "economic conditions and public support and perceptions are much bigger factors than government planning in this field and at this time."

Many respondents believe the outcomes that they are aware of are generally consistent with the recommendations made by their work groups. Sixty-five percent judged the outcomes to be very consistent or somewhat consistent. Nine percent said they were slightly consistent, and 25% said there was not enough information to determine. Many of those members whose work groups completed their reports within the last year or so said it's simply too soon to say. One Mental Health work group member who rated the outcomes as somewhat consistent said the mental health planning bill passed by the Legislature was like "dropping the work group's report through a shredder. You could still see the phrases, but they didn't have the same integrity or clarity about how the pieces will all work together."

Few of the participants said they were aware of any unexpected outcomes from the Oregon Strategy. One person in the Mental Health work group said the combining of mental health and addiction services in the Department of Human Services was a surprise and another said she was happily surprised that an outcome recommended by the Diagnosis and Early Evaluation work group materialized as the Oregon Children's Plan.

Participants in the Oregon Strategy were asked whether they were aware of any changes in circumstances that have occurred that could have affected outcomes. Most of those who answered the question mentioned the budget difficulty Oregon has been experiencing and the re-organization of the Department of Human Services. They believe both of these circumstances have resulted in increased workloads and consequently left fewer resources and time necessary to proceed with implementation of the work group recommendations.

One of the final questions on the survey asked about the reaction of stakeholders to the implementation of the recommendations. Most respondents answered this in terms of the reaction of stakeholders to the recommendations themselves. Responses ran from simply "positive", to "mixed", to "not sure stakeholders are aware of the work." Perhaps the

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reaction of many was summarized by one response: "Mixed, as with all change efforts. But I think there is mostly hope for improvement."

Recommend to next governor

Eighty-six percent of the participants said a recommendation to continue the work of the Oregon Strategy should be made to the next governor, while 4% said it should not be recommended and 7% were uncertain. Most acknowledged that a new administration will have its own values and priorities and will bring with it the prerogative of choosing which issues to emphasize and how it will attempt to implement its ideas. Nevertheless, most participants believed the work was valuable and that a strong effort should be made to keep the results alive. One respondent stated that any governor will need to have an instrument for thinking through policy issues and for articulating his vision for what those elements of state policy should look like. "It should be recommended as a tool for him to put his own policy stamp on goals and various strategies. It would also put the governor in the position of having to make a conscious choice in those strategies."

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Appendix A

Recommendations of the Social Support Initiative Work Groups

Recommendations of Alcohol & Drug Work Group

- ❑ Establish a new rate structure and pool State resources to create a funding model for alcohol and other drug treatment based on client centered supports rather than the current slot system.
- ❑ Convene a policy group to establish consistent principles across State agencies regarding opportunities and sanctions for lack of follow-through with treatment.
- ❑ Address barriers that State agencies can/should remove.
- ❑ Convene a work group to develop specific steps and recommendations for a shared social support data system.
- ❑ Work group should build on successful local & State efforts already underway and engage community partners in the process.
- ❑ Review existing contract regulations that State agencies have for local partners to ensure they are consistent with recommendations of this report.
- ❑ Coordinate master contract language among agencies.
- ❑ Explore Oregon Option waiver with federal officials regarding alcohol and drug treatment, schools and juvenile crime to allow data sharing in order to achieve identified outcomes.
- ❑ Establish collaborative State-level biennial alcohol and other drug planning process that involves all affected agencies.
- ❑ Consider restructuring and increasing beer and wine tax to provide additional treatment availability to geographic areas that need treatment.
- ❑ Develop a mechanism to ensure that local treatment revenue is spent on treatment.
- ❑ Develop a statewide campaign to increase awareness about the problems and social costs of addiction.
- ❑ Educate the public about its responsibility. Include the role of treatment and access to it, using the new model recommended in this report.
- ❑ Reach out to ethnic communities to encourage training and apprenticeships in alcohol and other drug treatment field.
- ❑ Use innovative training techniques and technologies to expand existing training on issues for offender populations.
- ❑ Provide training locally and link to pooled resources.
- ❑ Create practicum sites at detox centers.
- ❑ Require continuing education for all alcohol and other drug and mental health service providers based on standards of best practice, met within a designated time line.
- ❑ Set standards for each type of training or cross training needed.
- ❑ Expand the type of provider required to attend training. Consider providing incentives for attending training.
- ❑ Provide training to VRD staff regarding alcohol and other drug abuse, treatment dynamics and cycle of addiction.
- ❑ Make screening & referral part of existing State agencies' eligibility processes.
- ❑ Enforce OHP criteria that 75% of patients be screened and referred for assessment and treatment for substance abuse issues.
- ❑ Adopt a critical decision path model for screening. This model should be based on a brief general screen, which triggers a more detailed, or population specific assessment for high-risk populations.
- ❑ Create a central hotline that provides information about local alcohol and other drug assessment resource information.

Oregon Strategy for Social Support Review

- ❑ The state should identify and implement incentives for local systems to improve treatment service for high-risk youth to help ensure the most impact from limited service capacity.
- ❑ Develop or agree on a standardized tool to be used by all State funded treatment agencies performing alcohol and other drug assessments.
- ❑ The tool should include information about clients' mental health and developmental status, as well as need for wraparound support services.
- ❑ Create a "paradigm" shift among State agencies so they serve as catalysts to assess and treat substance abuse issues among clients, particularly in agencies where large proportions of clients are estimated to need alcohol or other drug treatment, by providing training for all agency and provider staff.
- ❑ Governor needs to issue a "call to arms" of state agencies.
- ❑ Use the Detox Task Force to fully study detox issue and address lack of OHP coverage and related problems.
- ❑ Revise existing alcohol and other drug policies and rules to support an individualized continuum of care approach, as recommended in this document.
- ❑ Expand ASAM criteria to include detox.
- ❑ Create a regional approach to detox.
- ❑ Link housing and residential treatment to detox.
- ❑ Involve criminal justice system community in local alcohol and drug planning, particularly around the issue of "sobering."
- ❑ The act of driving under the influence identifies a potential alcohol or other drug problem. It should continue to be viewed as an opportunity for early intervention.
- ❑ *Amend ORS.813.260 and subsections so that local alcohol and drug comprehensive plans, under OADAP guidelines, identify agencies qualified to conduct diagnostic assessment and recommend treatment plans at a local level.*
- ❑ Merge OADAP's diversion funding into the county planning process and funding process.
- ❑ Develop and share culturally appropriate and specific training on specific populations based on progressive standards of care and best practices among all involved or concerned agencies.
- ❑ Form a work group to examine OHP/DHR payment and contract system and to develop treatment model guidelines for residential services addressing special populations and co-occurring disorders.
- ❑ Support holistic approach to residential treatment.
- ❑ Integrate development of beds for special populations into existing settings.
- ❑ Specialized treatment programs should meet same criteria as all A&D programs per OAR S 415-51-000 to 130, and 415-10-000 to 170.
- ❑ The State should establish statewide, consistent standards.
- ❑ Continue to refine and develop service structure to meet 100% of treatment need in the institutions.
- ❑ Develop a close working relationship with OADAP for improved coordination of services and increased technical assistance to counties as inmates transition.
- ❑ Restructure system for allocating DOC services to assure rate parity and avoid duplicating purchase of service.
- ❑ Ensure involvement in "pool of service" recommendations.
- ❑ OYA should complete a thorough needs assessment of their population to determine youth in need of treatment.
- ❑ Ensure all State agencies use same definition of "aftercare".
- ❑ Prioritize aftercare supports and advocate for funding and statutory provisions for them.
- ❑ Replicate successful models for self-help groups for special populations and persons with co-occurring disorders.
- ❑ State agencies should provide a single point of coordination and technical assistance to communities about the location of self-help groups and how to connect with them.

Oregon Strategy for Social Support Review

- ❑ The State should inventory and coordinate available transportation resources to support Oregonians completing treatment.
- ❑ Develop holistic approach to treatment that focuses on family supports, not individual supports.
- ❑ Focus especially on including therapeutic child care as part of treatment by developing an information and referral system.
- ❑ Develop specific steps to support the employment needs of Oregonians in treatment, and assist them to make a transition back to a community setting.
- ❑ Coordinate A&D treatment services with content in the workforce system. This should include those clients at risk who are receiving mental health and vocational rehabilitation services.
- ❑ Create a joint planning process among all state agencies to provide for client-centered supports.
- ❑ Jointly staff client case plans.
- ❑ Continually combine programs and case plans at a state and local level.
- ❑ Evaluate drug-free housing programs in Medford, Hillsboro and McMinnville for possible replication in targeted areas.
- ❑ Upon positive evaluation, acquire funding to build site and run project.
- ❑ Ensure location of housing in community centers.
- ❑ Assure that each A&D treatment facility coordinates client centered supports and aftercare services.
- ❑ Secure drug-free housing options for clients upon release.
- ❑ Identify specific communities for drug-free housing placements and issue specific RFP using existing state and federal housing development resources.

Recommendations of Child Care Work Group

- ❑ Provide CCD with legislative authority and sufficient resources for annual inspection of family child care businesses.
- ❑ Require inspection of new family child care businesses before approval of registration.
- ❑ Improve inspections of center-based care.
- ❑ Develop and distribute information on safety and encourage voluntary compliance with safety principles for exempt child care settings.
- ❑ Provide CCD with legislative authority and sufficient resources to investigate serious complaints.
- ❑ Provide CCD sufficient resources to reduce certification caseloads.

Recommendations of the Diagnosis and Early Evaluation Work Group

- ❑ Design an eligibility tool.
- ❑ Implement a standard screening protocol.

Recommendations by Family Support and In-Home Assistance Work Group

- ❑ Family support casework needs a separate workgroup to identify providers, redundancies, and gaps.
- ❑ Resume SSIWG work at a later date, to continue looking at other areas of family support and in-home assistance, including senior and disabled services.
- ❑ Require universal prenatal & at-birth screening and referral by any provider receiving state/federal funding. Voluntary for others.
- ❑ Education for all to understand the benefits of universal screening.
- ❑ Use of a common screening tool.

Oregon Strategy for Social Support Review

- ❑ Connect screening to medical testing at birth.
- ❑ Increase awareness of early childhood support and referral systems.
- ❑ Create coordinated referral and triage teams at the local level.
- ❑ Pool state and federal resources for "non-mandated" populations/services. Funds to go directly to pool, not through agencies.
- ❑ County or self-declared multiple counties will submit a coordinated plan to the Coordinating/Development Team consisting of state and local partners for approval for funding.
- ❑ Each county or self-declared multiple counties individually determine who and how local referral/triage team will function, within statewide parameters, minimum membership requirements and accountability (data & evaluation).
- ❑ Each team will serve both as referral triage mechanism and purchaser of all home visit and auxiliary supports.
- ❑ Local flexibility for counties. Responsibility and accountability through county commissioners.
- ❑ Funding for (named) home visiting programs be diverted in the 1999-01 biennium from the current recipient and sent to a pooled fund, to be distributed via a grant system, using a state/local team approach.
- ❑ During the 1999-01 interim, planning for the possible inclusion of (named) funds or partial funds should be accomplished and necessary legislation introduced in the 2001 Legislative Session.
- ❑ Any new early intervention home visiting resources—state, federal, or other—be tied to the statewide system to assure their participation in the local planning process.
- ❑ A state/local/legislative implementation group continues to work on additional details, including where at the state level pooled resources will reside and where state staff work will be accomplished.

Recommendation by Health Care Work Group

- ❑ Appoint a state dental director.

Recommendations by Safe, Affordable Housing Work Group

- ❑ **Improve the decision-making process**
 - Bring together information on the availability, affordability, adequacy and accessibility of housing at the community level.
 - Establish an effective consolidated local needs assessment and prioritization process.
- ❑ **Increase community acceptance of special needs and low-income housing**
 - Train service providers to handle the public's concern.
 - Develop broad public relations campaign about special populations served in communities by state agencies.
 - Create materials for developers that summarize legal and procedural aspects of siting special needs housing.
 - Assign resources and staff for fair housing advocacy, issue tracking, complaint investigation and resolution, and legal action where necessary
- ❑ **Align state agency goals, policies, practices**
 - Align Governor's Community Solutions Team and SSIWG initiatives.
 - Implement Statewide Planning Goal 10 and Governor's Quality Development Objectives.
 - Make issue-specific materials available to teachers.
 - Convene a multi-agency task force to review relevant statutes and regulations on health, safety, sanitation, licensing and zoning requirements.

Oregon Strategy for Social Support Review

- Create a common language between Building Codes Division and agencies serving persons with special needs.
- Drafting and adopt a "dangerous building" code for residential buildings.
- Increase collaboration between agencies and private organizations.
- **Re-deploy and increase resources**
 - Make information on vacant units readily available to those receiving services from other state human services agencies.
 - Provide information on local housing availability through public schools.
 - Create a trust fund from the sale of state-owned real estate, which previously served persons with special needs.
 - Expand home ownership opportunities for lower income citizens and persons with special needs.
 - Facilitate acquisition of affordable disability insurance.
 - Increase availability of temporary lodging options for homeless and lower income Oregonians.
 - Use inmates to build housing for low-income purchasers.
 - Provide reimbursement fee to non-profits for each eligible low income Oregonian that goes through OHCSA's home buying training course and becomes a homeowner using the state's Residential Loan Program.
 - Incorporate an environmentally safe rehabilitation component for owner-occupied housing.
 - Re-deploy state rental assistance to the production of affordable housing.
 - Study impact of shifts in federal housing policy and funding levels.
 - Increase the capacity of Oregon Housing Trust Fund.
 - Consider consolidation of all affordable housing production programs into a single housing program with flexible, broad activity categories and join all housing-related income subsidy programs with public assistance programs.
 - Limit the mortgage interest and property tax deductions enjoyed by higher-income households.

Recommendations by the Mental Health Alignment Work Group

- Develop local biennial blueprint plans that use multi-system team approach to coordinate and deliver services for children, families and adults.
- Establish equal benefits for mental health and physical health (parity).
- Provide public mental health funds, including OHP, through a block grant for implementing local plans, and encourage local mental health authority to enter into "blended funding" agreements with state and providers.
- LMHA and local public safety coordinating council work together to address the interface between law enforcement and mental health for both youth and adults.
- Results become a part of the local blueprint plan. Corrections and OYA (state) to work with local mental health to develop release plans.
- Create a seamless data system-and an "information system guidance committee": to inform the process.
- Simplify OHP enrollment process and eliminate periods of non-coverage.
- Develop or adopt statewide performance measures and allow for additional local measures.
- Establish a FHIAP-like subsidy program for purchase of employer-based insurance, based on a basic benefit package.
- Conduct a study and analysis of the needs of the mental health workforce.
- Delineate workforce needs and responsibilities according to a matrix.
- Identify core competencies and develop training across the system.
- Form a consortium of public and private groups to provide public education.

Oregon Strategy for Social Support Review

- ❑ Governor and State agencies should make changes necessary to integrate administrative functions to support local service delivery.
- ❑ Establish an independent ombudsperson office.
- ❑ For implementation purposes, transfer Dammasch Housing Trust Fund to OHCSO to leverage and grow.
- ❑ Establish a developmentally appropriate screening tool for children and adolescents.
- ❑ Develop a state comprehensive plan consistent with MHAWG values and guiding principles and derived from local plans.
- ❑ Develop abuse/neglect and safety policy.
- ❑ Develop standardized levels of care criteria linked to local plans.

Recommendations of the Nutrition Work Group (Interagency Coordinating Council on Hunger)

- ❑ **Outreach**
 - Identify unserved and under served communities. Target outreach to the areas with greatest needs.
 - Assess feasibility of expanding program resource information offered through SAFE NET. Add summer food Service program.
 - Consider adding all nutrition programs to SAFE NET and explore the development of a statewide portal that references local programs.
 - Jointly develop outreach strategies. Continue with direct certification.
 - Assess staff efficiencies and/or need for additional staff to handle increases in participation for program budgeting.
- ❑ **Nutrition Education**
 - Use Nutrition Education Network to deliver and promote simple, consistent messages about nutrition and physical activity, which lead to healthy lives.
 - Conduct a needs assessment that includes a review of current educational services, research on nutrition health issues, and use of consumer focus groups.
 - Develop an implementation plan that includes identification of best practices in nutrition education, specific initiatives, and partner responsibilities.
 - Involve target audiences and community groups in each phase of the process.
 - Coordinate outreach efforts of partners.
 - Identify opportunities to coordinate/integrate nutrition and physical activity education programs
 - Invite other partners to participate in Nutrition Education Work Group.
 - Coordinate with other specific nutrition efforts.
 - Conduct a nation-wide review of nutrition education work groups and identify best practices and partnership needs.
- ❑ **Program Monitoring**
 - Review monitoring requirements of each nutrition program to determine whether there is sufficient crossover to coordinate or integrate program-monitoring functions.
- ❑ **Data Collection and Use**
 - Determine what nutrition-related data we need to know and how we would use and share it.
 - Determine how to paint a picture of hunger in Oregon.
 - Better define the relationship between nutrition programs and hunger.
 - Set targets for reaching under-served areas or populations.
 - Develop strategy and work toward the sharing and integration of data systems.
- ❑ **Program Improvements**
 - Revisit the Comprehensive Child Nutrition waiver proposal and resubmit appropriate waiver requests

Oregon Strategy for Social Support Review

- Facilitate transfer of surplus USDA commodities from the Commodity Food Distribution Program to The Emergency Food Assistance Program.
- Request necessary waivers for Summer Food Service Program.
- Continue to look for other partners to address food insecurity.
- Determine whether the Summer Food Program can utilize congregate meal sites, Head Start facilities and senior service centers for lunch sites
- Consider feasibility of using smart cards for programs beyond Adult & Family Services (now Children, Adults & Families).
- Explore use of portable point of sale machines at farmers' markets to allow for use of Food Stamps and WIC farmers' market benefits.
- Federal rules and regulatory changes.

Recommendations of the Transportation Coordination Initiative Work Group

- Charge state agencies with implementing coordination initiative and hold them accountable.
- Determine means for implementing framework of Coordination Project.
- Encourage creation of local coordination entities to provide community level structures for continuous improvement of coordination for all state-supported transportation services.
- Provide periodic reports on goals, objectives, and accomplishments.

State Activities to Achieve Outcomes

- Identify new coordination barriers and obstacles as they emerge.
- Monitor agency initiatives to address problems.
- Identify gaps in the current delivery system and opportunities to improve coordination of services.
- Integrate administration of state agency programs.
- Provide policy solutions and technical assistance.
- Collect and disseminate common information about activities and outcomes.
- Define and implement innovative projects and initiatives.
- Provide financial incentives to encourage coordination.
- Ensure a coordination mechanism exists for the OTN.
- Report to Governor on progress based on common service measures (benchmarks).
- Create mechanism to reduce the risks associated with mixing clients in transportation.
- Develop consistent standards for transportation services and planning among Dept. of Human Services (DHS), Dept. of Transportation (ODOT), Dept. of Veterans Affairs, and others.
- Develop uniform operating, safety and vehicle standards & specifications (such as child restraints, special licensing) and training.
- Condense existing rules where practical and develop a consistent set of state agency policies, administrative rules and standards to govern eligibility.
- Coordinate transportation programs of ODOT, DHS, ODE, Veterans and other agencies involved in transportation services.
- Make available a brokerage or other locally appropriate transportation coordination mechanism in each county or region.
- Create incentives that encourage local jurisdictions to integrate transportation services
- Establish a method to reinvest coordination savings into the community to increase transportation service and improve quality.
- Assist communities in identifying and overcoming barriers to coordinated transportation services.
- Coordinate transportation funding and planning (both generalized and specialized) among ODOT, DHS, ODE, Veterans, and their local partners.
- Develop consistent transportation billing and tracking systems among state agencies.

Oregon Strategy for Social Support Review

- Where appropriate, consolidate fragmented funding and transportation reimbursements from all state agencies including ODOT, DHS, Veteran's and ODE into a single transportation coordination grant to local communities.
- Develop and maintain a consolidated inventory of transportation funding resources, providers and coordinated services within Oregon.
- Establish a single point of contact for local communities to call for assistance and "barrier busting".
- Maximize the use of existing vehicles in community programs through shared used programs. Establish a capital asset management plan to identify when vehicles need to be replaced, maximize vehicle utilization, and avoid redundancy.
- Create and offer funding for local jurisdictions to integrate transportation services and consolidate funding.
- Create incentives in the school transportation allocation for school districts to participate in coordinated transportation services (e.g., allow districts to keep savings in state allocation from coordinating services).
- Develop a performance monitoring and tracking system to assess the effectiveness of agencies in implementing these directives and in achieving desired.
- Develop a uniform tool to evaluate local transportation coordination efforts, including quality attributes such as avoided healthcare costs, etc.
- Oregon should build a statewide trip planning system.
- Research insurance and risk barriers and identify opportunities.

Appendix B

The Oregon Strategy for Social Support Initiative
Opinion Survey
March 2002

Your name _____ Agency/Organization you represented _____

Please circle the role(s) that describes your participation in the SSI

Work Group Member Steering Committee Member Advisory

If work group member, please enter name of group(s):

When responding to the questions below, if you participated in *more* than one work group, please respond for each group and write its name under the appropriate answer, e.g.:

Very familiar Somewhat familiar Slightly familiar Not familiar
Mental Health *Transportation*

Please circle the most appropriate response to the following questions regarding the SSI:

1. Are you familiar with the outcomes of the OSSSI recommendations *in general*?

Very familiar Somewhat familiar Slightly familiar Not familiar

2. Are you familiar with the outcomes of the recommendations made by your work group(s)?

Very familiar Somewhat familiar Slightly familiar Not familiar NA

3. There were several objectives of the Oregon Strategy for Social Support: One was to **align state agency roles to reduce redundancies where appropriate and to fill in gaps**. Another major goal of the strategy has been **to reduce the role of the state as the primary direct service provider of social supports where appropriate and to explore new community-based roles**. In your opinion, how effective was the work group process in *identifying* ways to accomplish this?

Very effective Somewhat effective Slightly effective Not effective NA

Oregon Strategy for Social Support Review

4. In your opinion, how effective has the Oregon Strategy been in helping to *accomplish* the goals in question #3?

Very effective Somewhat effective Slightly effective Not effective

Not enough information to determine

5. In your opinion, have state agency roles been aligned sufficiently to reduce redundancies where appropriate and to fill in gaps?

Greatly aligned Somewhat aligned Slightly aligned Not aligned

Not enough information to determine

6. In your opinion, has the role of the state been reduced as the primary direct service provider where appropriate?

Greatly reduced Somewhat reduced Slightly reduced Not reduced

Not enough information to determine

7. Please **list** four or more **words** that describe your overall appraisal of the work-group process by which the Oregon Strategy has developed.

8. In your opinion do you believe outcomes have been consistent with the recommendations made by your group?

Very consistent Somewhat consistent Slightly consistent Not consistent

Not enough information to determine

9. Do you believe that a recommendation to continue the work of OSSI should be made to the next governor?

Yes No

Now will you take a few more minutes to respond to the questions on the next page?

Oregon Strategy for Social Support Review

To further assist in the evaluation, please respond to the following questions using examples from your understanding of the status of the various work group recommendations. Feel free to use the back of this page or an additional sheet of paper.

These questions are about the process used to develop the SSI:

10. What changes might have improved the process by which the Oregon Strategy has developed (e.g., frequency of meetings, meeting structure, number of groups or composition of groups participating)?

11. If you believe the process was successful, what are the factors that made it work? (e.g., staff, meeting locations, facilitator, legislative/participant involvement etc.) What elements would you change?

12. What changes, if any, would you attribute to using this kind of process?

13. If you believe the process was *not* successful, can you describe one that would have been better?

These questions are about the outcomes of the SSI:

14. Outcomes can be affected by changes in many different circumstances such as personnel changes, agency culture, or other factors that have occurred since the recommendations were adopted. Are you aware of any changes in circumstances that have occurred and that have affected outcomes?

15. What unexpected outcomes, positive or otherwise, are you aware of that resulted from the Oregon Strategy?

16. Have the outcomes from the recommendations been consistent with the goals of the recommendations? If not, what factors contributed to the result?

17. What has been the reaction of stakeholders to implementation of the recommendations?

Oregon Strategy for Social Support Review

18. What do you think *wouldn't* have happened without the Oregon Strategy for Social Support (i.e., what are the opportunities, if any, that have been brought about by the OSSI that otherwise might not have existed)?

19. If you believe that the SSI is a work-in-progress, what suggestions do you have to ensure that the effort is sustained and institutionalized (e.g., re-activate groups, legislative action, etc.)?

Any additional comments you wish to make?

Thank you for taking time to participate in this survey. Your comments are very much appreciated.

Please return as soon as possible to:

Alicia Philpot
Community Outreach Coordinator
Governor's Office, Rm. 167
900 Court Street NE
Salem, OR 97301
PH: (503) 373-7489
FAX: (503) 378-6982

Appendix C

Responses to The Oregon Strategy for Social Support Opinion Survey

Of the 171 surveys sent, 53 responses were received. Because some of the participants served on more than one work group or served as members of the Steering Committee as well as work groups, the total responses for each question in some cases exceed the total number of respondents.

Question 1: Are you familiar with the outcomes of the OSSI *in general*?

	Very Familiar	Somewhat	Slightly	Not familiar	Not enough Information	TOTAL Responding
TOTAL	19	27	16	3	0	65

Question 2: Are you familiar with the outcomes made by your work group(s)

	Very Familiar	Somewhat	Slightly	Not familiar	Not enough Information	TOTAL Responding
TOTAL	29	21	7	1	0	58

Question 3: In your opinion, how effective was the process in *identifying* ways to accomplish the goals of the OSSI?

	Very Effective	Somewhat Effective	Slightly Effective	Not Effective	Not enough Information	TOTAL Responding
TOTAL	22	42	4	1	2	71

Question 4: In your opinion, how effective has the Oregon Strategy been in helping to accomplish the goals in question 3?

	Very Effective	Somewhat Effective	Slightly Effective	Not Effective	Not enough Information	TOTAL Responding
TOTAL	10	30	11	2	12	65

Oregon Strategy for Social Support Review

Question 5: In your opinion, have state agency roles been aligned sufficiently to reduce redundancies and fill in gaps?

	Greatly Aligned	Somewhat Aligned	Slightly Aligned	Not Aligned	Not enough Information	TOTAL Responding
TOTAL	3	33	11	4	16	67

Question 6: In your opinion, has the role of the state been reduced as the primary direct service provider?

	Greatly Reduced	Somewhat Reduced	Slightly Reduced	Not Reduced	Not enough Information	TOTAL Responding
TOTAL	3	16	8	12	21	60

(For question 7, see Appendix D)

Question 8: In your opinion, do you believe the outcomes have been consistent with the recommendations made by your (the) work group?

	Very Consistent	Somewhat Consistent	Slightly Consistent	Not Consistent	Not enough Information	TOTAL Responding
TOTAL	23	18	6	0	16	63

* One Steering Committee member did not respond to this question. Three responded in their role as work group members.

Question 9: Do you believe that a recommendation to continue the work of the Oregon Strategy should be made to the next governor?

	Yes	No	Don't Know	TOTAL Responding
TOTAL	48	3	5	56

Spring 2002

Appendix D

Question 7: Please **list** four or more **words** that describe your overall appraisal of the work group process by which the Oregon Strategy has developed.

Descriptive Words Used by Respondents

Accomplished	Fatiguing	Outstanding
Aggressive	Focused	Painstaking
Ambitious	Focused	Political
Cautious	Focused	Positive
Challenge	Hard	Practical
Challenging	Holistic	Pre-arranged
Challenging	Hopeful	Productive
Challenging	Hopeful	Productive
Collaborative	Hopeful	Productive
Collaborative	Human	Productive
Committed	Inadequate	Protective
Communicated	Incisive	Purposeful
Complex	Inclusive	Refreshing
Complex	Inclusive	Restrictive
Comprehensive	Inclusive	Rewarding
Comprehensive	Inclusive	Rewarding
Comprehensive	Inclusive	Satisfying
Comprehensive	Informative	Sincere
Confusing	Informative	Slow
Confusing	Informative	Sound
Consistent	Informative	Strategic
Cooperation	Inspirational	Successful
Creative	Intense	Targeted
Creative	Intensive	Tedious
Daunting	Intensive	Terrific
Difficult	Inventive	Thorough
Diligent	Logical	Thorough
Direct	Long	Thorough
Directed	Long	Thorough
Disjointed	Long	Thoughtful
Educational	Long	Thoughtful
Educational	Manipulated	Thoughtful
Effective	Massive	Tiring
Effective	Meaningful	Turf
Efficient	Needed	Understanding
Energized	Networking	Unfinished
Excellent	Open	Valuable
Exciting	Opportunity	Vision
Energy	Organized	Willingness
Exhilarating	Organized	Workaholic
Expertise	Organized	

Phrases used by some respondents to answer Question 7

A mystery at first, but then an ah-ha! experience	Minimal impact achieved to date	Work group process was excellent
Awareness of groups	Misunderstood, but on point	
Awareness of groups	Not focused enough	
Black hole	Outcome driven goal	
Broad based	Overwhelmed by complexity of MH systems	
Brought divergent groups to table	Policy focused	
Carefully managed	Prevention vs. high-end supports	
Collective, multi-disciplinary approved using brainstorming facilitated discussion	Process became more important than conclusion	
Committed to the patients and consumers	Resistant to major change	
Common support for a systems approach	Round peg in square hole	
Common understanding	Shifting focus	
Consensus building	Slightly frustrating	
Dedicated & conscientious people	Sometimes frustrating	
Disappointment (failure to enact an insurance parity law!)	Team building	
Excellent facilitation	Tedious but effective	
Excellent recommendations	Threads of continuity	
Exploratory/education	Time consuming	
Extraordinary process	Time consuming	
Far reaching	Tremendous process	
Forward looking	Turf oriented	
Future efforts?	Under funded	
Future support	Variable in terms of commitment and knowledge	
Good effort	Varied membership	
Good intent	Very effective	
Good opportunity to communicate	Very risky activity	
Good product	Well facilitated	
Great common language	Well thought out using systems approach. It has a strong conceptual foundation. It is just hard to implement. It is just hard to change the direction of such a large ship.	
Great process		
Helpful goals identified		
Informative		
Local vs. state control		

Appendix E

Oregon Strategy for Social Support Initiative Interviewees

Special appreciation is extended to the following participants who gave their time and ideas about the Oregon Strategy in personal interviews for this review:

1. April Lackey
2. Barbara Cimaglio
3. Becky Eklund
4. Ben Boswell
5. Bob Montgomery
6. Bob Repine
7. David Foster
8. Donna Middleton
9. George Naughton
10. Gwen Grams
11. Jean Thorne
12. Jeff Tryens
13. Jim Russell
14. Laura Pryor
15. Karen Brazeau
16. Kathy Spear
17. Kelly Freels
18. Luis Caraballo
19. Madeline Olson
20. Mark Gibson
21. Pam Curtis
22. Pat O'Sullivan
23. Pete Shepherd
24. Phil Cox
25. Senator Avel Gordly
26. Suzie Willard
27. Tom Olsen
28. Toni Phipps

**REPORT TO
GOVERNOR KITZHABER:**

**INVESTING IN
INDEPENDENCE, PRODUCTIVITY
AND SELF-SUFFICIENCY
FOR
OREGONIANS**

APRIL 1997

Submitted by:

THE SOCIAL SUPPORT INVESTMENT WORK GROUP

April 21, 1997

Governor John Kitzhaber
Oregon Capitol Building
Salem, OR. 97310

Dear Governor:

We are pleased to deliver this report on investing in independence, productivity and self-sufficiency for Oregonians.

Over the last nine months, we and our staff have been working diligently to recommend to you a core continuum of social supports for Oregonians which can supply the foundation for workforce and educational productivity. Twenty-eight state agencies, city and county representatives, and citizen advocates, along with input from scores of stakeholders, have produced this report.

We have analyzed and are recommending the most appropriate role of state government in providing core social supports in collaboration with our community partners. In some cases, this means a shift in our current way of doing business.

We are recommending a method to address potential gaps and redundancies in Oregon's current system of social supports.

We systematically analyzed the underlying correlation's and cause/effect relationships that prohibit self-sufficiency successes of our citizens and may be driving some of our system inefficiencies. We likewise, recommend a method to address these issues.

We have learned a lot from this process, yet there is more to be done. We commit to continuing the work begun here by:

- Using the process, principles, objectives and interests contained in this report to negotiate social support partnerships with local communities;
- Agreeing to participate in the next phase of work that is recommended in this report, should you assign it to us; and
- Establishing necessary partnerships and making necessary adjustments within our own agencies to align with the core supports and state roles we have identified and recommend to you.

We thank you for your catalytic and visionary leadership in this and other areas. We ask that you continue such foresight and leadership in any implementation work you may assign to us.

Members of your Social Support Investment Work Group:

Roger Auerbach, Senior and Disabled Services Division, DHR
Karen Brazeau, Oregon Youth Authority
Dave Cook, Department of Corrections
Hersh Crawford, Office of Medical Assistance Programs, DHR
Jan Dean, Employment Department
Janis Elliot, Child Care Division, Employment Department
Lynn Fallin, Oregon Commission on Children and Families
Mark Gibson, Office of the Governor
Muriel Goldman, Citizen Advocate
Mayor Larry Griffith, League of Oregon Cities
Elinor Hall, Health Division, DHR
Sandie Hoback, Adult and Family Services, DHR
Barry Kast, Mental Health and Developmental Disabilities Division, DHR
Phil Lemman, Criminal Justice Commission
Judy Miller, Oregon Department of Education
Bobby Mink, Department of Human Resources
Greg Peden, Oregon State Police
Toni Phipps, Alcohol and Drug Program Office, DHR
Judge Laura Pryor, Association of Oregon Counties
Connie Revell, The Oregon Option
Joil Southwell, Vocational Rehabilitation Division, DHR
Jean Thorne, Office of the Governor
Kay Toran, State Office for Services to Children and Families, DHR
Jeff Tryens, Oregon Progress Board
Sharlene Walker, Office of Community College Services
Gary Weeks, Department of Human Resources
Kathryn Weit, Citizen Advocate
Gustavo Wilson, Housing and Community Services

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EXECUTIVE SUMMARY

Introduction

In the spring of 1996, Governor John Kitzhaber developed a Human Investment Framework. This Framework set the goals and tone for Oregon's approach to investing in its people. It said that Oregon's approach would be one of shared investments -- among state, local and community, public and private partners. It also said that Oregon's approach would recognize the inter-connected relationship between education, workforce development and social supports. The Framework held that in order for children to be successful in school, and in order for adults to be successful at finding and maintaining employment, certain social supports had to be present in their lives. The overall goal of the Framework is to empower Oregonians to be as independent, productive and self-sufficient as possible so that we can attain this vision we all share for our state.

The Framework stopped short of identifying the specific social supports, but did direct us to honor the relationship between social supports, education and workforce development. Child care, for example, may be a critical social support in order for some Oregonians to advance in their education or to obtain and hold a job. Having Oregonians advance their education and employment is an interest we all share. It helps us achieve our vision for Oregon: quality jobs, engaged communities and healthy surroundings. In May 1996, the Governor appointed a special "Social Support Investment Work Group" to define the critical social supports necessary to ensure success with the Framework's goals of education and workforce success. The Social Support Investment Work Group was charged with the following activities:

- ✓ identify social supports critical to education and workforce productivity and success;
- ✓ identify those social supports that state government has a primary responsibility to provide, and the most appropriate manner for the state to do so;
- ✓ identify a process by which Oregon can begin to address potential gaps, redundancies and inconsistencies in current systems of social supports; and
- ✓ identify opportunities for strategic investments to achieve the availability of the core social supports.

Product and Process

Over nine months, a work group of 28 people consisting of agency heads, city and county government representatives and citizen advocates met to address the charge given them by the Governor. Broad-based and enthusiastic participation from members of the Work Group provided the opportunity to form new and closer relationships among state, city, county and citizen partners. The approach used by the Work Group ensured a cross-agency understanding and resulted in recommendations in the following areas:

- ✓ Adoption of a set of principles to guide a continuum of core social supports and to serve as an important link among agencies and across traditional service lines.
- ✓ A continuum of core social supports according to level of vulnerability and stage of life.
- ✓ Seven possible state roles as potential methods to deliver each social support. The most appropriate role for state government is identified for each support.
- ✓ A process to further analyze potential inconsistencies and determine the most efficient means of aligning our efforts to deliver supports as recommended by the core continuum.
- ✓ A collaborative public-private method to make strategic investments in specific areas that could result in reduced cost and increased positive outcomes for the state.

A summary of recommendations may be found at the end of this Executive Summary. These recommendations provide two shifts of policy for the state. They seek to:

- ✓ move the state out of the business of providing direct service, in favor of the role of partnering with communities in the design and delivery of core social supports; and
- ✓ recommend a stronger role for communities in delivering service at the closest level possible to Oregon's citizens.

An important step in achieving this shift is additional dialogue with and among local partners. The process of understanding the interconnected relationships among state, local, public and private partners for social supports has just begun.

By working together in partnership to provide the identified core social supports and make targeted, strategic investments where possible, Oregon will form the foundation to increase individual educational and workforce success. Individual educational and workforce success in turn will lead to the three goals Oregon has agreed to in *Oregon Shines II*, The State's Strategic Vision: 1) quality jobs for all Oregonians; 2) safe, caring and engaged communities; and 3) healthy sustainable surroundings.

Summary of Recommendations

1. The Governor should direct the adoption of the principles for social support.
2. The Governor should direct and support state agencies' use of the Guiding Principles, Objectives, State Interests and Process for State and Local Partnerships in the social support arena.
3. The Governor should direct the adoption of the recommended Core Support Continuum and corresponding roles for state agencies as part of his Human Investment Framework. The Governor should direct agencies to align their resources, support and roles according to the Core Support Continuum, and by the recommended method below.
 - ✓ The Governor should appoint an oversight committee to manage and ensure that analysis is completed and recommended adjustments are made.
 - ✓ Small groups should analyze apparent inconsistencies and determine the most efficient means to deliver supports as recommended by the core social support continuum.
 - ✓ The original 28-member Social Support Investment Work Group should reconvene periodically to review progress.
4. Analysis and alignments to the core social support continuum should be completed for the following core supports first:
 - ✓ Access to diagnosis and early evaluation
 - ✓ Access to family support and in-home assistance
 - ✓ Access to health care (including specialized medical care)
 - ✓ Access to tobacco, alcohol and other drug treatment
 - ✓ Affordable, safe housing
 - ✓ Available and affordable child care
 - ✓ Employment opportunities
 - ✓ Life skills development and assistance
 - ✓ Non-residential therapeutic care
 - ✓ Opportunities to learn outside the formal educational system
5. The Governor should encourage local partners (counties, cities and others) to establish a shared vision of *their* role in ensuring core social supports.
6. The Governor should call together state, local, community, public and private partners to develop a collaborative Oregon investment initiative in each of the key hydraulic areas of:
 - ✓ Substance abuse;
 - ✓ Lack of available and affordable housing;
 - ✓ Mental health treatment needs of children and their families;

- ✓ School failure; and
 - ✓ Lack of skills for self-sufficiency.
7. The Governor should stay informed of progress made on the investment initiatives and should remain a catalytic leader for change.

Social Support Investment Work Group

Full Report to the Governor

INTRODUCTION

In the spring of 1996, Governor John Kitzhaber developed a Human Investment Framework. This Framework set the goals and tone for Oregon's approach to investing in its people. It said that Oregon's approach would be one of shared investments -- among state, local and community, public and private partners. It also said that Oregon's approach would recognize the inter-connected relationship between education, workforce development and social supports. The Framework held that in order for children to be successful in school, and in order for adults to be successful at finding and maintaining employment, certain social supports had to be available and present in their lives. The overall goal of the Framework is to empower Oregonians to be as independent, productive and self-sufficient as possible so that we can attain this vision we all share for our state.

The Framework stopped short of identifying the social supports, but did direct us to honor the relationship between social supports, education and workforce development. Child care, for example, may be a critical social support in order for some Oregonians to advance in their education, obtain or hold a job. Having Oregonians advance their education and employment is an interest we all share. It helps us achieve our vision for Oregon: quality jobs, engaged communities and healthy surroundings. In May 1996, the Governor appointed a special "Social Support Investment Work Group" to define the critical social supports necessary to ensure success with the Framework's goals of education and workforce success. The Social Support Investment Work Group was charged with the following activities:

- ✓ identify social supports critical to education and workforce productivity and success;
- ✓ identify those social supports that state government has a primary responsibility to provide, and the most appropriate role for the state to do so;
- ✓ identify a process by which Oregon can begin to address potential gaps, redundancies and inconsistencies in current systems of social supports; and
- ✓ identify opportunities for strategic investments to achieve the availability of the core social supports.

PROCESS

The Social Support Investment Work Group began its work with a retreat on May 27, 1996, with Governor Kitzhaber. Considering the Governor's charge to the group a mission statement was defined to guide the work.

Mission

- ✓ To understand the connections and relationships among Oregon's systems of social support;
- ✓ To establish a clear, publicly accepted and prioritized social support continuum; and
- ✓ To define a structure and process to guide, accomplish and evaluate the work.

The Work Group identified the following outcomes for its work:

- ✓ Define the desired continuum of social supports.
- ✓ Determine outcomes for the continuum and opportunities for investment.
- ✓ Identify areas of refocus.
- ✓ Develop broad based coalitions to support the continuum.
- ✓ Agree on the most appropriate providers for services and agree on desired service outcomes.
- ✓ Increase understanding among service providers, decision makers and the public of the links, causes and effects between different areas of the continuum, and overall framework.
- ✓ Identify root causes and corresponding supports to mitigate risk factors.
- ✓ Develop a plan for achieving system adjustments, including "who" is responsible for achieving the adjustment.

Monthly meetings were held May 1996 through February 1997. The Work Group consisted of twenty-eight agency heads (or their designees), representatives of city and county government and citizen advocates. (A membership list and work plan may be found in Appendix A.) Consistent and broad base participation of the many agencies involved ensured an approach that cut across traditional agency and service boundaries. The nine-month time frame also ensured that new relationships were built between agencies.

In order to also ensure broad understanding and input into the Work Group's process, 600 key stakeholder organizations were identified to provide feedback at any time and to receive monthly progress updates. Community input opportunities were made available. These included:

- ✓ An Ednet telecast with two-way down link in five Oregon communities.
- ✓ An information packet about the Work Group that included a message from Governor Kitzhaber, an introductory video, handouts and discussion questions.
- ✓ Focus group meetings held in five additional communities.
- ✓ Monthly meetings, including two in rural Oregon communities.

Overall, 13 Oregon communities had direct contact with the Work Group. Over 750 stakeholders (individuals or groups) across the state were contacted for feedback. In addition, each Work Group member agency gathered input from their own stakeholder organizations or advisory groups. Stakeholders will also

provide feedback about how to proceed with the next phases of work recommended in this report.


CORE SOCIAL SUPPORT CONTINUUM and STATE RESPONSIBILITY

Principles

Broad-base agreement was reached on a set of principles to guide the establishment of a continuum of core social supports. These principles serve as an important link among agencies and across traditional service lines. They transcend the often referred to “silo” or “stove pipe” mentality to social support, whereby each agency is responsible for a service or population, often to the exclusion of other services or agencies. The principles transcend typical bureaucratic boundaries and have the full support and commitment of the Work Group’s member agencies and organizations.

Moreover, the established principles tie the identified core social supports into a consistent continuum, and form the foundation for addressing the interconnected nature of the supports, state agencies and community partners. They provide a means to move toward the core social support continuum. And they illustrate that the core social supports, and those who provide them, do not exist in isolation.

The principles are consistent with recent legislation and are rooted in three overarching goals articulated by Governor Kitzhaber: wise investments, partnerships and independence and productivity.



Key Principles of Oregon's Social Support System

Oregon's Social Support System will promote the following for Oregonians:

Wise Investments

- Target available resources toward efforts that increase productivity and quality of life.
- Re-invest savings from increased effectiveness to prevent entry or re-entry into services.
- Promote the inter-connection among state and local agencies, their services and clients.
- Utilize accepted standards and best *possible* practices in providing supports.
- Focus our resources on the social supports that help us achieve the best outcomes.

Partnerships

- Involve shared risk and responsibility among all state agencies and their local partners.
- Recognize that supports are best delivered and utilized at the closest community level possible based on state mandates, federal regulations, consolidated community planning, and capacity.
- Involve consumers and citizens in the design, delivery and evaluation of services.
- Build on the service integration that is a natural part of community support.
- Promote the need for a "customer service" orientation among state and local agencies and the clients they serve.

Individual Strengths and Productivity

- Understand and accommodate a wide range of abilities and needs for support, including addressing cultural, gender and geographic differences.
- Recognize that the level of support needed by Oregonians will vary depending on the conditions they face, and the other supports available in their lives.
- Acknowledge that all Oregonians may need extra support at certain points in their life.
- Encourage Oregonians to be as productive and independent as possible.
- Maximize individual and family strengths and sense of personal responsibility.
- Promote multiple points to access support, based on individual needs.
- Promote the interconnection of social supports with other needs, such as education and employment.
- Promote access to a core level of social supports.

Partnerships

The recommended principles recognize the interconnected nature of social supports and those who provide them. These principles recognize that social supports are best delivered at the closest community level possible and that interconnected partnerships are often simply the way communities do business. Further, the Work Group acknowledges that a lack of coordination at the state level makes it difficult for community partners to collaborate and draw upon the strength of interconnectedness. In order to accomplish the principles in implementing the core social support continuum, the Work Group believes it is necessary to build increasing numbers and levels of partnerships among state, local, public and private entities.

Building on the “Principles for Partnership” agreed to by the Governor, League of Oregon Cities and Association of Oregon Counties in March 1996, the Work Group member agencies have agreed to a common process and set of collective interests that will be represented when negotiating any social support agreement with local partners. By agreeing to these interests, partners can expect a consistent set of core interests that will be common to any future social support partnership arrangement. The “Principles for Partnership” and core interests may be found in Appendix B.

Determining Core Social Supports

Oregonians, in order to be successful in their workforce or educational endeavors, need certain social supports. While there are many *possible* supports that may increase the likelihood of an individual’s educational or workforce success, the Work Group took seriously the charge to identify those supports that are critical to ensuring that Oregonians are as independent and productive as possible. The Work Group identified as core social supports, for example, those supports which Oregonians “need to have” in order to be successful in education or employment. The Work Group distinguished core social supports from those that are less critical -- in other words, those that are “nice to have”, but not absolutely necessary.

In identifying core social supports the Work Group was driven by certain characteristics that distinguish a “core” social support from one that is not critical. A *core* social support is:

- ✓ needed for educational and/or workforce success and self-sufficiency regardless of who provides it;
- ✓ characterized by a bad outcome for most people if it is absent;
- ✓ able to make educational and/or workforce success much easier to achieve for most people;
- ✓ quantifiable, measurable and documentable;
- ✓ feasible and do-able (if it means a new way to do it); and
- ✓ received through the delivery of a service (it is not a service or service delivery method).

Without the core social supports identified, the Work Group believes that education and workforce success would be much more difficult -- and for some individuals -- impossible. Consistent with the Governor's Human Investment Framework (see Appendix C), individuals, families, churches and community based agencies all provide core social supports. The core social support continuum was designed to articulate those areas where the state has a key role in providing a core social support through a variety of approaches.

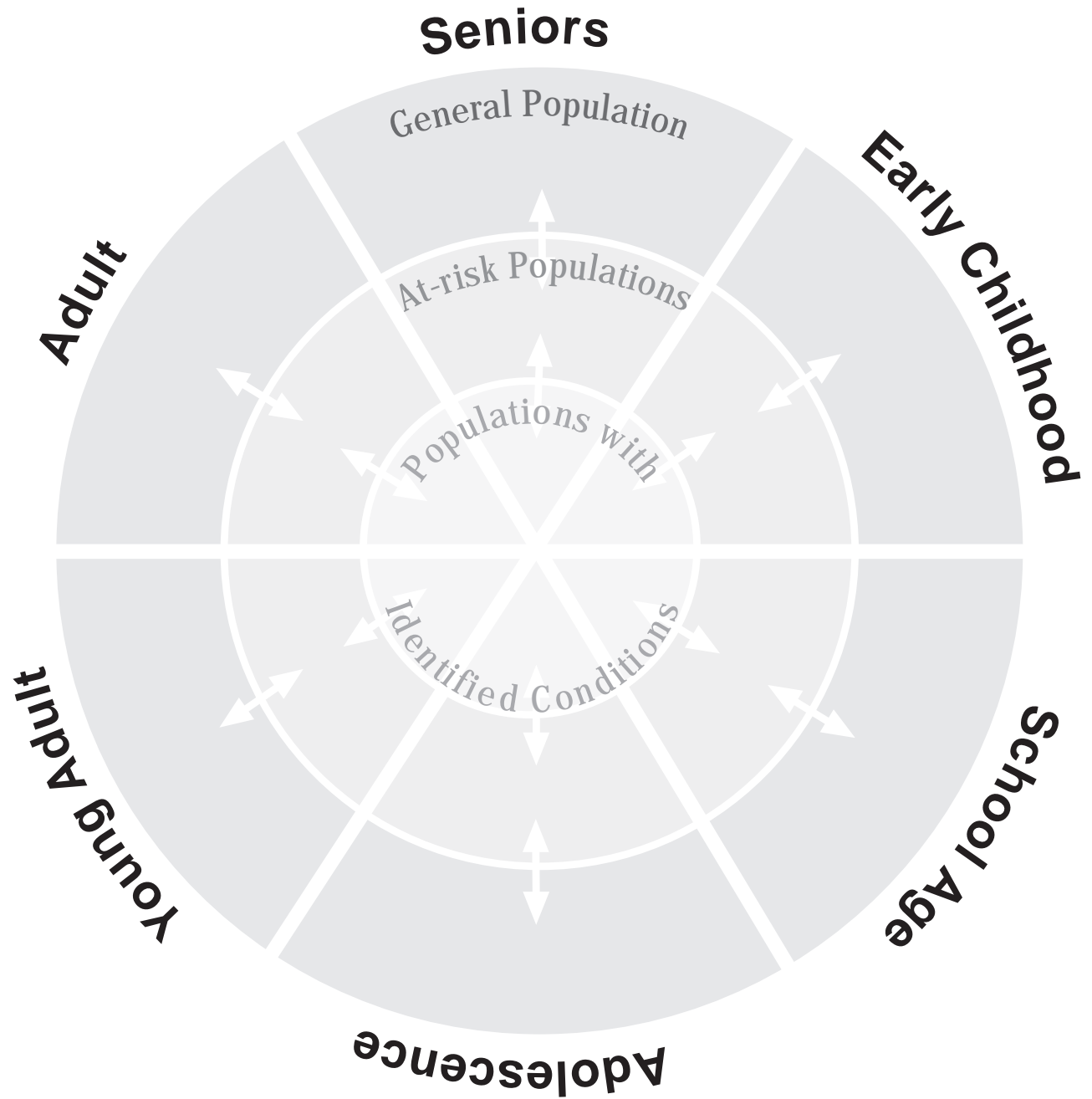
The Work Group recognizes that there may be other supports needed by certain individuals. Likewise there may be other types of support predominately addressed through the roles played by individuals, families or the private sector, etc. The core social support continuum articulates those supports that are critical to the educational and workforce success of Oregonians *and* where the state has a primary role in ensuring the existence of the support.

The core social support continuum only identifies supports that are *social* in nature. In other words, it only addresses the core social supports that would be provided through agencies aimed at individual, child or family well-being, *and* that support an individual's ability to be successful in education or workforce endeavors. It does not include supports that are core provisions of our K-12 education system or our workforce training programs. By working together in partnership to provide the identified core social supports, Oregon will form the foundation to increase individual educational and workforce success. Individual educational and workforce success in turn will lead to the three goals Oregon has agreed on through the *Oregon Shines II*, The State's Strategic Vision: 1) quality jobs for all Oregonians; 2) safe, caring and engaged communities; and 3) healthy sustainable surroundings.

Design of the Core Social Support Continuum

In response to the Governor's charge to recommend a core continuum of social supports in accordance with his Human Investment Framework, the Work Group presents a concept that is not traditional in the use of the word "continuum". However it does form the foundation for workforce and educational success, and fits squarely with the illustration contained within the Framework. (Please refer to Figure 1).

Core Social Support Continuum



The circle graphic used to illustrate the continuum represents the stages of an individual's life. The dotted lines between the stages indicate that there is not a well-defined beginning or end to most of the stages.

Some individuals will need more or less support and need it for varying lengths of time depending on their situation. Therefore, the graphic summarizes three broad types of populations. The outside ring of the circle represents the "general" population because it is the largest portion of Oregon's population. It characterizes those individuals who need very little social support from state government either because their situation does not require it, or they are able to obtain needed support from family members and their community.

The middle ring of the graphic shows Oregonians who are "at-risk" due to their need for short-term social support from the state in order to overcome a temporary barrier to independence, productivity and self-sufficiency. The at-risk population are generally of smaller number and are therefore represented by a smaller circle. The Work Group does not recommend a specific definition of at-risk Oregonians. Rather, the core social support continuum realizes that the at-risk nature of an individual's life may depend on their particular situation at any given time. The arrows between each of the population rings indicate the fluid nature of a person's level of risk. As individuals progress through life, they may be at-risk for certain conditions, they may have identified conditions in other areas, or they may not have any particular risk or condition at all.

The inner circle on the graphic represents those individuals who have "identified conditions" because they may require ongoing social support from the state in order to be as independent and self-sufficient as possible. It also recognizes that there are some for whom complete independence may be impossible (as in the case of certain persons with handicapping conditions). Those individuals will consistently require state support. Because these individuals are the smallest percentage of Oregon's population, they are represented using the smallest circle.

The Work Group has not recommended one definition for each of the types of populations (general, at-risk and identified condition). Because an individual may be at risk for one social support at one time in their life, but not at another, a definition has been generated for each type of population (or level of risk) pertinent to each core social support. For example, a person who is at-risk for access to health care as a child, may or may not be at-risk for obtaining affordable housing as an adult.

Figures two through eight represent the relationship between the larger "general" population and the smaller, more vulnerable population groups. The Work Group

has organized the core social supports by level of vulnerability and stage of life. For each stage of life and level of vulnerability, the core social supports needed by most Oregonians for education and workforce success have been identified. Again, not every conceivable support is listed, but rather only those that seem the most crucial to the Governor's human investment goals. Appendix D provides a definition of the recommended core social supports, and a definition for each of the types of populations relative to each support.

Organizing Supports

It is important to emphasize that the Work Group focused on core social *supports*, not core *services*. *Services* are one example of how a support can be delivered. The Work Group did not address services because it believes that service designs are best left to the expertise of communities and agencies operating under the recommended principles. *Supports*, on the other hand, are the focus, outcome or reason why a particular service might be delivered. Supports are delivered through a myriad of people or organizations such as by individuals, families, churches, natural helpers, and agencies. Any particular service design is but one means of delivering support. The recommendations section of this document contains suggestions regarding the delivery of services relative to the core social support continuum.

In designing the continuum of core social supports, the Work Group grappled with the long standing issue of child-centered versus family-focused approaches. While the Work Group was not focused on service delivery, it was important to arrive at a core social support continuum with a consistent organizational framework. For example, is the availability of child care a support to the parent or the child? Is prenatal care a basic necessity for the mother or her unborn baby? The child is often the ultimate beneficiary of supporting the parent. *However, for the sake of organizational consistency, core social supports were placed in the stage that reflected whose life would be most immediately impacted by the availability of the support.* If there was ambiguity, the support was placed at the stage of the continuum for the child.

State Roles

"It is time to take a fresh look at how our policies should work together to concentrate our public resources and allow the greatest short-term and long-term investments in our state's human resources", directs the Governor's Human Investment Framework.

To accomplish a "fresh look" a critical question needs to be answered: What should be the expectations and responsibilities for government, the individual/family, businesses and communities in supporting the continuums (of education, workforce development and social supports)? One of the charges to the Work Group was to recommend the *most* appropriate state role and responsibility in addressing the continuum of social supports.

For each core social support, the Work Group identified the most appropriate state role in contributing to the availability of the support. This was a difficult task. The Work Group, its sub-committees and stakeholders all found that it would be easier to add supports and expand the state's role. However, given recent legislative and citizen initiatives, and the state's fiscal situation, this was a spirited exercise in focusing on and narrowing to the most appropriate state role for each support and type of population.

The Work Group identified seven possible roles the state might take in ensuring the availability of the core social supports identified. These range from being the direct provider of services at the most intensive end to being a catalyst that stimulates the existence of a particular support, or having no role. The roles are defined in Appendix E and appear in Figures two through eight.

The left side of figures three through eight show the core social supports for each stage of development. Moving to the right, numbers correspond to the recommended state role for each level of population at risk. The dotted lines show that an individual may move between levels of risk for different supports. Note the change in recommended state role moving from the general population on the left to more vulnerable populations on the right. It is important to note that in those situations where an individual may be a ward of the state (e.g. abused child, incarcerated youth, etc.), the state functions in the role of parent. In those unique situations, the state may actually play more of a role than otherwise indicated on the graph.

In developing the core social support continuum, the Work Group found an inverse relationship between the level of vulnerability of the population and the level of state involvement in the recommended state role. While there are some exceptions, the Work Group generally recommends less state involvement for the "general population" and more involvement for populations at-risk or with identified conditions. Figure two illustrates this relationship and recommendation.

The assignment of these roles for state government marks the beginning of an important dialogue with community and other partners to identify the most collaborative and efficient means of ensuring the availability and funding of the core social support continuum. The discussion of community or private sector roles was not part of the Work Group's process.

Interfacing with Community Roles

With the help of City and County partners and local stakeholders, the Work Group has identified and recommends the most appropriate involvement of the state in delivering the core social supports identified. In general, the

Core Supports: Relationship to State Roles

State Roles Summarized

6. Direct service

State is responsible for providing the service or support directly to clients or citizens

5. Primary payer/funder

State is the sole or primary funder of a service or program; funding may go directly for or to an individual to access a support (such as OHP, cash awards) or to a program or service provider. This includes grants to the local level for services when the state is not involved in the design or delivery of the service through a partnership arrangement.

4. Quality assurance, regulation, licensing

State oversees and assures the quality of a particular service or support delivery, often through regulation or licensing.

3. Investment partner in the local delivery of service

State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local partner that involves the design or delivery of a service or service system.

2. Technical assistance

State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.

1. Catalyst

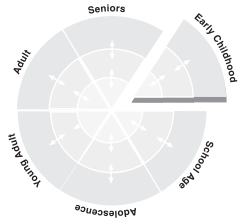
State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.

0. None

Populations with Identified Conditions

At-risk Populations

General Population



Early Childhood

	General Population	At-risk Populations	Populations with Identified Conditions
• Access to alcohol, tobacco & other drug treatment	0	0	1,2,3,4,5
• Access to community support networks	0	1,2,3	1,2,3
• Access to diagnosis & early evaluation	0	1,2,3,4,5	1,2,3,4,5
• Access to family support & in-home assistance	0	1,2,3	1,2,3,4,5
• Access to health care	1,2,4	1,2,3,4,5	1,2,3,4,5
• Access to transportation	0	1,2,3,4,5	1,2,3,4,5
• Adequate nutrition	1,2,3,4	1,2,3,4,5	1,2,3,4,5
• Affordable, safe housing	1,2	1,2,3	1,2,3,4,5
• Family safety & protection	1	1,3	1,2,3,4,5,6
• Healthy & accessible environment	0	0	1,2,3,4,5,6
• Information about child & human development	0	1,2,3,4,5	1,2,3,4,5
• Non-residential therapeutic care	0	1,2,3,4	1,2,3,4,5
• Opportunities to learn outside formal education system	0	1,2,3,4	1,2,3,4
• Opportunities for positive interaction with peers & role models	0	1,3	1,3
• Responsible health & sexual interactions	1,2,3,4,5	1,2,3,4,5	1,2,3,4,5
• Safe & secure residential settings	0	2,3,4,5	1,2,3,4,5,6

State Roles Summarized

0. None

1. Catalyst

State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.

2. Technical assistance

State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.

3. Investment partner in the local delivery of service
State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local partner that involves the design or delivery of a service or service system.

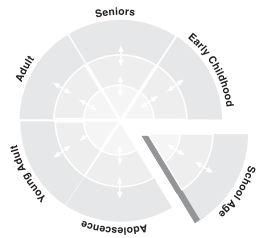
4. Quality assurance, regulation, licensing
State oversees and assures the quality of a particular service or support delivery, often through regulation or licensing.

5. Primary payer/funder

State is the sole or primary funder of a service or program; funding may go directly for or to an individual to access a support (such as OHP, cash awards) or to a program or service provider. This includes grants to the local level for services when the state is not involved in the design or delivery of the service through a partnership arrangement.

6. Direct service

State is responsible for providing the service or support directly to clients or citizens.



School Age

	General Population	At-risk Populations	Populations with Identified Conditions
• Access to alcohol, tobacco, & other drug education	1,2,3	1,2,3,4	1,2,3,4,5,6
• Access to alcohol, tobacco, & other drug treatment	0	1,2,3,4,5	1,2,3,4,5
• Access to community support networks	0	1,2,3	1,2,3
• Access to diagnosis & early evaluation	0	1,2,3,4,5	1,2,3,4,5
• Access to family support & in-home assistance	0	1,2,3	1,2,3,4,5
• Access to health care	1,2,4	1,2,3,4,5	1,2,3,4,5
• Access to transportation	0	1,2,3,4,5	1,2,3,4,5
• Adequate nutrition	1,2,3,4	1,2,3,4,5	1,2,3,4,5
• Affordable, safe housing	1,2	1,2,3	1,2,3,4,5
• Family safety & protection	1	1,3	1,2,3,4,5,6
• Healthy & accessible environment	0	0	1,2,3,4,5,6
• Information about child & human development	0	1,2,3,4,5	1,2,3,4,5
• Non-residential therapeutic care	0	1,2,3,4	1,2,3,4,5
• Opportunities for positive interaction with peers & role models	0	1,3	1,2,3,5
• Responsible health & sexual interactions	1,2,3,4,5	1,2,3,4,5	1,2,3,4,5
• Safe & secure residential settings	0	2,3,4,5	1,2,3,4,5,6

State Roles Summarized

0. None

1. Catalyst

State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.

2. Technical assistance

State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.

3. Investment partner in the local delivery of service

State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local partner that involves the design or delivery of a service or service system.

4. Quality assurance, regulation, licensing

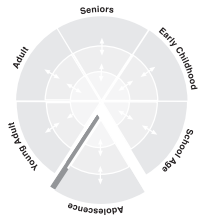
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6. Direct service

State is responsible for providing the service or support directly to clients or citizens.



Adolescence

	General Population	At-risk Populations	Populations with Identified Conditions
• Access to alcohol, tobacco, & other drug education	1,2,3	1,2,3,4	1,2,3,4,5,6
• Access to alcohol, tobacco, & other drug treatment	0	1,2,3,4,5	1,3,4,5
• Access to community support networks	0	1,2,3	1,2,3
• Access to diagnosis & early evaluation	0	1,2,3,4,5	1,2,3,4,5
• Access to family support & in-home assistance	0	1,2,3	1,2,3,4,5
• Access to health care	1,2,4	1,2,3,4,5	1,2,3,4,5
• Access to transportation	0	1,2,3,4,5	1,2,3,4,5
• Adequate nutrition	1,2,3,4	1,2,3,4,5	1,2,3,4,5
• Affordable, safe housing	1,2	1,2,3	1,2,3,4,5
• Assisted decision making	0	0	1,2,3,4,5,6
• Available & accessible child care	1,2,3,4	1,2,3,4,5	1,2,3,4,5
• Employment opportunities	1,2	1,2,3,4,5	1,2,3,4,5
• Family safety & protection	1	1,3	1,2,3,4,5,6
• Healthy & accessible environment	0	0	1,2,3,4,5,6
• Information about child & human development	0	1,2,3,4,5	1,2,3,4,5
• Life skills development & assistance	0	1,2,3,5	1,2,3,4,5,6
• Non-residential therapeutic care	0	1,2,3,4	1,2,3,4,5
• Opportunities for positive interaction with peers & role models	0	1,3	1,2,3,5
• Opportunities to explore career options	0	1,2,3,4,5	1,2,3,4,5
• Opportunities to learn outside formal education system	0	0	1,2,3,4
• Parental standards, positive discipline	1	1,3	1,2,3,4,5
• Prenatal care & preparation	0	0	1,2,3,4,5
• Responsible health & sexual interactions	1,2,3,4,5	1,2,3,4,5	1,2,3,4,5
• Safe & secure residential settings	0	2,3,4,5	1,2,3,4,5,6

State Roles Summarized

0. None

1. Catalyst

State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.

2. Technical assistance

State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.

3. Investment partner in the local delivery of service
State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local partner that involves the design or delivery of a service or service system.

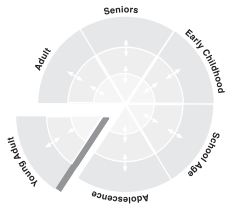
4. Quality assurance, regulation, licensing
State oversees and assures the quality of a particular service or support delivery, often through regulation or licensing.

5. Primary payer/funder

State is the sole or primary funder of a service or program; funding may go directly for or to an individual to access a support (such as OHP, cash awards) or to a program or service provider. This includes grants to the local level for services when the state is not involved in the design or delivery of the service through a partnership arrangement.

6. Direct service

State is responsible for providing the service or support directly to clients or citizens.

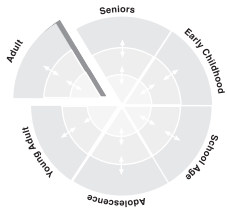


Young Adult/Transition to Work

	General Population	At-risk Populations	Populations with Identified Conditions
• Access to alcohol, tobacco, & other drug education	1,2,3	1,2,3,4	1,2,3,4,5,6
• Access to alcohol, tobacco, & other drug treatment	0	1,2,3,4,5	1,2,3,4,5
• Access to community support networks	0	1,2,3	1,2,3
• Access to diagnosis & early evaluation	0	1,2,3,4,5	1,2,3,4,5
• Access to family support & in-home assistance	0	1,2,3	1,2,3,4,5
• Access to health care	1,2,4	1,2,3,4,5	1,2,3,4,5
• Access to transportation	0	1,2,3,4,5	1,2,3,4,5
• Adequate nutrition	0	0	1,2,3,4,5
• Affordable, safe housing	0	1,2,3	1,2,3,4,5
• Assisted decision making	0	0	1,2,3,4,5,6
• Available & accessible child care	1,2,3,4	1,2,3,4,5	1,2,3,4,5
• Employment opportunities	1,2	1,2,3,4,5	1,2,3,4,5
• Family safety & protection	1	1,3	1,2,3,4,5,6
• Healthy & accessible environment	0	0	1,2,3,4,5,6
• Information about child & human development	0	1,2,3,4,5	1,2,3,4,5
• Life skills development & assistance	0	1,2,3,5	1,2,3,4,5,6
• Non-residential therapeutic care	0	1,2,3,4	1,2,3,4,5
• Opportunities for positive interaction with peers & role models	0	0	1,3
• Opportunities to explore career options	0	1,2,3,4,5	1,2,3,4,5
• Opportunities to learn outside formal education system	0	1,2,3,4	1,2,3,4
• Parental standards & positive discipline	1	1,3	1,2,3,4,5
• Prenatal care & preparation	0	1,2,3,4,5	1,2,3,4,5
• Responsible health & sexual interactions	1,2,3,4,5	1,2,3,4,5	1,2,3,4,5
• Safe & accessible work environment	1	1,2,3,4	1,2,3,4,5,6
• Safe & secure residential settings	0	2,3,4,5	1,2,3,4,5,6
• Understanding financial management	0	1,2,3,4,5,6	1,2,3,4,5,6

State Roles Summarized

<p>0. None</p>	<p>3. Investment partner in the local delivery of service <i>State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local partner that involves the design or delivery of a service or service system.</i></p>	<p>5. Primary payer/funder <i>State is the sole or primary funder of a service or program; funding may go directly for or to an individual to access a support (such as OHP, cash awards) or to a program or service provider. This includes grants to the local level for services when the state is not involved in the design or delivery of the service through a partnership arrangement.</i></p>
<p>1. Catalyst <i>State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.</i></p>	<p>4. Quality assurance, regulation, licensing <i>State oversees and assures the quality of a particular service or support delivery, often through regulation or licensing.</i></p>	<p>6. Direct service <i>State is responsible for providing the service or support directly to clients or citizens.</i></p>
<p>2. Technical assistance <i>State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.</i></p>		



Adults

	General Population	At-risk Populations	Populations with Identified Conditions
• Access to alcohol tobacco & other drug education	0	1,2,3,4	1,2,3,4,5,6
• Access to alcohol, tobacco & other drug treatment	0	1,2,3,4,5	1,2,3,4,5
• Access to community support networks	0	1,2,3	1,2,3
• Access to diagnosis & early evaluation	0	1,2,3,4,5	1,2,3,4,5
• Access to family support & in-home assistance	0	1,2,3	1,2,3,4,5
• Access to health care	1,2	1,2,3,4,5	1,2,3,4,5
• Access to transportation	0	1,2,3,4,5	1,2,3,4,5
• Adequate nutrition	0	0	1,2,3,4,5
• Affordable, safe housing	0	1,2,3	1,2,3,4,5
• Available & accessible child care	1,2,3,4	1,2,3,4,5	1,2,3,4,5
• Assisted decision making	0	0	1,2,3,4,5,6
• Employment opportunities	1,2	1,2,3,4,5	1,2,3,4,5
• Family safety & protection	1	1,3	1,2,3,4,5,6
• Healthy & accessible environment	0	0	1,2,3,4,5,6
• Information about child & human development	0	1,2,3,4,5	1,2,3,4,5
• Life skills development & assistance	0	1,2,3,5	1,2,3,4,5,6
• Non-residential therapeutic care	0	1,2,3,4	1,2,3,4,5
• Opportunities for positive interaction with peers & role models	0	0	1,3
• Opportunities to explore career options	0	1,2,3,4,5	1,2,3,4,5
• Opportunities to learn outside formal education system	0	0	1,2,3,4
• Parental standards & positive discipline	1	1,3	1,2,3,4,5
• Prenatal care & preparation	0	1,2,3,4,5	1,2,3,4,5
• Responsible health & sexual interactions	1,2,3,4,5	1,2,3,4,5	1,2,3,4,5
• Safe & accessible work environment	1	1,2,3,4	1,2,3,4,5,6
• Safe & secure residential settings	0	2,3,4,5	1,2,3,4,5,6
• Understanding financial management	0	1,2,3,4,5,6	1,2,3,4,5,6

State Roles Summarized

0. None

1. Catalyst

State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.

2. Technical assistance

State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.

3. Investment partner in the local delivery of service

State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local partner that involves the design or delivery of a service or service system.

4. Quality assurance, regulation, licensing

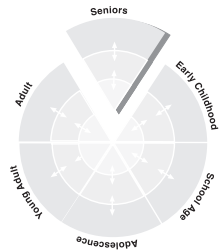
State oversees and assures the quality of a particular service or support delivery, often through regulation or licensing.

5. Primary payer/funder

State is the sole or primary funder of a service or program; funding may go directly for or to an individual to access a support (such as OHP, cash awards) or to a program or service provider. This includes grants to the local level for services when the state is not involved in the design or delivery of the service through a partnership arrangement.

6. Direct service

State is responsible for providing the service or support directly to clients or citizens.



Seniors

	General Population	At-risk Populations	Populations with Identified Conditions
• Access to alcohol, tobacco & other drug education	0	1,2,3,4	1,2,3,4,5,6
• Access to alcohol, tobacco & other drug treatment	0	1,2,3,4,5	1,2,3,4,5
• Access to community support networks	0	1,2,3	1,2,3
• Access to diagnosis & early evaluation	0	1,2,3,4,5	1,2,3,4,5
• Access to family support & in-home assistance	0	1,2,3	1,2,3,4,5
• Access to health care	1,2,4	1,2,3,4,5	1,2,3,4,5
• Access to transportation	0	1,2,3,4,5	1,2,3,4,5
• Adequate nutrition	1,2,3,4	1,2,3,4,5	1,2,3,4,5,6
• Affordable, safe housing	0	1,2,3	1,2,3,4,5
• Assisted decision making	0	0	1,2,3,4,5,6
• Employment opportunities	1,2	1,2,3,4,5	1,2,3,4,5
• Family safety & protection	1	1,3	1,2,3,4,5,6
• Healthy & accessible environment	0	0	1,2,3,4,5,6
• Non-residential therapeutic care	0	1,2,3,4	1,2,3,4,5
• Opportunities for interaction with peers & role models	0	0	1,3
• Responsible health & sexual interactions	1,2,3,4,5	1,2,3,4,5	1,2,3,4,5
• Safe & accessible work environment	1	1,2,3,4	1,2,3,4,5,6
• Safe & secure residential settings	0	2,3,4,5	1,2,3,4,5,6
• Understanding financial management	0	1,2,3,4,5,6	1,2,3,4,5,6

State Roles Summarized

0. None

1. Catalyst

State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities.

2. Technical assistance

State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services.

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6. Direct service

State is responsible for providing the service or support directly to clients or citizens.

recommendations move the state out of the business of providing direct service, in favor of the role of partnering with communities in the design and delivery of core social supports.

The Work Group also recommends a stronger role for communities in delivering service at the closest level possible to Oregon's citizens. An important step in achieving this shift is additional dialogue with and among local partners. The Work Group recommends the Governor encourage local partners (counties, cities and others) to establish a shared vision of their role in ensuring core social supports. In addition, the Governor should provide a forum for continued discussion among state, counties and cities to establish partnerships that actualize the core social support continuum. The Work Group realizes that the process of understanding the interconnected relationships among state, local, public and private partners for social supports has just begun.

GAPS AND INCONSISTENCIES IN THE CONTINUUM

A core social support continuum has been identified to form the foundation of workforce and educational success. The next step is to analyze the availability of current social supports relative to the core social support continuum in order to identify apparent gaps or inconsistencies. This aspect of the project is off to a strong start.

Work has begun to map the social supports provided by existing agencies and services. Roles currently used by each agency have been determined using the definition of state roles found in Appendix E.

Using the recommended design of the core social support continuum, each of the core social supports identified has been mapped according to availability, stage of development, level of vulnerability and current role of state agencies in providing the support. Mapping of current supports will allow a graphic representation of apparent gaps and inconsistencies in the existing availability of core social supports.

The next step is to analyze the apparent inconsistencies. An in-depth evaluation of current services needs to be completed in order to determine whether the apparent inconsistencies indicate gaps and redundancies in services, or whether they merely seem inconsistent due to target population, funding restrictions and policies. Further analysis then needs to be done to identify opportunities for integration, re-alignment, and efficiencies. The next section outlines recommendations to complete this work.

ANALYZING GAPS AND INCONSISTENCIES

The Social Support Investment Work Group recommends the following steps to analyze potential inconsistencies identified in the current availability of core social supports.

1. The Governor should appoint an oversight committee to manage and ensure that analysis is completed and recommended adjustments are made. This committee should be under the leadership of the Governor's Office and comprised of the Director of the Department of Human Resources, the Director of the State Commission on Children and Families, the Director of the Oregon Youth Authority, the Director of Housing and Community Services (or their designees), a representative of the Department of Administrative Services, a representative of city government, a representative of county government, an education representative and a citizen representative.

The Governor should ask legislative leadership to appoint two members to the oversight committee, one from the house and one from the senate. The oversight committee should report findings from the work outlined below to the next legislative assembly.

2. Affected state agencies should meet in small groups by support area. These groups should analyze apparent inconsistencies and determine the most efficient means to deliver supports as recommended by the core social support continuum.
3. A Work Group member agency head whose agency is not immediately affected by recommended adjustments should facilitate each of the small group meetings. This will involve each agency in making difficult adjustments and in helping other agencies make similar complicated changes.
4. The original 28-member Social Support Investment Work Group should reconvene periodically to review progress.

It is possible that if the apparent inconsistencies are founded, adjustments may need to occur in four areas: 1) in the type of support provided, 2) in the agency that provides the support, 3) in the role of the state agency(ies) in providing the support, and 4) in the alignment of services and resources between agencies and local partners to provide the support. The Work Group recommends the process described above be used to analyze all potential inconsistencies in the continuum.

In addition, the Work Group recommends the Governor continue to discuss with local partners their role as well as partnership opportunities to achieve the core social support continuum.

Implementing the core social support continuum will require time consuming adjustments. The core social support continuum contains 26 supports. While the Work Group recommends analyzing all current supports, and advises making all necessary adjustments, it also recommends prioritizing such analysis based on underlying causal correlations and barriers that are most significant to implementing the continuum (please refer to the next section of this report). In other words, the first analysis should focus on those root causes requiring social support that are associated with opportunities for strategic investment in the core social support continuum.

Based on this rationale, the Work Group recommends first completing analysis and alignments for the following ten core social supports (listed in alphabetical order):

- ✓ Access to diagnosis and early evaluation
- ✓ Access to family support and in-home assistance
- ✓ Access to health care (including specialized medical care)
- ✓ Access to tobacco, alcohol and other drug treatment
- ✓ Affordable, safe housing
- ✓ Available and affordable child care
- ✓ Employment opportunities
- ✓ Life skills development and assistance
- ✓ Non-residential therapeutic care
- ✓ Opportunities to learn outside the formal educational system

OPPORTUNITIES FOR STRATEGIC INTERVENTION

Recognizing the complexity of the interrelationships between social supports, the Work Group engaged in a systematic analysis of the underlying links, correlations, and causes and effects to help determine how concentrating strategic attention could result in more positive outcomes. The Work Group characterized these relationships as “hydraulic”, i.e. an action (or inaction) on one part of the continuum might also provide positive (or negative) results in another part of the continuum. For example, dealing with a particular cause of juvenile substance abuse might also help to reduce juvenile crime rates. Key hydraulics are those actions that have the greatest impact on the overall system.

Identification of Key Hydraulics

The Work Group began its analysis of these hydraulic relationships by first listing those areas of major state expenditure where it believes costs could be substantially reduced by significant preventive activities. Six areas were identified:

- ✓ public assistance;

- ✓ health care;
- ✓ child protective services;
- ✓ dependent care for the elderly and persons with physical or emotional disabilities;
- ✓ juvenile corrections; and
- ✓ adult corrections.

The Work Group then questioned state agencies involved in providing these services to determine what types of data or research existed that would identify and quantify the primary characteristics of persons receiving these types of assistance. Those key characteristics identified were in turn subjected to the same type of analysis. Focus groups in five communities were also asked to identify client characteristics from their experience, to serve as a “check” on the research data.

Through this process, 13 key characteristics were identified. Many of them appeared as characteristics of clients in several of the systems listed above (for instance, substance abuse was a key characteristic of clients in child protective services, adult corrections, public assistance and health care). From there, the Work Group analyzed how much progress the state might be able to make in addressing a particular issue by looking at such data as Oregon trends versus national trends. The Work Group also calculated a potential return on investment should each characteristic be eliminated from the system.

The Work Group utilized these analyses to identify the top five issues (key hydraulics) that would provide the greatest payback for an investment aimed at reducing preventable costs. The key hydraulics are:

- ✓ Substance abuse;
- ✓ Lack of available and affordable housing;
- ✓ School failure;
- ✓ Unmet mental health treatment needs of children and their families;
and
- ✓ Lack of skills for self-sufficiency.

If Oregonians make concerted and immediate progress in addressing these issues, the Work Group believes the state could decrease costs of public assistance, child protective services and corrections within two to three biennia. These savings could then be reinvested in these activities, as well as other efforts, to provide longer-term solutions to these problems, such as services designed to support families of young children. The Work Group estimates that if expenses associated with these key hydraulics could be reduced by five percent, Oregon could potentially re-invest over \$500 million in strategies designed to produce long-term results for its citizens. But, up-front investments must be made.

A brief discussion of each key hydraulic is provided below.

Substance Abuse

Substance abuse problems affect a high number of the client populations receiving services from state agencies, including:

- ✓ 50 percent of those receiving public assistance;
- ✓ 77 percent of adults incarcerated and 55 percent of those on parole or probation;
- ✓ 85 percent of incarcerated youth;
- ✓ 40 percent of those in dependent care due to a mental illness; and
- ✓ 11 percent of those participating in managed care for a preventable illness.

Over the past six years, Oregon eighth grade students have been at or above the national average in use of alcohol, illicit drugs and cigarettes. Nationally, the trend for alcohol use among youth is slightly down, while drug use has increased. Across the United States more young people are smoking cigarettes as well. In Oregon, alcohol use by eleventh graders is slightly down, while use among eighth graders has risen. Drug use among Oregon teenagers has risen sharply, particularly for marijuana. Drug use among Oregon teens has been consistently at or above the national average since the early 1990s. Oregon has decreased its rate of alcohol and tobacco use among pregnant women since 1990.

The Work Group grades Oregon's room for improvement in the area of substance abuse as: Significant.

Lack of Available and Affordable Housing

Lack of available and affordable housing affects many of the clients served by state agencies, including:

- ✓ 100 percent of those in dependent care because of a mental illness;
- ✓ 100 percent of those in dependent care due to a developmental disability;
- ✓ 67 percent of those receiving public assistance

Historically, lower income Oregonians have counted on inexpensive housing as a way to balance their budgets. Since 1990, the number of lower income Oregonians who are paying more than 30 percent of their household income on housing has increased. In 1996, 7 percent more Oregon homeowners paid over 30 percent of their household incomes on housing than in 1990. The percentage of renters remained virtually the same. In 1990, 53 percent of Oregonians were not able to afford a median priced home. While Oregon housing costs are at or under comparable national averages, they are expected to increase as housing prices continue to escalate.

The number of homeless Oregonians increased by 1,821 from 1991 to 1995. The number of homeless children has grown since 1990 for a total increase of 1,169 by 1996. In the metro tri-county area, apartment vacancy rates are among the lowest in the nation --- a 0.7 percent average vacancy rate, down significantly from 3 percent in February 1996. The national average vacancy rate is 8.5 percent.

The Work Group grades Oregon's room for improvement in the area of available and affordable housing as: Modest.

Mental Health Treatment Needs for Children and their Families

Untreated mental health problems affect a significant number of the clients seen in Oregon's agencies, including:

- ✓ 75 percent of those receiving public assistance;
- ✓ 66 percent of incarcerated adults;
- ✓ 48 percent of youth in community programs, but in the jurisdiction of the Oregon Youth Authority;
- ✓ 40 percent of those on the child protection caseload;
- ✓ 30 percent of youth incarcerated in a state institution; and
- ✓ 7 percent of youth in the jurisdiction of local juvenile departments;

While mental health treatment needs are broad and correlated with many issues, there are key data that may help us measure our ability to address the issues.

Oregon has been at or near the national average on many of these issues since 1990. However, suicide rates in Oregon are historically higher than the national average and have gone up since 1990, while the national rate has remained steady. Oregon's suicide rate among youth is still 34 percent higher than the national average.

The Work Group grades Oregon's room for improvement in the area of unmet treatment needs for children and their families as: Significant.

School Failure

Failure in school is a common characteristic of the clients served by many of Oregon's state agencies, including:

- ✓ 36 percent of incarcerated adults have dropped out of school;
- ✓ 35 percent of incarcerated youth have dropped out of school, 82 percent have a special education need; and
- ✓ 14 percent of individuals receiving public assistance have dropped out of school.

Oregon's high school drop out rate has risen almost one percent since 1990. The percentage of 16-19 year old Oregon youth not attending school or working

has gone up since 1990, while the national trend has remained steady. Oregon ranks 26 of 50 states in youth not working and not in school. While national trends have also improved, Oregon is doing better than the nation in adults completing high school equivalent programs.

The Work Group grades Oregon's room for improvement in the area of school failure as: Significant.

Lack of Skills for self-sufficiency

A significant number of Oregonians appear to lack the basic skills necessary to be self-sufficient and maintain independence from ongoing state support. These basic skills may include work skills, parenting skills, and the skills to access support within family or community systems. Lack of basic skills to achieve self-sufficiency is reported as a significant contributor to the problems of clients in state systems, including:

- ✓ 100 percent of mentally ill Oregonians in dependent care;
- ✓ 60 percent of those receiving public assistance;
- ✓ 57 percent of those who receive child protective services; and
- ✓ 49 percent of incarcerated adults and 30 percent of those on parole or probation.

According to surveys conducted in the past five years, almost one-quarter of Oregon adults lack basic literacy skills and almost one-third of all children are entering school unprepared to participate successfully. While national data are not comparable, Oregon is thought to be at or moderately above national averages. Data on other self-sufficiency skills are not readily available.

The Work Group grades Oregon's room for improvement in the area of lack of skills for self-sufficiency as: Unknown.

The inter-connectedness of these issues is illustrated by the story of Melissa Madison. Melissa (not her real name) is a 16 year old girl who was part of the state juvenile justice system until her most recent crime placed her with the adult system under Measure 11. Melissa is an alcoholic who dropped out of school at age 13. She cannot read and has no marketable job skills. Since she was eight years old Melissa, her mother and younger brother have not had a permanent residence. She is emancipated. Melissa has just received a hearing to give her a "second look" for her crime. Due to the low risk nature of her crime, the judge would like to release her. The only potential sources of support for Melissa are public assistance, subsidized housing and state supported skill training. Without this support, Melissa will likely return to the corrections system. The judge has ordered state agencies to provide him with a plan to support Melissa.

Recommendations to Address Key Hydraulics

Likely the most significant finding from the Work Group's "hydraulic" exercise is that social supports cannot, and should not, be placed in separate, stand-alone categories. Little, if anything, in the social support arena is mutually exclusive. As the Governor's Human Investment Framework points out, the responsibility for addressing these issues is shared among many partners, as is the return on any gain Oregon may make in eliminating the barriers they present.

As a result, the Work Group recommends that Governor Kitzhaber call together state, local, community, public and private partners to develop a collaborative Oregon investment initiative in each of the key hydraulic areas outlined above. Such an initiative should:

- ✓ supplement the data provided with additional or updated information;
- ✓ determine key points of impact on our collective state, local, public and private enterprises;
- ✓ establish the most efficient means of utilizing collective resources and expertise to address the issue;
- ✓ identify prompt and effective actions for short-term and long-term impacts;
- ✓ capture, measure and communicate potential savings for reinvestment; and
- ✓ communicate and recommend any changes necessary to the Governor and Legislature.

The Governor should stay informed of progress made and should remain a catalytic leader for change. The Governor should further play a visible role in helping Oregonians understand the interconnections and hydraulic relationships between these issues and our ability to have a livable Oregon where Oregonians have jobs; where our communities are safe, caring and engaged; and where our surroundings are healthy and sustainable.

RECOMMENDATIONS

This final report of the Governor's Social Support Investment Work Group has made a series of recommendations for future action. For ease of reference, the recommendations are repeated here by category.

Implementing the Core Support Continuum

1. The Governor should direct the adoption of the principles for social support.
2. The Governor should direct and support state agencies' use of the Guiding Principles, Objectives, State Interests and Process for State and Local Partnerships in the social support arena.
3. The Governor should direct the adoption of the recommended Core Support Continuum and corresponding roles for state agencies as part of his Human Investment Framework. The Governor should direct agencies to align their resources, support and roles according to the Core Support Continuum, and by the recommended method below.
 - ✓ The Governor should appoint an oversight committee to manage and ensure that analysis is completed and recommended adjustments are made. This committee should be under the leadership of the Governor's Office and comprised of the Director of the Department of Human Resources, the Director of the State Commission on Children and Families, the Director of the Oregon Youth Authority, the Director of Housing and Community Services (or their designees), a representative of the Department of Administrative Services, a representative of city government, a representative of county government, an education representative and a citizen representative.

The Governor should ask legislative leadership to appoint two members to the oversight committee, one from the house and one from the senate. The oversight committee should report findings from the work outlined below to the next legislative assembly.

- ✓ Affected state agencies should meet in small groups by support area. These groups should analyze apparent inconsistencies and determine the most efficient means to deliver supports as recommended by the core social support continuum.

A Work Group member agency head whose agency is not immediately affected by recommended adjustments should facilitate each of the small group meetings. This will involve each agency in making difficult adjustments and in helping other agencies make similar complicated changes.

- ✓ The original 28-member Social Support Investment Work Group should reconvene periodically for advice and check-in.

Addressing Barriers and Key Hydraulics

1. Analysis and alignments to the core social support continuum should be completed for the following core supports first:
 - ✓ Access to diagnosis and early evaluation
 - ✓ Access to family support and in-home assistance
 - ✓ Access to health care (including specialized medical care)
 - ✓ Access to tobacco, alcohol and other drug treatment
 - ✓ Affordable, safe housing
 - ✓ Available and affordable child care
 - ✓ Employment opportunities
 - ✓ Life skills development and assistance
 - ✓ Non-residential therapeutic care
 - ✓ Opportunities to learn outside the formal educational system
2. The Governor should encourage local partners (counties, cities and others) to establish a shared vision of *their* role in ensuring core social supports. The Governor should also provide a forum for continued discussion among state, counties and cities to establish partnerships to actualize the core support continuum.
3. The Governor should call together state, local, community, public and private partners to develop a collaborative Oregon investment initiative in each of the key hydraulic areas outlined above. Such an initiative should:
 - ✓ supplement the data provided with additional or updated information;
 - ✓ determine key points of impact on our collective state, local, public and private enterprises;
 - ✓ establish the most efficient means of utilizing collective resources and expertise to address the issue;
 - ✓ identify prompt and effective actions that can be taken for short-term and long-term impacts;
 - ✓ capture, measure and communicate potential savings for reinvestment; and
 - ✓ communicate and recommend any changes necessary to the Governor and Legislature.
7. The Governor should stay informed of progress made on the investment initiatives and should remain a catalytic leader for change. The Governor should further play a visible role in helping Oregonians understand the interconnections and hydraulic relationships between these issues and our

ability to have a livable Oregon where our citizens are as productive and self-sufficient as possible and where Oregonians have jobs, communities are safe, caring and engaged, and our surroundings are healthy and sustainable.

SUMMARY AND CONCLUSION

This report makes a series of recommendations that, if implemented, can form the foundation needed for Oregonians to be as independent, productive and self-sufficient as possible. It recognizes the individual needs of many in our state and acknowledges that there are some for whom total “self-sufficiency” will never be possible.

This report recommends potential new roles for state government and state agencies. It suggests continuing the emphasis of Governor Kitzhaber on collaborative partnerships, wise investments and increasing accountability. In particular it suggests furthering his call for community-based services and for communities’ responsibility in supporting their family and neighbors.

This report calls to action the Governor, state agencies and community partners to implement a new vision for Oregon’s system of social support. It suggests a changing approach particularly focused at the state level and regarding the interaction of state agencies. It recommends a series of collaborative investment initiatives among all partners to address common barriers that could prevent Oregon’s goals of independence and productivity for its citizens.

Finally, this report recommends seven specific steps that should be taken to implement Oregon’s approach to social support and self-sufficiency.

Appendix A Work Group Membership and Work Plan

Roger Auerbach, Senior and Disabled Services Division
 Karen Brazeau, Oregon Youth Authority
 Dave Cook, Department of Corrections
 Hersh Crawford, Office of Medical Assistance Programs
 Jan Dean, Employment Department
 Janis Elliot, Child Care Division, Employment Department
 Lynn Fallin, Oregon Commission on Children and Families
 Muriel Goldman, Citizen Advocate
 Larry Griffith, League of Oregon Cities
 Elinor Hall, Health Division
 Barry Kast, Mental Health and Developmental Disabilities Division
 Toni Phipps, Alcohol and Drug Program Office
 Phil Lemman, Criminal Justice Commission
 Mark Gibson, Office of the Governor
 Judy Miller, Oregon Department of Education
 Bobby Mink, Department of Human Resources
 Sandie Hoback, Adult and Family Services Division
 Greg Peden, Oregon State Police
 Judge Laura Pryor, Association of Oregon Counties
 Connie Revell, The Oregon Option
 Joil Southwell, Vocational Rehabilitation Division
 Jean Thorne, Office of the Governor
 Kay Toran, State Office for Services to Children and Families
 Jeff Tryens, Oregon Progress Board
 Sharlene Walker, Office of Community College Services
 Gary Weeks, Department of Human Resources
 Kathryn Weit, Citizen Advocate
 Gustavo Wilson, Housing and Community Services

Workplan and Timeline

May 1996

- √ Letter goes to agency heads from Governor outlining his intentions/expectations, and asking for participation at highest levels.
- √ Secure participation from county commissioners (Laura Pryor).
- √ Secure participation from cities (Larry Griffith).
- √ May 23rd retreat. Governor attends delivers charge and expectations, answers questions; establish shared vision with specific focus statements, statements of desired results and strategies; establish meeting schedule through January 1997.
- √ Staff arrangements are secured.
- √ Staff meets individually with agency heads to begin to assess issues
- √ Establish decision making protocol.

June 1996

- √ Identify methods to evaluate outcomes & interrelationships of process.
- √ Outline individual and agency self-interests and contributions to the effort.
- √ Letter to stakeholders (such as local commissions, local public safety coordinating councils, local DHR branches, service integration and CPT projects, legislators and others) from Governor outlining intentions and expectations for the project.
- √ Staff review and summarize existing documentation to assist with the effort.
- √ Begin to draft strategic continuum.
- √ Finalize mission and ground rules.
- √ Establish conflict resolution process.
- √ Staff to create communications plan for information and feedback from other key partners (add to workplan).
- √ Staff begins to assess supports provided by existing services (using 1991 Coordinating Council services inventory as a base)

July 1996

- √ Continue to review and adjust draft continuum (adding domains of responsibility).
- √ Staff continues to update/assess existing supports; place on data base.
- √ Begin to sketch existing continuum, including roles, responsibility for investment, planning and relationships.
- √ Begin to identify domains of responsibility for strategic supports (state, local, individual)

August 1996

- √ Identify system beliefs, including cause/effect & root cause.
- √ Staff begin to gather data regarding root causes.
- √ Finalize state roles, responsibility for investment, etc.
- √ Send monthly update to stakeholders.
- √ Governor to discuss SSIWG in quarterly meeting with LOC/AOC

September 1996

- √ Governor attends SSIWG meeting
- √ Staff finalize database entry.
- √ Review root causes and relationship to continuum
- √ SSIWG reviews and approves initial draft of strategic continuum
- √ Send monthly update to stakeholders.
- √ SSIWG intro over EdNet and initial feedback.

October 1996

- √ Send monthly update to stakeholders.
- √ Circuit rider presentations and gather input Harney, Sherman, Coos, Lane, Multnomah counties

- √ Begin to develop evaluation procedures for strategic continuum--link to Oregon Shines.
- √ Begin to identify implementation issues (gaps, redundancies, etc.).
- √ Begin to review data related to root causes; finalize key work on key hydraulics.

November 1996

- √ Governor attends SSIWG meeting.
- √ Identify draft outcomes for strategic continuum.
- √ Draft evaluation procedures for process and results.
- √ Send monthly update to stakeholders.
- √ Governor to discuss SSIWG in quarterly meeting with LOC/AOC

December 1996

- √ Use principles and strategic continuum to prioritize gaps, redundancies, etc.
- √ Begin design of legislative presentation (process and product).
- √ Begin design of workplan for system reinvestment and realignment.
- √ Send monthly update to stakeholders.

January 1997

- √ Staff begin to write report.
- √ Plan for succession of the work.
- √ Schedule presentation of key findings to Governor.
- √ Review of continuum of existing supports, services, responsibilities, etc.
- √ Begin to review overlay of strategic continuum with existing supports, services.

February 1997

- √ Finalize implementation plan.
- √ Report finalized.
- √ Staff meets with agency communication managers and/or media contacts.
- √ Begin to implement promotional plan.
- √ Staff conducts process interviews with SSIWG members.
- √ Celebrate success and close the work!
- √ Finish review of current system vis a vis strategic continuum.
- √ Create promotional plan.
- √ Deliver plan to Governor Kitzhaber.

Appendix B Principles, Objectives and Process for Partnership

Guiding Principles for State/Local Partnerships

Agreed upon at local government summit: Governor, County and City Officials (March 27, 1996)

Preamble

All governments working together provides a better tool through which the people of Oregon can achieve their aspirations. Obtaining our preferred future requires a partnership guided by the following principles, objectives, and interests.

Principles

- 1) Work together to support each Oregon community's vision for the future. Help them see how their individual vision can fit into and support shared vision for Oregon. Such visions must be collaboratively developed and widely communicated, understood, and supported.
- 2) Work together to achieve the vision, with accountability established through negotiated, locally appropriate outcomes.
- 3) Put aside past differences - build trust and courage to change.
- 4) Take the reasonable risks that change and innovation require: Be positive, constructive, and proactive; listen to and understand each other; tell each other what we want and what's happen--avoid surprises; stand together, openly and honestly, with public and press.
- 5) Include each other and all stakeholders, private and public--respect the diversity of Oregonians, their communities and their viewpoints.
- 6) Build policies and services from the local level. Respect local uniqueness. Maximize local flexibility. Strengthen local capacity. Focus local governmental resources on community goals and negotiate conditions for transfer of responsibility.
- 7) Recognize the power of concerted action. Expand the opportunities to work together.
- 8) Negotiate responsibilities based on common goals, not traditional positions.
- 9) Mobilize public and private resources to achieve common goals. Be good stewards of Oregon's values and resources.
- 10) Maintain the continuity and integrity of the partnership and its goals. Meet regularly to ensure the application of these principles and enhancement of the partnership.

Objectives and State Interests for Local Partnership/Delivery of Services

Objectives

- 1) Any partnership will clearly enhance overall wellness of communities, families, adults, or children, and will honor the diversity within and among communities.

2)Any partnership will clearly enhance a service system with the rationale and context for locally designed system clearly articulated.

3)Any partnership will clearly further an Oregon or local Benchmark goal.

4)Any partnership will recognize that all resources are limited and will reflect appropriate allocation of these resources.

State Interest

1)Any partnership will be included in all applicable state and local comprehensive or strategic plans.

2)Any partnership will have support and approval of the key governing boards (e.g. Board of Commissioners, City Council, etc.).

3)Any partnership will include shared investments, risks, and responsibilities by both state and local partners.

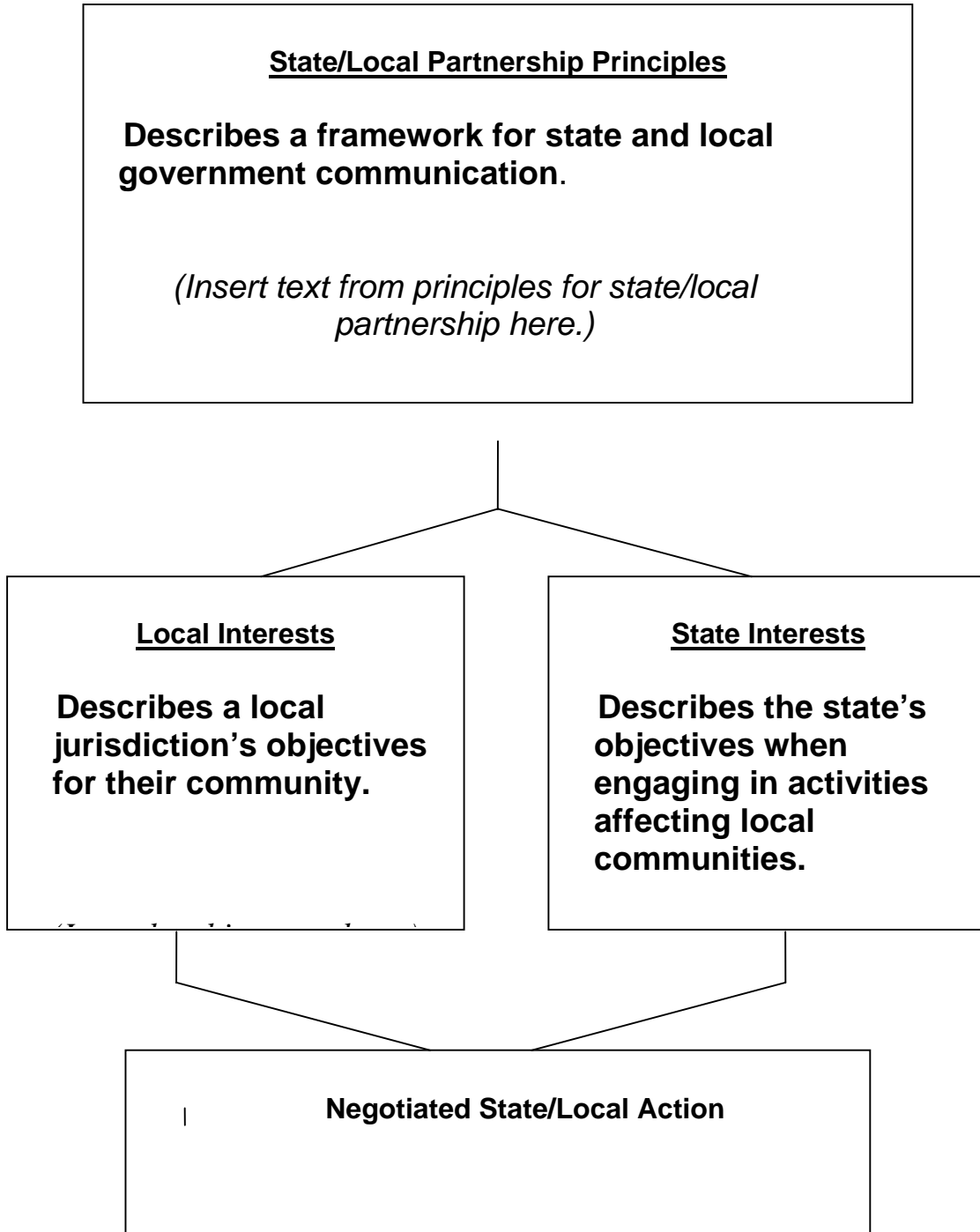
4)The design of any partnership will include clearly articulated financial accountability for all parties and completion of legally required plans.

5)The planning work for any partnership will include the effected local, state, consumer, and citizen stakeholders.

6)The evaluation methods for any partnership will include short term outcome measures and indicators (real change in children, adults, families, communities) that are linked to the Benchmark goal(s).

7) Any partnership will provide learning and redesign opportunities for all partners through the course of implementation and evaluation.

Example of Relationship Between State/Local Partnership Principles, State Interests and Local Interests



Appendix C Human Investment Framework**A FRAMEWORK FOR OREGON'S HUMAN INVESTMENT POLICIES****GOVERNOR JOHN A. KITZHABER, M.D.**

As Oregon communities plan for maintaining or increasing their well being, a key component involves economic opportunities available to their residents. Without decent-paying jobs or a strategy to move to them, the ability of the community and the state to increase its own social and economic health is diminished. Investing in people through education, health and other basic services is critical to supporting a healthy economy. A thriving economy in turn generates the added resources needed to investing more in people. A human investment strategy at the state and local levels is critical to maximizing our public and private resources so people can become employable, productive and contributing citizens.

The State of Oregon continues to confront limitations in public resources and now may face the prospect of federal funding reductions and changes in a variety of program areas relating to human investments (such as education, employment and training, welfare and social services). At the same time, the public questions the level of government performance, rightfully expecting that government will implement more effective and efficient ways of achieving important outcomes. Human investment policies is one arena in which additional collaboration and concentration of our resources will allow us to increase the productivity and independence of Oregonians and the well being of our communities.

Oregon has made major strides in assisting low-income people to move from welfare to work, usually into entry-level jobs. Yet many Oregonians also are being displaced or stranded by regional, national and global economic changes. Employers are facing new economic challenges that require new ways of using technology and organizing work that in turn require continual restructuring of the workforce.

Enabling Oregonians to be as independent and productive as possible allows us to steer more public dollars away from providing maintenance for persons in need and toward efforts that further increase the productivity and livability of our state and communities. It is time to take a fresh look at how our policies should work together to concentrate our public resources and allow the greatest short-term and long-term investments in our state's human resources. To do that, there are two primary issues to address:

1. What should be the continuums and interrelationships of our policies surrounding education, workforce, welfare and social supports?
2. What should be the expectations and responsibilities for government, the individual/family, businesses and communities in supporting those continuums?

Addressing these issues will provide a framework within which public and private partners at all levels can come together to better define roles, responsibilities and

necessary linkages to accomplishing these overarching goals. This framework can be the foundation on which communities can build partnerships to meet local needs.

INTERRELATIONSHIP OF HUMAN INVESTMENT POLICIES

Although Oregon, at both the state and local levels, has begun to look at how services (both public and private) can be integrated within the education, workforce or social service arenas, there is no overall vision for how these programs should support each other to accomplish our human investment goals.

Many sectors must contribute to the goal of Oregonians being as independent and productive as possible. Education and social support systems help prepare people for the workforce. At the same time, job opportunities must be available to allow people to actually enter employment. Employment services, training and other social supports also may be necessary to assist individuals in entering the workforce and progressing up the economic ladder. Continuation up the economic ladder requires higher-wage jobs and more highly educated people to fill those jobs. Care and supports for those unable to become completely self-sufficient are also necessary.

The goal of making Oregon's workers and employers more productive and competitive in a global economy must remain a guiding vision. Public investments must respond to economic realities facing our state. New kinds of government and business partnerships are necessary to more clearly focus investments towards reducing worker turnover and gaining agreement on the kinds of skills and training workers need in this changing economy.

In times past, much of the needed work could be performed competently by workers with less than a full high-school education. In the past decade or two, the economy's needs have shifted dramatically toward work requiring a much higher level of formal education and training. Unquestionably, much of the increased demand on our social service, welfare, and criminal justice systems is due to the new inability of poorly educated individuals to find work that pays well enough to support themselves and their families.

We must make investments not only in our current workforce, but also prepare our students for these workforce changes and help lower-income people progress up the economic ladder and away from the need for governmental support in their daily lives.

EXPECTATIONS AND RESPONSIBILITIES

As we face limitations in public resources, it is critical that various parts of the public and private sectors work together at both the state and local levels to define areas of expectations and responsibilities. These partnerships enable us to focus our public resources on those activities where we cannot realistically expect the private sector to bear the entire burden.

In determining responsibilities, we should consider the benefits that will be derived by the public, business, individuals and their families, as well as by communities as a whole:

- **Individuals** have a personal interest (both economic and social) in being independent and productive.
- **Businesses** have an interest in a well-trained workforce that allows them to be competitive and thus more profitable.
- **The public and communities** have an interest in a healthy economy in which their residents can be employed at a level where they are: 1) not reliant on individual governmental support; 2) capable of contributing to the economic well being of the community and 3) unlikely to engage in criminal activity. For those individuals who are unable to be completely self-sufficient, the public has an interest in them being as productive as possible, reducing the long-term costs of full dependence on public support.

Government has the responsibility for cost-effective use of public funds and resources and is accountable for measurable results from use of these resources. Private employers, as important members of their communities, have the responsibility to act as good citizens and provide economic opportunities to the public. Individuals are responsible for working to improve their lives, striving for economic well-being without public support for their daily expenses.

CONTINUUM OF HUMAN INVESTMENT POLICIES

No individual is literally self-sufficient. Everyone depends on support from family and community (public and private) at various points in a lifetime. Such supports are needed to become and remain as self-sufficient as possible. The continuum of family and community support begins before conception and continues on throughout a person's life.

The use of public resources must be focused on helping individuals move to a point of being at least minimally self-sufficient; from that point on, government (the public) and the individual share an interest (responsibility) in moving to a higher level of income. This should provide greater assurance that the individual will not be reliant on individual governmental support in the future. Central to moving up this continuum, however, is the need to have higher-wage employment opportunities. Public resources also must be used to enhance the ability of businesses to generate such jobs. Businesses, because they depend on capacities developed by a number of public investments, should then have an interest in helping develop and maintain the continuum of public and private support.

There is a minimum level of knowledge and skills needed to assure at least an entry-level job. There is a certain level of education necessary to gain that level of knowledge and skills to enable people to be at least minimally self-sufficient and not in need of public assistance (welfare). We also assume that increasing these skills will decrease the incidence of criminal behavior. The **public** has an interest in providing for that system of education, not only to prepare people to participate in a democratic society, but to become productive members of their communities.

To take full advantage of these educational opportunities, individuals need a nurturing family and other social supports (e.g. safe living, food, clothing, housing, health care, transportation). Where families are not capable of providing such supports, the **public** has an interest in assisting these families to care for and protect their members. Public support increases the personal wellness of these families and allows them to complete their education and move into productive employment.

As a person acquires the knowledge and skills necessary to be minimally self-sufficient, the **public** has an interest in assisting that person to move further into self-sufficiency and away from the potential need for public assistance. The **individual** also has an interest in improving his/her income. People not reliant on governmental support for their day-to-day living assume more responsibility and the public (government) becomes less responsible for funding the activities necessary to their advancement. For example:

- People moving off welfare still may require governmental assistance in the form of child care subsidies, housing supports, health care or food stamps to enable them to work. Once they are in entry-level jobs, they may be able to take publicly-supported training programs to help them advance further into higher-wage jobs. These jobs, in turn, will decrease the possibility that the person will return to public assistance.
- A person moving into post-secondary education is expected to pay tuition, but the public partially subsidizes the cost of post-secondary public education because it benefits from having education available to all and from a well-trained and productive workforce.
- As an individual moves up the income or educational ladder, the amount of direct assistance available from the government (public) decreases, as the benefit becomes more pronounced on the personal side.

There are workers in family-wage jobs who are displaced because of changes in our economy or personal circumstance. The **public and private sectors** have an interest and responsibility in assisting these workers to find comparable employment through reemployment services and, if necessary, to assist those who need further retraining to be productive. Publicly subsidized training programs must be available so those workers can be reemployed at a self-sufficient wage level.

Businesses with a well-trained workforce are more competitive and profitable. Furthermore, **businesses** have a strong interest in providing a level of compensation and benefits to their employees that decreases the likelihood that those employees will need governmental support. This then allows public resources to be put to more productive uses.

There are certain people who, because of age or disability, cannot be fully self-sufficient. The family or community often can provide the daily supports they may need to be as productive as possible. The **public**, however, has an interest and responsibility in providing supports that assist these individuals in being productive and that may be necessary to allow them to live in the home or community for the longest period of time, thus preventing later higher public costs for treatment or institutionalization. In addition, a “safety net” of public services may be necessary to care for those who do not have the family supports to allow them to adequately care for themselves.

HOW THIS FRAMEWORK CAN SUPPORT PLANNING FOR CHANGE

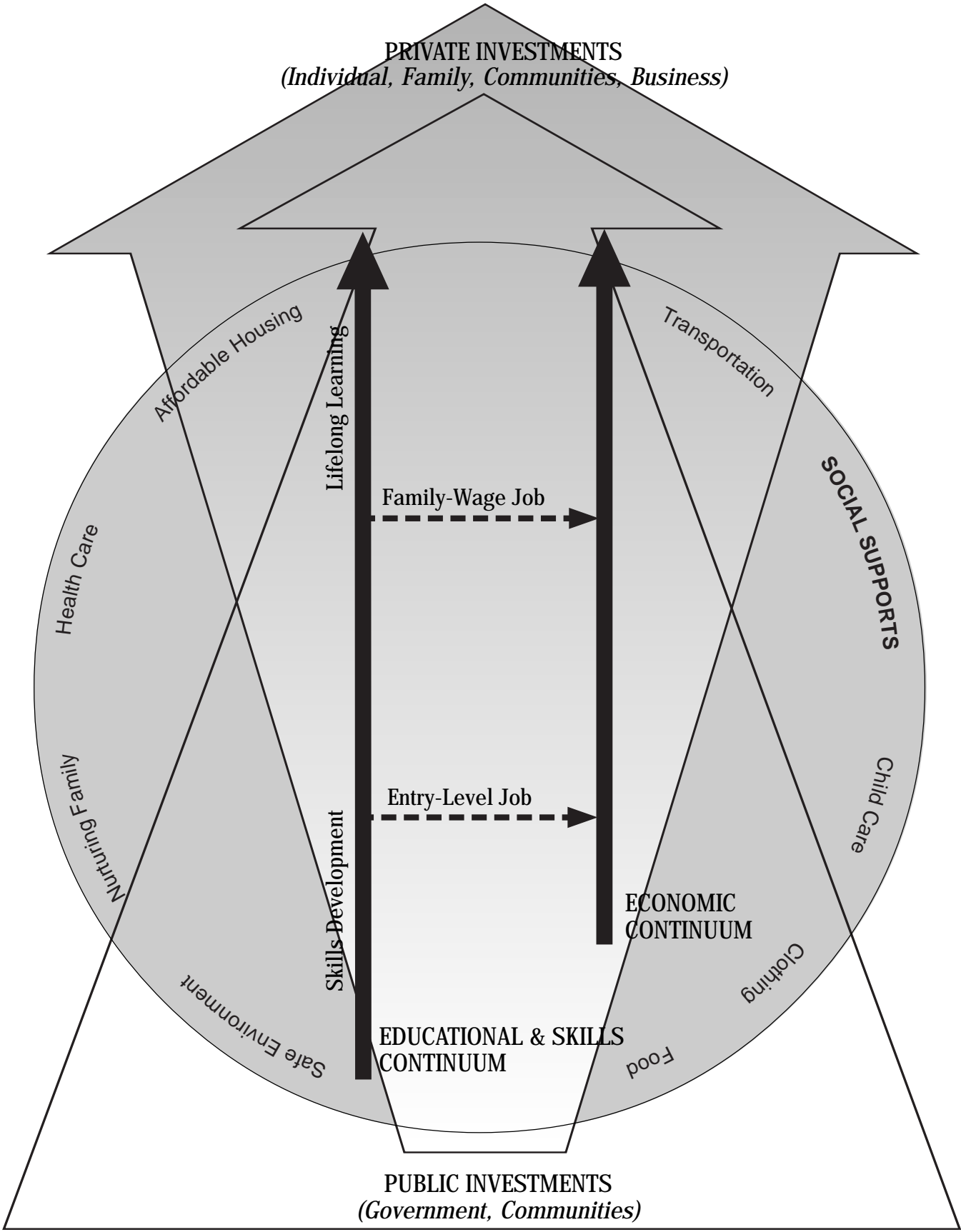
Assuming the goal is to develop a system that increases self-sufficiency and better serves the economy, it is necessary to determine how various programs and activities can provide support to personal, social, and economic success along these continuums.

In addressing issues of productivity and self-sufficiency, there must be a proper balance in the allocation of resources. For instance, if we only address the needs for education without recognizing that people need supportive families and communities and a system of social supports to take advantage of educational opportunities, we will not maximize that educational investment. With limited governmental resources, our ability as a state to be as productive as possible must rely on support from all parts of our community, including the private sector. We need partnerships and mutual responsibilities among a number of parties and sectors for us, as Oregonians, to best address these issues.

As we plan how to best utilize our resources, we need to constantly examine how these plans fit within this overall framework. This means that it is necessary to work across agency lines at the state and local levels, as well as with other communities of interest, to determine how we can provide the continuums of support to accomplish our goals.

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FRAMEWORK FOR THE INTEGRATION OF OREGON'S HUMAN INVESTMENT POLICIES



Appendix D Definition of Core Social Supports

Social Supports:

1. Access to Alcohol, Tobacco and Other Drug Education
2. Access to Alcohol, Tobacco and Other Drug Treatment
3. Access to Community Support Networks
4. Access to Diagnosis and Early Evaluation
5. Access to Family Support and In-home Assistance
6. Access to Health Care
7. Access to Transportation
8. Adequate Nutrition
9. Affordable, Safe Housing
10. Assisted Decision Making
11. Available and Accessible Child Care
12. Employment Opportunities
13. Family Safety and Protection
14. Healthy and Accessible Environment
15. Information About Child and Human Development
16. Life Skills Development and Assistance
17. Non-residential Therapeutic Care
18. Opportunities for Positive Interaction with Peers and Role Models
19. Opportunities to Explore Career Options
20. Opportunities to Learn Outside Formal Education System
21. Parental Standards and Positive Discipline
22. Prenatal Care and Preparation
23. Responsible Health and Sexual Interactions
24. Safe and Accessible Work Environment
25. Safe and Secure Residential Settings
26. Understanding Financial Management

Access to Tobacco, Alcohol and Other Drug Education

The ability to obtain information and training about tobacco, alcohol and other drugs and their effects.

General Population

Any Oregonian

State's role: Catalyst to ensure the support gets delivered
Technical assistance
Investment partner in the local delivery of services

At-risk Populations

Oregonians in danger of misusing tobacco, alcohol and other drugs who may need short-term assistance to access training and education. Examples might include status offending youth, parolees, youth who have dropped out of school, pregnant women and their partners, etc.

State's role: Catalyst to ensure the support gets delivered
Investment partner in the local delivery of services
Technical assistance

Populations with an Identified Condition

Oregonians misusing tobacco, alcohol and other drugs who need ongoing assistance to access training and education. Examples include individuals arrested for driving under the influence, homeless individuals abusing alcohol, pregnant women or their partners abusing drugs or alcohol, individuals incarcerated for drug-related crimes, etc.

State's role: Catalyst to ensure the support gets delivered
Investment partner in the local delivery of services
Primary payer for individuals to access support
Direct service provider through existing case management
Technical assistance
Quality assurance/regulation/licensing

Access to Alcohol and Other Drug Treatment

The ability to obtain information and culturally appropriate and effective care related to alcohol or drug abuse and addiction.

General Population

Any Oregonian

State's role: None

At-risk Populations

Oregonians with an alcohol or other drug DSM-IV diagnosis in need of temporary assistance to access alcohol or other drug treatment. Examples include status offending youth, parolees, low-income seniors, low-income individuals arrested for driving under the influence, pregnant women and their partners, etc.

State's role: Quality assurance, regulation, licensing
Catalyst to ensure access is available
Investment partner in the local delivery of services
Technical assistance to service providers
Primary payer for individuals to access support

Populations with an Identified Condition

Oregonians with an alcohol and other drug DSM-IV diagnosis in need of ongoing assistance to access alcohol or other drug treatment. Examples include low-income homeless, incarcerated individuals, parents in danger of losing parental rights, etc.

State's role: Catalyst to ensure access is available
Primary payer for individuals to access support
Quality assurance, regulation, licensing
Investment partner in the local delivery of services
Technical assistance to service providers

Access to Community Support Networks

The opportunity to obtain information about and connection to organizations, groups and agencies in the community that provide social interaction and emotional support, (such organizations include churches, service clubs, scouting, etc.).

General Population

Any Oregonian

State's role: None

At-risk Populations

Oregonians in need of assistance to access community support organizations or networks. Examples include children or adults transitioning out of residential care or institutional settings, homeless people with tuberculosis, pregnant women, etc.

State's role: Catalyst to ensure the availability of support networks
Technical assistance to the local level
Investment partner in local delivery of services

Populations with an Identified Condition

Oregonians in need of ongoing access to community support organizations or networks and may need them on an ongoing basis in order to become or remain as productive as possible. Examples include high need children or adults transitioning out of residential care or institutional settings with a diagnosed disability, individuals with Alzheimer's disease, etc.

State's role: Catalyst to ensure the availability of support networks
Technical assistance to the local level
Investment partner in local delivery of services

Access to Diagnosis and Early Evaluation

The ability to obtain information as soon as possible about the causes, treatment and prognosis of physical, emotional or mental conditions or situations.

General Population

Any Oregonian

State's role: See education continuum

At-risk Populations

Oregonians in danger of having or developing physical, or mental conditions, and especially those who may need initial assistance in accessing diagnosis and early evaluation. Examples include drug-abusing pregnant women, pregnant teens, etc.

State's role: Primary payer for individual to access services

Investment partner in local delivery of services

Quality assurance, regulation and licensing

Catalyst to ensure the service is available

Technical assistance to local communities

See education continuum

Populations with an Identified Condition

Oregonians with a diagnosed physical, or mental condition and who need ongoing assistance in accessing additional diagnosis and evaluation. Examples include babies born with congenital anomalies to a poverty-level family, an out-of-work adult recently diagnosed with multiple sclerosis, etc.

State's role: Primary payer for individual to access services

Investment partner in local delivery of services

Quality assurance, regulation and licensing

Catalyst to ensure the service is available

Technical assistance to local communities

See education continuum

Access to Family Support and In-home Assistance

The ability to obtain help in the home targeted toward the family for the purpose of addressing individual and family conditions, behaviors or situations that may reduce independence, productivity or self-sufficiency.

General Population

Any Oregonian or Oregon family

State's role: None

At-risk Populations

Oregonians who need in-home or other family support assistance for a short period, and are not able to access such assistance. Examples include families in poverty with low birth weight babies, teen parents, families of children with disabilities, individuals who are unable to use facility-based services due to physical language or cultural barriers, etc.

State's role: Investment partner in local delivery of services
Technical assistance to ensure quality services
Catalyst to ensure the availability of services

Populations with an Identified Condition

Oregonians who need in-home or other family support assistance on an ongoing basis, especially as an alternative to institutional care, who are not able to obtain such assistance. Examples include families with drug-affected infants, senior citizens with developmental disabilities, low-income families of children with disabilities, etc.

State's role: Primary payer or funder
Investment partner in local delivery of services
Technical assistance to ensure quality services
Catalyst to ensure the availability of services

Access to Health Care

The ability of Oregonians to have information about and availability of the supports necessary to care for and maintain their physical well-being, including preventive care.

General Population

Any Oregonian

State's role: Quality assurance, regulation and licensing of health care providers/facilities and health insurance
Catalyst to increase geographic capacity
Technical assistance to providers

At-risk Populations

Oregonians who need temporary assistance in order to access health care or information about it. Examples include individuals who are unemployed, low-income individuals who are employed in jobs without health coverage, homeless families, pregnant women, etc.

State's role: Investment partner in the local delivery of services, including incentives to expand coverage to low income individuals
Quality assurance, regulation and licensing of health care providers, facilities and health insurance
Catalyst to increase geographic capacity
Primary payer for those with least resources
Technical assistance to providers

Populations with an Identified Condition

Oregonians in need of regular assistance to access health care or information about it. This includes the ability of Oregonians to access or obtain medicine or therapy to address a specific physical condition in order to maintain a healthy and independent life. Examples include developmentally disabled individuals, certain persons with chronic conditions, incarcerated individuals, etc.

State's role: Investment partner in the local delivery of services, including incentives to serve those with communicable diseases
Quality assurance, regulation and licensing of health care providers, facilities and health insurance
Catalyst to increase geographic capacity
Primary payer
Technical assistance to providers

Access to Transportation

The ability to obtain and utilize means of carrying oneself or one's family from one place to another in order to be as independent and productive as possible by working, obtaining services, meeting basic needs or participating in community life.

General Population

Any Oregonian

State's role: See also Oregon's Transportation Initiative report

None

At-risk Populations

Oregonians in need of access to transportation on a temporary basis in order to be as independent and productive as possible. Examples include unemployed individuals, homeless youth, etc.

State's role: See also Oregon's Transportation Initiative report

Quality assurance and licensing

Primary payer for certain individuals

Catalyst to ensure that transportation exists

Investment partner to support building local infrastructure

Technical assistance concerning licensing

Populations with an Identified Condition

Oregonians in need of access to transportation on a regular basis in order to be as independent and productive as possible. Examples include physically or developmentally disabled individuals, geographically isolated families, etc.

State's role: See also Oregon's Transportation Initiative report

Quality assurance and licensing

Primary payer for certain individuals

Catalyst to ensure that transportation exists

Investment partner to support building local infrastructure

Technical assistance concerning licensing

Adequate Nutrition

The ability to obtain proper diet and nourishment necessary to sustain one's physical well-being.

General Population

Any Oregonian

State's role: None

At-risk Populations

Oregonians in need of temporary assistance in accessing adequate nutrition for themselves or their families. Examples include unemployed adults, individuals recently released from residential settings, low income pregnant women and children, etc.

State's role: Investment partner in the local delivery of nutrition services

Primary payer for certain individuals to access nutrition

Quality assurance, regulation and licensing of dietitians

Catalyst to ensure that information about nutrition is available

Technical assistance concerning regulation and licensing

Populations with an Identified Condition

Oregonians in need of regular assistance in accessing adequate nutrition for themselves or their families. Examples include developmentally disabled, individuals with a chronic mental health problem, senior citizens living below the poverty line, etc.

State's role: Investment partner in the local delivery of nutrition services

Primary payer for certain individuals to access nutrition

Quality assurance, regulation and licensing of dietitians

Catalyst to ensure that information about nutrition is available

Technical assistance to service providers

Direct service provider for existing case management

Affordable, Safe Housing

The ability of Oregonians to access and continue to live in secure, economical community-based accommodations.

General Population

Any Oregonian

State's role: Catalyst to ensure housing and information about housing is available

Technical assistance to banks, housing authorities, non-profit providers and developers

At-risk Populations

Oregonians in need of temporary assistance to access safe, affordable housing. Examples include individuals recently released from institutions, large families where no adult is currently employed, etc.

State's role: Investment partner in local development of safe, affordable housing
Catalyst to ensure housing and information about housing is available

Technical assistance to banks, housing authorities, non-profit providers and developers

Populations with an Identified Condition

Oregonians in need of regular assistance to access safe and affordable housing. Examples include the chronically mentally ill, developmentally disabled adults, low income seniors, etc.

State's role: Investment partner in local development of safe, affordable housing
Catalyst to ensure housing and information about housing is available

Technical assistance to banks, housing authorities, non-profit providers and developers

Quality assurance, regulation and licensing

Primary payer for individuals to access housing

Assisted Decision-making

The need to have guidance in order to make necessary decisions about one's life or situation because the individual is unable to do so.

General Population

Any Oregonian

State's Role: None

At-risk Populations

Oregonians who periodically need assistance to make beneficial choices. (See other supports such as Understanding Financial Management, Access to Health Care and Specialized Medical Care, etc.)

State's Role: None

Populations with an Identified Condition

Oregonians who because of their condition, situation or behavior (including the lack of a care-giver) need beneficial decisions made for their lives on a regular or long-term basis. Examples include head trauma patients, abusive parents, incarcerated individuals, children with permanent and severe birth defects.

State's role: Direct service provider through existing case management

Primary payer or funder for individuals to access services

Quality assurance for services received

Investment partner in local delivery of services

Technical assistance with local entities who provide decision making

Catalyst to stimulate assistance with decision making

Available and Accessible Child Care

Ensuring that safe care is available, provided for and matches the developmental level of the child(ren) when their parent or primary caregiver is unable to give it, including before or after school.

General Population

Any child who is in need of safe and appropriate child care

State's Role: Quality assurance, regulation and licensing of facilities
Catalyst to ensure the care gets delivered
Technical assistance to providers in the areas of regulation and licensing

At-risk Populations

Any child who needs periodic assistance to obtain safe and appropriate care *and* whose parent or primary caregiver may not be able to provide such care due to lack of service availability, affordability or other factors. Examples include families transitioning from state income support to employment, families with disabled children or with children in need of remedial education or therapeutic services.

State's Role: Quality assurance, regulation and licensing of facilities
Catalyst to ensure the care gets delivered
Investment partner in the local delivery of services
Technical assistance to local level
Primary payer for individuals to access services

Populations with an Identified Condition

Any child who needs ongoing assistance in obtaining safe and appropriate care *and* whose parent or primary caregiver is not be able to obtain such care due to certain factors or conditions which may include financial ability, disability, etc.

State's Role: Primary payer for individuals to access services
Investment partner in local delivery of services
Quality assurance, regulation and licensing of facilities
Technical assistance to the local level
Catalyst to ensure the care gets delivered

Employment Opportunities

The chance to be involved in gainful or meaningful work.

General Population

Any Oregonian

State's role: See workforce development continuum

At-risk Populations

Oregonians who periodically need assistance to obtain or maintain employment due to situation, condition or behavior. Examples include parolees, alcohol and drug abusers, individuals with a loss of physical capacity, seasonal workers, individuals in poverty, etc.

State's role: Catalyst to ensure the availability of gainful or meaningful work
Investment partner in local employment systems
Technical assistance to Oregonians to obtain or maintain employment
Licensing and regulation for certain employment systems
Primary payer for individuals to access employment services

Populations with an Identified Condition

Oregonians who need assistance on an ongoing or long-term basis to obtain or maintain employment. Examples include developmentally disabled adults, individuals with a chronic mental health condition, individuals with physical disabilities, and incarcerated individuals.

State's role: Primary payer for individual to access employment services
Licensing and regulation of certain employment systems
Investment partner in local employment systems
Catalyst to ensure the availability of gainful or meaningful work
Technical assistance to Oregonians to obtain or maintain employment

Family Safety and Protection

The ability of families to care for, nurture, protect and ensure the safety and well-being of their children or other dependent members.

General Population

Any Oregonian or Oregon family

State's role: Catalyst to ensure that families have access to information about how to protect and care for their children and dependent members.

At-risk Populations

Oregonians in need of assistance in providing adequate care and protection of their children or other dependent family members due to short term conditions. Examples include families whose primary wage-earner has been laid off, families who may be abusing alcohol or other drugs, etc.

State's role: Investment partner in local delivery of services
Catalyst to ensure that families have access to information about how to protect and care for their children or dependent members
Technical assistance in the areas of regulation and licensing

Populations with an Identified Condition

Families who need assistance to care for their children or other dependent members on a regular basis. Examples include families who abuse or neglect their children, families with a convicted sex offender as a primary member, families who have a confirmed case of elder abuse, families where there is a history of violence, etc.

State's role: Direct service provider through existing case management
Primary payer of individual access to services
Investment partner in local delivery of services
Quality assurance, regulation and licensing of services to protect/care for children or other dependent members
Catalyst to ensure that families have access to information about how to care for their children or dependent members
Technical assistance in the areas of regulation and licensing

Healthy and Accessible Environment

Factors and conditions influencing Oregon's infrastructure, surroundings, and atmosphere that are safe, nourishing, beneficial and barrier free to Oregonians.

General Population

Any Oregonian

State's role: None

At-risk Populations

Oregonians in need of special short-term assistance or accommodations in order to access, participate in or benefit from Oregon's environment. Examples include injured workers, others with temporary impairments, etc.

State's role: None

Populations with an Identified Condition

Oregonians in need of regular assistance or accommodations in order to access, participate in or benefit from Oregon's environment. Examples include individuals living in a long term care facility, visually or hearing impaired individuals, individuals that utilize wheel chairs, etc.

State's role: Catalyst to ensure a healthy and accessible environment
Investment partner in the development of healthy, accessible environments
Technical assistance regarding regulation and licensing
Primary payer for individuals to access services
Direct service provider

Information about Child and Human Development

Knowledge about the ways in which people normally grow and mature, including data about abnormal growth and maturation. See also Responsible Sexual and other Health Interaction.

General Population

Any Oregonian

State's role: See education continuum

At-risk Populations

Oregonians who need to understand child or human development and need temporary assistance in doing so. Examples include pregnant women and their partners, potentially abusive or neglectful parents, parents with a learning disability, teen parents, etc.

State's role: Investment partner in the local delivery of services

Technical assistance to direct service providers

Direct service provider through existing case management

Catalyst to ensure the support is available

Quality assurance of services available

Primary payer or funder for individuals to access service

See education continuum

Populations with an Identified Condition

Oregonians who need to understand child or human growth and development and need assistance in doing so. Examples include abusive or neglectful parents, some developmentally disabled parents, incarcerated youth, etc.

State's role: Direct service provider through existing case management

Investment partner in the local delivery of services

Catalyst to ensure the support gets delivered

Technical assistance to service providers

Quality assurance of services available

Primary payer or funder for individuals to access service

See education continuum

Life Skills Development and Assistance

Obtaining information and the skills necessary to make beneficial choices in order to be as self-sufficient as possible.

General Population

Any Oregonian

State's role: None

See education continuum

At-risk Populations

Oregonians who need information or skills necessary to progress successfully and independently through their life. Examples include youth in the juvenile justice system, alcohol and other drug abusers, teen parents, welfare recipients, dislocated workers, displaced homemakers, etc.

State's role: Investment partner in the local delivery of services

Catalyst to ensure the availability of local services

Technical assistance to service providers

Primary payer or funder for individuals to access service

See education continuum

Populations with an Identified Condition

Oregonians who need ongoing assistance to obtain the information or skills necessary to progress successfully and independently through life. Examples include developmentally disabled individuals, those with a chronic mental illness, etc.

State's role: Direct service provider through existing case management

Primary payer for individuals to access assistance

Investment partner in local delivery of services

Technical assistance to service providers

Quality assurance of support provided through direct service

Catalyst to ensure the availability of local services

See education continuum

Non-residential Therapeutic Care

Treatment elements necessary to address mental, behavioral, emotional or physical health needs in an outpatient or non-residential setting. May include preventive evaluation, crisis intervention, treatment, counseling or therapy services and extended care.

General Population

Any Oregonian.

State's Role: None

At-risk Populations

Oregonians in need of short-term therapeutic who may need assistance in obtaining such care due to their situation (physical, financial, mental, emotional). Examples include children in state protective custody, persons in youth or adult corrections systems, individuals in need of assistance in removing barriers to end their dependence on state income support, pregnant teens, etc.

State's Role: Quality assurance, regulation, licensing of providers of care
Investment partner in local delivery of services
Technical assistance
Catalyst to ensure the availability of services

Populations with an Identified Condition

Oregonians who require ongoing non-residential therapeutic care and need assistance in obtaining such care. Examples include developmentally disabled adults, low-income individuals with a mental illness, etc.

State's Role: Primary payer or funder
Investment partner in local delivery of services
Quality assurance, regulation, licensing of providers of care
Technical assistance
Catalyst to ensure the availability of services

Opportunity for Positive Interaction with Peers and Role Models

The ability to identify and obtain access to positive relationships with other Oregonians, especially for children and youth a relationship with at least one adult who can serve as a positive example of values, independence and productivity.

General Population

All Oregonians, particularly children and youth

State's Role: None

At-risk Populations

Oregonians, particularly children and youth, needing periodic assistance to obtain access to positive peers and role models due to personal or family situations. Examples include youth from alcohol or other drug dependent families, homeless children and youth, home bound seniors, pregnant youth, etc.

State's Role: Investment partner in local delivery of services

Catalyst to stimulate the interest and importance of positive peer and role model interaction

Populations with an Identified Condition

Oregonians, particularly children and youth, who need ongoing assistance in order to engage in a relationship with a positive role model. They include children in state custody, youth in the juvenile justice system, youth undergoing alcohol and drug treatment, etc.

State's Role: Primary payer or funder

Catalyst to stimulate the interest and importance of positive peer and role model interaction.

Investment partner in local delivery of services

Opportunities to Explore Career Options

The chance to examine and investigate possible professions, occupations or vocations.

General Population

Any Oregonian

State's role: None

See education and workforce development continua

At-risk Populations

Oregonians who need short-term assistance to identify career opportunities that fit their situation or condition. Examples include individuals who have had a change in physical capacity, parolees, teen parents, individuals in poverty, dislocated workers, etc.

State's role: Investment partner in the local delivery of services

Primary payer or funder of career exploration services

Catalyst for information

Technical assistance to ensure that services are provided well

Quality assurance, licensing of career possibilities

See education and workforce development continua

Populations with an Identified Condition

Oregonians who need ongoing assistance in order to explore or identify possible career opportunities to fit their situation or condition. Examples include individuals with developmental disabilities, incarcerated individuals, etc.

State's role: Investment partner in the local delivery of services

Technical assistance to ensure that services are provided well

Primary payer or funder of career exploration services

Catalyst for information

Quality assurance or licensing of career possibilities

See education and workforce development continua

Opportunities to Learn Outside Formal Education System

The chance to gain knowledge and discovery in addition to opportunities provided via educational institutions.

General Public

Any Oregonian

State's role: See education and workforce continua

At-risk Populations

Oregonians temporarily without access to opportunities to learn outside school. Examples include homeless youth and families, individuals living in geographically isolated settings, etc.

State's role: Catalyst to ensure opportunities are available.

Technical assistance to local communities

Investment partner in the local delivery of services

Quality assurance, licensing of opportunities available

See education and workforce continua

Populations with an Identified Condition

Oregonians without regular access to opportunities to learn outside school. Examples include incarcerated individuals, etc.

State's role: Investment partner in local delivery of services

Catalyst to ensure opportunities are available

Technical assistance to local communities

Quality assurance, licensing of opportunities available

See education and workforce continua

Parental Standards, Positive Discipline

The knowledge and ability of parents to access information and skills in order to set consistent positive expectations for their children and to respond to misbehavior with methods of discipline that foster the ability of the child(ren) to learn and develop.

General Population

All Oregon parents

State's role: See education continuum

None

At-risk Populations

Oregon parents who need periodic assistance in obtaining knowledge or providing consistent standards or positive discipline for their children. Examples include parents experiencing intense short term stress, parents who are incarcerated, homeless parents, teen parents, etc.

State's role: Investment partner in local delivery of services

Catalyst to ensure that information about standards and positive discipline practices are available

See education continuum

Populations with an Identified Condition

Oregon parents in need of ongoing assistance in providing consistent standards or positive discipline for their children. Examples include parents with certain developmental disabilities, drug-addicted parents, etc.

State's role: Primary funder

Catalyst to ensure that information about standards and positive discipline practices are available

Investment partner in local delivery of services

Quality assurance of services provided directly

See education continuum

Prenatal Care and Preparation

The ability to access health and lifestyle information, care, and training for the purpose of getting ready for the birth of a child.

General Population

Any Oregonian.

State's role: None

See education continuum

At-risk Populations

Oregonians in need of temporary assistance with care, information or training necessary for the arrival of a child. Examples include pregnant women and their partners, recently immigrated families, families living in poverty, etc.

State's role: Catalyst to ensure child birth education and preparation is available

Technical assistance to service providers

Quality assurance of information available

Primary payer for individual to access services

Investment partner in local delivery of services

See education continuum

Populations with an Identified Condition

Oregonians in need of ongoing assistance with care, information or training necessary for the arrival of a child. Examples include pregnant homeless women, pregnant teens, pregnant women who have a mental health or developmental disability, etc.

State's role: Catalyst to ensure child birth education and preparation is available

Technical assistance to service providers

Quality assurance of information available

Primary payer for individual to access services

Investment partner in local delivery of services

See education continuum

Responsible Health and Sexual Interactions

Knowledge and ability to act accountably and reliably for health interactions, sexual activity (sexually transmitted diseases, pregnancy, etc.), communicable diseases, etc.

General Population

Any Oregonian

State's role: Quality assurance and licensing of information and service
Catalyst to ensure that information is available on responsible sexual and health behavior
Primary payer for individuals needing services
Technical assistance to local communities
Investment partner in the local delivery of services

At-risk Population

Oregonians in need of temporary assistance in accessing information in order to act responsibly in their sexual or other health interactions. Examples include sexually active teens, pregnant women and their partners, individuals who are abusing drugs, etc.

State's role: Catalyst to ensure that information is appropriately developed and targeted to at-risk populations
Primary payer for certain individuals
Technical assistance to local communities
Quality assurance and licensing of information and service
Investment partner in the local delivery of services
Direct provider of services for certain individuals

Populations with an Identified Condition

Oregonians in need of regular assistance in accessing or utilizing information in order to act responsibly for their sexual or other health interactions. Examples include individuals with a communicable disease, children in protective custody, disabled seniors living in state facilities, etc.

State's role: Investment partner in the local delivery of services
Catalyst to ensure that information is appropriately developed and targeted to populations with identified conditions
Direct provider of services for certain individuals
Primary payer for certain individuals
Technical assistance to local communities
Quality assurance and licensing of information and service

Safe and Accessible Work Environment

Factors and conditions influencing an individual's employment surroundings that create a barrier-free atmosphere.

General Population

Any Oregonian

State's role: Catalyst to ensure the existence of safe, accessible work environments

At-risk Populations

Oregonians in need of special short-term accommodations in order to access and participate fully in a work environment. Examples include injured workers, others with temporary impairments, etc.

State's role: Quality assurance, regulation, and licensing
Investment partner in the local delivery of services
Technical assistance to employers
Catalyst to ensure the existence of safe, accessible work environments

Populations with an Identified Condition

Oregonians in need of regular accommodations in order to access or participate fully in a work environment. Examples include individuals living in a long term care facility, visually or hearing impaired individuals, individuals that utilize wheel chairs, etc.

State's role: Quality assurance, regulation and licensing
Direct service for existing case management
Technical assistance to employers
Primary payer for certain individuals
Investment partner in the local delivery of services
Catalyst to ensure the existence of safe, accessible work environments

Safe and Secure Residential Settings

Stable facilities where Oregonians may live or stay on a temporary or long-term basis in order to be free from danger or harm to or from themselves or others. These include (but are not limited to) facilities for restorative or public safety purposes, such as shelter care, group homes, foster care, residential treatment, prisons, etc.

General Population

Any Oregonian

State's role: None

At-risk Populations

Oregonians in need of periodic assistance to access safe and secure residential settings. Examples include homeless youth, families who are in danger of abusing their children, etc.

State's role: Quality assurance, regulation and licensing
Technical assistance to concerning regulations and licensing
Primary payer for individuals to receive services
Investment partner in local delivery of services

Populations with an Identified Condition

Oregonians in need of regular assistance to access safe and secure residential settings in order to maintain safety for themselves or others. Examples include abused or neglected children, convicted felons, individuals with intensive mental health treatment needs, low-income disabled seniors who cannot live alone, etc.

State's role: Direct provider of existing case management
Primary payer
Quality assurance, regulation and licensing
Investment partner in local delivery of services
Technical assistance to concerning regulations and licensing
Catalyst to ensure that services are available

Understanding Financial Management

The knowledge and ability necessary to guide, conduct and govern fiscal affairs.

General Population

Any Oregonian

State's role: None

See education continuum

At-risk Populations

Oregonians who need assistance to understand or manage their finances on a short-term or temporary basis. Examples include individuals with a learning disability, dislocated workers, teen parents, etc.

State's role: Catalyst to stimulate assistance with understanding financial management

Investment partner in the local delivery of services

Quality assurance or licensing of financial service businesses

Primary payer or funder of financial management support

Direct service provider through existing case management

Technical assistance to businesses concerning licensing

See education continuum

See also life skills development and assistance support

Populations with an Identified Condition

Oregonians who need assistance to understand and manage their finances on a regular basis. Examples include individuals with developmental disabilities, individuals with a chronic mental health condition, seniors with dementia, etc.

State's role: Direct service provider through existing case management

Investment partner in the local delivery of services

Primary payer or funder of financial management support

Quality assurance or licensing of financial service businesses

Catalyst to stimulate assistance with understanding financial management

Technical assistance to businesses concerning licensing

See education continuum

Appendix E Definition of State Roles

6 = Direct Service	State is responsible for providing the support directly to clients or citizens through services or other means
5 = Primary payer or funder	State is the sole or primary funder of a support. Funding may go directly for or to an individual to access support (such as OHP, cash awards) or to a program or service provider. This includes grants to the local level for services when the state is not involved in the design or delivery of the service through a partnership arrangement
4= Quality assurance, regulation, licensing	State oversees and assures the <i>quality</i> of a particular service or support delivery, often through regulation or licensing
3 = Investment partner in the local delivery of service	State resources are invested in a mutual partnership of shared risk and responsibility with local government or other local private or public partner that involves the delivery of a support or design service system
2 = Catalyst	State is involved or responsible for stimulating the existence or delivery of a particular support through a variety of activities
1 = Technical assistance	State provides a variety of activities (such as convening work groups, best practices, providing data, etc.) to assist local government, service providers or others in the delivery of quality support services
0 = None	Self explanatory

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Editorials

- [Excerpts of This Editorial Appeared in Newspapers Around The State - June 1, 2000](#)
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Press Releases

- [Young Teens Better Prepared To Avoid Sex, New Study Shows - January 16, 2001](#)
- [First Lady Sharon Kitzhaber To Attend Celebration For Stars Latino Outreach Program - July 7, 2000](#)
- [Governor And Sharon Kitzhaber To Bowl With Stars Teen Leaders - May 16, 2000](#)

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FOR IMMEDIATE RELEASE

December 13, 2002

Contact:

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Governor Kitzhaber Appoints Multnomah and Clackamas County Circuit Court Judges

Governor Kitzhaber has appointed Eric Bloch and Douglas Van Dyk to the Multnomah and Clackamas County Circuit Court, respectively.

Mr. Bloch graduated from Cornell University with a BS in Industrial and Labor Relations and received a Juris Doctorate from the University of Oregon, School of Law. Mr. Bloch worked in private law practice in Portland, and then as an Assistant Attorney General for the Oregon Department of Justice in the Special Litigation Unit, before assuming his current position as one of the two Oregon members of the Northwest Power Planning Council.

Mr. Bloch replaces Robert W. Redding who retired October 1, 2002. Mr. Bloch will work with Multnomah County Circuit Court Presiding Judge Dale Koch as to when he will take the oath of office.

Mr. Van Dyk graduated from the University of Washington with a BA in Comparative Literature and received a Juris Doctorate from Case Western Reserve Law School in Cleveland, Ohio. Mr. Van Dyk currently works for the law firm of Jordan Schrader, P.C. where he handles complex litigation matters.

Mr. Van Dyk replaces Raymond R. Bagley Jr. who retired September 30, 2002. He will work with Clackamas County Circuit Court Presiding Judge Robert Selander as to when he will take the oath of office.

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FOR IMMEDIATE RELEASE

December 2, 2002

Contact:

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Governor Accepts Resignation of Lottery Director

Governor John Kitzhaber today accepted the resignation of Chris Lyons as director of the Oregon Lottery, effective November 30, 2002.

“Ms. Lyons informed me today that she has decided to step down as Lottery Director for personal reasons and I accept her decision,” the governor said. “I would like to thank Ms. Lyons for her past service to the state and to the people of Oregon and to wish her success in the future.”

The governor will designate an interim director who will serve until the Oregon Senate confirms a permanent director. The governor will leave the decision about a permanent director to the incoming governor.

Lyons has 23 years of state service and has been Lottery director since 1995. The Lottery provides nearly \$315 million a year to Oregon for public education, economic development and natural resource programs.

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FOR IMMEDIATE RELEASE

November 26, 2002

Contact:

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Flags at half staff in honor of Coos Bay firefighters

Governor John Kitzhaber ordered state flags to be flown at half staff today to honor the memory of the three firefighters who died yesterday while fighting a fire in Coos Bay.

“On behalf of all Oregonians I want to extend my condolences to the families of these three firefighters, to their friends and to the entire community of Coos Bay,” the governor said. “Tragedies such as this touch the hearts of everyone, but none more than the firefighters, police officers and other first responders who risk the ultimate sacrifice on behalf of the common good.

“All of us owe a great deal to these three Coos Bay firefighters and to all other public servants who do their jobs with quiet dedication, day after day, year after year-often without fanfare or public recognition, never seeking publicity or praise. The lack of fanfare, however, cannot diminish their importance to the lives of Oregonians.”

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FOR IMMEDIATE RELEASE

November 14, 2002

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Governor to Proclaim Human Rights Day, Acknowledge Past Eugenic Practices

Governor John Kitzhaber will host a reception at the Oregon State Capitol at 1 p.m. December 2, 2002, to proclaim Human Rights Day in Oregon and to acknowledge past eugenics practices in Oregon.

The purpose of the event is to celebrate the progress Oregon has made in the treatment of people with mental health disorders, developmental disabilities and those incarcerated by the criminal justice system. The governor will also proclaim December 10 to be Human Rights Day in Oregon.

The public is invited.

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FOR IMMEDIATE RELEASE

October 28, 2002

Contact:

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Governor To Implement Amber Alert System

Governor John Kitzhaber signed an Executive Order today implementing Oregon's Amber Plan. The governor was joined by Rep. Bruce Starr and many law enforcement and broadcast media representatives.

Oregon's Amber Plan has been developed with voluntary partnership among the Oregon State Police, Oregon Emergency Management, Oregon Department of Transportation, the Oregon Association of Broadcasters, Oregon Association Chiefs of Police, Oregon State Sheriffs' Association, emergency number representatives, state lawmakers and others. The statewide plan was approved unanimously by members of the Governor's Public Safety and Policy Council at its October 2 meeting.

The plan provides that if a child is reported to have been abducted and there is imminent danger of serious bodily injury or death to the child, local law enforcement agencies can request that the Amber Plan be activated.

The Emergency Alert System (operated by Oregon Emergency Management) will be used to notify listeners and viewers with a description of the suspected abductor and vehicle, if any, the victim and instructions on how to notify law enforcement if the suspect or victim is recognized. The Oregon Department of Transportation will also include the alert on its statewide highway reader boards.

"Time is critical following an abduction. If the victim is harmed, it usually occurs within the first few hours of the abduction. The eyes and ears of the public and advanced communication technologies are powerful tools. I think we all understand that a missed opportunity to save a child when the resources are at our doorstep is unacceptable," Kitzhaber said.

The Amber Plan was launched after the abduction and brutal murder of 9-year-old Amber Hagerman, from Arlington, Texas. To date, 24 states have adopted the AMBER (America's Missing: Broadcast Emergency Response) alert system. Additional information can be found at the Federal Communications Commission website www.fcc.gov/cgb/consumerfacts/AMBERPlan.html and the National Center for Missing and Exploited Children at www.missingkids.com.

Please Note: Oregon's Amber Plan will be tested by broadcasting venues and public safety agencies over the next several weeks. The statewide Amber Alert system will not be operational until early-November 2002. A separate event will be held to announce the toll-free hotline number and provide instructions to the public.

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FOR IMMEDIATE RELEASE

October 25, 2002

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Governor Vetoes Inheritance Tax Bill

Governor John Kitzhaber today vetoed legislation that would repeal Oregon's inheritance tax.

The governor notified the Secretary of State's Office that he is returning House Bill 4077, which was passed by the fifth special session of the Oregon Legislature, "unsigned and disapproved."

"A decision whether to continue the inheritance tax must be part of the larger debate on the appropriate balance of state spending to state revenue," the governor said. "Because that debate did not occur and given the substantial decrease in revenues that would result from bill, I am compelled to veto HB 4077."

HB 4077 would repeal Oregon's inheritance tax in 2005. In addition, the bill connects Oregon to certain provisions of the federal estate tax law changes made in 1997 and 2001. As a result, the bill would result in a \$5.6 million loss to the state in the current 2001-03 budget period and an \$18.1 million loss in the 2003-05 biennium. The losses after that would more than \$92 million for each subsequent biennium.

A copy of the governor's veto message is attached.

[HB4077 Letter to Bill Bradbury](#)

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FOR IMMEDIATE RELEASE

October 24, 2002

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Governor Allows Measure 28 Ballot Title To Become Law Without His Signature

Governor John Kitzhaber said today that even though the legislatively approved ballot title for the income tax measure that will go before voters January 28 is misleading, he would allow it to become law without his signature.

Passed in September by the fifth special session of the Legislature, HB 4075 sets out the text of a ballot title, financial impact statement and explanatory statement for Measure 28, the state income tax increase that goes before voters on January 28.

“The reason I am not exercising my veto authority is my concern about further erosion in the integrity of the electoral process,” the governor said in the letter to Secretary of State Bill Bradbury announcing his decision. “Already, the opponents of the temporary corporate and personal income tax increase have made threats to file a lawsuit if I veto HB 4075, hoping to deprive the people of Oregon of the opportunity to vote on this matter on January 28.”

“As concerned as I am about the misleading way HB 4075 puts the question to voters, I am confident in the ability of Oregon voters to cut through that deception and fully understand the question being asked,” the governor said.

Kitzhaber said the information about the measure provided by the Legislature “deliberately fails to inform Oregonians about the deep cuts to public services” that will occur if the measure is rejected by voters. Those cuts, which total \$310 million, include:

- \$95 million from the State School Fund (K-12);
- \$27 million from higher education;
- \$14 million from community colleges;
- \$90 million from health care and human services programs to seniors, the disabled and low income Oregonians;
- \$55 million from public safety services, including the Department of Corrections, Oregon State Police, Community Corrections and the Oregon Youth Authority.

The governor pointed out that ballot titles, financial impact statements and explanatory statements are important sources of information for voters about the substance of a measure and, in many instances, are the only source of information for a voter.

“As the dissemination of this information is a public service, ballot titles, financial impact statements and explanatory statements should provide an objective and balanced description of the question,” he said. “Unfortunately, HB 4075 does not adequately perform that public service.

In allowing HB 4075 to go into law without his signature, the governor asked all Oregonians who care about vital public services to redouble their efforts to make the choices clear.

“I have made no secret about my full support for Measure 28 and look forward to working with the many individuals and organizations that have already pledged their support,” the governor said. “One of our first tasks will be to undo the damage caused by this misleading ballot title.”

[HB4075 Letter to Bill Bradbury](#)

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FOR IMMEDIATE RELEASE

October 22, 2002

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Governor Allows Borrowing Bill to Become Law Without His Signature

Governor John Kitzhaber will allow the legislature's plan to balance the state's budget by borrowing against future proceeds from the tobacco settlement to become law without his signature.

The governor notified the Secretary of State's Office today that he is returning House Bill 4073 passed by the fifth special session of the Oregon Legislature "unsigned but not disapproved."

"I have clearly stated that I believe we should pay as we go," the governor said in a letter to Secretary of State Bill Bradbury. "If we believe government services are important we should pay for them. If we are not willing to pay for government services, we should cut them. Borrowing to pay for one-time operations is bad fiscal policy."

The governor said that even though he opposes borrowing to balance the state budget, he is not vetoing the bill because it limits the borrowing to \$150 million and it was part of a package agreed to in order to bring a close to the fifth special session on September 18th.

HB 4073 establishes a Master Settlement Asset Corporation that would sell proceeds from the tobacco settlement for up to eight years in order to generate \$150 million in proceeds necessary to balance the state's 2001-2003 budget.

The governor pointed out that borrowing undermines the state's finances. Moody's Investor Services and Standard and Poor's have already downgraded the state's credit rating outlook from stable to negative.

"There really are only two honest and prudent ways that remain to deal with the budget gap facing Oregonians," the governor said. "Either make hard choices to further cut schools, prisons, health care and other vital services or seek stable and adequate revenue."

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FOR IMMEDIATE RELEASE

October 15, 2002

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Kelly Harms (IPGB)

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Tom Towslee

(503) 378-6496

Oregon Receives Okay to Expand Oregon Health Plan at no Additional Cost to State

Federal officials notified Gov. John Kitzhaber today that the state has received federal approval to restructure and expand the Oregon Health Plan by up to 60,000 people at no increased cost to the state.

Approval by the federal Department of Health and Human Services is required because federal money pays for more than half the cost of the health plan. Federal action means that both the Medicaid program and the Family Health Insurance Assistance Program (FHIAP) will be expanded.

The 2001 Oregon Legislature authorized this expansion of the health plan, called OHP 2, which currently covers more than 400,000 Oregonians.

“Oregon’s ability to deliver health care to more Oregonians at no more direct cost to Oregon taxpayers is another example of this state’s ability to find innovative ways to save money while still expanding services to needy Oregonians,” Kitzhaber said.

The higher cost will be offset by a combination of increased premiums, co-pays for services and reduced benefits for low-income Oregonians who don’t qualify for traditional Medicaid but who are eligible for coverage under the Oregon Health Plan, which is currently about 108,000 people.

For the first time, low-income working Oregonians above the federal poverty level will be eligible for health plan coverage if they meet tests of income, assets and Oregon residency. The program will open initially to those up to 110 percent of the poverty level, with future expansion possible to 185 percent as funding allows. Eligibility for pregnant women and for children and teens under age 19 will rise from 170 percent of the federal poverty level to 185 percent. The program will be expanded Feb. 1, the ninth anniversary of the start of the Oregon Health Plan.

Under this restructuring, an “OHP Plus” benefit package will continue current benefits for enrollees entitled to benefits by age or disability or because they are pregnant, newborns, or children under age 19 with qualifying household incomes. An “OHP Standard” benefit package with reduced benefits and cost sharing resembling those in private insurance plans will cover all other plan participants.

Meanwhile, FHIAP will be expanded by up to 25,000 people beginning on Nov. 1. FHIAP, which supplements

employer-sponsored and individual insurance for low-income Oregonians, will receive federal dollars for the first time. This will enable more people to be covered and for eligibility to extend to households earning up to 185 percent of the federal poverty level (from 170 percent currently). FHIAP now enrolls about 3,500 Oregonians.

Medicaid and FHIAP are administered by the Oregon Department of Human Services and the state Insurance Pool Governing Board, respectively.

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FOR IMMEDIATE RELEASE

October 8, 2002

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Governor Signs House Bill 5100

Kitzhaber Signs Bill Containing \$310 Million in Legislatively Approved Cuts to State Services.

Governor John Kitzhaber today signed HB 5100, the bill that contains \$310 million in legislatively approved cuts to education, public safety and human resource programs. The cuts will go into effect February 1, 2003 if voters fail to approve an income tax measure on January 28.

HB 5100 was passed by the fifth special session of the Oregon Legislature, which ended September 18. The bill reduces state support of:

- K-12 by \$95 million;
- Community colleges by \$14 million;
- Higher education by \$23 million;
- Prisons by \$18 million;
- Oregon Youth Authority by \$8 million;
- Medical assistance programs by \$22 million;
- Programs for seniors and the disabled by \$22 million;
- Services for the developmental disabled by \$12 million;
- Services for children and families by \$11 million.

Additional cuts would occur in mental health programs, the state Judicial Department, Community Corrections, adult and family services, indigent defense and the operation of the state Department of Revenue. The cuts would also reduce the number of Oregon State troopers.

“These cuts are devastating to Oregon’s ability to educate children, care for the frail and elderly, protect citizens and incarcerate criminals,” Kitzhaber said. “By signing this bill, Oregonians now have a clear choice between cutting vital state services or voting to increase temporarily the state income tax. A ‘yes’ vote on January 28th on Measure 28 will restore funding for these services. A ‘no’ vote will result in implementation of these cuts.”

HB 5100 also contains \$43 million in savings and specified cuts, including reductions in law enforcement, public broadcasting, arts and culture, film and video and the Oregon Children’s Plan. It also eliminates the Progress Board.

“What is not included is the untold millions of dollars of federal funds lost to Oregon if these cuts go into effect,” the governor said.

The governor exercised his line-item veto authority and restored funding to two programs that contribute to the state's economic development efforts. They are \$400,000 for Community Solutions, which helps local government attract and retain businesses and \$468,000 to the Oregon Historical Society to help promote the Lewis & Clark Bicentennial Celebration, which will increase tourism. Restoring the funding to these two programs does not put the budget out of balance.

The governor has until October 30 to decide whether he will veto, sign or let become law without his signature three other bills passed by the last special session. Those bills include the ballot title for the January 28 special election, repeal of the inheritance tax and \$150 million in borrowing.

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FOR IMMEDIATE RELEASE

October 8, 2002

Contact:

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Governor to Host Prescription Drug Conference

Governor John Kitzhaber will host a two-day conference on “Creating a Functional Marketplace for Prescription Drugs.” The conference will take place October 10 and 11, at the Portland Hilton, 921 SW Sixth Ave.

The conference will focus on the evidence available to public, and to private sector purchasers and health professionals about the effectiveness and cost of prescription drugs. It will also examine how that evidence can contribute to the well being of patients at an affordable cost.

The governor will deliver the conference’s keynote speech at 12:30 p.m. on Thursday in the Grand Ballroom. He will also moderate a panel discussion at 4:15 p.m. on “Responses from Leaders in Government and Private Industry.” The governor will make closing comments at 11:30 a.m. Friday.

Other speakers include:

- Bill Novelli, Executive Director and CEO of AARP, will give the opening address at 8:45 a.m. Thursday in the Grand Ballroom.
- Joel Gurin of Consumer Reports will provide the consumer perspective at 3:45 p.m. on Thursday.

For more information about the conference and the other participants, go to www.oregonrx.org.

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FOR IMMEDIATE RELEASE

October 4, 2002

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WEST COAST GOVERNORS CALL FOR RESOLUTION OF LABOR DISPUTE AT WEST COAST PORTS

The governors of California, Oregon, and Washington today joined together in calling for an end to the labor dispute that has shut down ports along the west coast.

“At a time when our national and state economies are fragile and the nation is experiencing significant unemployment, the shutdown of our ports only exacerbates this problem and diminishes the chance for a swift economic recovery,” wrote Governors Gray Davis (D-Calif.), Gary Locke (D-Wash.), and John Kitzhaber (D-Ore.) in a letter to James Spinosa, President of the International Longshore and Warehouse Union, and Joseph Miniace, President of the Pacific Maritime Association. “We understand that you face tough issues in your contract negotiations, but we ask you to end the shutdown and continue to bargain in good faith to quickly resolve your issues as you have done in the past.

“Farmers are unable to ship agricultural goods overseas and risk losing current customers to foreign competitors,” the letter continued. “Factories that rely on imports are being shutdown. Retailers are impacted during the prime pre-holiday shipping season. Countless truckers and other workers that rely on the ports are stalled and their livelihoods threatened. And, ultimately, consumers will suffer.”

The three governors said they were “encouraged” that both sides had returned to the bargaining table with federal mediators on Thursday.

On Wednesday, Gov. Davis telephoned James Spinosa, President of the International Longshore and Warehouse Union, and Joseph Miniace, President of the Pacific Maritime Association, urging them to return to the bargaining table and offering the services of state mediators.

Attached letter

Mr. James Spinosa
President, International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Mr. Joseph N. Miniace, President
Pacific Maritime Association
PO Box 7861

San Francisco, CA 94120

Dear Mr. Spinosa and Mr. Miniace:

We are writing to express our grave concern about the labor dispute that has resulted in the shutdown of West Coast ports. Though in its early stages, our states are already experiencing the economic effects.

Farmers are unable to ship agricultural goods overseas and risk losing current customers to foreign competitors. Factories that rely on imports are being shutdown. Retailers are impacted during the prime pre-holiday shipping season. Countless truckers and other workers that rely on the ports are stalled and their livelihoods threatened. And, ultimately, consumers will suffer.

At a time when our national and state economies are fragile and the nation is experiencing significant unemployment, the shutdown of our ports only exacerbates this problem and diminishes the chance for a swift economic recovery.

We understand that you face tough issues in your contract negotiations, but we ask you to end the shutdown and continue to bargain in good faith to quickly resolve your issues as you have done in the past. We are encouraged by your steps to work with the federal mediator.

Please let us know if we can provide additional assistance toward facilitating a swift settlement. Our state and national economies, consumers, and the livelihood of thousands of workers are counting on you.

Sincerely,

Gary Locke Gray Davis John Kitzhaber

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FOR IMMEDIATE RELEASE

September 27, 2002

Contact:

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Jon Coney

(503) 378-6169

Statement By Governor John Kitzhaber Negotiations Between Shippers And ILWU

Ports are vital to the economic wellbeing of most West Coast cities, including Portland. It is extremely important that these ports remain open, that ships are unloaded and that cargo moves across the docks. Any shutdown, regardless of how short, represents a serious blow to the Oregon economy. Because of the importance of these ports, particularly during these difficult times, I encourage both the Pacific Maritime Association and the International Longshore and Warehouse Union to return to the bargaining table immediately and negotiate in good faith to ensure that workers are treated fairly and that the flow of products continues unimpeded.

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FOR IMMEDIATE RELEASE

September 27, 2002

Contact:

Daniel Santos or

Sean O'Day

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Governor Kitzhaber Announces Union County District Attorney Vacancy

Governor Kitzhaber today announced that applications are being accepted for the Union County District Attorney position.

Oregon law requires that, among other qualifications, applicants must be admitted to practice in Oregon.

For an application form, interested persons should contact Lorna Hobbs of the Governor's Legal Counsel's Office at (503) 378-6246. For this District Attorney vacancy, our office will be using the Interest Form for Judicial Appointments. This form is also available on the Governor's web site www.governor.state.or.us

The Interest Form for Judicial Appointment is available at:

www.governor.state.or.us/governor/legal/Intrsfm1.pdf

Applications should be sent to the Governor's Office and are due by October 11, 2002.

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FOR IMMEDIATE RELEASE

September 26, 2002

Contact:

Cara Fischer, OECDD

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Governor Approves Funds To Promote Oregon

Innovative Marketing Campaign Will Continue to Attract New Business Investment and Jobs to Oregon

Governor John Kitzhaber has approved \$250,000 to help promote Oregon as a prime location for business investment. The money, allocated from the state's Strategic Reserve Fund, will support the continuation of the Oregon Business Development Marketing Campaign, a multi-faceted marketing program developed in 2001 through a unique collaboration of public and private organizations seeking to recruit outside companies, retain existing businesses and diversify Oregon's economy.

"With the state in recession and job losses at an all time high, attracting new business investment to Oregon is vital to our economic recovery and success," Kitzhaber said. "This marketing program is an important tool in that effort."

The Oregon Business Development Marketing Campaign was formed through a partnership between the Oregon Economic and Community Development Department (OECDD) and the Oregon Economic Development Association (OEDA), a group of local partner organizations concerned with business expansion, recruitment and retention in Oregon. Since the program was launched in September 2001, the campaign has generated more than 450 business leads, nearly double the number in the previous period.

"The marketing campaign has created an exciting forum where urban and rural economic development professionals work with OECDD to promote Oregon," said Katy Coba, OECDD Director. "This unique partnership of public and private groups investing in economic development recruitment is not found in many other states. Oregon is a great place to do business and we are broadcasting that message throughout the nation."

The goals of the marketing campaign are two-fold. First, a "core campaign" seeks to create an awareness and image that Oregon is open for business, and is aggressively seeking new business investment and family-wage jobs. The core campaign markets all regions of the state to businesses, corporations and site selectors. Second, "target campaigns" focus on recruiting from specific industry sectors. The campaign encourages partners to "buy-in" and support the core activities as well as target a portion of their contribution toward specific industry sectors they want to attract.

Campaign activities in the first year have included targeted advertising, direct mail and e-mail, tradeshow, video production, custom publications and Web site development. Additionally, news articles and editorials have appeared in national publications about successful recruitments in Oregon and recent economic development initiatives that are instrumental in bringing new business to the state.

Funding from Oregon's Strategic Reserve Fund are awarded to business projects that:

- assist Oregonians in communities that are rural, distressed or lacking diverse employment;
- assist Oregonian's who are underemployed or in low-income jobs; and
- show a commitment to making strong progress toward integrated structures and strategic planning.

Money raised by OEDA through public and private fundraising will match the \$250,000 in Strategic Reserve Funds approved by the governor for the marketing campaign.

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FOR IMMEDIATE RELEASE

September 24, 2002

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Governor Releases List of Potential Vetoes

Governor John Kitzhaber today released a list of potential vetoes. The governor is under no obligation to veto these bills, but is required to provide prior notice of bills that might be vetoed.

The governor has until October 30, 2002, to sign or veto bills sent to him by the special legislative session that ended September 18. He also has the option of letting bills become law without his signature.

The list of potential vetoes includes:

- House Bill 5100 – Cutting \$312 million from state general fund agencies in the event a ballot measure to temporarily increase the state income tax fails on January 28, 2003. The governor is serving notice of possible line-item vetoes within HB 5100 that would not put the current budget out of balance.
- House Bill 4075 – The ballot title for the January 28, 2003, statewide election to avoid budget cuts by implementing a temporary increase in the state income tax.
- House Bill 4077 – Eliminating the inheritance tax.

The governor said that he is noticing the potential veto of House Bill 4075 until he gets a better understanding of the legal implications of vetoing the bill.

“My concern with the ballot title in HB 4075 is that it fails to explain what is at stake for Oregon,” the governor said. “I believe we need a ballot title that clearly explains the choice between increasing the income tax rate for the top tax bracket and for corporations or cutting services to education, public safety, health care and other vital services.”

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FOR IMMEDIATE RELEASE

September 17, 2002

Contact:

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Governor Announces Sixth Annual Over-Representation of Minorities In The Juvenile Justice System Summit

The Sixth Annual Governor's Summit on the Over-representation of Minorities in the Juvenile Justice System will be held October 9, 2002, 7:30 a.m. to 5 p.m., at the New Hope Community Church in Portland. The governor hosts this event annually with the long-term goal to reduce minority over-representation in the juvenile justice system through strategic partnerships that develop a sustainable, ongoing effort to address over-representation. It is also a celebration of progress made by many committed state and community-based groups and organizations.

To register call Anna Suess at 503-986-4573. For more information regarding minority over-representation visit the website <http://oregon.gov.summit>

The theme of this year's summit is "Enhancing Partnerships with the Education Community." Sessions will focus on programs, projects, and other activities to keep minority youths in school and help them achieve academic success. Poor school performance is one of the highest predictors of involvement in the juvenile justice system. School success is among the strongest "protective" factors to deter young persons from engaging in delinquent behaviors.

The 2002 Governor's Summit has three specific objectives:

1. Identify factors that contribute to minority youth drop-out, suspension, and expulsion rates and to closing the achievement gap;
2. Increase collaboration between stakeholders to develop action plans that address identified factors;
3. Reduce minority over-representation at all decision points by modeling effective methods used in regular and alternative education programs that contribute to the success of minority youth in school, and by promoting effective transition into regular education.

Law enforcement officers, school personnel, district attorneys and other local leaders will attend the summit. Superintendent of Public Instruction-elect Susan Castillo will provide the keynote address. Attorney General Hardy Myers will facilitate a panel of youth, and Chief Justice Wallace P. Carson, Jr. will address participants. Governor Kitzhaber will speak following lunch. The two major party candidates for governor have also been invited to speak.

The 2002 Governor's Summit is free of charge, but registration is required and limited to 500 participants. Registration will close when capacity is reached or on October 2, 2002, whichever comes first. Additional information are available on the Governor's Summit Website at www.governor.state.or.us/governor/hhslp/summit.htm For further assistance, please contact Lonnie Jackson at

503-373-7622 or email: lonnie.jackson@oya.state.or.us.

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FOR IMMEDIATE RELEASE

September 11, 2002

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Julia Doermann

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GOVERNOR CRITICIZES PRESIDENT'S FOREST PROPOSAL

President Bush's Healthy Forests proposal violates the spirit of a 10-year fire plan agreed to in May by key members of the President's cabinet, Governor John Kitzhaber said in a letter to Oregon's congressional delegation.

The President's forest proposal modifies and waives a number of environmental and public involvement laws for more than 10 million acres of federal lands. The plan deviates from the bi-partisan, 10-Year Comprehensive Fire Plan developed by the Western Governors' Association (WGA) under congressional direction.

Governor Kitzhaber wrote in the letter that any congressional action needs to be consistent with the broad consensus for action laid out in the WGA plan, which was collaboratively developed over two years with multiple stakeholders and government agencies. The Bush Administration, western governors, and county and tribal representatives earlier this year signed the 10-year agreement.

"The 10-year plan makes it clear that the forest health treatments are to be done in a way that meets federal environmental laws," Kitzhaber said.

In contrast, under President Bush's bill proposal, the secretaries of Agriculture and Interior would not have to follow the National Environmental Policy Act and the Federal Advisory Committee Act. Nor would there be administrative appeals, temporary restraining orders or preliminary injunctions when there are legitimate public concerns about proposed activities -- including logging -- on more than 10 million acres of federal forest.

Kitzhaber said these proposals "stand in stark contradiction to the spirit and the letter of the 10-Year Fire Plan, which was signed by Secretary of the Interior Gale Norton and Secretary of Agriculture Ann Veneman on behalf of the Bush Administration at a ceremony in Idaho just four months ago."

"This course of action puts at risk the delicate consensus for action that we have so painstakingly achieved, and threatens once again to polarize the debate over timber policy in the West," the governor said.

Kitzhaber further cautioned, "There are a number of departures from the 10-Year Fire Plan in the Administration's proposed bill, but clearly the greatest fear I have is that it will undermine the trust that is critical to ongoing collaboration necessary to strategically invest in the health of our forest ecosystems across whole landscapes."

The governor also expressed concern about the Administration's resistance to funding efforts to improve forest health.

“This effort is about getting the work done in the forests,” the governor said. “While the Bush Administration has put tremendous energy into finding ways to shortcut processes, they have been consistently cutting or reducing federal funds that have supported the very work everyone agrees needs to be done.”

“For the record, the Administration cut funds for local community assistance this last year, reduced funding levels in the Fire Plan accounts, and reluctantly released emergency funds only after significant political pressure was applied by the western governors and a host of other stakeholders.”

September 10, 2002

The Honorable Ron Wyden, Chairman
Forests and Public Land Management Subcommittee
SD-306 Dirksen Senate Office Building
Washington DC 20510

Dear Senator Wyden:

When President Bush visited Oregon to review the 500,000-acre Biscuit Fire – the largest in the nation this year – he used the occasion to announce his new Forest Health Initiative. While the visit certainly served to elevate the importance of forest policy and the growing threat of catastrophic wildfires, the President’s plan appears to deviate significantly from the National 10-Year Fire Plan, developed by the Western Governors’ Association and signed by the Bush Administration earlier this year.

This is of particular concern because I believe that the premises underlying the Fire Plan can form the foundation from which a broader forest policy can emerge. As one of the co-chairs for WGA’s 10-Year Fire Plan, I believe that we stand at a crossroads. How the President chooses to proceed with the development and implementation of a forest policy for the West – and the extent to which the United States Congress supports his efforts – will largely determine our course for the future.

One path will lead us to a future in which we continue to argue with each other from our deeply entrenched positions while each year our forests burn, destroying an invaluable natural resource and threatening communities and lives. The other path can lead us beyond the seemingly intractable conflict between the environmental community and the timber industry to a future of healthy thriving forests yielding clean water, diverse habitat and commercial wood products.

As you may know, the 10-Year Fire Plan was put together around a focus on the area in which all stakeholders could agree: improving forest ecosystem health. Increasingly severe fires were the most visible symptom of poor forest health. Other symptoms include declining species, noxious weeds, and increased outbreaks of insects and disease.

The agreement to craft a long-range plan to get us out of the fire suppression rut and to move us towards this goal of ecosystem restoration emerged from the terrible fire season of 2000. Six Western governors met with Secretary of Interior Bruce Babbitt and Secretary of Agriculture Dan Glickman in Salt Lake City at the residence of Utah Governor Mike Leavitt to lay the foundation for what was to become the 10-Year Fire Plan.

The Honorable Ron Wyden, Chairman
September 10, 2002
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As you know, I believe that commercial logging has been and will continue to be an important element in the economy of Oregon and of the Intermountain West. But we must not allow efforts to improve the health of our

forests to become ensnared with the controversial issues of salvage logging, sufficiency language, roadless areas or the preservation of old growth forests.

At our meeting in Salt Lake City, we acknowledged that these were legitimate issues which we would continue to debate. But we also recognized that this debate must take place in other forums that were separate from the strategy to improve forest health so as not to distract from the critical work we all agreed must be done.

Thus, from the beginning we agreed that harvest activities under the plan would have as their primary objective improving forest health, as opposed to commercial logging. In other words, trees would be removed based not on their commercial value, but rather on the ecological needs of the forest as dictated by good multidisciplinary science. In many cases, however, the by-products of thinning activities and fuel reductions would be wood products of commercial value. We acknowledged that and built a plan that accommodated that expectation of potential economic opportunity.

Furthermore, the plan makes it clear that the forest health treatments are to be done in a way which meets federal environmental laws. To quote directly from the Fire Plan: "This strategy should enhance collaboration among all levels and all parties for planning, decision-making, implementation, monitoring, and learning – without altering the responsibilities or statutory authorities of participation Federal and State agencies."

In contrast, the Executive Summary of the President's Forest Health Initiative refers to legislation which "exempts forest management activities in the Black Hills from environmental laws such as the National Environmental Policy Act and the National Forest Management Act. The legislation also exempts timber cutting as part of a fuels treatment project from public notice and comment as well as judicial review and appeals." This direction and intent now seems to be at the heart of the Administration's proposed legislation.

In his remarks on the fire tour, the President said: "If it is good enough for South Dakota, it should be good enough for Oregon." These statements stand in stark contradiction to the spirit and the letter of the 10-Year Fire Plan which was signed by Secretary of the Interior Gale Norton and Secretary of Agriculture Ann Veneman on behalf of the Bush Administration at a ceremony in Idaho just four months ago. This course of action puts at risk the delicate consensus for action which we have so painstakingly achieved and threatens to repolarize the debate over timber policy in the West.

Indeed, some of the initial skepticism about the plan within the conservation community stemmed from a concern that the fear of wildfires would be used as an excuse to log larger more valuable trees, the removal of which could not be scientifically justified in terms of forest health. The President's approach appears to validate these concerns.

The Honorable Ron Wyden, Chairman
September 10, 2002
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I am writing you to provide some of the underlying agreements that the 10-Year Fire Plan was built upon, and to urge you not to support the direction being taken in the Administration's current bill proposal. There are a number of departures from the 10-Year Fire Plan in the Administration's proposed bill. The greatest fear I have is that the bill will undermine trust that is critical to ongoing collaboration necessary to strategically invest in the health of our forest ecosystems across whole landscapes.

I am also skeptical about the Administration's commitment to seriously address this problem. It will take a significant investment of resources – far greater than what is envisioned to be saved through process efficiencies. Yet, for the record, the Administration cut funds for local community assistance this last year, reduced funding levels in the Fire Plan accounts, and reluctantly released emergency funds only after significant political pressure was applied by the Western Governors and a host of other stakeholders. Furthermore, the Administration withdrew funds from several restoration projects that are consistent with NEPA, that have made it through the

appeals period and process, and have the kind of broad local and regional collaborative support envisioned as the guide under the 10-Year Fire Plan.

To cite a specific example, this year U.S. Forest Service Region 6 sent back to Washington, D.C. \$52.3 million slated for grants and agreements with local contractors and communities for restoration and fuels treatment work - as well as other land management needs -- in order to pay for rising fire suppression costs. The Administration has not yet signaled that it will ask for emergency funds in the FY 2003 Interior Appropriations bill to cover the fire fighting costs and to put back on course the restoration projects that lost funding this year.

I am deeply committed to improving the health of our forest ecosystems and to the agreement I made to the Nation when I signed on to the 10-Year Fire Plan. I urge you to oppose the Administration's proposal as it is currently drafted and to develop an alternative that is more consistent with the broad consensus for action developed by the Western Governors.

Sincerely,

/s/

John A. Kitzhaber, M.D.

JAK/NR/sm

c: Oregon Delegation
Senator Daschle

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FOR IMMEDIATE RELEASE

September 9, 2002

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GOVERNOR NAMES COUNCIL TO STUDY PUBLIC SAFETY COMMUNICATIONS INTEROPERABILITY

Governor John Kitzhaber will sign an executive order on Tuesday, September 10 at 11:45 a.m. in the Governor's Ceremonial Office establishing a statewide council to plan for the creation of a wireless communication system that supports public safety agencies at all levels of government.

Currently, not all public safety agencies can communicate with each other simultaneously during an emergency.

The Statewide Interoperability Executive Council will direct the planning, designing and implementing guidelines, best practices, and standard approaches to address Oregon's public safety communications issues. The Council shall also recommend funding strategies that support development of a statewide system.

The Council will be made up of representatives from:

- Oregon State Police
- Office of Emergency Management
- Department of Forestry
- Department of Corrections
- Department of Transportation
- Department of Administrative Services
- Department of Human Services (for emergency medical services)
- Oregon Military Department
- Oregon Fire Chiefs Association
- Oregon Association Chiefs of Police
- Oregon State Sheriff's Association
- Oregon Association of Public Safety Communications Officials/ National Emergency Number Association

Other federal, state, and local organizations may be added as deemed appropriate by the Council.

"In the aftermath of September 11, 2001, everyone living in Oregon should expect public safety professionals to protect life and property, mitigate damage, and provide emergency assistance during disasters," the governor said. "To do their job effectively, these professionals depend on mission-critical information relayed via wireless communication systems."

"No Oregonian should ever lose their life in an emergency because public safety professionals were unable to adequately communicate with each other. Interoperable communication systems are the cornerstone of being able

to provide a coordinated response to emergencies,” Kitzhaber added.

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FOR IMMEDIATE RELEASE

September 3, 2002

Contact:

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STATEMENT BY GOVERNOR JOHN KITZHABER
Education, Public Safety and Human Services Funding Rally

Today Oregon's future is at risk. At risk is a generation of children; the citizens of tomorrow; the workforce of tomorrow; the leaders of tomorrow.

At risk is their ability to receive an education that will give them the knowledge and skills to succeed in a competitive, information-driven world.

Is that the future we want for our state?

At risk is the ability of our high school graduates to attend a college or university because it is too expensive or because there simply isn't enough room.

Is that the future we want for our state?

At risk are children who, through no fault of their own, are exposed to risk factors early in life which, if left unaddressed, will increase dramatically the likelihood that they will struggle in school, fail and drop out – to end up in the criminal justice system.

Is that the future we want for our state?

At risk is our safety net by which we reach out to vulnerable citizens; to those with disabilities; to the frail and elderly; to those suffering from mental disorders; to those who cannot afford even the most basic health care; to the homeless and the hungry; to the abused and neglected.

Are we willing to simply turn our backs on these people – and to abandon our sense of compassion as Oregonians?

At risk is our system of public safety – our ability to provide effective and responsive law enforcement; to patrol our highways; to incarcerate those who are a danger to society; and those who must be held accountable for their actions.

Are we willing to back away from our commitment to safe and secure communities – and to swift, certain justice?

Is that what our future holds?

I say we are better than that.

I say we can do better and that we must do better.

Last week Oregon's credit outlook changed from stable to negative because of the \$1.4 billion structural budget deficit projected for the next biennium. We have forced school districts to manipulate their accounting procedures. We have created the specter of serious cash flow problems.

Are we content to stand by and let this happen to our Oregon?

We can no longer accept stop-gap measures.

We can no longer push this problem into the future.

We need additional permanent revenue – along with the cuts we have already made – to provide stable funding for public education and other services that are important to Oregonians.

We all know that our heavy reliance on the income tax – and the fact that we have shifted funding for our schools onto this unstable revenue source – has left us vulnerable to fluctuations in the economy – and has created a false competition and sense of scarcity between K-12 and post-secondary education – and between education, public safety and human services – when all of these services are interdependent and vital to our success.

The single most important task facing the next legislature when it convenes in less than six months – will be to reduce our reliance on the income tax and to increase the stability of the way we finance public services in Oregon.

The legislature cannot accomplish that crucial task if – by our actions today – we plunge it into yet another budget crisis as severe as the one we are facing now.

You all know my view on borrowing from the future to finance programs today. But in an effort to help forge a solution that can garner bipartisan support – I am willing to compromise ... as long as the net result is to substantially mitigate further cuts in this biennium and to dramatically reduce the projected deficit for 2003-2005.

Over the past few days, I have had productive discussions along these lines with members of both the Republican and Democratic caucuses – and these members deserve your thanks and your support for their leadership.

But our task has just begun. I appreciate your presence here today. I appreciate your enthusiasm. But now you need to go into this building and make sure each and every legislator understands the stakes involved and what is at risk.

We have an opportunity today to move beyond partisanship and divisiveness; to heal our wounds; to rekindle that sense of belonging and common purpose and concern for each other which has held us together in the past and which can give us the strength and the courage to face an uncertain future as an Oregon community.

With your help we can seize that opportunity and secure Oregon's future. One state.
One people. One destiny.



FOR IMMEDIATE RELEASE

August 30, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169

Letter to Speaker, Senate President

August 30, 2002

The Honorable Mark Simmons
900 Court St NE, H-269
Salem, OR 97301

Dear Speaker Simmons:

Thank you for informing me of your intention to call yourselves into session tomorrow, August 31, in order to refer to the November ballot a proposal to raise \$250 million by bonding the revenue stream from the cigarette tax. It is my understanding that you intend to use this revenue to pay for primary and secondary schools, community colleges and higher education for the remainder of this biennium – thus, minimizing the cuts that would otherwise be necessitated by the additional shortfall of \$482 million. Furthermore, I understand that you propose to repay this loan over the next five years. I am writing to outline my probable actions should you proceed along these lines.

First, it appears that what you are proposing is not a balanced budget plan but rather only half a plan. While you will raise \$250 million – assuming the voters approve your measure – a deficit of over \$232 million will still remain – a figure which will increase by any prudent ending balance you wish to reserve against the distinct possibility of another revenue downturn in the December forecast.

I assume, then, that ? in addition to your referral – you also intend to pass a budget bill to allocate the remaining \$232 million cut among the various state agencies. As you have vigorously asserted, only the legislative branch has the authority to make selective budget cuts that can set priorities among state services. Given the depth of the current crisis, and the magnitude of the cuts involved – especially in the areas of public safety and human services – establishing such budget priorities is clearly the most effective way to mitigate the damage to services on which Oregonians depend. As I have indicated before, I will not veto a budget reduction bill that helps to rebalance the state budget.

Second, a legislative referral, while it bypasses the governor, also requires a ballot title which would need my signature. While I certainly would want to ensure that voters have a clear sense of what they are voting on, I would insist that the ballot title be passed with strong bipartisan support and that it provide reference to the cuts that remain unfunded.

I continue to believe that any solution must include some new revenue to help maintain critical public services in the short term and – perhaps more importantly – to reduce the size of the projected deficit for the next biennium. I am aware that there are other proposals being considered by members of your respective caucuses ? proposals which do include new revenue. I would hope that these concepts receive careful public consideration before you arrive at a final course of action.

Toward that end, I want to again encourage you to immediately open both revenue and budget committees to begin looking at various strategies for addressing this fiscal crisis. There are a number of ways to solve the problem and there should be an opportunity to explore these in public.

I remain committed to working with you and your members to find a workable solution to both Oregon's short term and long term fiscal challenges.

Sincerely,

John A. Kitzhaber, M.D.

Cc: Deborah Kafoury

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OFFICE OF THE GOVERNOR
STATE OF OREGON



PROCLAMATION

Whereas; The State of Oregon faces a budget deficit, currently projected to be \$480 million; and

Whereas; Under Article IX, section 2, and Article IX, section 6, of the Oregon Constitution, the Legislative Assembly has the duty to raise revenue sufficiently to defray the state's expenses and to cover deficiencies; and

Whereas; The State of Oregon must rebalance the budget in a responsible manner; and

Whereas; The citizens of the State of Oregon deserve a full and open debate about rebalancing the state budget with either sustainable revenue or through budget reductions;

NOW,

THEREFORE, I, John A. Kitzhaber, Governor of the State of Oregon, pursuant to Article V, section 12, of the Oregon Constitution, hereby proclaim Tuesday, September 3, 2002 at 10:00 AM to be

THE CONVENING OF THE OREGON LEGISLATIVE ASSEMBLY

for the purposes of rebalancing the budget.

IN WITNESS WHEREOF, I hereunto set my hand and cause the Great Seal of the State of Oregon to be affixed. Done at the Capitol in the City of Salem in the State of Oregon on this day, August 29, 2002.




John A. Kitzhaber, Governor


Paddy McGuire, Deputy Secretary of State



FOR IMMEDIATE RELEASE

August 28, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169

GOVERNOR TO HOLD STATE AGENCY BUDGET HEARING

Governor John Kitzhaber will hold a hearing for state agencies on the effects of a \$482 million across-the-board budget cut to state services. The hearing will be **Thursday, August 29 from 10 a.m. to Noon in Room 357 of the Capitol Building.**

Legislative Media will broadcast the hearing live.

The testimony schedule is as follows:

10:05 a.m. Education

Oregon Dept. of Education: **Stan Bunn**, Superintendent of Public Instruction
Community Colleges and Workforce Development:
Cam Preus-Braly, Commissioner
Oregon University System: **Richard Jarvis**, Chancellor

10:45 a.m. Human Services

Dept. of Human Services: **Bobby Mink**, Director,
Doug Wilson, Asst. Director for Policy & Budget
Oregon Youth Authority: **Karen Brazeau**, Director

11:20 a.m. Public Safety

Dept. of Corrections: **Ben deHaan**, Interim Director
Nick Armenakis, Deputy Director
Sue Acuff, Assistant Director, Business and Finance Division
Oregon State Police: **Superintendent Ron Ruecker**
Major Danny Bisgaard, Budget Director



FOR IMMEDIATE RELEASE

August 27, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169

STATEMENT BY GOVERNOR JOHN KITZHABER

“Oregon is facing a very serious problem in light of the \$482 million additional revenue shortfall announced this morning.

In the absence of any legislative action I will be forced by the Oregon Constitution to rebalance the budget through across the board cuts in services – since only the Legislative Branch has the constitutional authority to raise revenue and to enact targeted cuts.

We should not take lightly the impact of an additional \$482 million reduction in services on top of the \$565 million we have already taken. For example, an across the board service cut of this magnitude would mean – among other things:

- Reducing the school year on average by almost three weeks;
- Closing four of our five regional Juvenile Correctional Facilities;
- A substantial reduction in the number of those eligible under the Oregon Health Plan, and in other programs serving frail and vulnerable citizens;
- The loss of millions of dollars in federal matching funds in the Department of Human Services;
- Laying off more than 100 Oregon State Police troopers.

I want to make it clear that this is not a course of action I support. But it is the only tool available to the governor to balance the budget and – absent immediate and definitive action by the legislature – these are the cuts in services that will take place.

Let me take a moment to provide some context for the position we find ourselves in today. With this September forecast, we have lost \$1.7 billion in revenue since the close of the 2001 legislative session. In other words we are trying to cope with a \$1.7 billion deficit in the legislatively adopted budget for 2001-03.

As you can see, in the first four special sessions, the legislature addressed this problem with:

- \$565.3 million in program cuts;
- \$812 million in fund shifts and one-time revenue;
- \$108 million from a partial and temporary delay in a tax cut;
- and only \$68 million in permanent revenue -- \$65 million of which has not yet been approved by the voters.

In other words, to address a \$1.7 billion problem, we have raised at best only \$68 million in permanent revenue to help sustain state services in future biennia. As a result, the projected deficit for 2003-05 is estimated to be at least another \$1.3 billion.

This is something that should alarm all of us. Today, we received a letter from Moody's Investors Services stating that Oregon's credit rating outlook has changed from stable to negative. This is due in part to what Moody's refers to as a \$1.4 billion "structural gap" in the General Fund for the next biennium.

State Treasurer Randall Edwards, in a transmittal letter accompanying the Moody report, said "... we cannot be solely concerned with current fiscal year finances. Although most economists agree that national recovery is underway, next biennium's projected budget deficit and the state's ongoing structural budget imbalance points toward the difficult and more long-term collective challenge before us."

This underscores my resolve to resist any proposed solutions to the current revenue shortfall that would worsen our fiscal picture in the next biennium.

We have a structural budget deficit in Oregon – one that preceded the current recession and which will continue after the economy recovers. In other words, we are not going to simply grow our way out of this.

It is no secret that I believe that we need additional permanent revenue – along with the cuts we have already made – to provide stable funding for public education and other services that are important to Oregonians.

By the same token it is no secret that Republican leadership of the legislature disagrees with me – refusing to consider any permanent new revenue in the first two special sessions and only in the third session finally referring the question of a cigarette tax to the voters in an election set for September 17.

My position, in terms of what I believe we need for Oregon, has not changed. Apparently, neither has the position of the Republican leadership. In yesterday's meeting the majority leader of the Senate stated flatly that he would not support permanent new revenue. The Speaker of the House said that a discussion of new revenue was "inappropriate" at this time.

The problem here is that we do not have the time to go through the kind of protracted ideological debate we had in the first three sessions. We are facing an emergency.

While a revenue reduction of \$482 million would constitute a 5 percent cut if spread out over the entire biennium, it represents nearly a 20 percent service reduction when focused in the last eight months of the biennium. In other words, each day we delay taking action, the more severe will be the impact on any cuts we finally make.

For that reason, today I am directing state agencies to begin the implementation of a \$482 million across the board cut to put our budget back into balance. This is the only constitutional tool available to the governor to rebalance the budget. The fact remains that only the legislature has the constitutional authority to raise revenue to reduce the magnitude of these service reductions.

By taking this action, it is my hope that we can refocus the debate from the revenue side of the equation – which has not been very productive -- to the program side. After all, tax dollars are related to programs and services – many of which are important to Oregonians.

This action will give the Republican leadership an opportunity to study the programs that we can no longer fund in light of the new forecast and to consider which programs they wish to preserve and how they wish to pay for them – something only the legislature can do.

On Thursday I will conduct a public hearing at which state agencies will outline the steps the executive branch will be taking to implement the across the board cuts – a process that will take 60 to 90 days, assuming we start today.

I would strongly recommend that the Legislative leadership immediately – in the next day or two -- convene a Joint Budget Committee to publicly examine the implications of a \$482 million across the board cut -- in order to determine which services need to be preserved.

I would also recommend that the House Revenue Committee – the only committee in which revenue bills may originate -- also be immediately convened to consider various revenue options that the leadership may wish to pursue in order to pay for programs and services which they do not wish to cut.

I will convene the next Special Session on Tuesday September 3rd to take whatever legislative action the leadership arrives on to finance some or all of the budget reductions necessitated by the new revenue forecast.

A session next week will also give the legislature the important option of letting Oregonians vote directly in November on whether or not they are willing to finance these state services.

- [2003-05 projected budget shortfall](#)
- [2001-03 Legislatively Approved Budget \(General Fund Only\) Updated for actions through the Third Special Session](#)
- [Actions Taken for 2001-03 Legislatively Approved Budget](#)

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FOR IMMEDIATE RELEASE

August 13, 2002

Contact:

Tom Towslee
(503) 378-6496

RESPONSE TO GOVERNOR'S SPEECH "OVERWHELMING"

Governor John Kitzhaber's office has received more than 1,300 telephone calls, e-mails and letters in response to last Wednesday's speech when he vetoed parts of the legislative budget package. Those responses are running better than 10-to-1 in favor of the governor's action.

"The response has been overwhelming," the governor said. "Oregonians understand that they should have a voice in this process before programs are cut and that they should demand more of legislative leaders."

During a statewide address last Wednesday the governor called the Oregon Legislature back into special session this Friday to deal with veto overrides.

"The first step is to sustain the vetoes this Friday," the governor said. "The next step is for the legislative leadership to begin a serious revenue discussion."

The governor said he believes Friday's override votes will be a very close, but the overwhelming public response is having an effect. After talking to legislators this week, the governor believes that many of them understand that the bills he vetoed were not good public policy and that they are warming to the idea that Oregonians need to have a say in the future of their state.

"I want to thank all of those who contacted me, their legislators and their local newspapers," the governor said. "It's my hope that Oregonians will continue to talk to their legislators. I have always had faith in Oregonians' ability to rise to the occasion and recognize the importance of doing the right thing."

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FOR IMMEDIATE RELEASE

August 12, 2002

Contact:

Lisa Howard
((503) 378-8471

Governor appoints Jim Hill to Board of Higher Education

Governor John Kitzhaber's office announced today that he has appointed former State Treasurer Jim Hill to the State Board of Higher Education, subject to Senate confirmation.

"The Oregon University System will reap the benefits of Jim's experience as State Treasurer, in addition to his many years in the Legislature and the private sector," the governor said. "Jim understands the link between education and the economy, and how it affects the quality of life in Oregon."

Following is a complete list of appointments the Governor Kitzhaber submitted to the Senate in August. All are subject to Senate confirmation. The Senate Interim Committee on Rules and Executive Appointments has tentatively scheduled a meeting on Sept. 4, 2002.

Accountancy, Oregon Board of	Kent, Bailey	Baker City
Children and Families, State Commission on	Samuel Henry	Troutdale
Dispute Resolution Commission	Mike McArthur	Moro
Electrical and Elevator Board	Thomas Lindberg	Portland
Fair Dismissal Appeals Board	Charlene Balzer	Cornelius
Fair Dismissal Appeals Board	Laura Lanka	L.O
Fair Dismissal Appeals Board	Alice Meyer	Portland
Fair Dismissal Appeals Board	Patrick Neill	Eugene
Fair Dismissal Appeals Board	Diane West	Oregon City
Health Services Commission	Andrew Glass	Portland
Higher Education, State Board of	Jim Hill	Salem
Investment Council, Oregon	Diana Goldschmidt	Portland
Land Use Board of Appeals	Michael Holstun	Portland
Midwifery, State Board of Direct Entry	Peter Howison	Dunes City
Pacific Northwest Electric Power & Conservation Planning Council	Melinda Eden	Milton- Freewater
Parole and Post-Prison Supervision, State Board of	Diane Rea	Salem

Physical Therapist Licensing Board	Nancy Wilson	Dallas
Public Employees Benefit Board	Paul McKenna	Salem
Student Assistance Commission, Oregon	Caspar Sharples	North Bend
Teacher Standards and Practices Commission	Mary Lou Pickard	Eugene
Tri-Met Board	George Passadore	Portland
Voluntary Action & Service, Oregon Commission on	Saul Ettlin	Portland
Voluntary Action & Service, Oregon Commission on	Elizabeth Hakala	Astoria
Workers' Compensation Management-Labor Advisory Committee (MLAC):		
	Kenneth Hector	Portland
	John Kirkpatrick	Portland
	Mike O'Rourke	Tualatin
	Bob Shiprack	Tualatin
	Sheri Sundstrom	Lake Oswego
	Lisa Trussell	Salem
	J.L. Wilson	Keizer
	Brad Witt	Salem
	Vickie Fleming	Salem
Workforce Investment Board, State	Eric Johnson	Portland
Workforce Investment Board, State, Youth Program Advisory Board, Outdoor	Larry Solie	Redmond

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OFFICE OF THE GOVERNOR
STATE OF OREGON



PROCLAMATION

WHEREAS: I, John A. Kitzhaber, Governor of the State of Oregon, have exercised my constitutional prerogative to veto Senate Bill 1022, House Bill 4056, and House Bill 4064, which were passed by the Legislative Assembly in the 2002 Third Special Session; and

WHEREAS: Under Article V, section 15b, of the Oregon Constitution, both chambers of the Legislative Assembly constitutionally may override my veto of those bills with a two-thirds vote of the members present; and

WHEREAS: A full and beneficial debate about balancing the state budget with sustainable revenue for operations of public schools cannot realistically occur until the Legislative Assembly has had the opportunity to consider and take action on the vetoes;

NOW,

THEREFORE, I, John A. Kitzhaber, Governor of the State of Oregon, pursuant to Article V, section 12, of the Oregon Constitution, hereby proclaim Friday, August 16, 2002 at 9 a.m. to be

THE CONVENING OF THE OREGON LEGISLATIVE ASSEMBLY

for the purposes of considering whether to override the veto of
Senate Bill 1022, House Bill 4056, and House Bill 4064.

IN WITNESS WHEREOF, I hereunto set my hand
and cause the Great Seal of the State of Oregon to
be affixed. Done at the Capitol in the City of Salem
in the State of Oregon on this day, August 7, 2002.



John A. Kitzhaber, Governor

ATTEST:

Bill Bradbury, Secretary of State



FOR IMMEDIATE RELEASE

August 8, 2002

Contact:

Daniel Santos or

Sean O'Day

(503) 378-6246

Governor Kitzhaber Appoints Lane County Circuit Court Judge

Governor Kitzhaber has appointed Charles D. Carlson as Lane County Circuit Court Judge. Carlson replaces Judge Jack L. Mattison, who retired June 30, 2002.

Carlson graduated from the University of Oregon in 1979 with a Juris Doctorate, and received his Bachelors degree from Penn State University in 1975.

Carlson is currently a member of the Lane County Bar Association and the U.S. District Court Local Rule Committee. Carlson is actively involved with the OSB Affirmative Action Professional Partnership; and St. Mary's Episcopal Church Journey to Adulthood Youth Program.

Carlson has been married to his wife, Rebecca Kamitsuka, for 4 years, and has one daughter, Kate, 13.

In order to retain this position Mr. Carlson must stand for election in November 2002.

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FOR IMMEDIATE RELEASE

August 8, 2002

Contact:

Lisa Howard
(503) 378-8471

GOVERNOR APPOINTS MELINDA EDEN TO NORTHWEST POWER PLANNING COUNCIL

Governor John Kitzhaber announced today that he has appointed Melinda Eden to the Northwest Power Planning Council (NWPPC). Eden replaces John Brogoitti, whose term expired January 15, 2002.

Eden's appointment is subject to Senate confirmation; the Senate Interim Committee on Rules and Executive Appointments is tentatively scheduled to meet September 4.

Eden is from Milton-Freewater, Oregon. She is a farmer-viticulturist, a former herd manager, and also works as a hazardous substances attorney.

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FOR IMMEDIATE RELEASE

August 8, 2002

Contact:

Cara Fisher, OECDD

(503) 986-0112

Pat Egan

(503) 378-5540

OREGON TO SEE EXPANSION OF GEORGIA-PACIFIC OPERATIONS AND NEW JOBS

Governor John Kitzhaber and Pete Correll, chairman and chief executive officer of Georgia-Pacific, announced today plans by Georgia-Pacific Corp. to expand significantly the company's presence and workforce in Oregon through an investment of \$200 million. Georgia-Pacific will add new facilities and a new paper machine at its Wauna mill in eastern Clatsop County. The new machine at Wauna is scheduled to begin production in 2004; it will have capacity to produce 80,000 tons of paper annually.

The expansion at Wauna is expected to bring 110 new permanent jobs with an average wage of \$60,000. Additionally, an additional 200 jobs will be created for construction and new equipment through the end of 2003.

"This is a clear show of confidence in Oregon as a place to do business," Kitzhaber said. "The mills will make products for distribution throughout the western United States. We have the personnel, the business climate and the transportation and distribution networks to meet the demands of such a facility," he added.

"Gov. Kitzhaber and his staff were tremendously supportive as were the many other state officials and agencies that helped us build a strong case for our management and board to install this equipment here. We extend thanks to all the public officials who made our job much easier," said Correll.

The governor credited the cooperative efforts of the local community solutions team – made up of several state agencies and local government partners – in helping Georgia-Pacific choose Oregon in the competitive site selection process. "If you talk with company officials, you'll see that our approach made the difference," Kitzhaber said.

Correll added that the Oregon team helped strengthen his company's view of the state's positive business climate. Georgia-Pacific is headquartered in Atlanta. The Wauna Mill now employs 1,000; another 2,000 Oregonians work at other Georgia-Pacific facilities throughout the state.

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FOR IMMEDIATE RELEASE

August 7, 2002

Contact:

Jon Coney
(503) 378-6169
Legislative Media
(503) 986-1995

DETAILS FOR GOVERNOR'S LIVE ADDRESS

Governor Will be Available to Media following Address

Attention TV/Radio News Directors and Producers

Here are the technical and logistical details for this evening's live speech by Gov. Kitzhaber:

- Legislative Media Systems will run the camera and provide the feed.
- At 6:00:00 p.m., Legislative Media will broadcast an image of a digital clock on the press router on Channel 19; audio tone will be provided at that time.
- At 6:34:00 p.m., the image will cut from the clock to a live shot of the governor's desk.
- At 6:34:55 p.m., Gov. Kitzhaber will be cued to enter from camera right, sit at the desk and begin his remarks at 6:35:00 p.m.
- The governor's speech has been timed at approx. 5 min, 30 sec.
- As soon as the governor is finished, Legislative Media will dissolve to a live image of the Capitol Mall.
- For those stations unable to receive Legislative Media's feed, there will be a satellite feed: AMC2/ K9 (formerly GE2/K9); 85 West Downlink; 11880 (Vertical). Contact: Legislative Media or Master Control, Oregon State University (541) 737-2723

Immediately following the broadcast, Gov. Kitzhaber will be available to the media in the lobby of the Governor's Office. Lights and a mult-box will be provided.

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FOR IMMEDIATE RELEASE

August 7, 2002

Contact:

Cara Fisher, OECDD

(503) 986-0112

Pat Egan

(503) 378-5540

GOVERNOR TO ANNOUNCE EXPANSION OF GEORGIA-PACIFIC FACILITY IN OREGON

Governor John Kitzhaber will announce plans by Georgia-Pacific to expand its facilities in Oregon on **Thursday, August 8 at 1 p.m.** in the Governor's Ceremonial Office. Georgia-Pacific President Pete Correll will join the governor in the announcement.

Governor Kitzhaber and President Correll will address what this means for Oregon's economy, the construction schedule for the new facility and Georgia-Pacific's interest in making these investments in Oregon.

The new facilities are scheduled to begin production in 2004. Construction jobs will last for over a year and will also add a great deal to Oregon's economy through 2003. Details on the expanded facilities will be provided at the press conference.

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FOR IMMEDIATE RELEASE

August 6, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169

GOVERNOR VETOES CIGARETTE TAX SUNSET BILL

Governor John Kitzhaber today vetoed House Bill 4064, which would sunset a 60-cent per pack increase in the cigarette tax in 2009.

“I believe we continue to need additional revenue and I believe that revenue must be permanent,” the governor said in his veto message to Secretary of State Bill Bradbury.

HB 4064 was one of the bills passed by the last special session of the Oregon Legislature. The cigarette tax increase goes before voters September 17th in a statewide election.

“Our current level of state programs and services is not sustainable into the future, based on the projected revenue forecast – even when the economy has fully recovered,” the governor said. “The fact is that we are not going to grow our way out of this problem. The only option left is to add permanent new revenue to fund important and needed services.”

By 2009, when the tax would be repealed, Oregon will be receiving an estimated \$220 million per biennium from the cigarette tax, funds primarily dedicated to the Oregon Health Plan.

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FOR IMMEDIATE RELEASE

August 6, 2002

Contact:

Tom Towslee
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Jon Coney
(503) 378-6169

GOVERNOR TO GIVE LIVE TELEVISION, RADIO ADDRESS

Governor John Kitzhaber will deliver a live address on television and radio at 6:35 p.m. on Wednesday, August 7 regarding his decision on the remaining bills passed by the last special session of the Legislature.

As of today, television stations KATU (2), KGW (8) and KOIN (6) in Portland will air the governor's address live, as will radio station KOPB (91.5 FM) in Portland. Other stations interested in carrying the address should contact one of these stations or Legislative Media Services at 503-986-1195. The address will also be available on the internet at www.leg.state.or.us

The governor will hold a news conference in the Governor's Ceremonial Office immediately following the address.

The bills remaining from the last special session are:

- Senate Bill 1022, shifting the final 01-03 payments to K-12 and community colleges into the next biennium (03-05).
- House Bill 4056, revenue bonds on the cigarette tax.
- House Bill 4064, sunset the cigarette tax increase in July 2009.
- House Bill 5091, omnibus disappropriation bill.

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FOR IMMEDIATE RELEASE

July 29, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169

GOVERNOR TO HOLD PUBLIC HEARING

Governor John Kitzhaber announced today that he will hold a public hearing to solicit testimony on the next steps to take in order to deal with the resulting cuts to K-12 and the community college system if he vetoes certain bills from the special session.

Specifically, the governor is interested in how to deal with the revenue shortfall that would occur with the veto of SB 1022, which shifts the final 2001-2003 K-12 and community college payment into the next biennium, and HB 4056, which bonds the cigarette tax.

Governor Kitzhaber held a public hearing on July 19 to receive recommendations on whether to sign or veto bills on which he had issued potential veto notice. At this public hearing, however, the governor is asking for ideas to balance the budget should he veto these bills.

The public hearing details are as follows:

Thursday, August 1

7 to 9 p.m.

Multnomah County Board of Commissioners Boardroom,
Multnomah Building, 501 SE Hawthorne Blvd., Portland

- Sign-up begins at 6:30 p.m.
- Those unable to attend the hearing, but wish to express their thoughts are encourage to submit their testimony in writing by Monday, August 5 to the Governor's Office:
- Mail: 254 State Capitol Bldg., Salem, Oregon 97301, Attn: Katy Coba
- Fax: (503) 378-4307, Attn: Connie McMullen
- Email: connie.s.mcmullen@state.or.us

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FOR IMMEDIATE RELEASE

July 25, 2002

Contact:

Tom Towslee
(503) 378-6496
Jon Coney
(503) 378-6169
Katy Coba
(503) 378-5690

Katy Coba Appointed Interim Director of Economic and Community Development Department

Governor John Kitzhaber today named Katy Coba as interim director of the Oregon Economic and Community Development Department, effective September 1.

Coba, currently the governor's chief policy adviser, will replace Bill Scott, who announced earlier this month that he is stepping down August 1.

Louise Solliday, the governor's natural resources adviser, will assume the role of chief policy adviser.

Coba has worked for the governor since 1995 in a number of capacities, including executive appointments director, economic development and international policy adviser, community development field director and her current position as chief policy adviser.

She is a native of Pendleton and graduated cum laude and Phi Beta Kappa with a Bachelors degree in economics from Whitman College in Walla Walla, Washington. Her career in state government also includes working as assistant director in the Department of General Services and special assistant to the director of the Oregon Department of Agriculture. In 1994, she became administrator of the Agriculture Department's Marketing and Business Development Division.

"Katy has been an invaluable member of my staff since I took office in 1995," the governor said. "She is not only a dedicated public servant, but a good friend whose wise counsel has been a great benefit to me and to the state of Oregon. Her background makes her the perfect choice to lead this important state agency."

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FOR IMMEDIATE RELEASE

July 24, 2002

Contact:

Abby Kershaw,

Oregon Emergency Management

503-378-2911, ext. 227

Mary Miller,

American Red Cross

503-528-5633

Oregon Natural Hazards Workgroup

541-346-2878

Partners for Disaster Resistance Releases Household Survey Findings

Despite the fact that nearly one-third of Oregonians who responded to a recent survey have experienced a natural hazard event, fewer than half of them have undertaken any form of disaster preparedness, including simply talking to members of their household about what to do in case of emergency.

That was one of the findings of a survey that assessed Oregonians' perception of risk and level of disaster preparedness activities. The survey represents the opinions of 744 Oregon households.

The survey also found that while the perils of earthquake and wildfire topped the list of events experienced by Oregon residents, less than a third of respondents have taken protective measures such as securing their water heaters from toppling during a quake.

“Considering the potential for damage and loss from natural hazards that communities all over Oregon face, these survey findings illustrate a remarkably low level of preparedness,” said Beverlee Venell, Director of Oregon Emergency Management.

Survey findings also indicated that relatively few Oregon residents have taken long-term measures to protect themselves from loss. For example, only one-third of respondents said that they have earthquake insurance. But, the survey showed, there is hope that Oregonians can become safer in the future. A majority of respondents indicated that tax breaks and insurance discounts might persuade them into undertaking risk-reduction activities.

Nearly half of respondents said that they would be willing to spend anywhere between four to 16 hours or more on disaster preparedness activities.

“This is a significant finding for organizations such as the American Red Cross, Oregon Trail Chapter and their Prepare for Life Campaign” said Governor Kitzhaber, “as well as other members of the emergency management community statewide who sponsor outreach and other public safety campaigns on a regular basis.”

The American Red Cross, Oregon Trail Chapter, Institute for Business & Home Safety (IBHS), Oregon Emergency Management, and SAFECO Insurance Companies joined forces to fund the statewide Household Natural Hazards Preparedness Survey. The Oregon Natural Hazards Workgroup at the University of Oregon

designed, implemented and conducted the survey analysis.

In December 2000, Governor John Kitzhaber signed an Executive Order proclaiming Oregon as a Showcase State for Natural Disaster Resistance and Resilience. Partners for Disaster Resistance: Oregon Showcase State Program is a cooperative effort among public and private sector organizations working together to reduce disaster losses.

Oregon is only the second state to be recognized for its efforts in making natural disaster preparedness a priority through the IBHS Showcase State Program. IBHS developed this public/private initiative to foster an environment that reduces disaster losses and promotes recovery in a shortened period of time with less outside assistance. ONHW is facilitating Partners for Disaster Resistance with funding support from the Public Entity Risk Institute and SAFECO Insurance Companies. For more information visit www.oregonshowcase.org.

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FOR IMMEDIATE RELEASE

July 19, 2002

Contact:

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(503) 378-6169

Governor Names Task Force On Medical Professional Liability Insurance

Governor John Kitzhaber today announced that he has appointed a task force to find ways to address medical professional liability insurance costs in Oregon. The task force plans to hold its first meeting in early August

Medical professional liability insurance premiums nationwide have risen sharply across the board this year, especially for doctors in certain specialties. In Oregon, rates for obstetricians and surgeons are up by over 50 percent. At the same time, some insurance carriers have left the Oregon market entirely, while others will not accept new doctors or renew current policies. Many hospitals have also increased the amount of coverage they require doctors to carry before they will allow use of their facilities.

The task force will examine the causes of the recent steep rate increases and investigate the current affordability and availability of medical professional liability insurance in the Oregon market. It will then catalogue a range of possible solutions for consideration in the next legislative session. It will meet through the rest of the summer with the goal of presenting an analysis of policy options to the governor and legislative leaders this fall.

The task force is made up of representatives of the insurance industry, medical providers, the legal system, consumers, purchasers, and the Oregon Legislature. It will have staff support from the Oregon Department of Consumer and Business Services, which regulates the sale of insurance statewide.

“Lack of access to medical professional liability insurance has drifted into a full-blown crisis in several states,” Kitzhaber said. “Here in Oregon, some communities are losing essential medical services because doctors have lost coverage. That’s not acceptable.”

The governor noted that the problem is acute in rural communities where smaller medical practices are especially vulnerable to premium increases, potentially creating situations where residents must travel long distances for access to care.

Medical professional liability insurance premiums in Oregon total about \$50 million per year. That does not include costs of medical organizations that self-insure, such as Kaiser Permanente and Oregon Health and Science University.

“Very strong opinions have been expressed in recent weeks about the causes of this problem,” Kitzhaber said, “I think it’s critical to recognize that, whatever the cause or causes, the needs of the people of this state demand that we pull together and look for ways to resolve it. I hope we’ll find that there are a variety of measures we can consider - both in government and in the private sector.”

The following individuals will serve on the task force:

Mick Alexander, Oregon Trial Lawyers Association

Andris Antoniskis, Oregon Medical Assoc. Risk Purchasing Group

State Senator Kate Brown, Oregon Senate, District 21

Lynn-Marie Crider, Oregon AFL/CIO

Lori Davis, Legacy Mt. Hood Medical Center Oregon Assoc. of Hospitals and Health Systems

Robert Dervedde, Oregon Medical Association

James T. Dorigan, Jr., NW Physicians Mutual Insurance Company

Phil Griffin, NW Natural Gas, Oregon Health Care Purchasers Coalition

Jeff Heatherington, Osteopathic Physicians and Surgeons of Oregon

Roger Miyagi, Kaiser Permanente

Cheryl Pellegrini, Oregon Department of Justice

Lisa Trussell, Associated Oregon Industries

Cynthia Wickstrom, Oregon Health and Science University

State Representative Max Williams, Oregon House of Representatives, District 35

Frank Yraguen, Malheur County Circuit Court Judge (Retired)

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FOR IMMEDIATE RELEASE

July 17, 2002

Contact:

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Governor Announces Potential Line-Item Veto, Public Hearing On Budget Bills

Governor John Kitzhaber announced today that he is considering exercising his line item veto authority to disapprove portions of House Bill 5091 passed by the special session of the Oregon Legislature.

The governor also announced plans to hold a daylong public hearing on Friday, July 19, in Salem to take invited testimony from representatives of education and from the public. The hearing will be in Room 50 in the State Capitol, starting at 10 a.m. with invited testimony from education groups. Testimony from the public will begin at 1 p.m.

House Bill 5091 is the budget bill passed by the Oregon Legislature during the special session that ended June 30. The portions of the bill that the governor is considering vetoing would restore \$267 million in K-12 and community college funding. If this action is taken, the state budget would be out of balance by \$267 million, which would require the governor to take actions that would bring the budget back into balance.

The governor is under no obligation to exercise his line-item veto authority, but is required to provide five working-days notice of bills or portions of bills which might be vetoed; he has until August 9, 2002 to sign or veto bills that reached his desk after the special session adjourned.

On July 11, Kitzhaber said that he is considering vetoing four bills. The public hearing on July 19 is intended to provide the governor with additional information before he makes a final decision about those bills and about any line-item veto.

"Obviously, I want to hear from the education community because teachers and schools, particularly K-12 and community colleges have the most at stake", Kitzhaber said. "I also believe that it is important to hear what the public has to say about whether I should veto any of these bills."

The public is also invited to submit written testimony at the hearing or to express their view by calling the Governor's Office at 503-378-4582 or submitting e-mail through the Governor's Office Website

www.governor.state.or.us/governor/mail/mailform.html

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FOR IMMEDIATE RELEASE

July 11, 2002

Contact:

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Governor Releases List of Potential Vetoes

Governor John Kitzhaber today released a list of potential vetoes. The governor is under no obligation to veto these bills, but is required to provide prior notice of bills that might be vetoed.

The governor has until August 9, 2002, to sign or veto bills sent to him by the special legislative session that ended June 30. He also has the option of letting bills become law without his signature.

The list of potential vetoes includes:

- Senate Bill 1022, shifting the final 01-03 payments to K-12 and community colleges into the next biennium (03-05).
- House Bill 4055, distributing money from the Common School Fund, abolishing certain state positions, and other provisions.
- House Bill 4056, revenue bonds on the cigarette tax.
- House Bill 4064, sunset the cigarette tax increase in July 2009.

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FOR IMMEDIATE RELEASE

July 10, 2002

Contact:

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STATEMENT

The following is the text of Gov. Kitzhaber's July 9 statement on the budget that the Legislature sent him from the special session:

"I want to commend the Legislature for getting a balanced budget to my desk. Many people worked very hard - the Republican and Democratic leadership and Senators Hannon and Courtney.

Having said that, I believe this budget reflects the politics of the institution, but not what's best for the people of Oregon.

It puts at risk the education of future Oregon children in order to enhance the perceived electability, or re-electability, of members of the Oregon Legislature. That is distressing.

This budget in reality does not reflect an ideology. It reflects a drive to retain the majority or gain the majority. It reflects a drive to acquire power, but not to wield that power for a larger public purpose.

I want to take this opportunity to discuss how I intend to dispose of the budget that has been presented to me. First of all, I have signed three bills already: HB 4051, HB 4065 and HB 4059. I have until August 9 to decide whether to sign or veto the remaining bills. I will announce a list of potential vetoes on Thursday.

Let me make a few general comments about the budget, then highlight some areas that concern me deeply:

First of all, I think this budget violates the principle of "pay-as-you-go." This is not a fiscally conservative budget. It is a fiscally irresponsible budget, because it is not balanced by program cuts, not by new revenue, but rather by one-time revenue, borrowing against the future and a series of complex accounting maneuvers.

In particular, I have concerns with HB 4056, which would commit our tobacco revenue to back debt service on bonds to be sold for \$50 million for K-12 funding in the current biennium, and against any potential revenue shortfall in September up to \$175 million. The total bonding package is \$225 million.

If we were to issue all \$225 million, and the cigarette tax fails in September, the existing tobacco tax money would be liable to pay that debt service. On a biennial basis, we get about \$100 million from the tobacco tax - this would take \$80 million of it right off the top, creating an additional \$80 million liability in the 03-05 biennium.

The \$50 million in K-12 bonding amounts to nothing more than robbing from future school children to pay for one year of K-12 funding in this biennium. The \$175 bonding scheme, in my view, abrogates the Legislature's constitutional responsibility to balance the budget and puts the state further into debt.

I'm also concerned about SB 1022, which shifts the final K-12 and community college payment into the next biennium. I'm concerned about this on several levels: first, this is a shift in payment date that is not accompanied by a shift in revenue level. If the next biennium were flush, one could make the argument that this kind of cash management scheme could work, but this doesn't reflect cash management, this reflects an effort to avoid accountability. We have a \$1.4 billion projected deficit in the next biennium and we're adding a \$211 million K-12 liability on top of that.

Secondly, if we have a cash flow problem in July of next year - which is almost inevitable, given the way this budget has been constructed -- we will have to borrow money in order to make this payment. In other words, issue tax anticipation notes. But in order to issue tax anticipation notes, you need a balanced budget, which means that the Legislature, in order to avoid a very serious cash flow crisis, must have the budget balanced and adjourn sine die by June. That's happened only twice since 1985.

Third, this bill employs to extraordinarily complicated accounting maneuvers - which makes the kind of accounting we saw with Enron and Worldcom seem simple in comparison.

The question we have to ask ourselves is, "When the nation is expressing outrage at corporate bookkeeping practices - should the state of Oregon be adopting the same questionable practices for the public sector?"

Finally, I'm concerned with HB 4055, which takes \$17.7 million from the statutory principle of the Common School Fund to spend in the last year of this biennium. It took 50 years to accrue that \$17.7 million, and we would spend it in one year. It will reduce future earnings for the Common School Fund and - depending where the stock market is -- when we have to liquidate these assets, we will have to do it at a loss.

So again, it's borrowing from future school children to take care of a short-term political problem in this biennium. And it is very, very bad cash management because we would have to sell low, rather than sell high.

Now, I haven't made a final determination about what I may or may not veto. I will be giving notice on Thursday about potential vetoes. But there is one final point I want to make. There is a drumbeat that is beginning to appear around the state, and the mantra is, "This is as good as it gets, so we should just accept it."

Even though the current Legislature as an institution slipped into mediocrity does not mean that Oregonians should not have high expectations. If "this is as good as it gets," then it's going to get a whole lot worse, because many of the architects of this plan are going to return to the next Legislature. And accepting at face value that "this is as good as it gets" is an acknowledgement that Oregon is a mediocre state. That is a slippery slope and I refuse to accept that."

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FOR IMMEDIATE RELEASE

July 8, 2002

Contact:

Bill Scott

(503) 986-0105

Brett Wilcox, OECDD Chair

(503) 805-0727

Tom Towslee

(503) 378-6496

Bill Scott To Step Down As Director of Oregon Economic and Community Development Department

William C. "Bill" Scott will step down July 31st after more than nine years as director of the Oregon Economic and Community Development Department, Gov. John Kitzhaber announced today.

Since his appointment in April 1993, the Department has provided critical assistance for the dramatic growth of the high technology industry, which now employs more than 100,000 Oregonians, up from 60,000 in 1992. The Department has also responded to the loss of more than half of Oregon's forest product mills by focusing most of its resources and time on financing critical infrastructure and recruiting new employers to Oregon's rural communities.

"Under Bill Scott's leadership, the Department led our efforts to rebuild the economic base of rural Oregon, which is now paying off with many important new business investments in eastern, southern and coastal communities," the governor said. "Bill has provided years of dedicated service to the State of Oregon. At all times, he has been a consummate professional and has maintained his commitment to making Oregon a better state."

The governor pointed out that Scott was responsible for constructing and maintaining a department that is seen as a national model for providing key services to both rural and urban communities.

Scott said, "I am grateful for the opportunity to serve the courageous men and women who are building Oregon's businesses and communities. Our Department has received constant support from Governors Kitzhaber and Roberts and the legislative leadership. Oregon's ongoing challenges make it essential that this support continue."

Scott is leaving for a business opportunity that will be announced later. No decision has been made on Scott's replacement.

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FOR IMMEDIATE RELEASE

July 1, 2002

Contact:

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Tom Towslee

(503) 373-1558

Jon Coney

(503) 378-6169

GOVERNOR'S OFFICE ANNOUNCES STAFF CHANGES

Governor John Kitzhaber's office announce the following staff changes today:

- Legislative and Intergovernmental Relations Director Olivia Clark will be leaving the Governor's office effective July 12, 2002. She has been a member of Governor Kitzhaber's staff since March, 1995. Chief of Staff Steve Marks said Pat Egan, the governor's transportation and economic development adviser, will assume Clark's duties for the remainder of the Administration.
- Press Secretary Bob Applegate will be leaving the Governor's office effective July 8, 2002. He has served as Press Secretary since January, 1995. Marks said Applegate would be replaced by Tom Towslee, who is on loan from the Oregon Parks and Recreation Department.

"I greatly enjoyed working with both Bob and Olivia," said Kitzhaber. "They both made a great contribution to my administration and they will be missed. I wish them the best of luck in their next endeavors."

(Advisory: Beginning July 8, Tom Towslee can be reached at 503-378-6496. Cell phone is 503-510-1113. Pager is 503-540-3758.)

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FOR IMMEDIATE RELEASE

June 25, 2002

Contact:

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Jon Coney
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American Bridge Breaks Ground In Reedsport

American Bridge Co. broke ground today on a new \$10 million steel fabrication plant and offices on Bolon Island north of Reedsport. Today's ribbon-cutting ceremony kicks off 15 months of construction that will eventually create 120 family wage jobs with benefits. American Bridge selected Bolon Island in February for its west coast headquarters. The 60,000 square foot fabrication plant and 10,000 square foot office complex is being built on 35 acres purchased from Douglas County.

The governor and William Scott, director of the Oregon Economic and Community Development Department, released \$250,000 from the Strategic Reserve Fund for the project. The money will be used for modifications to a dock on the property to accommodate barge traffic.

"This project would not have been possible without the cooperation of local officials, representatives of American Bridge and the State of Oregon," Kitzhaber said. "This is an excellent example of all levels of government working together to bring a much needed economic boost to the Reedsport area and to Oregon's South Coast."

"I very much look forward to joining the ranks of quality Oregon companies," said Bob Luffy, president and CEO of American Bridge. "I want to thank the Douglas County Commission, the City of Reedsport, the Port of Umpqua and all the local community partners. I also want to thank Governor John Kitzhaber, his staff and the key support of his state agencies in moving this proposal to a rapid conclusion. We are very appreciative of the contributions to this effort at every level, including the use of Strategic Reserve Funds for infrastructure improvements."

American Bridge is one of the oldest and most successful bridge-building corporations in the United States, building many of the world's most famous bridges, including the San Francisco Bay Bridge and the Verrazano Narrows Bridge in New York. The company selected the Bolon Island site after a three-year search for a location that would provide rail, water and interstate access.

The Bolon Island site is redeveloped industrial land that was improved with a number of investments and cooperative public-private efforts.

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FOR IMMEDIATE RELEASE

June 24, 2002

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(503) 378-6169

Statement By Governor John Kitzhaber

"I will shortly join my wife Sharon and my son Logan for the final three days of their month-long vacation in France, and return with them to Oregon on Sunday, June 30. My family left on May 31, while I remained behind to advocate my budget proposal to the Legislature during its current special session. Part of this proposal is a referral of a temporary income tax increase to the voters, in order to help solve the state's budget deficit.

We have the responsibility not only to solve the current shortfall, but also to reduce the looming fiscal crisis in 2003. I believe that we should pay as we go and provide sustainable funding for our schools and other services -- not simply patch together a short-term solution based on one-time revenue and borrowing.

The Legislature has clearly chosen to move in a different direction - although I want to commend the House leadership for recognizing the need for new revenue as part of the solution, and particularly for including both a tobacco tax component and an income tax component as part of their plan. Though I do not intend to help broker a deal with which I fundamentally disagree, I will give thoughtful consideration to any rebalancing plan the Legislature can produce. But first, the Legislature must send something to my desk.

I remain concerned about the level of education payments that the Legislature proposes to shift into the next biennium. I strongly oppose borrowing as a part of the solution, but I am stopping short of threatening to exercise my veto power.

I will maintain daily contact with my staff during my short absence, and I will be available to consult with the legislative leadership, if necessary. I hope to see a responsible rebalance package on my desk when I return on Sunday."

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FOR IMMEDIATE RELEASE

June 12, 2002

Contact:

Chris Dearth
(503) 378-8197

Governor Certifies Preparedness Plan For Disposal Of Chemical Weapons At Umatilla

Governor John Kitzhaber certified today that an emergency preparedness plan is "adequate and fully operational," allowing the U.S. Army to proceed with test burns to dispose of chemical weapons at the federal Umatilla Chemical Depot in northeastern Oregon.

In a ceremony in his office, Kitzhaber signed a letter to the Oregon Environmental Quality Commission giving final approval to a Chemical Stockpile Emergency Preparedness Plan (CSEPP) and certifying that the communities surrounding the Depot can handle any mishap that might occur.

"My certification is the culmination of years of work by hundreds of people who have toiled to make their communities safe in the event of an accident at the Umatilla Chemical Depot," Kitzhaber said. "I am extremely proud of the way the communities in Umatilla and Morrow counties, along with our partners in Washington state, have pulled together to build a strong emergency preparedness program, and I have full confidence in it. In 1999, the program met just a few of its emergency performance measures. In the most recent comprehensive exercise last month, it met all fifteen-an extraordinary achievement in so short a period of time."

Among the officials who participated in the signing ceremony were Beverlee Venell, Director of Oregon Emergency Management, and Umatilla County Commissioner Dennis Doherty. Also present was John Pennington, Region 10 director of the Federal Emergency Management Agency (FEMA), who voiced FEMA's ongoing, strong support of the preparedness plan.

"Keeping our CSEPP at its present high level of effectiveness will require a sustained effort and continued federal funding, until all the chemicals are destroyed," Kitzhaber said. "For this reason, I am asking my Executive Review Panel-which consists of first responders, local officials and tribal leaders, and state agencies-to continue meeting at least once a year, and to report to the Governor on the condition of CSEPP. Should CSEPP ever fall short of its present high standards, the Governor may then ask the EQC to take corrective action through the permit process. I am confident that this on-going mechanism will guarantee a robust CSEPP for the duration of the incineration."

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FOR IMMEDIATE RELEASE

June 10, 2002

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Tom Towslee

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Karmen Fore

(503) 378-3118

**GOVERNOR ANNOUNCES HIRING FREEZE AND TRAVEL REDUCTION
Action Formalizes Earlier Steps**

Governor John Kitzhaber announced today further efforts to reduce state spending by ordering a freeze on hiring for all executive branch state agencies for positions financed in full or in part with general funds or lottery funds.

The freeze formalizes budget-cutting measures started in October, 2001, and takes effect immediately. It is the latest in a series of actions which have included cuts in supply and service budgets, holding positions vacant and reduction of travel by state employees.

In addition, Governor Kitzhaber announced a freeze on all out-of-state travel paid for in full or in part with general fund or lottery fund dollars.

"State managers have been doing a good job working with the state's budget agency to limit expenditures, hold vacancies open and hire only essential personnel," said Kitzhaber. " But the latest budget news means we have to constrain spending even further."

Both the hiring freeze and the travel restrictions will be in effect until further notice.

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FOR IMMEDIATE RELEASE

June 10, 2002

Contact:

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GOVERNOR ANNOUNCES SPECIAL SESSION

Governor John Kitzhaber today called the Oregon Legislature back to Salem on Wednesday, June 12, for a special session to rebalance the state's 2001-2003 budget.

In announcing the special session, the third this year, the Governor called on the Legislature to craft a budget-balancing plan that has the support of both parties and will gain acceptance with voters.

"The answer may lie somewhere between the plan I proposed last week and the plan put forward by the Republican leadership," the Governor said. "While a compromise will, in all likelihood, leave a significant revenue shortfall for the next governor and the next Legislature, it would represent something with solid bipartisan support. And that, in itself, would be a significant step in the right direction."

The Governor called the special session after conferring with legislative leaders over the weekend. The timing of the session recognizes that the Legislature needs to act by Friday on a cigarette tax increase or lose additional revenue, that local school districts need to make their budget decisions by July 1 and that some legislators have commitments next week.

The State of Oregon has a projected shortfall of \$870 million in the current 2001- 2003 biennium. In addition, tentative budget projections point to an additional deficit of over \$1.3 billion in the 2003-2005 biennium.

[Special Session 3 Proclamation](#)

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FOR IMMEDIATE RELEASE

May 29, 2002

Contact:

Daniel Santos or

Sean O'Day

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Governor Kitzhaber Appoints Multnomah County Circuit Court Judge

Governor Kitzhaber has appointed Katherine E. Tennyson as Multnomah County Circuit Court Judge to fill the vacant position created by Presiding Judge James R. Ellis' retirement of April 1, 2002. In the May 21st election, the voters of Multnomah County selected Tennyson to that position, and her judicial term is scheduled to begin in January 2003. In order not to have the position stay vacant until January, Governor Kitzhaber has appointed Tennyson so that she may begin her judicial duties.

Tennyson graduated from the Lewis and Clark College Northwest School of Law in 1984 with a Juris Doctorate, and received her Bachelors degree in Political Science from Duke University. Tennyson has been in private practice since 1984, developing her practice into her current firm partnership of Tennyson and Winemiller.

Tennyson is currently a member of the Multnomah Bar Association; Girl Scouts Columbia River Council; chairs the Government Standards and Practices Commission; and serves on the MBA Court Liaison Committee. Tennyson has served on the Children's Justice Act Task Force, Adoption Services Task Force, Multnomah County Dependency Model Court Site Committee, and David's Harp Board of Directors.

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FOR IMMEDIATE RELEASE

May 28, 2002

Contact:

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Governor Opens Blue Cross/Blue Shield Call Center In Medford

Governor John Kitzhaber today opened a new call center being operated by Regence Blue Cross/Blue Shield in Medford. When fully operational, the facility will employ 340 people, with 180 of those jobs coming online by 2003.

"This represents a true expansion and not just a re-location of jobs," Kitzhaber said. "And these will be quality jobs, with entry-level salary and benefits packages exceeding 150 percent of the average Jackson County family wage level."

The Medford, Oregon site was selected after a multi state competitive process. The Oregon Economic & Community Development Department (OECDD), which has aggressively reached out to Oregon businesses hoping to expand their Oregon presence, played a major role in landing this facility. OECDD helped Regence with technical data, \$125,000 in workforce assistance and training assistance from the Governor's Strategic Reserve Fund, and coordination of workforce service providers to provide one stop service for Regence Blue Cross/Blue Shield's workforce needs.

"Regence's move to Medford fits right into Oregon's commitment to grow business and jobs in every part of our state. And the ripple effect of this investment will mean an immediate \$50 to \$70 million injection into the Jackson County economy," Kitzhaber said.

Kitzhaber also cited other recent successful recruitment efforts, which all worked closely with OECDD and the Governor's Office in recent months:

- **Vestas American Wind Technologies**, the world leader in wind turbine manufacturing and sales, is moving its North American headquarters to Portland from Palm Springs. Vestas is also locating its first North American manufacturing plant in Portland, creating over 1,200 jobs in Oregon.
- **American Bridge Company**, which will bring 120 jobs to Reedsport, Oregon.
- **IMEX Corporation**, a Japanese-based company, which is locating its first North American printer cartridge manufacturing and recycling plant in Salem, Oregon.
- **Bear Creek Corporation** in Medford, announced phase one of a five-year expansion program, which may add up to over \$50 million of new investments in this community.

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FOR IMMEDIATE RELEASE

May 24, 2002

Contact:

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Governor Announces PERS Task Force

Governor John Kitzhaber announced today the creation of a task force to examine the Public Employees Retirement System. The task force will be charged with completing a comprehensive assessment of the system and making recommendations to ensure that the funding of retirement benefits for Oregon's public employees is financially sound, affordable and stable.

The governor will serve as chair; the task force will issue recommendations prior to the 2003 Legislative Session. Due to the undetermined date of the upcoming special session, the task force is unlikely to have its initial meeting scheduled until sometime in July.

Specifically, the task force will make recommendations to the next governor and Legislature to improve the system's administrative efficiency and strengthen its financial and legal foundations.

"I have great confidence and trust in this group," Kitzhaber said. "Their collective expertise in both public and private compensation and retirement systems will clarify the issues we face, and help define the steps we can take to improve the system in the long-term."

The complete membership of the task force is as follows:

Chairperson

John A. Kitzhaber, M.D.

Representing Business

Kenneth Thrasher, Business Executive and Former CEO of Fred Meyer
Benjamin R. Whiteley, Chairman and CEO (Retired), Standard Insurance Co.

Representing Labor

Pat West, Oregon State Fire Fighters Council
Ken Allen, AFSCME Council 75
Rich Peppers, SEIU Local 503, OPEU
Tricia Bosak, Oregon Education Association

Representing Public Employers

Christopher L. Dudley, Oregon School Boards Association
Helen Berg, Mayor, City of Corvallis
(representing the League of Oregon Cities)
Michael W. McArthur, Judge, Sherman County

(representing the Association of Oregon Counties)

Experts

Donald A. Burns, Attorney, Miller Nash LLP
Sharon Griffin, Louisiana Pacific
Randy Pozdena, ECONorthwest
Gregory A. Hartman, Attorney, Bennett Hartman Morris & Kaplan LLC
William F. Gary, Attorney, Harrang Long Gary Rudnick PC

Resources and Support

Mike Greenfield, Director, Dept. of Administrative Services
James Voytko, Executive Director, Public Employees Retirement System

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FOR IMMEDIATE RELEASE

May 17, 2002

Contact:

Bob Applegate

(503) 378-6496

Jon Coney

(503) 378-6169

Governor Issues Statement On Budget Forecast

Governor John Kitzhaber issued the following statement today about the state budget forecast:

"In their press conference today, Sens. Hannon and Courtney sounded a realistic alarm about the budget shortfall. While the June forecast is not yet out, I agree with their assessment that a growing revenue shortfall is realistic, and that it will have serious implications for this biennium's budget and for the next.

While our immediate challenge is balancing the 2001-2003 budget, the 2003-2005 budget could easily be out of balance by \$1 billion. I hope the Legislature will spend time considering the effects of any actions taken in the upcoming special session on the next biennium.

I believe both this Legislature and I have the responsibility to hand our next governor and the next Legislature -- not sea of red ink -- but a budget that they have a realistic chance of managing. To answer the current and future fiscal shortfalls we face, and to provide stability for state services important to Oregonians, we either need to make more cuts, or take actions to increase revenues. The continuing challenge of this crisis underscores my strong resolve that we need to adopt a pay-as-you-go approach."

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FOR IMMEDIATE RELEASE

April 30, 2002

Contact:

Daniel Santos
(503) 378-6246

Governor Kitzhaber Appoints Jackson County Circuit Court Judge

Governor Kitzhaber has appointed Lorenzo A. Mejia as Jackson County Circuit Court Judge. Mejia will replace Judge Ross G. Davis who will retire May 31, 2002

Mejia graduated from the University of Oregon School of Law in 1986 with a Juris Doctorate, and received his Bachelors degree from the University of Oregon.

Mejia worked for the Southern Oregon Public Defender's office from 1988 to 2001.

Mejia has served on the Board of Directors for the Center for Nonprofit Legal Services since 1996. Mejia has also been an active member of the Jackson County Public Safety Coordinating Council; Committee for Law Enforcement/Court & Hispanic Community Relations; Oregon Criminal Defense Lawyers Association; and the Clinica Del Valle.

Mejia's daughter is 6 years old, and he has been married to his wife, Cristina Sanz, for 10 years.

In order to retain this position Mr. Mejia must stand for election in November 2002.

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FOR IMMEDIATE RELEASE

April 26, 2002

Contact:

Jon Coney
(503) 378-6169

GOVERNOR ISSUES HEALTH PLAN WAIVER TERMS

Governor John Kitzhaber today issued a letter to legislative leadership outlining several of his concerns with their approach to requesting a federal waiver to expand the Oregon Health Plan.

Earlier this week the governor directed state agencies to discontinue all work on the waiver until such time as the Legislature takes action on the request to submit it to the federal government for consideration.

This announcement came after months of waiting for the Legislature to act on the request, which was submitted by the governor to leadership in December 2001.

Kitzhaber cited three specific areas of concern:

- 1. The timing of the proposed expansion of the Family Health Insurance Assistance Program (FHIAP).**
- 2. The proposal to give immediate subsidies to persons with incomes up to 185% of the federal poverty level who have employment-based coverage available to them, while denying the same assistance to lower income person who do not have such coverage available.**
- 3. The proposal to reduce benefits by 10% for children, pregnant women and the frail elderly.**

Kitzhaber said that he once again would urge the legislative leadership to act on his request to submit the waiver.

The full text of the letter is attached and is also available on the Governor's Office web site:

April 26, 2002

The Honorable Gene Derfler
President of the Senate
900 Court St. NE Room S-203
Salem, OR 97301

Dear Gene:

As you know, I have directed that the agencies stop work on the waiver application and implementation for the expansion of the Oregon Health Plan (OHP) authorized by

HB 2519 until such time as the legislature takes action. I am writing to place on the record my concerns with several of the conditions you want to place on approving the submission of the waiver application.

Maintain FHIAP expansion into October of 2003

This would amount to agreeing to conditions that would stretch into the next biennium. As we both know, neither you nor I can commit the next legislature or the next governor to specific actions in the next biennium. We can only set the budget and the policy for the current biennium which ends June 30, 2003.

Limiting the Enrollment and Phase in to 110% of Federal Poverty Level for OMAP Coverage

This provision, as it relates to persons with incomes under the poverty level, violates the explicit policy of the state in ORS 414.036(e)(2): "it is the policy of the State of Oregon to provide medical assistance to those individuals in need whose family income is below the federal poverty level..." Capping eligibility for persons eligible for OHP Standard with an income below the federal poverty level is a clear violation of this policy.

In addition, HB 2519 grants my administration the authority to request a waiver providing coverage for persons up to 185% of the federal poverty level within the funds available. This specific 185% limit was negotiated directly with the Senate President's office during the 2001 legislative session. Within that limit I believe we need the latitude to negotiate the most appropriate phase in strategy with the federal government consistent with state policy. Your proposal would obstruct implementation of one of the most important policies in HB 2519: its express intent to structure subsidies in a manner that helps Oregonians transition from subsidized to unsubsidized insurance coverage.

Furthermore, because the expansion of OMAP coverage is strictly limited, your proposal would in effect make it impossible for us to continue to subsidize coverage for a person who was able to increase his/her income from below the federal poverty level to 120% or 130% of the federal poverty level. These persons would be forced into the Faustian choice of either declining additional income or losing their health insurance coverage.

This either breaks the progress of moving to an income sufficient to afford unsubsidized private insurance coverage, or it breaks the insurance coverage crucial to staying healthy enough to continue working and moving up the income scale. I simply disagree with this policy.

Furthermore, this proposed condition discriminates against persons whose employers do not offer employment based coverage. You have provided no policy argument that I am aware of which justifies immediately giving subsidies up to 185% of the federal poverty level for persons who have employment based coverage available while denying the same assistance for persons who don't have such coverage offered. Why should persons with similar incomes be treated differently based on the actions of their employers? Shouldn't working Oregonians struggling to become self-sufficient be treated equitably based on their own actions? Why should some of us be sanctioned because our employers don't offer access to group coverage?

Health Services Commission (HSC) to make recommendation for 10% cuts to the benefit package for the frail elderly, pregnant women, and children

On this point, the Oregon statute is clear. The HSC has only the authority to prioritize health services based on their relative effectiveness in terms of improving health. The authority and the responsibility to establish the benefit level itself rests solely with the legislature.

The HSC is currently reviewing its prioritized list to ensure that the list gives the legislature the greatest possible flexibility in determining which services will be covered. If you wish to cut OHP benefits for children, pregnant women and the frail elderly by 10% you have the authority to recommend a line change to achieve this reduction at the next special session. Furthermore, this issue is unrelated to the new waiver request.

As you both know, the remainder of your document restates conditions that I have previously agreed to. I am again urging you to take the necessary action to move this important effort forward.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE

April 23, 2002

Contact:

Bob Applegate

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Jon Coney

(503) 378-6169

**GOVERNOR ANNOUNCES HE WILL NOT SUBMIT OREGON HEALTH PLAN WAIVER
Cites Lack of Legislative Action on Waiver Request**

Governor John Kitzhaber announced today that his administration will cease efforts at submitting a waiver request to the federal government for the Oregon Health Plan. The proposed waiver, which has been in the legislature's hands since December 2001, would have allowed the health plan to expand coverage to an additional 58,000 Oregonians.

"We can no longer commit state resources to a process that the legislative leadership steadfastly refuses to move forward," Kitzhaber wrote in a letter to Senate President Gene Derfler and House Speaker Mark Simmons. "Without the waiver, the Oregon Health Plan will be left without an important cost containment mechanism. Furthermore, our health care system will forgo a badly needed infusion of federal funds -- \$27 million in this biennium and \$90 million in 2003-05."

"Cost increases in commercial insurance and Medicare make it clear that the Oregon Health Plan cannot be sustained as currently structured," Kitzhaber wrote. "There is really only one tool available to gain significant control of costs - eliminating people from coverage."

"While I am saddened by your unwillingness to move this forward," the Governor concluded, "I am even more saddened by the impact which your lack of action will have on thousands of low income working Oregonians. Nonetheless, we have learned a great deal from this ten-year effort - from its implementation, its successes and its shortcomings. Hopefully, these lessons will help inform the debate as you decide where to take state-sponsored health care in the future."

A copy of the full text of the letter is attached.

April 23, 2002

The Honorable Gene Derfler
President of the Senate
900 Court St. NE Room S-203
Salem, OR 97301

Dear Gene:

Given the lack of action by the Legislative Emergency Board on the waiver request for the Oregon Health Plan (OHP), I am writing, with regret, to inform you that I am directing that all activities associated with developing the waiver request and planning for the implementation of the reform and expansion of the OHP be discontinued. We can no longer commit state resources to a process that the legislative leadership steadfastly refuses to move forward.

The passage of HB 2519 set us on a course to obtain a federal waiver which would accomplish several important goals:

- To gain flexibility in benefit design that would help us control the future cost of the OHP.
- To obtain federal matching funds for a larger share of the state dollars being spent on healthcare.
- To utilize all of the CHIP matching funds that provide a higher ratio of federal dollars to state dollars in the OHP.
- To substantially expand commercial insurance coverage under the OHP through the Family Health Insurance Assistance Program (FHIAP).
- Through savings from benefit reductions and the increase in federal funds expand access to 58,000 Oregonians who currently have no health insurance coverage at no additional cost to the state.
- Through expanded access reduce the cost shift from the uninsured onto businesses and individuals currently covered.

Unfortunately, because of your unwillingness or inability to approve submission of the waiver to the Centers for Medicare and Medicaid Services (CMS), none of these goals will be accomplished. The OHP will be left without an important cost containment mechanism. Our health care system will be left without a badly needed infusion of federal funds, and thousands of Oregonians who needed health care coverage will go without.

This obstinance is made even more frustrating by the cooperation of the federal government. As we have worked to draft the waiver document for submission to the federal government we have received supportive and collaborative feedback from the Bush Administration's CMS. They are looking forward to receiving our waiver request, and prepared to act on it in an expeditious manner. Where in the past it has always been the federal government that has stifled innovation in Oregon, now in an ironic twist, it is the state legislative leadership that erects the roadblocks to progress.

So that there is no mistaking your role in blocking this vital program I am including the following chronology:

8/02/01 - HB 2519 is signed into law.

10/1/01 -- Insurance Pool Governing Board recommends benchmark for coverage under the Family Health Insurance Assistance Program, as required by HB 2519.

11/1/01 - Health Services Commission identifies possible packages for the OHP Standard Benefit Package, as required by HB 2519.

11/13/01 - Governor's Office and Department of Human Services (DHS) present status report on progress in developing waiver request to Leadership Commission on Health Care Costs and Trends.

11/15/01 - Governor's Office and DHS present status report on progress in developing waiver request to Emergency Board Subcommittee.

9/19/01-1/9/02 - Waiver Application Steering Committee (WASC) assists and advises the Department of Human Services in development of waiver request, as required by HB 2519.

12/13/01 - WASC finalizes recommendation on the OHP Standard benefit package, as required by HB 2519.

1/7/02 - DHS submits letter to January Emergency Board asking for permission to submit waiver request to federal government.

1/22/02 - Meeting of the Leadership Commission on Health Care Costs and Trends scheduled to hear the waiver request is cancelled.

1/29/02 - Governor's Office and DHS report to Joint Committee on Health and Human Resources on the waiver request.

1/31-2/1/02 - Emergency Board meets but does not include the waiver request on its agenda.

2/8/02 - DHS submits letter to Joint Committee on Ways and Means asking that the waiver request be considered during the legislative Special Session.

2/8-11/02 - Legislature meets in Special Session but does not take up waiver request.

2/25-30/02 - Legislature meets in Second Special Session but does not take up waiver request.

3/25/02 - DHS submits letter to April Emergency Board again asking for permission to submit waiver request to federal government.

3/26/02 - Governor's Office and DHS present waiver request to Leadership Commission on Health Care Costs and Trends. Commission takes no action, but asks Oregon Health Council (OHC) to consider major concerns of the Commission at a special meeting scheduled for 4/4/02.

4/2/02 - Senate President and House Speaker send letter to OHC outlining four concerns of the Commission.

4/4/02 - Senate President and House Speaker present a proposal for the OHP2 waivers to the OHC.

4/4/02 - OHC hears testimony and adopts resolution addressing concerns and proposal from President/Speaker.

4/11/02 - Governor responds to Senate President and House Speaker on their proposal.

4/16/02 - Governor, Speaker and Senate President meet and agree to a set of guidelines to implement the waiver.

4/18/02 - Emergency Board subcommittees meet. Request to approve waiver application not included on the agenda.

4/19/02 - Emergency Board full committee adjourns without addressing the waiver request.

As this chronology illustrates, a tremendous amount of effort by hundreds of Oregonians has gone into the development of the waiver request. All groups required to produce components of the work met their requirements under HB 2519. This work was completed in early January, but the Legislature has refused to act on the requests since that time, although it had opportunities in two Emergency Board meetings and two Special Sessions to move these requests forward to the federal government.

Although I believe I have the authority to forward this request without legislative approval, the federal government has made it clear that they wish to see bipartisan support for any such waiver request. Given that I have tried to work with you to understand your concerns and address your issues over the past several months and still have not seen any movement, I am interpreting your lack of action to be a lack of support.

After hearing no alternative to the proposed waiver request from you for over two months, you presented a one-page concept paper to the Oregon Health Council on April 4. I responded to that proposal on April 11. The three of us and our staff met to discuss this issue the afternoon of April 16. At that time, I understood we had reached agreement, yet at the April 18-19 Emergency Board, no action was taken.

Cost increases in commercial insurance and Medicare make it clear that the OHP cannot be sustained as currently structured into the 2003-05 biennium. The waivers would have provided the Legislature the tools to control costs

through a rational and fair manner. The savings garnered through benefit reductions and the additional federal funds would have provided additional support to Oregon's health care system.

In the absence of these tools, there is only one tool left available to gain significant control of costs - eliminating people from coverage, whether they are covered under the current waivers, as "optional" coverage groups (e.g. pregnant women and children over 133% of the Federal Poverty Level), or through FHIAP. This, of course, takes us back to how we managed costs a decade ago - one of the main reasons we enacted the OHP in the first place.

As you know, most of the additional administrative costs performed over the past several months in developing the waiver request and planning for implementation were to be covered by savings to be generated after waiver approval. Given the current budget situation and the refusal of the legislative leadership to move the waiver request, I can no longer justify incurring these costs and so have ordered the agencies to cease all activity relating to the waiver. The costs incurred to date will be part of a future DHS rebalance plan.

While I'm saddened by your unwillingness to move this forward, I am even more saddened by the impact which your lack of action will have on thousands of low-income working Oregonians. I deeply regret the loss of 27 million of additional federal funds to the health care delivery system in this biennium and 90 million of federal funds in the next. I also regret that businesses and workers will find themselves facing even greater burdens because of the cost shift associated with caring for more uninsured Oregonians.

Nonetheless, this ten-year effort has brought coverage to hundreds of thousands of Oregonians and we have learned a great deal from its implementation, its successes and its shortcomings. Hopefully, these lessons will help inform the debate as you decide where to take state-sponsored health care in the future.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE

April 16, 2002

Contact:

Olivia Clark

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GOVERNOR VETOES FARM LABOR BILL
Action is Last on Bills from Second Special Session

Governor John Kitzhaber announced today the expansion of the Lewis and Clark Bicentennial in Oregon (LCBO) Board of Directors. The LCBO is a non-profit organization established in 1998 to coordinate statewide planning of events for the Lewis and Clark Bicentennial, which will take place from 2003 to 2006.

The governor will be meeting with the new board on Wednesday, April 17th at the Oregon Historical Society in Portland to discuss the state's strategic plan for the commemoration.

State Rep. Betsy Johnson will serve as Chair of the board. Julie Curtis, Assistant Director of the Oregon Tourism Commission, will serve as acting Executive Director.

The complete list of the LCBO Board is attached.

Honorary Chair

The Honorable John A. Kitzhaber, M.D., Governor

Chair

The Honorable Betsy Johnson, Oregon State Representative

Board of Directors

Neil Bryant, Bryant, Lovlien & Jarvis, Secretary
Les McNary, Lewis & Clark Bicentennial Assoc., Treasurer
George Forbes, Governor Hotel
Steve Forrester, Daily Astorian
Keith Hay, Oregon Chapter L & CTHF, V.P.
Ken Karsmizki, Columbia Gorge Discovery Center
Peter Gray
Tim Martinez, Oregon Bankers Association
Michael Mooney, Lewis & Clark College
Norma Paulus, Oregon Historical Society
Joe D'Alessandro, Portland Oregon Visitors Association
Nancy Steuber, OMSI
Dr. Les Bergeron
Gert Boyle, Columbia Sportswear
Bud Clark
Bobbie Conner, Tamastlikt Cultural Center
Kim Duncan, Tri-Met

Jan Mitchell, Astoria
Warne Nunn, Meyer Memorial Trust
Chet Orloff
George Passadore, Wells Fargo Bank
Louie Pitt, Confederated Tribes of Warm Springs
BG Thayer, Sr., Civilian Liaison to Secretary of the Army
Tom Walsh, Tom Walsh & Co.
Debby Kennedy, Port of Portland
Bill Hansell, Umatilla County

Ex-Officio

The Honorable Victor Atiyeh
The Honorable Earl Blumenauer
The Honorable Bill Bradbury, Secretary of State
Adjutant General Alexander Burgin, Oregon National Guard
Michelle Bussard, National LCB
Mike Carrier, Oregon State Parks
The Honorable Peter DeFazio
The Honorable Neil Goldschmidt
The Honorable Mark Hatfield
The Honorable Darlene Hooley
The Honorable Barbara Roberts
The Honorable Gordon Smith
Don Striker, Fort Clatsop National Memorial
The Honorable Greg Walden
The Honorable David Wu
The Honorable Ron Wyden

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FOR IMMEDIATE RELEASE

April 11, 2002

Contact:

Bob Applegate

(503) 378-6496

Jon Coney

(503) 378-6169

**GOVERNOR VETOES FARM LABOR BILL
Action is Last on Bills from Second Special Session**

Governor John Kitzhaber today vetoed today House Bill [4025](#). The bill would have eliminated the exemption of agricultural employment from collective bargaining laws.

"While doing away with the exemption may appear as a viable approach to resolving farm labor disputes, it does not address the issues of how to effectively implement such legislation, and ignores other alternatives that also deserve attention," Kitzhaber wrote in his veto letter.

A complete copy of the veto letter is attached.

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FOR IMMEDIATE RELEASE

April 9, 2002

Contact:

Jon Coney
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Danny Santos
(503) 378-6246

Governor Announces Opposition To Dept. of Interior's Land Designation

Governor John Kitzhaber announced today that he would file a court challenge to the U.S. Dept. of Interior's determination that a parcel of land in Florence is eligible for Indian gaming. The Confederated Tribes of the Coos, Lower Umpqua & Siuslaw Indians had requested to begin Indian gaming compact negotiations with the State of Oregon for a casino on that site.

Kitzhaber said his opposition to Interior's determination was based on the issue of eligibility of "restored" lands. Under federal law, tribal gaming on land acquired after the 1988 Indian Gaming Regulatory Act (IGRA) requires a governor's approval. This particular tract of land was acquired after 1988. Interior's finding that the land is "restored" means that it falls outside of the governor's approval requirement.

"I am concerned that Interior's decision will significantly impinge any governor's authority under the law," Kitzhaber said. "I have given Interior's determination careful consideration, but in the interest of the state in terms of the larger potential for siting other tribal gaming facilities, I am taking this action."

Kitzhaber said he remains supportive of tribal economic development, and will continue to maintain the positive relationship the state has built with the sovereign nation of the Coos, Lower Umpqua & Siuslaw. "I recognize that my decision to challenge Interior's findings will come as a disappointment to some, but I hope they will appreciate my reasons for initiating this challenge."

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FOR IMMEDIATE RELEASE

March 26, 2002

Contact:

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Jon Coney

(503) 378-6169

GOVERNOR ISSUES VETO

Governor John Kitzhaber yesterday vetoed [HB 4036](#) (2002 Second Special Session), relating to the School Improvement Fund.

A copy of the governor's veto message is attached.

The governor also signed [HB 4026](#), relating to the Economic and Community Development Department's economic stimulus plan, and the creation of a Bioscience Task Force. The governor issued a letter outlining his recommendations for its implementation (attached).

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FOR IMMEDIATE RELEASE

March 22, 2002

Contact:

Ken Murphy, OEM
(503) 378-2911 x251

Oregon Joins Nationwide Emergency Management Assistance Compact

Governor, FEMA Region 10 Administrator Also Sign Disaster Declaration Agreement for Storm Damage to Five Oregon Counties

At a ceremony in Salem today with Federal Emergency Management Agency (FEMA) Region 10 Administrator John Pennington, Gov. John Kitzhaber signed SB 1001, which joins Oregon in the National Emergency Management Assistance Compact (EMAC). Gov. Kitzhaber and Pennington also signed a FEMA federal/state agreement to deliver federal assistance to Coos, Curry, Douglas, Lane and Linn counties, which experienced severe windstorm damages Feb. 7-8.

EMAC is a mutual agreement among member states to share expertise and resources with 45 other states that face the common threat of major disasters.

While states are capable of managing most emergencies, some severe disasters may exceed state and local resources, thus requiring outside assistance. Usually this assistance comes from federal agencies. But EMAC provides another way for states to receive interstate aid that is more readily available and cheaper than federal assistance. The compact provides fast and flexible assistance.

"This is an important step for Oregon and provides a valuable and significant option to assist Oregonians when disaster strikes," Kitzhaber said. "Further, and most important, the compact allows for a quick response to disasters using unique resources and expertise possessed by member states."

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FOR IMMEDIATE RELEASE

March 13, 2002

Contact:

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(503) 378-6169

Governor Announces Reductions To Responsibly Balance Republican Budget

Governor John Kitzhaber detailed approximately \$80.7 million in additional budget cuts needed to responsibly balance the budget submitted by Republican leadership as a result of the second special session that ended March 3, 2002. The Republican budget spends almost a half billion dollars in reserves and trust funds to rebalance the budget.

Governor Kitzhaber vetoed portions of the Republican plan that used reserves from 911 emergency services and National Tobacco Trust proceeds, which were dedicated by the previous Legislature for providing health care for low income Oregonians.

"It's an unfortunate necessity to make these additional cuts," Kitzhaber said. "However, the Republican budget created a huge financial cliff for Oregon and I am just trying to do what I can to bring this budget into a more responsible balance. I am still hopeful that we can adopt a more sustainable, responsible budget in a subsequent special session."

Kitzhaber announced the following reductions in the following areas that will go into affect over the next four months:

- Community Colleges & Workforce Development: **\$3.3 million;**
- K-12 School Fund: **\$20 million;**
- Oregon University System, including agricultural and forest research and extension services: **\$27.2 million;**
- Human Services: **\$25.55 million;**
- Public Safety: **\$2.85 million;**
- Other Government Services: **\$1.7 million.**

A spreadsheet with exact reductions is attached and is also available at [/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html](http://FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html)

[Governor's Allotment Reductions to Balance Budget and Prevent Deficit - March 13, 2002](#)

This file requires the [Adobe Acrobat Reader](#), available free.

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FOR IMMEDIATE RELEASE

March 12, 2002

Contact:

Bob Applegate

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Jon Coney

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Abby Kershaw, OEM

(503) 378-2911 x227

Five Oregon Counties Will Get Federal Disaster Aid

Governor John Kitzhaber announced today that five Oregon counties hit hard by last month's windstorm will get federal disaster assistance through the Federal Emergency Management Agency (FEMA).

The governor requested the aid for Curry, Coos, Douglas, Lane, Linn and Benton counties following the February 7 storm. The storm caused major damage to public utilities and other public infrastructure. Benton County was not declared, as damages in the county did not meet federal thresholds for assistance.

"This assistance comes at an important time for Oregon. Public utilities, faced with budget shortfalls due to last year's energy crisis, will benefit greatly from the federal assistance that this declaration provides," said Kitzhaber.

The disaster declaration means local governments will be able to apply for federal funds to cover 75 percent of the cost of debris removal, emergency services and restoration of public property. Applicant briefings for those public entities in the declared counties could start as soon as next week.

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FOR IMMEDIATE RELEASE

March 12, 2002

Contact:

Bob Applegate

(503) 378-6496

Jon Coney

(503) 378-6169

GOVERNOR ISSUES VETOES

Governor John Kitzhaber today vetoed the following bills from the second special session:

- **HB 4029**, relating to dental coverage for Oregon Health Plan patients;
- **HB 4030**, relating to the use of 911 Emergency Services revune;
- **HB 4041**, relating to the ballot title for House Joint Resolution (HJR) 76;
- **HB 4042**, relating to the ballot title for Senate Joint Resolution (SJR) 50;
- **SB 5575**, relating to line-item budget cuts;

Copies of the governor's veto messages are attached.

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FOR IMMEDIATE RELEASE

March 8, 2002

Contact:

Daniel Santos or

Sean O'Day

(503) 378-6246

Governor Kitzhaber Appoints Gilliam County District Attorney

Governor Kitzhaber announced today that he has appointed Marion T. Weatherford as Gilliam County District Attorney. Weatherford replaces John D. Burns who will resign effective March 10, 2002.

Weatherford graduated from Lewis & Clark College in 1996 with a Juris Doctorate, and received his Masters in Finance from Oregon State University in 1987.

Weatherford has served as Deputy District Attorney in Gilliam County since April 2001. Weatherford has maintained a private law practice and been active civically in Gilliam County since 1996. He has also been City Attorney for the City of Condon and recently served as the chairman for the Hotel Codon Restoration which was completed in September 2001.

In order to retain this position, Mr. Weatherford must stand for election in May 2002.

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FOR IMMEDIATE RELEASE

March 8, 2002

Contact:

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Governor Vetoes Legislative Ballot Titles, Allows Attorney General To Follow Standard Procedures In Explaining Measures

Governor Will Sign Measures Creating Expedited Process for Ballot Title, Explanatory Statement and Fiscal Impact

Governor John Kitzhaber announced today that he would veto legislatively proposed ballot titles for Senate Joint Resolution 50 (SJR 50) and House Joint Resolution 76 (HJR 76). The resolutions refer to the May primary ballot the use of \$120 million and \$220 million respectively of the Education Endowment Fund.

The effect of the vetoes is that the ballot titles for the measures -- the brief explanation of the measures that actually appears on the ballot -- will be written by the Attorney General's Office, which is standard procedure. The Attorney General's proposed ballot title will also be subject to public comment.

"These are important, expensive propositions," Kitzhaber said. "It is important that we have an accurate, unbiased ballot title explaining both measures," he said.

The bills to be vetoed are HB 4042 and HB 4041, which create the ballot titles for SJR 50 and HJR 76, respectively. Veto letters will be released next week when Gov. Kitzhaber returns from a family vacation. Gov. Kitzhaber also announced that he would sign SB 1010 and HB 4032, which create an expedited process for the Attorney General to complete work on ballot titles for SJR 50 and HJR 76, respectively.

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FOR IMMEDIATE RELEASE

March 8, 2002

Contact:

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Sean O'Day

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Governor Kitzhaber Allows Vacant Grant County District Attorney Position to Stand for Election

After the recall of District Attorney Nancy Nickel, Governor Kitzhaber accepted applications for the Grant County District Attorney position. A number of applications were received and of those candidates, several indicated that they planned to file for and stand for election for the District Attorney position.

Given that a number of Grant County District Attorney applicants, and possibly others, plan to stand for election, the Governor has decided to allow the electorate of Grant County to vote for the candidates in the May election. After the May vote, the Governor may make an appointment to fill the District Attorney position at that time.

The filing deadline for candidates is March 12, 2002, with the primary election on May 21. Oregon law requires that candidates for District Attorney be admitted to practice in Oregon.

Until the vacancy is filled, the Governor must ensure that the duties of the Grant County District Attorney are carried out under lawful authority and without interruption. Therefore, the Governor has directed the Attorney General and his assistant attorneys general to continue to discharge the responsibilities of Grant County District Attorney until a successor is selected and sworn in. The Governor is grateful to Attorney General Hardy Myers and his Department of Justice staff for all of their assistance to the County and the State.

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FOR IMMEDIATE RELEASE

March 5, 2002

Contact:

Daniel Santos or

Sean O'Day

(503) 378-6246

Governor Kitzhaber Appoints Multnomah County Circuit Court Judge

Governor Kitzhaber has appointed Maureen H. McKnight as Multnomah County Circuit Court Judge. McKnight replaces Judge William C. Snouffer who retired January 1, 2002.

McKnight graduated from the University of Oregon School of Law in 1979 with a Juris Doctorate, and received her Bachelors *summa cum laude* from Loyola University of Los Angeles California.

McKnight has worked for Legal Aid Services of Oregon since 1989, and is currently the Director for the Multnomah City Office. McKnight currently serves as a pro-tempore judge in Washington County. McKnight also served as an Adjunct Professor in Family Law at the Northwestern School of Law from 1986 - 1988.

McKnight currently serves on the Oregon Judicial Department, State Court Administrator's Office, Advisory Committees on Model Family Law Forms and Courthouse Facilitator Training; Governor's Council on Domestic Violence; Oregon Chief Justice's Statewide Family Law Advisory Committee; and the Stalking Resource Center of the National Center for Victims of Crime, National Advisory board.

McKnight has 2 daughters: Kellen 14 and Mairin 10.

In order to retain this position Ms. McKnight must stand for election in May 2002.

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FOR IMMEDIATE RELEASE

March 4, 2002

Contact:

Bob Applegate

(503) 378-6496

Jon Coney

(503) 378-6169

Governor Announces Actions On Special Session Rebalance Plan

Governor John Kitzhaber announced today that he would veto a number of the revenue elements in the Republican budget rebalance plan passed in the special session that ended Saturday, March 2. In addition, he announced that he would use his allotment authority to make the additional budget reductions necessary to ensure that the budget is balanced so the state can continue to meet its financial obligations.

"The Republican budget plan uses a staggering half billion dollars in one-time revenue, spending virtually every dime of the state's reserves," Kitzhaber said. "They have pushed a \$220 million Education Endowment Fund raid onto the ballot under the guise of a school stabilization fund, spent almost the entire National Tobacco Settlement account and created a huge financial cliff for the next biennium -- particularly for public education. This is stunningly irresponsible."

"This entire budget is an embarrassment and deserves to be vetoed," Kitzhaber said. "Nonetheless, the state is facing a serious cash flow problem and needs a balanced budget within the next week. For that reason, I will line item veto the use of \$67.5 million in National Tobacco Settlement proceeds in SB 5575 and reluctantly let the rest of the bill become law without my signature. Let me be clear, however, that the depth of these cuts is unnecessary and difficult to defend."

Kitzhaber also indicated that he will veto the use of \$14 million in 911 emergency services fund contained in HB 4030, as well as the \$6.1 million resulting from cutting dental services for Oregon Health Plan patients in HB 4029. The result of these actions will leave the Republican plan \$87.6 million out of balance. "To rebalance, I will use my allocation authority to make additional cuts that will bring the size of state services nominally closer the actual revenue that taxpayers will generate in the next two years," the governor said.

To ensure that the state can proceed with cash management actions that will allow Oregon to continue to meet its financial obligations, Kitzhaber said his rebalance actions will go into effect by March 12. "I have discussed this plan with Treasurer Edwards, and it will allow him to meet his March 8 deadline for proceeding with the sale of the Tax Anticipation Notes."

"Although my actions today will allow us to get through our short term cash flow the second special session did very little toward solving the state's budget crisis," said Kitzhaber. "On the contrary, the legislative leadership simply pushed the difficult choices into the future, hurt vulnerable citizens, undermined public education and left Oregon with an unsustainable General Fund budget. I fully expect to call a third special session in June to see once again if responsible budgeting can overcome narrow ideology."

Finally, Kitzhaber issued notice of possible vetoes on the following bills:

- **SB 5575** Budget reductions bill;

- **HB 4025** Farm worker collective bargaining;
- **HB 4026** Economic development planning;
- **HB 4028** Allows Sunday sales of liquor;
- **HB 4029** Oregon Health Plan dental services;
- **HB 4030** Appropriation of 911 emergency services funds;
- **HB 4032** Ballot Title for HJR 76, which asks voters to approve using \$220 million of the Education Endowment;
- **HB 4035** Reallocates net income and net proceeds from the sale of the Space Age Industrial Park and miscellaneous other revenues;
- **HB 4036** Eliminates the school improvement fund;
- **HB 4038** Ballot title for SJR 17 from the 2001 regular session, which allows universities to receive equity in private companies;
- **HB 4041** Ballot Title for HJR 76, which asks voters to approve using \$220 million of the Education Endowment;
- **HB 4042** Ballot Title for SJR 50, passed by the first legislative special session which asks voters to approve using \$120 million of the Education Endowment;
- **HB 5081** Which appropriates lottery dollars.

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FOR IMMEDIATE RELEASE

March 1, 2002

Contact:

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Governor's Statement

"At the beginning of this process to rebalance our budget, I put forward a simple plan: over \$400 million in budget cuts; a judicious use of existing revenue; and a modest increase in beer, wine and cigarette taxes coupled with the repeal or delay of a scheduled income tax cut. This package differs little from others offered by both Republican and Democratic governors around the country who are dealing with similar budget deficits.

Today, on the fifth day of the second special session in two weeks, I have moved considerably from that opening position. I have voiced my support for over \$300 million in existing reserves, including tapping the Education Endowment Fund. I am also willing to use a portion of the National Tobacco Settlement to help balance the budget if the Legislature will approve permanent new revenue.

In addition, I have informed the leadership that I will not veto the disappropriation bill passed by the Senate last night if it is part of a balanced strategy that includes at least the sustainable revenue from a 50 cent per pack increase in the tobacco tax.

Let me say that this is a significant concession because this budget is, in many ways, an embarrassment. It makes cuts in education -- K-12, community colleges and higher education -- and in services for at-risk children and other vulnerable Oregonians -- cuts that are both unnecessary and very hard to defend. Nonetheless, this budget appears to reflect a bipartisan consensus -- at least in the Senate.

What I am not willing to do, however, is to balance this budget with close to a half billion dollars in one-time revenue -- a position I have held consistently and openly for months. Why? Because this strategy will leave an equally large deficit in the next budget, no reserves whatsoever for the remainder of this biennium and will carry Oregon into another certain budget crisis by the end of this year.

I want to be sure that the Republican leadership understands that if this is what is put on my desk we will all be returning to Salem to take another run at this.

I suppose that it would be easier to walk away, to throw up my hands and say 'if that is the best we can do, I guess we'll just have live with it.' But I am wed to a set of principles. One of them is pay as you go. This budget doesn't do that. Another is 'fight for what you think is right.' A balanced, sustainable budget is worth fighting for. And that's what I am going to keep doing."

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FOR IMMEDIATE RELEASE

February 28, 2002

Contact:

Daniel Santos
(503) 378-6246

Governor Kitzhaber Appoints Washington County Circuit Court Judge

Governor Kitzhaber has appointed Kirsten E. Thompson as Washington County Circuit Court Judge. Thompson replaces Alan C. Bonebrake who will retire February 28, 2002.

Thompson graduated from Lewis & Clark Law School in 1984 with a Juris Doctorate, and received her Bachelors in Political Science and Spanish from Whitworth College of Spokane Washington in 1980.

Thompson has served as a pro-tempore judge in Washington County since July 2000.

Thompson is married and has two children and two step-children.

In order to retain this position Ms. Thompson must stand for election in May 2002.

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FOR IMMEDIATE RELEASE

February 27, 2002

Contact:

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Governor Issues Vetoes

Governor John Kitzhaber vetoed two bills from the first special session today, [HB 4014](#), relating to use of funds allocated for the Post-Secondary Education Commission, and [HB 4020](#), relating to use of 9-1-1 emergency services revenue.

The governor also allowed [HB 4013](#), relating to Sunday liquor sales, to become law without his signature.

Copies of the governor's veto messages are attached, along with a letter explaining the governor's reason for allowing HB 4013 to become law without his signature.

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FOR IMMEDIATE RELEASE

February 27, 2002

Contact:

Daniel Santos
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Governor Kitzhaber Appoints Benton County Circuit Court Judge

Governor Kitzhaber announced today that he has appointed Locke A. Williams as Benton County Circuit Court Judge. Williams replaces Robert S. Gardner who retired January 31, 2002.

Williams graduated from Texas Tech University School of Law in 1987 with a Juris Doctorate, and received his Bachelors of Business Administration in Marketing from the University of Texas-Arlington in 1984.

Williams practiced law in Texas for 4 years before moving to Corvallis where he has been in private practice since 1992.

Williams is currently a member of the Corvallis Rotary Club, and serves as Vice Chair to the Old Mill Center for Children and Families.

Williams and his wife, Donna Williams, have 3 daughters: Alden 12; Parker 8; and Carson 6.

In order to retain this position Mr. Williams must stand for election in May 2002.

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FOR IMMEDIATE RELEASE

February 19, 2002

Contact:

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Governor Proposes Next Step In Balancing State Budget, Suggests Improvements To School Stabilization Fund Proposal

Kitzhaber Announces Vetoes, Posts Notice on Additional Possible Vetoes, Targets February 25 for Next Special Session

Governor John Kitzhaber today called on the legislative leadership to continue to work with him toward a balanced budget by agreeing to pass bills immediately at the beginning of the next legislative session that reflect \$295 million in agreed-upon budget cuts, and \$284 million in agreed-upon revenue sources.

The governor also articulated various improvements he would be seeking in the proposal to change the existing Education Endowment Fund to a School Stabilization Fund. Kitzhaber also announced his veto of six bills from the special legislative session that concluded Monday, February 11. He also gave notice of the potential veto of House Bill 4020, which relates to using \$14 million in 911 emergency services surpluses.

Finally, Kitzhaber said he intends to bring the Legislature back into special session on February 25, 2002.

At his news conference today, Kitzhaber released a list of the \$295 million in budget reductions that reflect a bipartisan consensus on acceptable reductions, including a \$50 million reduction in K-12 spending. He also released a list that reflects the bipartisan consensus on approximately \$284 million in acceptable one-time revenue sources.

"We are closer than it appears to agreeing on a balanced budget," said Kitzhaber. "What I have proposed to both Senate President Gene Derfler and House Speaker Mark Simmons is that we begin a second special session by agreeing to these cuts and revenues, thus reducing the size of the budget disagreement to approximately \$351 million. We may still have disagreements about how best to solve that problem, but at least we will have taken a solid step forward."

In outlining changes to the proposal to convert the Education Endowment Fund into a School Stabilization Fund, the governor proposed the following:

- Reducing the amount of the fund used this biennium to \$101 million. This change would use only the revenue generated this biennium;
- Adding lottery revenues in excess of \$600 million. In the next budget, this change would add approximately \$20 million to the fund;
- Adding more rigorous and specific conditions under which the fund could be accessed to assist schools. For example, Gov. Kitzhaber proposed using the fund only to cover deficits in existing legislatively approved budgets - not as a resource to establish spending levels during the legislative budget process.

"I believe these changes would make this an excellent School Stabilization Fund, with the kind of funding levels and spending safeguards that will allow it to grow to a size that would help soften the impact of future recessions on schools," said Kitzhaber.

Finally, the governor issued vetoes on the following bills:

- [Senate Bill 1008](#): Reduces dental benefits in the Oregon Health Plan.
- [Senate Bill 5574](#): Disappropriates money from state budgets.
- [House Bill 4012](#): Borrows money from the Common School Fund.
- [House Bill 4015](#): Relates to the School Improvement Fund.
- [House Bill 5070](#): Makes adjustments to budget disappropriation bill (SB 5574).
- [House Bill 5071](#): Adjusts lottery allocations.

Copies of the veto letters will be available at the end of the business day on the Governor's Office Web Site:
www.governor.state.or.us

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FOR IMMEDIATE RELEASE

February 15, 2002

Contact:

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Jon Coney

(503) 378-6169

Governor Commends Historic PCUN-NORPAC Agreement, Praises All Parties

Governor John Kitzhaber today commended the historic agreement reached between NORPAC Foods and Pineros y Campesinos Unidos del Noroeste (PCUN), calling it an important step in addressing the goals of enhancing the well being of farm workers and the agricultural industry.

"In my January 29th letter to PCUN and NORPAC calling for dialogue among the parties, I noted that my interest was to seek a solution that benefits farm workers, while also benefiting the industry," Kitzhaber said. "I am pleased that NORPAC and PCUN have reached an agreement creating a framework for solutions to these important issues."

In addition to PCUN and NORPAC, the governor praised Sodexo, the largest provider of food and facilities management in the nation, for its efforts to bring the parties together. Kitzhaber also thanked Sodexo for releasing the following public statement: "This agreement will help improve conditions for Oregon farm workers, while ensuring the future viability of the family-owned farms that comprise NORPAC."

The governor also expressed his appreciation of the services of the National Consensus Center at Portland State University, in particular the involvement of Center Director Greg Wolf and mediator Paul F. Stuckenschneider of the Federal Mediation and Conciliation Service.

"I recognize that we have faced these challenges for decades, yet I believe NORPAC and PCUN have seized this opportunity to make important advancements. I congratulate them and all parties involved, and I stand ready to support such efforts to make continued progress."

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FOR IMMEDIATE RELEASE

February 14, 2002

Contact:

Daniel Santos
or Sean O'Day
(503) 378-6246

Governor Kitzhaber Announces Gilliam County District Attorney Vacancy

Governor Kitzhaber today announced that applications are being accepted for the Gilliam County District Attorney position.

Oregon law requires that applicants must be admitted to practice in Oregon.

For an application form, interested persons should contact Shelley Dillon of the Governor's Legal Counsel's Office at (503) 378-6246. For this District Attorney vacancy, our office will be using the Interest Form for Judicial Appointments. This form is also available on the Governor's web site www.governor.state.or.us

The Interest Form for Judicial Appointment is available at: [/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/legal/Intrsfm1.pdf](http://FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/legal/Intrsfm1.pdf)

Applications should be sent to the Governor's Office and are due by February 27, 2002.

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FOR IMMEDIATE RELEASE

February 13, 2002

Contact:

Bob Applegate

(503) 378-6496

Jon Coney

(503) 378-6169

Governor Announces Public Hearing Details

Governor John Kitzhaber announced today the following details of the public hearings that he is holding on the budget on February 14 and February 15:

THURSDAY, FEBRUARY 14:

10 a.m. to 1 p.m. (Human Services)

2 to 5 p.m. (Public Safety)

FRIDAY, FEBRUARY 15:

10 a.m. to 1 p.m. (Education)

2 to 4 p.m. (Open to all other topics)

Hearings will be in Room F of the State Capitol

FORMAT:

- The hearings will be similar to a legislative hearing, with the governor presiding and the public invited to testify.
- The governor is asking that oral testimony be brief (2-3 minutes), but more lengthy written testimony is welcome and will be included in the official record.
- Those unable to attend, but wish to introduce testimony, are encouraged to do so in writing by 5 p.m. on Friday, Feb. 15 to the Governor's Office:
 - **Mail:** 254 State Capitol Bldg., Salem, OR 97301, Attn: Katy Coba
 - **Fax:** (503) 378-4307, Attn: Connie McMullen
 - **Email:** Connie.S.McMullen@state.or.us

BROADCAST/VIEWING ACCESS:

- The hearings will be aired on the Legislative Media system (Ch. 28) and also on Multnomah Community TV (Ch. 29) in Portland, and CCTV (Ch. 22) in Salem.
- The hearings will be available live on the web at: www.leg.state.or.us
- Hearing Rooms C and E in the Capitol Building will be available for overflow.

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FOR IMMEDIATE RELEASE

February 13, 2002

Contact:

Daniel Santos
or Sean O'Day
(503) 378-6246

Governor Kitzhaber Extends Application Deadline For Grant County District Attorney Vacancy

Governor Kitzhaber announced today that the filing deadline for the Grant County District Attorney vacancy has been extended to and include February 19th, 2002.

For an application form, interested persons should contact Shelley Dillon of the Governor's Legal Counsel's Office at (503) 378-6246. For this District Attorney vacancy, our office will be using the Interest Form for Judicial Appointments. This form is also available on the Governor's web site www.governor.state.or.us

The Interest Form for Judicial Appointment is available at: [/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/legal/Intrsfrm1.pdf](http://FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/legal/Intrsfrm1.pdf)

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FOR IMMEDIATE RELEASE

February 12, 2002

Contact:

Bob Applegate

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Jon Coney

(503) 378-6169

Governor Releases List Of Potential Vetoes

Announces Public Hearings on Budget Rebalance, New Budget Schedule

Governor John Kitzhaber today released a list of potential vetoes. The governor is under no obligation to veto these bills, but is required by law to provide five working-days notice of bills that might be vetoed.

The bills on which the governor gave notice are as follows:

- Senate Bill 1008: Reduces dental benefits in the Oregon Health Plan
- Senate Bill 1010: Establishes a ballot title for SJR 50
- Senate Bill 5574: Disappropriates money from state budgets
- House Bill 4012: Borrows money from the Common School Fund
- House Bill 4013: Allows liquor sales on Sundays
- House Bill 4014: Appropriates money to various budgets
- House Bill 4015: Relates to the School Improvement Fund
- House Bill 5070: Makes adjustments to budget disappropriation bill (SB 5574)
- House Bill 5071: Adjusts lottery allocations

In addition, the governor announced he would hold two days of public hearings on the budget cuts adopted by the Legislature, and the potential need to cut further should the deficit grow. **The hearings will be held from 10 a.m. to 1 p.m. and 2 to 5 p.m. on Thursday, February 14, and from 10 a.m. to 1 p.m. and 2 to 4 p.m. on Friday, February 15 in Hearing Room F of the State Capitol.** Gov. Kitzhaber has invited Senate President Gene Derfler, House Speaker Mark Simmons and the four caucus leaders to join him.

Kitzhaber announced that Thursday morning's hearings would focus on Human Services; Thursday afternoon would focus on Public Safety budgets; Friday morning would focus on Education and Friday afternoon would be open to any subject.

Kitzhaber also said he would release a rebalanced budget by February 19, 2002.

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FOR IMMEDIATE RELEASE

February 7, 2002

Contact:

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Jon Coney

(503) 378-6169

Governor Warns Of Further Revenue Decline, Proposes Greater Cuts And Increased Revenue

Kitzhaber Calls for Adoption of Economic Stimulus Plan, School Stabilization Fund

In a news conference in Salem today, Governor John Kitzhaber said that early data indicates a continued decrease in state revenue of conservatively \$100 million due to the recession. To address this shortfall, he proposed an additional \$30.5 million in budget reductions and \$58 million in revenue to rebalance the budget. The next official budget forecast is scheduled for March 1, but data about actual revenue collected by the state in December 2001 and January 2002 shows a high likelihood of a continuing drop in revenues.

"It is only prudent that we assume those decreases as we meet in special session beginning tomorrow," said Kitzhaber. "Unfortunately, a balanced approach to solving the problem means an additional cut in State services and the need for additional real revenue. It would not be responsible to balance the budget in mid February, only to have to come back in March."

Specifically, Kitzhaber proposed additional cuts of \$10.1 million in education, primarily in universities and other education services; \$17.3 million in human services and \$3.1 million in public safety.

To raise additional revenue, the governor proposed increasing cigarette taxes by 50 cents a pack instead of the original 30 cents a pack increase he originally proposed. This change would produce an additional \$38 million in the current budget.

Further, Kitzhaber proposed raising \$21 million by limiting a tax deduction for senior citizens' medical expenses. The deduction, the only of its kind in the nation, allows those over 62 years of age who itemize deductions - regardless of their income -to deduct all of their medical and dental expenses. The governor's proposal would eliminate that deduction for single filers with adjusted gross income greater than \$50,000, and joint filers with adjusted gross income greater than \$100,000. These senior citizens, however, like all other Oregonians, would still be able to deduct any medical or dental expenses that exceeds 7.5 percent of their adjusted gross income.

Kitzhaber also called on the Legislature to approve an increase in vehicle registration fees of \$15 per year designed both to stimulate economic activity and make critical repairs to Oregon's roads and bridges. "I have made it clear to the legislative leadership that we cannot simply borrow for new road work without raising new money. My proposal, which has broad public support, will create both a strong new source of funding for roads and allow us use that money to finance \$750 million in projects."

Finally, Kitzhaber asked for legislative approval of his proposal to create a school stabilization fund. "I have outlined a

responsible proposal to use existing revenue and new revenue to capitalize a school stabilization fund. If we had done this 10 years ago, we would have cash in reserve to help fund our education system. I urge the legislative leadership to help me create that fund."

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FOR IMMEDIATE RELEASE

February 5, 2002

Contact:

Bob Applegate

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Jon Coney

(503) 378-6169

The Honorable Mark Simmons
Speaker of the House
900 Court St. NE - Room 269
Salem OR 97301

Dear Mark:

Since our meeting last Wednesday, I want to reiterate my opposition to the proposal to help rebalance the state budget by borrowing \$100 million from the Statutory Account of the Common School Fund. I have made my position clear - first privately and now publicly - that if we want to preserve programs in the face of the current budget deficit, we need to pay for them with real revenue options - not by borrowing or by raiding trust funds.

Yesterday, in my speech to the Eugene City Club, in response to a direct question I made it clear that I would veto a proposal to borrow money from the Common School Fund. Not only do I believe that it is an inappropriate use of the trust fund, but it is incredibly expensive and will take money away from education over the long term.

I must stress that I have not yet seen a specific proposal on how the loan from the Common School Fund would be structured. However, using the advice of the Attorney General and staff at the Division of State Lands, it appears that it would first require having to liquidate \$100 million of the assets of the statutorily governed portion of the fund. This would result in an investment loss of \$12 million in today's market. Under the laws that govern the Common School Fund, this investment loss would need to be repaid by the Constitutional Account of the Common School Fund. Our best estimates are that this repayment would mean that the current K-12 distributions from the Constitutional Account would be suspended for six years to restore the investment loss.

This does not address repayment of the actual \$100 million loan - only the \$12 million investment loss from the untimely liquidation of the assets. To retire the \$100 million loan would require establishing a dedicated revenue source. My understanding is that the proposal under consideration would dedicate future earnings of the Common School Fund to repay the debt. However, it is vital to note that only earnings on the remainder of the funds left in the statutorily-governed portion of the fund would be available to repay the loan. Further, to be prudent, the interest on the loan would need to be established on the basis of what the money could be earning if it had not been borrowed and expended in this biennium.

Our investment advisers suggest that the proper interest rate is 7.33 percent. Given these assumptions - which are conservative and based on sound financial and legal advice - the total repayment of this \$100 million loan would cost \$309 million. It would also mean that there would be no distributions from the Statutory Account for K-12 schools during the 25-year loan repayment timeframe.

I'm a doctor, not an accountant, but I know a bad deal when I see one. This is not in the best interests of Oregon school children, it is a violation of a 143-year old trust and it is a long-term debt for a short-term problem.

I urge you to reconsider your support for this proposal.

Sincerely,

John A. Kitzhaber, M.D

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FOR IMMEDIATE RELEASE

February 1, 2002

Contact:

Bob Applegate

(503) 378-6496

Jon Coney

(503) 378-6169

The Honorable Gene Derfler
President of the Senate
900 Court Street N.E., S-203
Salem, OR 97301

Dear Gene:

I am writing to express my deep concern over your decision not to approve submission of the Oregon Health Plan (OHP) waiver request to the federal government.

As you know, this groundbreaking waiver puts our state at the forefront of health care reform once again. It gives us new tools to control the future costs of the Oregon Health Plan, it helps address the health care needs of Oregonians who have lost their jobs as a result of the recession, and does this without spending one additional dime of state general fund dollars.

If we are to succeed in gaining federal approval this year, the time frame for submission is immediate. Federal waiver approval is a complex process and the recent experience of other states shows that at best three to four months will be required to gain permission to proceed with our initiative. Every day that passes without the waiver submitted reduces our ability to implement the needed OHP changes by October 2002. Every day that our changes are not in place after October 1, costs our state and our constituents money and coverage.

Rapid approval of the waiver will have three major effects. It will provide a much-needed boost in access to health care for Oregonians who have lost jobs due to the recession. The savings gained from modifying the current benefits provided by the OHP will be used to make coverage affordable for approximately 50,000 more Oregonians. Obviously, good health is a critical factor in successfully regaining employment.

Approval will also bring \$21 million of new federal funds into our state in this biennium alone (\$78 million in 03-05 biennium). This is critically important to maintaining the networks of doctors and hospitals that serve our state, especially in rural areas. In addition, this money goes directly into our local economies providing an enormous and badly needed boost to communities across the state. If we do not gain approval of the waiver in the shortest possible time frame, we will again lose these federal funds to states that have taken full advantage of the federal offer.

Finally, the waiver gives us the ability to manage costs in the OHP over the long term. By allowing flexibility in benefit designs, the waiver provides options for controlling costs other than just reducing eligibility. It also breaks down the barrier that has heretofore kept federal funds from subsidizing commercial group insurance provided through the work place.

Delaying the approval of the waiver means that we will miss out on the benefits it brings the state including millions of

dollars of federal funding that should go to Oregon residents but if left unspent by us will be spent by New York and other states that will claim them instead. To date, everyone from the volunteers who sat on the Waiver Application Steering Committee, to the agency personnel who assembled the information required by the federal government have met their deadlines. Now it is time for the legislature to meet its responsibility and approve submission of the waiver.

I stand ready to do anything needed to expedite the submission of the waiver.

Sincerely,

John A. Kitzhaber, M.D.

c: Sen. David Nelson, Senate Majority Leader
Sen. Kate Brown, Senate Democratic Leader
Rep. Karen Minnis, House Majority Leader
Rep. Deborah Kafoury, House Democratic Leader

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FOR IMMEDIATE RELEASE

January 31, 2002

Contact:

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Jon Coney

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Governor, Education Community Express Opposition To Common School Fund Borrowing, School Payment Delay

At a news conference in Salem today, Governor John Kitzhaber reiterated his opposition to borrowing from the state's Common School Fund or using accounting maneuvers to delay payments to schools into the next budget. He was joined at the news conference by representatives of the Oregon School Boards Association, the Confederation of Oregon School Administrators and the Oregon Education Association.

Some legislators have suggested borrowing at least \$100 million from the Common School Fund as well as delaying the final \$211 million state payment to schools until the next biennial budget.

"Use of the Common School Fund," said Kitzhaber, "would constitute borrowing from the future to meet our current needs. We've got to stop putting off the hard choices and be accountable for the programs we want to fund and pay for them as we go."

Kitzhaber also addressed the concept of delaying the payment of the state school funds for this biennium until the beginning of the next. "This would be a bad idea, even if it did work. But it doesn't. It creates financial chaos for some districts. And the bottom line is this: there is no way for this Legislature to bind the next. The next Legislature may choose to pay it, pay part of it or pay none of it depending on the financial challenges it faces."

Kitzhaber urged legislators to consider new revenues in beer, wine and cigarette taxes and to repeal a tax cut passed by voters in 2000. "I urge legislators to consider these options and to balance not only this budget, but create better budget stability for the future."

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FOR IMMEDIATE RELEASE

January 23, 2002

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Governor Outlines Budget Cuts And Revenue, Calls For Economic Stimulus Package, School Stabilization Fund

Governor Calls Special Session to Begin February 8

Facing an \$830 million deficit in the State's budget, Governor John Kitzhaber today proposed a budget rebalance plan that incorporates approximately \$414 million in budget reductions and uses \$181 million of existing resources.

In addition, Kitzhaber proposed three new revenue sources to close the remaining gap and increase the State's ending balance: repeal the income tax cut Ballot Measure 88, which would produce \$133 million; increase beer and wine taxes by five cents a drink, which would produce \$44 million, and increase cigarette taxes by 30 cents a pack, which would produce \$67 million.

Further, Kitzhaber outlined an economic stimulus package that would increase funding for transportation improvement projects, free up lottery bonding for rural infrastructure and increase the State's ability to attract and retain businesses. He also called for creation of a School Stabilization Fund, which would be available for use in future recessions.

Finally, Kitzhaber said he would call the Legislature into special session on Friday, February 8.

"We have three major challenges in front of us," Kitzhaber said. "We must rebalance the budget without doing long term harm to schools, health care, senior citizens, public safety or economic development. We must act now to do what we can to stimulate job growth by assisting businesses and investing in critical public infrastructure. And we must confront the fact that we are one of only three states with no "rainy-day" fund to help tide us over bad economic times."

Governor Kitzhaber's balanced budget proposal would reduce spending by \$414 million over the next 15 months, compared with the Legislature's earlier proposal to cut \$525 million. Specifically, those reductions would be:

- \$112 million or 2.2 percent from K-12 schools;
- \$15.5 million or 3.3 percent from Community Colleges;
- \$44.5 million or 5.5 percent from the Oregon University System;
- \$21 million or 5.8 percent from other education programs;
- \$69.7 million or 2.7 percent from Human Services, such the Oregon Health Plan;
- \$73.1 million or 5.4 percent from Public Safety programs, such as the Oregon State Police and the Oregon Department of Corrections.

The remaining \$78 million in reductions comes from cuts in economic development, transportation, administration, natural resources and consumer services. In the legislative proposal, the university system was cut by an additional \$32

million, including a \$28 million cut to Oregon Health and Sciences University, and Human Services were cut an additional \$48 million.

The \$181 million in existing resources comes from the use of \$131 million in surplus federal funds, \$12.4 million in Department of Revenue collection actions, \$4 million in debt service savings, \$2.5 million in increased federal funds for the Department of Corrections, \$14 million in 911 system surpluses, \$13 million in surplus senior citizen property tax deferral accounts, and \$3.7 million in anticipated land sales.

"Legislative leadership and the working group they appointed have done a great job in moving us closer to an agreement for a balanced budget," Kitzhaber said. "We need to work together to iron-out remaining differences about an acceptable level of State service reductions and about revenue options that are permanent, legally sustainable and don't involve accounting tricks or long-term debt."

"For the long-term financial health of the State and for long-term budget stability, it is important that we produce real revenue options," said Kitzhaber. "I would rather see us reduce programs rather than engage in expensive borrowing or questionably legal raids on trusts such as the Common School Fund." Kitzhaber pointed out that the 1982 Legislature used \$87 million from the State Accident Insurance Fund (SAIF), was sued and had to pay back \$240 million.

Economic Stimulus and Budget Stability Package

Governor Kitzhaber also proposed an economic stimulus package focused on increased road and highway funding, accelerating lottery bonding of vital rural infrastructure and streamlining permitting processes and State financial assistance for business expansion. He will also pursue proposals forwarded by his Economic Strategy Advisory Group that he named in October 2001.

Specifically, Kitzhaber called for increasing vehicle registration fees \$15, which would raise approximately \$60 million per biennium. Oregon currently has the next-to-lowest registration fee in the nation. With the proposed increase, Oregon would have the sixth lowest registration fee in the nation.

The money would be targeted at the back-log in bridge repair and maintenance and modernization. Currently, the State is beginning \$400 million worth of road projects approved by the 2001 Legislature and the Oregon Transportation Commission.

Kitzhaber also advanced legislation that will allow the proposed sale of lottery-backed bonds to proceed. Currently, more than \$200 million water and sewer improvements and other projects are in limbo pending outcome of a court challenge to the Oregon Lottery. The legislation proposed by the governor would simply assure bond buyers that the State would repay the bonds even if the Lottery is declared unconstitutional.

Third, Kitzhaber pledged to focus State personnel on fast-tracking permits for business expansion and proposed increasing the State Business Incentive Fund, known as the Strategic Reserve, from \$4 million to \$7 million.

"This recession is national, even international, in scope and state government can affect it only minimally," said Kitzhaber. "However, that doesn't mean we shouldn't do all we can. The road, sewer and water projects we are seeking to fund will both provide employment in the short-term and lay the foundation for growth in the future."

School Stabilization Fund

Finally, the governor proposed the creation of a School Stabilization Fund similar to what 47 other states have. His proposal resembles HB 2299, which he submitted to the 2001 Legislature: a fund capitalized by using the 15 percent of lottery proceeds currently going to the Education Endowment Fund, any lottery revenues in excess of \$600 million per biennium, and a one percent tax on the value of real estate transactions, excluding the first \$100,000. This would produce approximately \$230 million in the coming biennium. The size of the fund would be capped at 10 percent of the General Fund.

Under the governor's proposal, creation of the School Stabilization Fund would be referred to voters as a constitutional

amendment. If created, the fund could only be used after a shortfall in revenue, referral by three fifths of the Legislature and subsequent voter approval.

*These files require the [Adobe Acrobat Reader](#), available free.

- [Oregon Transportation Investment Act \(OTIA\) of 2001](#)
- [Governor's Proposal For School Stabilization Fund](#)
- [2002 Special Session Economic Stimulus & Stabilization](#)

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FOR IMMEDIATE RELEASE

January 22, 2002

Contact:

Daniel Santos
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Governor Kitzhaber Announces Grant County District Attorney Vacancy

With the certification of the recent recall election of Nancy Nickel, Governor Kitzhaber today announced that applications are being accepted for the Grant County District Attorney position.

Oregon law requires that applicants must be admitted to practice in Oregon.

For an application form, interested persons should contact Shelley Dillon of the Governor's Legal Counsel's Office at (503) 378-6246. For this District Attorney vacancy, our office will be using the Interest Form for Judicial Appointments. This form is also available on the Governor's web site www.governor.state.or.us.

The Interest Form for Judicial Appointment is available at: /FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/legal/Intrsfrm1.pdf.

Applications should be sent to the Governor's Office and are due by February 12, 2002.

Until the vacancy is filled, the Governor must ensure that the duties of the Grant County District Attorney are carried out under lawful authority and without interruption. Therefore, the Governor has directed the Attorney General and his assistant attorneys general to immediately, and continuing until a successor is selected and sworn, discharge the responsibilities of Grant County District Attorney.

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FOR IMMEDIATE RELEASE

January 10, 2002

Contact:

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Governor Nominates Debbie Lincoln As Director Of Oregon Employment Department

Governor John Kitzhaber announced today that he has nominated Debbie Lincoln as Director of the Oregon Employment Department to replace Virlena Crosley, who announced her retirement January 8.

Lincoln is currently Deputy Director of the Department of Consumer and Businesses Services. The nomination is subject to Senate confirmation. The Senate is expected to take action in early February.

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FOR IMMEDIATE RELEASE

January 7, 2002

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Governor Releases Potential Budget Cuts

Decreased Revenue and Increased Cost Create \$830 Million Budget Shortfall

Governor John Kitzhaber today released a list of \$830 million in budget reductions that would be necessary to rebalance the 2001-2003 state budget without new revenue. The governor released the list of possible cuts as the first step in a bipartisan process with legislative leadership to rebalance the budget in a special legislative session targeted for early February.

"It is critically important for Oregonians to understand the depth of our budget problem and see the level in reduction in state services necessary to rebalance the budget," Kitzhaber said.

The cuts were made necessary by a projected \$700 million decrease in state revenue due to the recession; and by \$130 million in increased costs due to medical cost inflation in the Department of Corrections; and to an increased demand for social services by Oregonians directly affected by the recession.

"Let me be clear that this is not a 'Governor's Recommended Budget'," Kitzhaber said. "I believe that making this level of cuts is neither responsible nor politically possible. This should be viewed as a starting point for the debate and I will work over the next week to come up with a more balanced approach involving budget cuts, the use of existing unallocated resources as well as a consideration of new revenue." Kitzhaber targeted the week of January 14 as the probable release date for a more balanced budget plan.

Governor Kitzhaber also noted that the fiscal challenge involved not only rebalancing the budget for the current biennium, but doing so in a way that begins to reduce the looming billion dollar shortfall projected for the 2003-2005 and the 2005-2007 budgets. "Our responsibility is to make the tough choices now that will put our General Fund budget back on a sustainable footing for the future," he said.

Since nearly 90 percent of the General Fund is allocated to three program areas -- education (56.1%), human services (21.7%) and public safety (11.3%) -- those are the areas that must bear the brunt of the budget reductions.

The general outlines of the proposed cuts are as follows:

EDUCATION

Primary and Secondary (K-12)

Over 42 percent of the General Fund budget -- \$5.2 billion -- goes to our primary and secondary school system. For this reason, it is very difficult to rebalance the budget without cutting funding for public schools. The proposed rebalanced

budget would reduce state funding of our K-12 system by \$304 million or six percent.

How those reductions will affect our children's education will differ among Oregon's 198 school districts. While each locally elected school board will make the final decisions, it is reasonable to assume that these cuts will affect student to teacher ratios, access to language and art instruction, textbook purchases, transportation services and length of school year.

Community Colleges

The proposed rebalance would cut the state appropriation to Oregon's 17 community colleges by \$38 million or eight percent. Like our primary and secondary school system, locally elected boards govern Oregon's community colleges. Exactly how those reductions will be managed is up to those local boards. However, some examples of possible cuts include: reduction or elimination of outreach programs, reduction of English as a second language offerings and adult literacy classes, reduction or elimination of evening and weekend classes and increases in tuition ranging from 15 to 25 percent.

Oregon University System

The proposed rebalance would cut \$84 million or ten percent of the state appropriation to Oregon's institutions of higher learning. Specifically, the proposed reductions include:

- Elimination of state support for a top-tier engineering school -- \$5 million
- Reduction of statewide services including extension services, agricultural and forest research by 17 percent -- \$17.3 million.
- Reduce direct support for undergraduate education by 5.1% -- \$19 million.
- Reduce investment in engineering graduates by 15% -- \$2.9 million.
- Reduce campus-based service programs by 20 percent. Examples of such programs are Small Business Development Centers; campus-based radio stations and other specialized programs -- \$1.5 million.
- Cut state support for research by 20 percent -- \$2.4 million.

HUMAN SERVICES

Oregon's services to vulnerable citizens comprises \$2.59 billion or 21.7 percent of the total budget. The governor's proposed rebalance of the budget would reduce that by \$172.3 million or 6.6 percent. Following are some examples of proposed service cuts:

Oregon Health Plan The Oregon Health Plan budget will be cut by \$59 million or six percent. Examples of services that will be cut include:

- Elimination of the Family Health Insurance Assistance Program (FHIAP). FHIAP provides health insurance subsidies and assistance to about 6,500 working poor Oregonians and their children each year. There are 23,000 Oregonians on the "waiting list" for the program -- \$12.5 million.
- Reduction in dental benefits for 190,000 adults, including elimination of some services and increased co-pays - \$9.4 million.
- Reduction in the income eligibility level for children and pregnant women from 180 percent of the federal poverty level to 133 percent of the federal poverty level -- \$9 million.
- Reduce medically needy eligibility for more financially-advantaged clients -- \$4.5 million.

Oregon Children's Plan The Oregon Children's Plan budget will be cut by \$9.8 million or 17 percent. These program cuts will include:

- Delay implementation of the plan in seven counties -- \$131,000.
- Reduce funding for substance abuse and mental health treatment portion of the plan by 36 percent, which cuts services

to 622 children and their families -- \$4 million.

- Reduce services to 1,800 children -- \$866,000.
- Eliminate "Babies First" program. This program provides nurse home visits to about 8,000 high-risk infants each year -- \$629,000.

Other examples of cuts in the Department of Human Services include:

Eliminate DARTS (Day and Residential Treatment Services) program for non-Medicaid children & adolescents. DARTS are psychiatric day treatment facilities for seriously emotionally disturbed children and youth. This cut will affect an estimated 193 children per year in 16 counties -- approximately 35% of the slots. In addition, we would not open a new DARTS program in Medford for about 10 kids -- \$5.2 million.

- Eliminate the Senior Drug Assistance program. This eliminates a discount for prescriptions for an estimated 100,000 senior citizens -- \$5 million.
- Eliminate Oregon Project Independence. This program provides services that enable senior citizens to stay in their homes rather than in alternative care settings. This will affect more than 3,500 seniors and approximately 530 will become Medicaid-eligible as a result -- \$5.8 million.
- Increase the co-pay for Employment Related Day Care (ERDC), and eliminate assistance for families over 150% of the federal poverty level. One of the most important supports that allows low-income parents to get and maintain employment is the availability of affordable childcare. ERDC has been critically important to reducing Oregon's welfare rolls. This will affect 12,569 families. It is estimated that 314 of these families will return to cash assistance as a result -- \$3.4 million.
- Eliminate state funding for school based health centers. There are 46 school based health centers in the state. All 46 would lose training and technical assistance. In addition, 20 clinics in 11 counties would lose state funding. State funding represents an average of about 40 percent of the resources for these school based health centers -- \$1.5 million.
- Eliminate Medicaid Long Term Care for Levels 15-17. This cut affects 3,900 senior citizen clients who are served in their homes (3,418) or in facilities (582). These are people who need assistance with dressing or bathing -- \$10.8 million.

PUBLIC SAFETY

The public safety budgets include the budget for the Department of Corrections (DOC), the Oregon Youth Authority (OYA) and the Oregon State Police (OSP). In total, public safety consumes \$1.3 billion or 11.3 percent of the total budget. To balance the budget without new resources, public safety programs would be cut by \$103 million or 7.66 percent. Examples of proposed cuts include:

- Cut OYA by 150 beds -- \$6.8 million
- Transfer 18-year-olds from OYA to DOC -- \$6.6 million.
- Eliminate crisis intervention in domestic violence cases. This action would eliminate all grants to victims of violence and terminate the one Program Representative position -- \$2.5 million.
- Delay opening medium security unit and special management unit at Coffee Creek, and delay opening a 48-bed Intensive Management Unit (IMU) at Snake River. The 15-month delay at Coffee Creek will force Oregon State Penitentiary to utilize emergency beds at other institutions, causing management stress. Delay of the IMU at Snake River will require continued use of beds at Oregon State Penitentiary -- \$4.68 million.
- Cancel the OSP 2003 Recruit School. This action would create substantial hardship for OSP in its effort to ensure well-trained new recruits to fill 41 sworn positions that become vacant due to retirement and other separations. It will primarily affect the Patrol Division -- \$1.85 million.
- Delay startup of second unit of OYA in River Bend. This action would delay startup of a second 25-bed unit until July 2002 -- \$289,000.
- Eliminate rural forensics laboratories in Ontario, Bend, Pendleton, and Coos Bay. This action would occur as a consolidation of the OSP's seven labs into four, which will improve productivity of the overall system, but will impair crime scene investigations in areas that lose labs -- \$676,630.

"These are some of the more graphic examples of how we will cut services if we must reduce the budget by \$830

million without new resources," Kitzhaber said. "I am hopeful I will be able to reach agreement with legislators on a plan that does not force us to cut all these services but instead will allow us to restore those that are most important for Oregon's future."

A chart is attached to this news release that shows the total proposed reductions by program area and what percent reduction that represents. For greater detail on all the proposed cuts, visit the governor's website at: ES-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/

*These files require the [Adobe Acrobat Reader](#), available free.

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- [Charts B](#)

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FOR IMMEDIATE RELEASE

January 4, 2002

Contact:

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Governor Submits Appointments

Governor John Kitzhaber submitted the following names to the Senate for confirmation to various boards and commissions. The Senate is expected to vote in February. Among the names are Kerry Barnett to the State Board of Higher Education, and Jerry Bidwell to the State Investment Board.

The complete list of names is as follows:

Board	First Name	Last Name	City
Aviation Board	John	Loacker	Portland
Aviation Board	Steven	Schreiber	Portland
Aviation Board	R. P. Joe	Smith	Portland
Commission on Black Affairs	Yolanda	Houston	Salem
Commission on Children and Families	Ramona	Soto Rank	Portland
Trust for Cultural Development Board	Chuck	Butler	Ashland
Trust for Cultural Development Board	Marilyn	Dell Worrix	McMinnville
Electrical and Elevator Board	James	Johnston	Portland
State Fair Commission	Howard	Lomax	Portland
Fair Dismissal Appeals Board	Carolyn	Ramey	Seaside
Fish and Wildlife Commission	Marla	Rae	Salem
Health Services Commission	Eric	Walsh	Portland
State Board of Higher Education	Kerry	Barnett	Portland
Commission on Hispanic Affairs	Jason	Leon	Salem
Commission on Hispanic Affairs	Lucy	Veliz	Irrigon
Oregon Investment Council	H. Gerald	Bidwell	Portland
State Marine Board	Deborah	McQueen	Scappoose
State Board of Nursing	Marguerite	Buderus	Pendleton
State Board of Nursing	Beverly	Shields	Medford
State Plumbing Board	Roscoe	Lawless	Keizer
Public Employees Retirement Board	Christine	Brown	Portland
Public Employees Retirement Board	Janice	Deringer	Lake Oswego
Public Employees Retirement Board	Jeanne	Garst	Milwaukie
Public Employees Retirement Board	Dawn	Morgan	Molalla

Public Safety Standards and Training Board	Erik	Kvarsten	Troutdale
State Accident Insurance Fund Corporation	John	Anhorn	Medford
State Accident Insurance Fund Corporation	Matt	Chapman	Lake Oswego
Tax Practitioners Board	Cheryl	Brown	La Grande
Teacher Standards and Practices Commission	Carol	Mack	Portland
Teacher Standards and Practices Commission	Katrina	Myers	Klamath Falls
Voluntary Action & Service Commission	Kevin	Kronin	Ashland
Workers' Compensation Board	Virgil	Osborn	Salem
Workers' Compensation Board	Karen	Smith	Corvallis
Workforce Investment Board	Lina	Garcia Seabold	Beaverton
Workforce Investment Board	Susan	Reece	Beaverton
Workforce Investment Board	Lisa	Searle	Tualatin
Workforce Investment Board	Steven	Wallace	Eugene
Outdoor Youth Program Advisory Board	James	Brown	Salem
Outdoor Youth Program Advisory Board	Gabriel	Rivera	Sisters
Outdoor Youth Program Advisory Board	Margaret	Wolf	Portland

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FOR IMMEDIATE RELEASE

December 28, 2001

Contact:

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Governor Appoints Multnomah County Circuit Court Judge

Governor Kitzhaber has appointed Nancy Waller as Multnomah County Circuit Court Judge; she replaces The Honorable Robert Paul Jones who resigned August 31, 2001. Waller has served as a referee/pro-tem judge for Multnomah County since 1989. She has also served as a Metropolitan Public Defender from 1983 to 1988.

Waller was appointed to the Commission on Children and Families by the Multnomah County Board of Commissioners in 1991. Her other community involvements have included training Court Appointed Special Advocates, Citizen Review Board Members and DHS Staff; Multnomah Bar Association Mentor Program; National Charity League; and numerous other Court and Community related activities. She plays on the Bridlemile Diva Soccer team.

In 2001 Waller received Chief Justice's Juvenile Court Champion Award, and in 1999 Waller received the Outstanding Volunteer Award in Portland Public Schools. Waller is the Author of the Oregon State Bar Juvenile Law CLE Chapter on Dependency Adjudication (1995).

Waller graduated from the University of Oregon School of Law in 1979 with a Juris Doctorate, and received her bachelor's degree from Stanford University.

Waller is married and has 3 children: Polly 16; Kate 12; and Sam 10. In order to retain this position, Ms. Waller must stand for election in May 2002.

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FOR IMMEDIATE RELEASE

December 21, 2001

Contact:

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Governor Announces Elevation Of Oregon Emergency Management To Department Level Status, Appoints Director

Governor John Kitzhaber today issued an executive order elevating Oregon Emergency Management to an independent department and making its director a member of his cabinet. He also announced that he would appoint Beverlee Venell, formerly commander of the Intergovernmental Services Bureau of the Oregon State Police, as the director of Oregon Emergency Management.

Under the executive order, Oregon Emergency Management will execute the governor's responsibilities to maintain emergency services, and prepare for management of emergencies or disasters that present a threat to the lives and property of Oregon citizens.

"This is an important change to make in light of the unprecedented terrorist attacks on the United States," Kitzhaber said. "Further, there is clearly financial and technical assistance in anti-terrorism and security efforts headed our way from the federal government."

This new organizational structure allows direct interaction with the governor and Director of Oregon Emergency Management in the performance of OEM's traditional functions and those preparedness activities in the coordination of state emergency services.

The governor issued the executive order after consultation with House Speaker Mark Simmons, Senate President Gene Derfler, Superintendent of State Police Ronald C. Ruecker, and the Governor's Security Council. The change can be implemented with no additional budget. Oregon Emergency Management currently has a budget of approximately \$88 million, most of which is passed through to local government agencies, and has 34 employees.

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FOR IMMEDIATE RELEASE

December 3, 2001

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Homeland Security Director Calls For Heightened Alert

Director of the Office of Homeland Security Tom Ridge announced today in a conference call to the nation's governors that he was calling for a heightened state of alert to the possibility of a terrorist attack through the holiday season. There was no specific threat to any Oregon location or any other location in the nation.

Ridge said he called for the heightened alert after intelligence sources detected an increased volume of information about the potential of a terrorist attack. He further noted that terrorist plots targeted for the holiday season had been detected in previous years.

As before, Governor Kitzhaber called on Oregonians to remain calm but vigilant in the face of the potential attacks.

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FOR IMMEDIATE RELEASE

November 30, 2001

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Governor's Statement On December Revenue Forecast

"The revenue forecast released today demonstrates what many Oregonians know first-hand: that our economy has slowed significantly and that, consequently, the State will collect less revenue than originally anticipated.

Oregon has faced this challenge before and mastered it. Together, we shall face it again and find a way to weather this economic storm while maintaining the most important services for Oregonians.

I am working with legislative leaders of both parties and both chambers to produce a proposed rebalanced budget. I applaud the Legislature for creating committees and planning public hearings specifically to address this budget shortfall.

I will continue to reiterate my belief that we cannot simply cut budgets across the board. Budgets are an exercise in setting priorities and this rebalanced budget should reflect Oregonians' priorities.

The first step in this process will be to develop a budget that fully implements the size of cuts necessary. Only after we understand what services must be cut, and how deeply, can we have any meaningful discussion of new revenue and its role, if any, in cushioning the blow of these budget cuts."

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FOR IMMEDIATE RELEASE

November 9, 2001

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Governor Says Judge's Salmon Decision Doesn't Diminish Need For Watershed Work

Oregon still needs to work at improving watersheds across the state and improving salmon and trout habitat, Governor John Kitzhaber said today despite the National Marine Fisheries Service's (NMFS) decision not to appeal a ruling by Judge Hogan which took Oregon Coastal Coho off the endangered species list.

"Taking coastal coho off the list ends federal coastal coho protection for now, but we still have many native salmon and trout populations in real trouble, including coastal coho," Kitzhaber said in response to the decision. "While I am disappointed by NMFS's decision not to appeal," said Kitzhaber, "I am pleased that NMFS has pledged greater support for state and local recovery efforts over the next three to five years and has committed to clarifying their view of hatchery policy."

Citing problems with water quality, water quantity, fish passage and aquatic habitats, Kitzhaber said that Oregon must continue with current restoration efforts under the Oregon Plan for Salmon and Watersheds. The Governor emphasized that while the Oregon Plan first addressed coho salmon, it was quickly expanded to address the deterioration of the health of many of our watersheds.

"There are many signs to validate these concerns - ESA listings are just one of them," he said. "We are also experiencing water quality and quantity problems in watersheds across Oregon. As a result of past development and land management decisions, we have blocked access to miles of fish habitat and have built miles of roads along streams, resulting in increased erosion and decreased water quality. At the same time, delisting coho does not provide a solution to improving weak stocks of a variety of species. Hatchery, harvest and hydro reforms are still needed and habitat restoration must occur for the long-term sustainability of recreational and commercial fisheries. "

"This is not a time to abandon our work to restore the health of our watersheds. We in Oregon and the Northwest appreciate the quality of the environment in which we live, play and earn a living. We are making progress - and we cannot quit until the job is done," Kitzhaber said.

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FOR IMMEDIATE RELEASE

November 5, 2001

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Governor Appoints Terry Beyer To House District 42

Governor John Kitzhaber today appointed Terry Beyer to fill the vacant House District 42 seat. The appointment is effective immediately. Kitzhaber was required by law to make this appointment because the selection was not resolved within Lane County.

It is rare that the governor makes an appointment to the Legislature, and Gov. Kitzhaber sought and accepted applications from all those interested in the position. The governor personally interviewed three finalists.

"All three individuals were qualified to hold the office," Kitzhaber said. "And they all had a clear record of community service. What tipped the scale for Terry Beyer was her working knowledge of the legislative process, which will enable her to be a full contributor to next year's anticipated special session."

Terry Beyer served on the Springfield City Council from 1993 to 1999 and the Springfield Library Board from 1995-1999. She currently serves on the Springfield Budget Committee and the Springfield Education Foundation Board. Beyer also worked as a legislative assistant in every legislative assembly since 1991.

Beyer has filed to run for election as a Democrat to House District 42 in the 2002 election.

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FOR IMMEDIATE RELEASE

October 29, 2001

Contact:

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Governor Kitzhaber Announces Appointment of Sherman County Justice of the Peace

Governor Kitzhaber announced today that he has appointed Ronald M. McDermid as Sherman County Justice of the Peace. McDermid replaces Kate Martin who resigned August 31, 2001.

McDermid graduated from Oregon State University in 1980 with a Bachelor of Science degree in agriculture and resources economics, and has been a self-employed wheat rancher since 1981.

McDermid is presently chairman of the Fulton-Gordon Watershed Council; a Board Member of the Deschutes Resources Conservancy; and Chairman of the Sherman County Emergency Services Advisory Committee. McDermid is founder of the Sherman Junior Hoops Youth Basketball Program.

McDermid is married and has 2 children.

In order to retain this position, Mr. McDermid must stand for election in November 2002.

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FOR IMMEDIATE RELEASE

October 29, 2001

Contact:

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Governor's Statement On Latest National Alert

"Homeland Security Director Tom Ridge and Attorney General John Ashcroft have issued today an alert that credible intelligence has suggested the possibility of another terrorist attack in the United States or against U.S. interests abroad. Governor Ridge briefed governors today in a conference call prior to the alert.

As a result, we have put into effect our Emergency Broadcast Group, which will forward information to all county sheriffs' offices and 911 centers, as well as other emergency response agencies statewide. Further, we have been in contact with both our partners in the Federal Bureau of Investigation and the National Guard.

While there is no specific information to suggest that Oregon is at risk, we will continue with the increased security measures we have instituted since the attack on September 11. Those measures include re-assessment of security measures at vital public infrastructures and increased public safety presence at airports and other public facilities.

While these alerts are unsettling, they are also one of our best means of defense. I ask that Oregonians remain calm but vigilant in the face of this adversity."

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FOR IMMEDIATE RELEASE

October 26, 2001

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Governor Outlines Process For Filling Vacant State Representative Seat

Governor John Kitzhaber today announced the process for filling a vacant Lane County State Representative seat. The Lane County Board of Commissioners has indicated to the governor that they will not choose any of the candidates put forward by the Lane County Democratic Party.

The authority of the Lane County Commission to appoint a representative to fill the vacancy expires at 5 p.m. on October 26.

The law governing appointments to the state House of Representatives by the governor opens the process to any Democrat 21 years of age or older who has resided in House District 42 for a year or more. Applicants must also be registered to vote in the district and must have been registered as Democrats as of March 29, 2001.

Interested residents of House District 42 who meet the requirements for appointment should call the Governor's Office of Executive Appointments at (503) 378-3123 to receive an application. Applications will be accepted until Tuesday, October 30 at 5 p.m. No applications will be accepted after that date.

House District 42 was vacated when Rep. Bill Morrisette was appointed to Senate District 21 to fill the vacancy created when Sen. Lee Beyer was appointed by the governor to the Public Utilities Commission.

The governor has until November 5 at 5 p.m. to announce his appointment.

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FOR IMMEDIATE RELEASE

October 25, 2001

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Governor Outlines Federal Agenda

In a conference call with members and staff of the Oregon Congressional Delegation yesterday, Governor John Kitzhaber outlined his federal agenda for meeting Oregon's needs. Headlining his agenda was economic development, managing a recession and upgrading Oregon's security systems.

"Oregon is facing many critical issues," Kitzhaber said. "I have presented an agenda to our delegation that focuses on reviving Oregon's economy and helps us weather these tough economic times. I have great faith in our delegation to advance this agenda through Congress."

Specifically, the governor highlighted several areas targeted for federal economic assistance:

- **Community Development Block Grants.** Oregon now receives \$16 million annually in CDBG. This should continue and be enhanced.
- **National Fire Plan.** Congress has appropriated funds for the National Fire Plan. The local contractor preference should be continued, and dollars should be freed up for work to implement the plan as soon as possible.
- **Pacific Northwest Timber Assistance.** This would provide \$9.5 million for distressed communities through the US Forest Service's Rural Communities Assistance Program and the Oregon Old Growth Diversification Fund; an additional \$9 million is being requested.
- **Transportation Equity Act for the 21st Century (TEA-21) Funds.** The governor asked the delegation to support additional TEA-21 funding, which would could bring approximately \$60 million to Oregon.
- **High Speed Rail.** This would deliver \$80 million for Northwest corridor track improvements.

Kitzhaber also requested federal aviation assistance, re-authorization of Specialty Crop Assistance funds, Port of Portland improvements and at least a 2-year extension of the Production Tax Credit, which provides a 1.5 cent/kilowatt-hour credit for renewable energy production.

The governor also asked the delegation for federal assistance in managing the consequences of economic recession. This includes human services, dislocated worker benefits assistance, additional groundfish disaster outreach funds and accelerated small business loans.

Finally, the governor and the Congressional Delegation discussed federal assistance in meeting Oregon's security needs.

This includes:

- **Civil Support Team.** National Guard Weapons of Mass Destruction-Civil Support Teams have been deployed in 27 states. Funds should be directed to Oregon for deployment of a Civil Support Team in Oregon.
- **Homeland Security.** Oregon is responding to various federal and state requests for increasing domestic security resources. Oregon officials are assessing needs and will soon provide more detail as to specific requests. Federal financial assistance should be flexible.
- **Aviation.** The Oregon Aviation Department requests that the Federal Aviation Administration Airport Improvement program be funded again at a \$3.2 billion level. Recent direction from the federal government that National Guard troops can be used for airport security are helpful, but more resources are needed for commercial and general aviation security infrastructure improvements and personnel.
- **Energy Security Related Grants.** Oregon has unique needs in providing security for energy generation and transmission facilities. Funds should be made available to respond to identified security needs.

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FOR IMMEDIATE RELEASE

October 17, 2001

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Report Shows Trouble Ahead For Baby Boom

Governor John Kitzhaber today released a report that shows tough times ahead for many baby boom generation retirees. The report, conducted by the Employee Benefits Research Institute (EBRI) and financed by the Milbank Memorial Fund, details how retirees, especially single women and men will have difficulty meeting their basic expenses of living due to a lack of retirement income.

"Not only do we have unprecedented numbers Oregonians retiring over the next 20 years, many will not have the resources to live independently on the combination of their retirement income and Social Security," Kitzhaber said. To avoid severe problems in the future, we will need to take action on a wide front, including finding ways to increase retirement income, and strengthen public and private care systems for the elderly."

Details of the report were presented to the Governor's Task Force on the Future of Services to People with Disabilities at its first meeting today. Dallas Salisbury, President and CEO of EBRI detailed the findings, which draw upon an unprecedented analysis of retirement plan information collected in Oregon. "This report for the first time in any state provides a credible picture of expected retirement income for Oregonians over the next two decades," Kitzhaber continued. "It both answers important questions highlights others that will have to be answered for us to make sound choices in these crucial issues."

Governor John Kitzhaber has announced the members of the Task Force on the Future of Services to Seniors and People with Disabilities. A news release outlining the task force membership is available on Gov. Kitzhaber's web site: ES-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html

The number of seniors and persons with disabilities has been growing rapidly," said Kitzhaber. "It is essential that Oregon prepare for the aging of the Baby Boomer generation and for the increasing numbers of people with disabilities. Our failure to do so will be costly and significantly reduce the quality of life for these individuals."

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FOR IMMEDIATE RELEASE

October 17, 2001

Contact:

Doug Stone, DHS

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Governor Convenes Task Force On The Future Of Services To Seniors And People With Disabilities

Governor John Kitzhaber announced today the creation of a Task Force on the Future of Services to Seniors and People with Disabilities.

"The number of seniors and persons with disabilities has been growing rapidly," Kitzhaber said. "It is essential that Oregon prepare for the aging of the Baby Boomer generation and for the increasing numbers of people with disabilities. Our failure to do so will be costly and significantly reduce the quality of life for these individuals."

Information from the Governor's Office indicates that many individuals retiring over the next 25 years will not have access to sufficient financial resources to allow economic self-sufficiency throughout their lives.

Task Force members will focus on finance and cost containment issues, housing and insurance needs, chronic health problems, issues unique to rural and urban areas, transportation, workforce training and strategies to replace, modernize or update long term care facilities.

The 25-member Task Force, comprised of seniors, people with disabilities, policymakers and representatives from both private and non-profit organizations, will make recommendations to the governor and the Legislature on improvements to systems serving seniors and people with disabilities in their communities.

The Task Force's first meeting is Wednesday, Oct. 17. The group will meet monthly, scheduling additional meetings as needed. The Task Force will make its first report to the governor by Sept. 1, 2002.

The Task Force membership is as follows:

Rep. Alan Bates, D-Eagle Point

Earlene Berry, Adult Foster Home Providers, Country Manor

Sen. Kate Brown, D-Portland

Dr. Kenneth Brummel-Smith, Providence Elder Place & Center on Aging,

Patricia Budo, Providence Child Center

Rep. Janet Carlson, R-Salem

Sen. Bev Clarno, R-Bend

Meredith Cote, Office of the Long Term Care Ombudsman

Janine DeLaunay, Oregon Disabilities Commission

Barry Donenfeld, Mid-Valley Senior Services Agency, Salem

Robey Eldridge, Governor's Commission on Senior Services

David Fuks, Cedar Sinai Park

Mark Gibson, Governor's Office

Lydia Lissman, Oregon Department of Human Services
Phyllis Lissman, Advocate
Elizabeth McKinney, Alzheimer's Association,
Sen. Bill Morrisette, D-Lane
Anne Norton, Adams and Gray Home Care
Al Nunez, Financial Services
Bob Repine, Housing and Community Services Department
Sue Sakai, Governor's Commission on Senior Services
Dr. Clifford Singer, Oregon Health Sciences University
Michael Volpe, Consumer and Advocate
Terri Waldroff, Farmington Centers

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FOR IMMEDIATE RELEASE

October 17, 2001

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Governor Announces State Measures On Security and Preparedness

At a news conference in Salem today, Governor John Kitzhaber discussed both existing security and preparedness procedures at the State, and new proposals to upgrade the State's ability to gather information and respond to emergencies.

"I am confident that our State Police, National Guard and public health agencies have the capabilities to deal with crises," Kitzhaber said. "But we are in a new world as of September 11, and it is time to put some additional resources and effort into security at the state level."

Specifically, Kitzhaber unveiled a new Oregon State Police (OSP) initiative called the Office of Public Safety and Security. The unit, established using existing positions within OSP, will be responsible for coordinating with the Oregon Attorney General's Office and the Federal Bureau of Investigation in the collection and analysis of intelligence information.

Secondly, OSP will be expanding the operations of its communications infrastructure and establishing an Operational Command Center that will be staffed 24 hours a day, seven days a week.

"These measures will help us both prevent possible acts of terror, domestic or otherwise, and will enable us to respond more quickly and appropriately to threats or incidents as they occur," Kitzhaber said.

In addition to actions by OSP, the governor announced that he would be lobbying the Department of Defense to provide the Oregon National Guard with a Civil Support Team. The Team would be specifically designed to respond to chemical and biological incidents. The closest existing team is in Renton, Washington.

"I believe it is critically important, given the existence in Oregon of facilities such as the Umatilla Depot, that Oregon has one of these teams," Kitzhaber said. "This is a priority on my federal agenda for assistance for our state."

Kitzhaber also reviewed actions taken by the State since September 11 which include:

- Establishment of an Oregon Anti-terrorism Task Force.
- Review of the Oregon Emergency Response System to help expedite communication among and between public safety agencies at the Federal, State, County and Municipal levels.
- Identification of critical assets such as dams, water supplies and power facilities, and review of their

security status.

Finally, Kitzhaber noted that he is confident in the State's ability to respond to acts of bioterrorism. "The United States has the greatest medical system in the world and Oregon doctors are top-notch," Kitzhaber said. "Our system of public health is well organized and has the capability to identify, contain and treat outbreaks of unusual diseases -- whether caused by man or nature. We will review all our public health procedures in light of the current Anthrax threat. But, both as governor and as a physician, I am very confident in our system of public health."

"I want Oregonians to know that today public safety is our most important job," Kitzhaber added. "I have worked daily with the men and women of the Oregon State Police, Oregon National Guard, Oregon Health Division and other State and local officials for the last seven years as governor. They are dedicated, well informed, well trained and well equipped. Should the need arise, I am confident they are ready."

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FOR IMMEDIATE RELEASE

October 16, 2001

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber today submitted to the Senate the following names for appointment to various boards and commissions. Included in this list are Patricia McCaig to the State Board of Higher Education and Bill Thorndike to the Port of Portland.

Hearings are scheduled for November 14 before the Senate Interim Committee on Rules & Executive Appointments. The full Senate will vote on November 15.

Board	First	Last Name	City
Accountancy, Oregon Board of	T. Lynn	Klimowicz	Roseburg
Black Affairs, Commission on	Aubrey	Davis	Portland
Black Affairs, Commission on	Johnny	Lake	Salem
Children and Families, State Commission on	Michael	Brott	McMinnville
Children and Families, State Commission on	Craig	Campbell	Salem
Children and Families, State Commission on	Bobby	Green	Eugene
Children and Families, State Commission on	Samuel	Henry	Troutdale
Children and Families, State Commission on	Robert	Lieberman	Grants Pass
Children and Families, State Commission on	Martha	Martinez	Corvallis
Children and Families, State Commission on	Thurman	Merritt	Bend
Chiropractic Examiners, State Board of	John	Colwell	Ashland
Chiropractic Examiners, State Board of	Richard	McCarthy	Cottage Grove
Chiropractic Examiners, State Board of	Jim	Wilkens	Bend
Construction Contractors Board	Dennis	Schad	Coos Bay
Cultural Development Board, Trust for	George	Bell	Lake Oswego
Cultural Development Board, Trust for	Bobbie	Conner	Pendleton
Cultural Development Board, Trust for	John	Hampton	Portland
Cultural Development Board, Trust for	Charles	Walker	Neskowin
Disabilities Commission, Oregon	Darrel	Ackerman	Eugene
Disabilities Commission, Oregon	Denise	Spielman	Portland
Disabilities Commission, Oregon	Mitchel	Turbin	Portland
Education Commission, Quality	Harriet	Adair	Portland
Education Commission, Quality	Keith	Thomson	Portland
Education, State Board of	Donnie	Griffin	Portland
Education, State Board of	Emilio	Hernandez	Springfield
Electrical and Elevator Board	Michael	Miner	Eugene
Fair Commission, Oregon State	Larry	Aamold	Portland
Fair Commission, Oregon State	Ellie	Dumdi	Junction City

Fair Commission, Oregon State	Murray	Fretz	Mosier
Fair Commission, Oregon State	Kathy	Goss	Salem
Fair Commission, Oregon State	Peter	McCabe	Madras
Fair Commission, Oregon State	Jerry	Underwood	Garibaldi
Fair Dismissal Appeals Board	Charlene	Balzer	Cornelius
Fair Dismissal Appeals Board	Michael	Fox	Eugene
Fair Dismissal Appeals Board	David	James	Keizer
Fair Dismissal Appeals Board	Kenneth	Knutson	Sheridan
Fair Dismissal Appeals Board	Laura	Lanka	Lake Oswego
Fair Dismissal Appeals Board	Alfonso	Lopez-Vasquez	Gladstone
Fair Dismissal Appeals Board	Bob	Weil	Portland
Fish and Wildlife Commission, State	Don	Denman	Medford
Fish and Wildlife Commission, State	Henry	Lorenzen	Pendleton
Geology and Mineral Industries, Governing Board of the Department of	William	Elliott	Lake Oswego
Geology and Mineral Industries, Governing Board of the Department of	Don	Haagensen	Portland
Geology and Mineral Industries, Governing Board of the Department of	Barbara	Seymour	Salem
Higher Education, State Board of	Patricia	McCaig	Portland
Home Care Commission	Ted	Stevens	Eugene
Land Conservation and Development Commission	Dennis	Derby	Portland
Land Conservation and Development Commission	Gary	Harris	Madras
Land Conservation and Development Commission	Nancy	Leonard	Waldport
Land Conservation and Development Commission	Gussie	McRobert	Gresham
Oregon Health and Science University Board of Directors	Thomas	Imeson	Portland
Parks and Recreation Commission, State	John	Blackwell	Portland
Parole and Post-Prison Supervision, State Board of	Michael	Washington	Salem
Physical Therapist Licensing Board	Daiva	Banaitis	Wilsonville
Physical Therapist Licensing Board	Catherine	Zarosinski	Portland
Plumbing Board, State	Brett	Cook	Boardman
Port of Portland, Board of Commissioners of the	William	Thorndike	Medford
Public Employees Benefit Board	Chuck	Mendenhall	Salem
Tax Service Practitioners, State Board of	Barbara	Wasson	Salem
Teacher Standards and Practices Commission	Patricia	Evenson-Brady	The Dalles
Teacher Standards and Practices Commission	Cathy	Gwinn	Portland
Teacher Standards and Practices Commission	Carolyn	Ortman	Hillsboro
Teacher Standards and Practices Commission	Sharon	Shannon	LaGrande
Teacher Standards and Practices Commission	Richard	Steiner	Beaverton
Teacher Standards and Practices Commission	Leslie	Walborn	Arlington
Veterinary Medical Examining Board, Oregon State	Martha	DeWees	Springfield
Veterinary Medical Examining Board, Oregon State	Leon	Pielstick	Burns
Veterinary Medical Examining Board, Oregon State	Pamela	Smith	Sheridan
Voluntary Action & Service, Oregon Commission for	Sue	Hildick	Portland
Water Resources Commission	Jim	Nakano	Ontario
Water Resources Commission	Jay	Rasmussen	Newport
Water Resources Commission	Dan	Thorndike	Medford
Workforce Investment Board, State	Barbara	Amato	Portland
Workforce Investment Board, State	Bob	Craft	Winston
Workforce Investment Board, State	Gwyn	Harvey	Beaverton
Workforce Investment Board, State	Connie	Holmes	Grand Ronde
Workforce Investment Board, State	Diane	Lovell	Portland
Workforce Investment Board, State	Linda	Mock	Portland
Workforce Investment Board, State	Eric	Olson	Medford

Workforce Investment Board, State
Workforce Investment Board, State
Workforce Investment Board, State
Youth Program Advisory Board, Outdoor
Youth Program Advisory Board, Outdoor
Youth Program Advisory Board, Outdoor

John
Gretchen
Charlie
Robert
Peter
Mona

Quiggle
Schuette
Schuler
Cooley
Green
Treadway

Marylhurst
Salem
Salem
Albany
Portland
Klamath Falls

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FOR IMMEDIATE RELEASE

October 16, 2001

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Governor Creates Economic Strategy Advisory Group

Governor John Kitzhaber in a speech today to the Challenge of Change Conference in Seaside announced the formation of the Governor's Economic Strategy Advisory Group.

The Group's charge will be to provide a forum for the governor to interact with the private sector about Oregon's economy and develop a strategy for economic stimulus. The governor will also use the forum to inform the private sector about the state budget and impacts of budget cuts.

"Oregon's economy is clearly facing difficult times," Kitzhaber said. "Private-public partnership right now is of utmost importance for economic stimulus."

Brett Wilcox, President of Northwest Aluminum Company, will serve as Chair. The Advisory Group will be staffed by the Oregon Economic and Community Development Department.

The Advisory Group membership is as follows:

Private Sector Members

Donald Blair, Vice President/Chief Financial Officer of Nike; Member of Smart Growth Coalition

Sam Brooks, President of Sam Brooks & Associates; Member of Governor's Council of Small Business

Allyn Ford, President of Roseburg Forest Products Co.

Gerry Frank, Civic Leader; Tourism interests

Ray Guenther, Director of NW Regional Operations, Intel; Chair of Associated Oregon Industries

Rebecca Johnson, Associate Dean at OSU College of Forestry; Member of Governor's Council of Economic Advisors

David Marks, President of Marks Metal Technology

Suzi Mazzio, Community and Education Relations Manager of Boeing Portland; Vice Chair of Oregon Workforce Investment Board

Mike McArthur, Sherman County Judge; Agricultural and local government interests

Tim Nesbitt, President of Oregon AFL-CIO

Ralph Shaw, Managing General Partner of Shaw Venture Partners; Chair of Governor's Council of Economic Advisors

Ron Timpe, President and CEO of Standard Insurance Company; Member of Oregon Business Council

Brett Wilcox (Chair), President of Northwest Aluminum Company; Chair of Economic and Community Development Commission; Member of Oregon Business Council

Public Sector Members

Randall Edwards, State Treasurer

Mike Greenfield, Director of DAS

Bill Scott, Director of Economic and Community Development Department

Bill Wyatt, Executive Director of Port of Portland

Ex Officio Members

Tom Potiowsky, State Economist

Duncan Wyse, Executive Director of Oregon Business Council

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FOR IMMEDIATE RELEASE

October 15, 2001

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State Issues Procedures For Mail-Handling

Governor Recommends Procedures for General Public, Private Sector Businesses

In response to recent reports of anthrax exposures, some of which appear to have involved mail, the Oregon Department of Administrative Services (DAS) today issued mail-handling procedures to all state agencies. The new procedures provide step-by-step instructions for both mail-handlers and their immediate supervisors on what to do with strange or suspicious letters or parcels.

DAS developed the procedures in consultation with the Oregon Health Division, Oregon State Police and the U.S. Postal Service. The procedures are based on recommendations from the FBI and Centers for Disease Control.

"We're taking a common-sense approach," said DAS Director Mike Greenfield. "We are encouraging employees not to overreact to media reports, but are highlighting sensible steps we can take to help protect employees."

"These procedures are valuable for other organizations, private businesses and even in the home as well," said Gov. John Kitzhaber. "Although Oregon has not received any specific threats, these procedures provide good guidelines and can be tailored to meet individual needs. I hope Oregonians take note."

Copies of the procedures can be found at:

<http://www.das.state.or.us/images/PROCEDURES.pdf>

Information on how to identify suspicious mail can be found at <http://www.fbi.gov> Additional information, with specific recommendations for handling possible anthrax contaminated mail, can be found at <http://www.bt.cdc.gov> and <http://www.usps.gov/news>

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FOR IMMEDIATE RELEASE

October 8, 2001

Contact:

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Governor Announces Staff Changes

Governor John Kitzhaber announced today the following staff changes effective immediately:

- Steve Marks, currently the Senior Policy Advisor, will become Chief of Staff to replace Bill Wyatt who is now Executive Director of the Port of Portland. Marks, who was raised in the Southern Oregon town of Sutherlin, is a graduate of the University of Oregon with a degree in Public Affairs. He also received his Masters degree in Public Policy and Management from Oregon in 1986. He has worked with Governor Kitzhaber since 1985, beginning his career during Kitzhaber's first session as Senate President.
- Katy Coba, currently the governor's advisor for economic development and international trade, will become Chief Policy Advisory. Coba, a native of Pendleton graduated cum laude and Phi Beta Kappa with a Bachelors degree in economics from Whitman College in Walla Walla, Washington. Ms. Coba's career in state government includes working as assistant director in both the Department of General Services and the Oregon Department of Agriculture. In 1994, she became administrator of the Agriculture Department's Marketing and Business Development Division. 1995, Coba was appointed to Governor John Kitzhaber's administration, originally managing executive appointments before she assumed her current duties.
- Daniel Santos, currently the Governor's Education Policy Coordinator, will become Chief Counsel, replacing Chip Lazenby who is now counsel for the Portland Development Commission. Santos, who has served the last three governors, is a graduate of Southern Oregon University and Willamette College of Law. Santos has previously worked on juvenile justice and community corrections issues, as well as assisting on legal counsel and citizen's representative matters during the administration's transition into office.

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FOR IMMEDIATE RELEASE

October 5, 2001

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Governor Kitzhaber Outlines Steps To Address Budget Shortfall

Facing the certainty of a growing budget shortfall, Governor John Kitzhaber announced today plans to slow state spending and lay the groundwork for a special session to rebalance Oregon's \$12 billion biennial budget. Forecasts released in September showed a \$290 million projected decrease in state revenues and the forecast scheduled for release December 1 is expected to show further declines.

"We need to begin acting now to save money and initiate plans for budget reductions that are in line with state priorities," said Governor Kitzhaber. "Therefore, I am instructing state agencies to hold back two percent from all General Fund and Lottery Fund allotment plans."

The move will set aside more than \$240 million dollars and allow the legislature to consider how to reallocate those funds. At the same time, Governor Kitzhaber made it clear in a letter to all state agency directors that he would not be willing to accept across the board cuts as a solution to the state's budget shortfall. "Across the board cuts are a technical means to solve a problem," Kitzhaber wrote, "but the programs we provide and the citizens we serve are not numbers on a spreadsheet. Once the Legislature makes those choices, allotment plans will be readjusted to reflect those policy decisions. I expect those actions will not occur until after the release of the December 1st forecast."

Kitzhaber also instructed state agencies "to not just balance the budget for the remainder of this biennium, but to address basic structural issues that continue to haunt us. The deficit we are facing today for the remainder of the 2001-03 biennium is roughly \$300 million. The deficit the next Governor and Legislature face as they prepare a budget for the 2003-05 biennium is estimated at roughly \$700 million."

To address that issue, Kitzhaber instructed each agency financed with General Fund or Lottery Funds to develop two sets of budget reduction options. First, an administrative reduction plan to begin to accrue immediate savings where appropriate, and second a long-term, prioritized program reduction plan."

Finally Kitzhaber said he would be in constant contact over the course of the next two months with both Democratic and Republican leadership in the legislature to develop a rebalance plan. "I have had initial meetings with legislative leadership and have expressed my openness about how to rebalance the budget," Kitzhaber said. "I have made it clear that we should keep all options on the table with the exception of an across-the-board cut. It is increasingly certain that we will need a special session to rebalance the budget, but it is too early at this time to name a specific date or describe the best set of proposals."

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FOR IMMEDIATE RELEASE

September 20, 2001

Contact:

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ROGUE RIVER CANYON -- Governor John Kitzhaber announced today that he would not be a candidate for the United States Senate in 2002.

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FOR IMMEDIATE RELEASE

September 17, 2001

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Governor Names Jean Thorne To Lead Efforts To Expand Oregon Health Plan

Governor John Kitzhaber has named Jean Thorne as Project Director for the proposed expansion of the Oregon Health Plan (OHP). In this role, Thorne will lead a cross-agency team to secure federal waivers to allow further expansion of the OHP.

House Bill 2519, passed by the 2001 Legislature, requires the State to seek federal waivers to increase access to basic health care services provided through Medicaid, the Children's Health Insurance Program or subsidized private insurance for low-income, uninsured Oregonians.

Thorne previously served for eight years as the State Medicaid Director when Oregon obtained the initial federal waivers to implement the OHP.

Thorne has served on the governor's staff since 1995, currently serving as Education and Workforce Policy Adviser. She will continue in that role for the immediate future, primarily focusing on key issues in K-12 education.

"Jean has the experience and knowledge to lead the efforts of health care issues, of agencies and systems involved in providing health care coverage and of the federal government," Kitzhaber said. "I am pleased that she is taking on this leadership role to expand health-care access for low-income Oregonians."

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FOR IMMEDIATE RELEASE

September 17, 2001

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Terrorist Attack Assistance Information Available On Governor's Web Site

Information on donations for recovery from last week's terrorist attacks the World Trade Center and the Pentagon is available on Gov. John Kitzhaber's web site:

www.governor.state.or.us

In addition, in response to a White House request to all governors for possible assistance, Kitzhaber announced that he has asked all state agencies to inventory all resources for assistance with recovery from the attacks. Oregon Emergency Management will coordinate this effort.

At this time, only governmental resources are being requested. Individuals, companies and organizations with offers of assistance should refer to the donation information on the Governor's Web Site.

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FOR IMMEDIATE RELEASE
September 13, 2001

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Governor To Hold Memorial Ceremony

Governor also Asks for Moment of Silence

In concert with the President's call for a national day of prayer and remembrance, Governor John Kitzhaber will hold a memorial ceremony from **Noon to 12:30 p.m. on Friday, September 14 on the front steps of the Capitol Building**. Legislators and community members will join the governor.

The governor will also join Washington Gov. Gary Locke and California Gov. Gray Davis in inviting all citizens of West Coast states to observe a minute of silence from 12:30 p.m. to 12:31 p.m. (PDT).

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FOR IMMEDIATE RELEASE

September 11, 2001

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Governor's Statement On Terrorist Attacks

This is a tragic day for the nation.

The horrible events unfolding in New York City and in the nation's capital are incomprehensible. Our hearts and prayers go out to the victims of this savage and unthinkable attack on America.

It is a time of shock and sorrow. It is also a time for calm and courage.

Let me first reassure Oregonians we have no intelligence from either federal or state sources suggesting any threat to our state or any Oregonian.

However, we will take every reasonable precaution to assure our safety. We have instituted a heightened level of security. Federal buildings and the Bonneville Power Administration offices have been closed.

And clearly, the Portland International Airport has been closed at the direction of the Federal Aviation Administration. Again, these are precautionary actions, not based on any intelligence reports of a threat.

Around the state, I have asked all state offices to remain open. The Oregon Capitol Building will remain open.

Fellow Oregonians, I urge you all to remain calm. There is no need for panic. From everything we know, Oregon is not at risk. Take a deep breath; find the courage to go on with your day, and focus your thoughts and prayers on the victims of these attacks and their families.

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FOR IMMEDIATE RELEASE

September 7, 2001

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Governor Announces Appointment Of Oregon Supreme Court Justice

Governor John Kitzhaber today announced that he has appointed Tom Balmer to the Oregon Supreme Court. Balmer replaces Theodore Kulongoski, who resigned June 15, 2001.

Balmer was raised in Portland and attended Portland Public Schools. He received his B.A. from Oberlin College in 1974 and his J.D. from the University of Chicago Law School in 1977.

Balmer practiced law with firms in Boston and Washington, D.C., and served with the Antitrust Division of the U.S. Department of Justice before returning to Portland in 1982. He is currently Managing Partner of Ater Wynne LLP in Portland. Balmer served as Deputy Attorney General, under then-Attorney General Kulongoski, from 1993 to 1997.

In that position, he successfully defended Oregon's assisted suicide measure and handled a number of election and constitutional cases, including argument on behalf of the state in the U.S. Supreme Court.

Balmer also currently serves as a Board Member for the Classroom Law Project, Chamber Music Northwest, and the Portland Parks Foundation. He is past chair of Multnomah County Legal Aid Service.

Balmer is married to Mary Louise McClintock, a consultant on children and social services issues. They have two children.

In order to retain this position, Mr. Balmer must stand for election on May 21, 2002.

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FOR IMMEDIATE RELEASE

September 6, 2001

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Governor Applauds Confirmation Of Roger Bassett To Board Of Higher Education

Governor John Kitzhaber today applauded the confirmation of his appointee, Roger Bassett, to the State Board of Higher Education. Bassett, currently retired, is the former director of the State Office of Community Colleges.

"Roger's experience working across institutional lines and building strong connections between community colleges and our state university system will serve Oregonians well," Kitzhaber said. "I firmly believe that the Oregon University System will benefit from his creative thinking and long record of experience with the entire continuum of education."

Governor Kitzhaber will be making another appointment to the Board in October of this year. Kitzhaber said he was considering a short list of candidates and focusing on their ability to think and act beyond the needs of the Oregon University System to influence and work closely with all levels of Oregon education; with those who seek a strong economy and work force for Oregon; and with those who would sustain and improve Oregon's natural and human environments."

"Our University System is at a crossroads," Kitzhaber added. "It is unlikely that the proportion of state aid for our universities will increase, given other pressures on the state budget. The Oregon University system must look outside the traditional state funding stream to grow and prosper, and must be more efficient with the state dollars it does receive."

"I am optimistic that these new appointments, along with the excellent members who already serve there, will make the most of this opportunity to bring all of higher education to a single view of how we can better offer and invest in a postsecondary opportunity for more Oregonians."

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FOR IMMEDIATE RELEASE

September 5, 2001

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Statement Governor Kitzhaber

Loss Of Senior Trooper And Albany Police Officer And Injury Of Sergeant John Burrigh

"Our thoughts and prayers go out to the families of Oregon State Police Senior Trooper Maria Mignano and Albany police officer Jason Hoerauf who were tragically killed in the line of service last night while assisting a disabled motorist on Interstate 5 about eight miles south of Salem. Our hopes for a full and speedy recovery go out to their surviving colleague, Oregon State Police Sergeant John Burrigh, who was critically injured in the same accident.

This tragedy should remind us all of the fact that our police officers daily put themselves at risk for the sake our safety. It is an appropriate moment to pause and reflect on this selfless service, and give thanks to the men and women who literally put their lives on the line. Even as we mourn these fallen officers, let us celebrate the sacrifices their fellow officers make daily in the performance of their jobs."

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FOR IMMEDIATE RELEASE

August 28, 2001

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Governor Appoints Fish and Wildlife Commission Chair

Governor John Kitzhaber today announced the appointment of John Esler as Chair of the Oregon Fish and Wildlife Commission. The appointment will be effective September 1. The governor received new appointment authority as a result of HB 3637. Esler will replace Paul McCracken, who has served as chair for the past two years.

"We are fortunate to have someone of John's caliber to step in and serve as Chair of the Commission during this important crossroads for the agency," said Kitzhaber. "John has considerable experience working on fish and wildlife issues both as a 20 year employee of Portland General Electric and a 3 year member of the Commission."

Esler currently serves as senior project manager in Power Supply at PGE, where he is responsible for the federal and state relicensing of several hydroelectric general facilities in Oregon. He was appointed to the Commission in 1998, representing the First Congressional District.

"I am honored to be selected by the governor to chair the Commission," said Esler. "I look forward to the challenges the agency faces, with growing concerns about fish and wildlife populations in Oregon and the habitat, harvest and hatchery issues that are vital to species recovery."

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FOR IMMEDIATE RELEASE

August 17, 2001

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Governor Releases Final Vetoes

Governor John Kitzhaber today released his final list of vetoes. The bills the governor has vetoed are as follows:

- **Senate Bill 67**, which relates to taxation of capital gains.
- **Senate Bill 374**, which relates to disclosure requirements of Oregon Lottery vendors.
- **Senate Bill 502**, which relates to the speed limit.
- **Senate Bill 593**, which relates to phonics instruction.
- **House Bill 2497**, which relates to prescription drugs.
- **House Bill 2714**, which relates to dwellings on land zoned for farming.
- **House Bill 2981**, which relates to rural residential properties.
- **House Bill 3528**, which relates to a development in Harney County known as "The Narrows."
- **House Bill 3808**, which relates to federal migratory bird refuges.
- **House Bill 3809**, which relates to fish hatchery practices.
- **House Bill 3981**, which relates to the State of Oregon's Endangered Species Act.

Gov. Kitzhaber also exercised his line item veto authority to disapprove portions of the following bills:

- **Senate Bill 50** (emergency clause only). This action delays the effective date of the bill until January 1, 2002, allowing more time for the Oregon Department of Fish and Wildlife to move their headquarters to Salem.
- **Senate Bill 5533** (appropriations line item veto of Section 18). This action deletes a duplicate appropriation for county fairs.

With these 13 vetoes, Governor Kitzhaber has vetoed a total of 16 bills and issued two line item vetoes resulting from the 2001 session.

Copies of the veto letters are available on the governor's web site at: [/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/Bills01/veto.htm](http://FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/Bills01/veto.htm)



FOR IMMEDIATE RELEASE

August 13, 2001

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Maj. Jeff Jullum

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Lt. Steve Lane (OSP)

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Rod Nichols (ODF)

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**Governor Declares State of Emergency Due To Wildfires
Enables use of Oregon National Guard in fire suppression**

Oregon Governor John Kitzhaber today declared a state of emergency due to wildfires. The declaration will enable the governor to call up elements of the Oregon National Guard for use in firefighting.

Approximately 200 members of the Oregon National Guard will be available after completing a short refresher course because they were trained during the year 2000 fire season.

The declaration was necessary because heavy lightning strikes during the last three days have stretched existing fire fighting personnel and equipment to the limit.

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FOR IMMEDIATE RELEASE

August 10, 2001

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Governor Releases List of Potential Vetoes

Governor John Kitzhaber today released a list of **potential** vetoes. The governor is under no obligation to veto these bills, but is required to provide five working-days notice of bills which might be vetoed. Governor Kitzhaber has until August 17, 2001 to sign or veto bills that reached his desk after the legislature's July 7, 2001 adjournment.

The bills on which the governor gave notice are as follows:

- Senate Bill 67 which relates to taxation of capital gains.
- Senate Bill 374 which relates to disclosure requirements of Oregon Lottery vendors.
- Senate Bill 502 which relates to the speed limit.
- Senate Bill 593 which relates to phonics instruction.
- House Bill 2497 which relates to prescription drugs.
- House Bill 2714 which relates to dwellings on land zoned for farming.
- House Bill 2801 which relates to collection of child support payments.
- House Bill 2981 which relates to rural residential properties.
- House Bill 3528 which relates to a development in Harney County known as "The Narrows."
- House Bill 3808 which relates to federal migratory bird refuges.
- House Bill 3809 which relates to fish hatchery practices.
- House Bill 3981 which relates to the State of Oregon's Endangered Species Act.

Governor Kitzhaber proposes to exercise his line item veto authority to disapprove portions of the following bills:

- Senate Bill 50 (emergency clause only). This action delays the effective date of the bill until January 1, 2002, allowing more time for the Oregon Department of Fish and Wildlife to move their headquarters to Salem.
- Senate Bill 5533 (appropriations line item veto of Section 18). This action deletes a duplicate appropriation for county fairs.

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FOR IMMEDIATE RELEASE

August 9, 2001

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Governor Signs Economic Development Funding Package

Governor John Kitzhaber signed House Bill 2275 into law today at a ceremony in the State Capitol in Salem. The bill authorizes the sale of bonds backed by Oregon Lottery proceeds and targets those bonds at economic and community development projects in rural Oregon. Most importantly, it designates \$150 million to create a sustainable, revolving loan fund, which will allow for up to \$50 million per biennium in grants and loans into perpetuity.

Also included in the lottery bonding package is \$28.8 million for deepening the Columbia River channel from Portland to Astoria and \$22.8 million for the Community Incentive Fund which helps rebuild mainstreets and community centers.

"Helping build economic strength and stability in Oregon's rural communities is our state's greatest economic development challenge," said Gov. Kitzhaber. "I worked hard with the legislature to come up with a rural economic investment program that would not only be large enough to have real impact on the ground, but would also be sustainable biennium after biennium."

Under the new program, low interest loans will be made to rural and distressed communities for infrastructure projects such as water and sewer development. Interest on the loans will help create the sustainable fund.

"The changes in the rural economy over the last 20 years have reduced the number of family-wage jobs in our smaller communities," Kitzhaber said. "This funding will help lay the foundation for economic growth and economic diversity throughout our state."

The legislation also continues the state's commitment to pay its share of deepening the Columbia River channel from 40 feet to 43 feet to accommodate larger, deeper draft vessels. "The Port of Portland is Oregon's port - it helps our farmers and business people compete globally. I am committed to keeping the Port of Portland competitive with other Western ports," said Kitzhaber.

Finally, the legislation commits another round of funding to the Community Incentive Fund, which was part of Gov. Kitzhaber's Oregon Livability Initiative, adopted during the 1999 legislative session. The fund has helped maintain viable downtowns and community centers in Oregon towns such as Pendleton, Astoria, Oakland and Medford.

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FOR IMMEDIATE RELEASE

August 8, 2001

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Governor Signs Bills Advancing Medical, Technology Research And Technology Transfer

Governor John Kitzhaber signed into law today legislation and funding bills which greatly enhance Oregon's medical and technology research sectors. The governor signed the bills, which range from technology transfer policy to biomedical research funding, at a ceremony at Oregon Health and Science University.

"The 2001 legislative session will be remembered as one where we got the ball rolling on significant investments in technology and medical research and education," said Kitzhaber. "We are taking advantage of the incredible opportunity for medical advances offered by the fast-growing world of genetic research and we are putting a significant down payment on improving engineering education."

State Treasurer Randall Edwards, who joined Kitzhaber at the signing event and was instrumental in the bills' passage said: "This package of bills is a hallmark for the State of Oregon. With these new partnerships and the expansion of the Oregon Growth Account, we can help new businesses get started, create more jobs and boost the local economy."

Specifically, Gov. Kitzhaber signed Senate Bill 832 which dedicates approximately \$32 million per biennium of National Tobacco Settlement funding for the construction of facilities such as research labs which will take advantage of information generated by Human Genome Project. "This is a once in a century opportunity to position Oregon for the most important medical research projects of our era," said Kitzhaber.

Secondly, Kitzhaber signed Senate Bill 5524, the appropriations bill for the Oregon University System, which includes \$20 million to improve engineering education and increase the number of engineering graduates, and Senate Bill 5525, the Oregon University System Capital Construction Budget, which includes \$20 million for construction of a new building for engineering education. "Addressing the need for improved engineering education was one of my top education priorities for the 2001 session," said Kitzhaber. "Oregon's economy depends increasingly on the economy of the mind and this package of engineering programs will help us provide the workforce for that economy."

To help promote the transfer of knowledge from universities to businesses and spur job creation in Oregon companies, Kitzhaber also signed a package of four bills. They are:

Senate Bill 273 which creates the Oregon Council for Knowledge and Economic Development. The Council will help develop appropriate public policy to ensure Oregon's future economic growth and competitiveness.

Senate Bill 102 which creates the Higher Education Tech Transfer Account. This account will provide a short-term mechanism to allow universities to hold equity in the products and companies created by their research.

Senate Bill 101 which creates the Higher Education Tech Transfer Fund. This fund will use declared earnings from the Oregon Growth Account to help technology transfer offices bring academic discoveries into useful commercial application.

House Bill 3968 which merges the Oregon Resource and Technology Development Account into the Oregon Growth Account and enables the Oregon Growth Account to provide seed capital for new companies developed out of university research.

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FOR IMMEDIATE RELEASE

August 2, 2001

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Governor Signs Practitioner-Managed Prescription Drug Plan And Oregon Health Plan Waiver Legislation

Governor John Kitzhaber, at a health care facility in Portland, today signed two pieces of legislation critical for the future of the Oregon Health Plan. Together, these bills will help control pharmaceutical costs and will provide additional flexibility in how the Oregon Health Plan utilizes state, federal and private dollars to serve uninsured Oregonians.

The first bill, SB 819, the Practitioner-managed Prescription Drug Plan, creates the Oregon Formulary. A formulary, which is common practice in most private health plans, establishes a priority list of which prescription drugs in a specific group of drugs the Oregon Health Plan will pay for. It was anticipated that without the addition of a formulary, the cost of prescription drugs in the Oregon Health Plan would go up 60 percent or \$126 million dollars in the next two years. The creation of a formulary for the Oregon Health Plan will help the state control the skyrocketing cost of prescription drugs.

"We established the Oregon Health Plan in 1989 to provide dependable access to quality health care for uninsured Oregonians," said Kitzhaber. "Pharmaceuticals are not only the fastest rising cost in the Oregon Health Plan but in all of state government. As such they threaten the sustainability of the Plan. The formulary will help ensure the survival of the Oregon Health Plan and the continued access to health care for thousands of Oregonians."

The second bill, HB 2519, directs the Department of Human Services to submit a waiver to the federal government to establish a new Oregon Health Plan benefit package for certain eligible clients up to 185 percent of the Federal Poverty Level. This will allow the state flexibility in designing a less comprehensive benefit package for adults who do not have disabilities. In addition, the state will seek federal matching funds for persons covered under the Family Health Insurance Assistance Program, which currently relies on state funds only. The savings from the new benefit package and the additional matching funds will expand coverage to 10,000 children and 40,000 adults who do not currently qualify for coverage under the Oregon Health Plan.

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FOR IMMEDIATE RELEASE

August 1, 2001

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Governor Signs Oregon Children's Plan

Children, Legislators, Community Groups Join Kitzhaber at Ceremony

After a speech before hundreds of school principals and superintendents in Florence, Governor John Kitzhaber today signed a series of education bills. These bills will provide \$5.2 billion in funding for K-12 schools in Oregon, as well as implement Ballot Measure 1, which was approved overwhelmingly by voters in November 2000. The measure established that the Legislature must define what constitutes adequate funding for schools and report on the consequences if they are unable to fund schools at that level.

Specifically, Gov. Kitzhaber signed:

- **Senate Bill 5514**, which appropriates \$4.98 billion to K-12 schools in Oregon;
- **Senate Bill 5513**, which appropriates \$220 million to the School Improvement Fund and targeted at improving reading among third to fifth graders;
- **House Bill 2295**, which establishes in law the Quality Education Commission and legislative reporting requirements called for in Ballot Measure 1;
- **House Bill 2300**, which creates and funds the local option grant program described in Ballot Measure 1; and,
- **House Bill 2298**, which creates the School Improvement Fund.

"This school budget represents a significant victory for our state's children," said Kitzhaber. "It improves on the last K-12 budget and targets resources directly at improving reading in the early grades - one of the best things we can do to help kids succeed."

For the first time, Kitzhaber noted "the K-12 budget was based on some objective consideration of how much it actually costs to have good schools." The \$5.2 billion figure was recommended by the Quality Education Commission, which Kitzhaber established by Executive Order and is now established in statute.

"Since the passage of Ballot Measure 5, the Legislature has struggled with what constitutes an appropriate level of school funding," said Kitzhaber. "The process called for in Ballot Measure 1 and the tools created by the Legislature will help ensure that we have a thoughtful and informed consideration of this most important appropriation."

Ballot Measure 1 also called on the State to help fund local option levies of school districts with low property wealth. "I am proud that we were able to fund this new program to ensure that all school districts can afford a local option if they desire it," said Kitzhaber. HB 2300 provides approximately \$600,000 to aid low property value districts and sets up the

rules for which districts qualify.

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FOR IMMEDIATE RELEASE

July 27, 2001

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Governor Signs Oregon Children's Plan

Children, Legislators, Community Groups Join Kitzhaber at Ceremony

Governor John Kitzhaber at a news conference today signed HB 3659, which creates the Oregon Children's Plan. The Oregon Children's Plan is a first of its kind program, designed to provide early help to children and parents. Kitzhaber was joined at the news conference by Sen. Charles Starr, Reps. Jackie Winters and Bruce Starr, and business and community leaders.

The Oregon Children's Plan will provide for voluntary screening of all first born children for both medical and social risks, and will increase services available to children and families through the State and counties. The program was funded by the Legislature at \$60 million for the next two years. Programs such as Healthy Start and Relief Nurseries will be expanded under the Oregon Children's Plan.

Passage of the Oregon Children's Plan was one of the governor's priorities for the 2001 Legislative session. "By signing HB 3659, Oregon is taking an historic step toward improving the lives of our youngest citizens," said Kitzhaber. "This legislation sets Oregon apart from the rest of the nation in terms of our vision, our commitment and our resolve toward helping children. This is what 'putting children first' really means."

HB 3659 will go into effect immediately. The program will be phased-in, with half of Oregon counties implementing the program immediately, and the other half up and running by February 2002. The Department of Human Services, the Oregon Commission on Children and Families and the Department of Education will jointly oversee the program. Approximately 25,000 children will receive some level of service over the biennium. Between 4-5,000 of those children will receive intensive services under the program.

For more information on the Oregon Children's Plan go to the governor's website at www.governor.state.or.us/governor/hhslp/ocp.htm.

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FOR IMMEDIATE RELEASE

July 18, 2001

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Governor Proposes Klamath Basin Compromise

Governor John Kitzhaber released today the principles of a proposed compromise on allocation of water in the Klamath Basin between farmers, tribes and wildlife. Representatives of the State presented the proposal today as part of mediation between all the interests in the Basin. The mediation was convened by US District Court Judge Thomas Coffin in Eugene beginning in April of this year.

"I believe it is vital that we break the gridlock on this issue," Kitzhaber said. "This proposal recognizes that every party in the Basin has got to be willing to lose a little to win a lot. That win is certainty about the future of agriculture in the Klamath Basin and a significant commitment to habitat restoration for endangered species."

The State proposal consists of the following:

- Establish new minimum lake levels and river flows that allow for a minimum irrigation delivery out of Upper Klamath Lake of approximately 170,000 acre-feet.
- Base those minimum lake levels on the 2001 water year being the record year of drought, with precipitation to date (since October 1, 2000) being 50 percent of normal. To get 170,000 acre-feet for irrigators, the lake level would have to be able to drop to elevation 4,138' (from current projected 4,139.4') and downstream flows would have to be reduced by 300 cubic feet per second for 120 days.
- Share all gains above the minimums equally between the Lake, the River and irrigation so a "normal" water year would mean an irrigation delivery of approximately 340,000 acre-feet, with the remaining normal year shortage (approximately 90,000 acre-feet) being addressed through demand reduction and development of wells, which is currently in progress. The other normal year water would go to maintaining lake level and downstream flows at levels recommended in the 2001 biological opinion and toward water deliveries to the wildlife refuge.
- Develop new "reasonable and prudent alternatives" to support the agreement through broad scale, long-term actions to augment supply, reduce demand, enhance conservation/efficiency, restore habitat, screen canals/diversions and improve water quality.
- Monitor effectiveness and continue research and peer review of science to support future adaptive management.

"I realize this compromise will not make everybody happy," said Kitzhaber. "But I firmly believe it is something we can accomplish. I am very concerned that other efforts, such as trying to change the way the Endangered Species Act works or changing ownership of the Klamath Basin Project, offer little chance of succeeding -- certainly not within the next

few years. Instead, they will maintain the current stalemate and provide no certainty of access to water in the future for either irrigators or endangered species."

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FOR IMMEDIATE RELEASE
JUNE 28, 2001

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Governor Signs HB 3909 Establishing A Task Force On Tire Recycling

Governor John Kitzhaber signed HB 3909 on June 27 which created a 13-member task force on tire recycling. The task force is charged with the goal of finding sustainable market solutions for the recovery of resources contained in waste tires. It will deliver its recommendations to the appropriate interim legislative committee by September 30, 2002.

According to the Oregon Department of Environmental Quality, there has been a dramatic decline in the rate of tire recycling over the past few years. In 1995, 83 percent of tires were recycled, but by 1999 that number dropped to 33 percent. Tires that are not reused or recycled end up in landfills, wasting valuable resources. Greater value can be extracted from scrap tires through increased tire use prior to discard, retreads, recycled rubber products, rubberized paving surfaces, substitute for construction aggregate, and as a tire-derived fuel.

"The task force created by HB 3909 will develop a thoughtful, long-term solution to this problem," said Gov. Kitzhaber. "It is vital for the sake of our environment that we greatly increase the number of tires that are reused or recycled each year."

The task force will include representatives from state and local government, tire dealers, scrap tire end users, recyclers and other non-profit stakeholders.

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FOR IMMEDIATE RELEASE
JUNE 28, 2001

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Governor Seeks Help In Klamath Aid

Governor John Kitzhaber today wrote to U.S. Senate Majority Leader Tom Daschle (D-SD) requesting his assistance in ensuring that \$20 million for Klamath Basin disaster relief remained in the Fiscal Year 2001 Supplemental Appropriations bill.

"The fate of the Klamath Basin agriculture depends significantly on the federal government's ability to step forward with assistance for those hard-hit citizens," Kitzhaber wrote.

The full text of the letter is attached.

June 28, 2001

The Honorable Thomas A. Daschle
Senate Majority Leader
United States Senate
Washington, DC 20510

Dear Senator Daschle:

As the Senate considers the Fiscal Year 2001 Supplemental Appropriations bill, I would like to ask for your support for short-term relief for agricultural interests in the Klamath Basin of Oregon who are undergoing a severe dry season. The House of Representatives included \$20,000,000 in financial assistance for the agriculture community in its version of the bill and I ask for your help in gaining acceptance by the Senate.

Efforts are underway by the State of Oregon, and by others throughout the state, to address the desperate needs of the Klamath Basin community. The State is using existing funds and programs to assist the Klamath community and the Oregon legislature has recently appropriated \$2 million for development of alternative water sources. We have high hopes that these efforts will provide a useful amount of relief. However, these resources can address only a fraction of the whole need, and additional funds are necessary.

The U.S. Bureau of Reclamation has estimated the impact of the lack of water to be approximately \$250 million. This amount is well beyond what state, local and private relief efforts can contribute. The fate of the Klamath Basin agriculture depends significantly on the federal government's ability to step forward with assistance for those hard-hit citizens.

Thank you for your consideration of this request, and if there is any information you need please do not hesitate to call me.

Sincerely,

John A. Kitzhaber, M.D.

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JUNE 28, 2001

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Governor Vetoes Redistricting Legislation

Governor John Kitzhaber today vetoed SB 500, the Legislature's congressional redistricting plan, and HB 2001, the Legislature's legislative redistricting plan.

The governor has said from the beginning of the legislative session that he would not sign redistricting plans that do not have bipartisan support.

"Throughout session, I have maintained that I would approve a redistricting plan that had broad support both from the membership and the leadership of this Legislative Assembly. Early in session, there were encouraging signs that all interested parties were working together on the legislative redistricting plan. However, the lack of process and public input and the stark partisan vote on HB 2001 highlights its shortcomings,"

the governor wrote in his HB 2001 veto message. He expressed similar concerns about SB 500.

[SB 500 Veto Message](#)

[HB 2001 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 20, 2001

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**Testimony Submitted By
Oregon Governor John A. Kitzhaber, M.D
Before The
Senate Governmental Affairs Committee Regarding
The Role of the Federal Energy Regulatory Commission Associated with the
Restructuring of Energy Industries
June 20, 2001**

I appreciate the opportunity to offer my perspectives on the role of the Federal Energy Regulatory Commission (FERC) and, specifically, its response to the western power crisis.

Let me start with three interrelated facts about the western wholesale power market. One, we do not have a well-functioning market. Two, we do not have effective competition. Three, we do not have "just" and "reasonable" wholesale power rates. These are unassailable facts. These are facts acknowledged by the FERC through its own pronouncements. These are facts that demand effective, comprehensive action by the FERC and yet it has refused to intervene.

Last winter, I – along with my fellow Governors of California and Washington – first called on the FERC to impose cost-plus pricing or some other form of temporary price controls in the Western wholesale power markets. Our concern then, as now, is that the exorbitant, unlawful wholesale prices our utilities are paying to a handful of power marketers ripple through our economies straining household budgets, putting people out of work, and causing general business slowdown.

While FERC fiddles, we are seeing the effects of the monopolistic wholesale prices that have burdened the West. Businesses are shutting down or curtailing operations, laying off thousands of workers. Schools are cutting back on essential programs in order to pay for electricity. Low-income households are sacrificing basic necessities to pay higher energy bills. We face major setbacks in our efforts to revitalize fisheries due to the hard tradeoffs required in the current energy environment. And a four-fold increase in Bonneville Power Administration power rates looms that will cause even greater harm to our households, our businesses, and our economy. Without immediate pricing changes, the situation will only worsen.

FERC and the Bush Administration have attacked temporary price controls on three counts.

First, temporary wholesale power pricing reforms do not measure up to the Bush Administration's simplistic policy

criteria of "does it reduce demand or increase supply." In the words of Commissioner Massey, the Administration is "ignoring the elephant in the living room." Yes, we should be stimulating investments in energy efficiency and new supplies. But, we cannot close any supply gap fast enough to significantly temper the prices utilities are paying in the wholesale market today and will be paying in the near term. Supply is an issue but so is the fact that we also we have a serious, short-term price problem that needs to be addressed.

Second, temporary wholesale power pricing reforms will have a debilitating effect on the development of new supplies and on efforts to reduce demand. High prices can reflect scarcity of a good or they can reflect sheer market power by a few sellers. The two should not be confused. Crafted properly, temporary price controls will eliminate any incentive for the owners of existing facilities to withhold power from the market to maximize profits – which I believe has occurred. By doing so, that will bolster supplies not lessen them.

Further, wholesale power pricing reforms can be crafted that provide more than sufficient incentives to developers to build new power plants. Various workable proposals – including some from one of my state agencies – have been submitted to FERC for its consideration. All would provide a reasonable return for energy producers while providing needed short-term rate relief. It is incumbent on the FERC to examine and develop those proposals as quickly as it can.

In addition, the imposition of temporary cost-plus pricing or other pricing reforms will not hurt our efforts to conserve energy. Indeed, I think that the reverse is true. With the unprecedented run-up in wholesale prices, we have largely reduced demand in the Northwest by shutting down businesses, reducing household amenities, and slowing our economy and not through permanent investments to make our homes and businesses more energy efficient for the long haul.

Three, temporary price controls will not be temporary. This is the most disingenuous criticism. We seek rate stability until power supplies increase and functioning market conditions prevail and no longer. When that occurs, any form of price control will naturally wither away. Further, whatever FERC establishes, it obviously can change later.

For the long run, a competitive wholesale power market can yield benefits. But, if we cannot be assured that FERC will respond quickly and effectively to remedy serious market defects, then I believe that we must revisit the policy to promote open, competitive wholesale power markets. Our citizenry will demand it.

FERC has failed miserably in its handling of the western power situation. Its failure to act to moderate short-term prices has benefited the few at the expense of tens of millions of households and businesses in the West.

Sound public policy should serve the best interests of the most people – not the narrow interests of a few. Legislation is needed to do what the FERC will not do – protect Western consumers from the consequences of manifestly unjust and unreasonable wholesale power prices.

In addition to raising concerns about the handling of the western power crisis, I want to take this opportunity to address other FERC issues that the Committee should take under consideration.

I understand that FERC may be supporting proposals to preempt state siting authority for transmission lines. I believe this is unwise and untenable. States and local governments have siting jurisdiction for good reasons. They are the governments closest to the individuals affected by the impacts of large transmission and generation projects. They are in the best position to mitigate those impacts and consider a range of alternatives.

FERC should require transmission owners and new regional transmission institutions to develop and implement an integrated transmission and generation planning process. They should be required to consider alternatives to costly infrastructure such as efficiency, load management strategies, distributed generation, and new transmission technologies. And in order to provide incentives for rational, cost-effective, and environmentally sound decisions, FERC should implement Performance Based Ratemaking that specifically rewards transmission owners that provide more efficient and more reliable transmission service. Just rewarding monopoly transmission providers with higher rates of return and higher profits doesn't necessarily achieve these public interest goals.

FERC should require full disclosure of all transmission and generation information in real-time, or as close to real time

as is possible. Current Energy Information Agency (EIA) confidentiality policy is a major impediment to a workable, competitive wholesale market. It protects suppliers in a position to exercise market power but endangers consumers who are vulnerable to market power abuse. Markets only function efficiently and fairly when participants are fully informed of available supply and demand options.

Finally, on Monday FERC announced its plan to address the western power crisis. We are still reviewing the details of the FERC Order and will submit additional testimony to the Committee as soon as we have completed that review. Our initial review indicates that FERC now recognizes that the western power market is dysfunctional, and offers limited strategies, which in our view do not go far enough to deal with the severity of the problem. While the severe wholesale price spikes will be moderated by the plan, it will not ensure "just" and "reasonable" pricing on an on going basis.

Thank you for the opportunity to provide testimony on these important FERC issues.

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FOR IMMEDIATE RELEASE
JUNE 19, 2001

Contact:

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**Drought Information Available
on Governor's Web Site**

Governor John Kitzhaber today unveiled a new "Drought Emergency Information" feature on the Governor's Office web site.

The site outlines state agency response to the drought and state agency contacts. Other State resources, such as information on well-drilling permits through the Oregon Water Resources Department and the Oregon Business Development Fund and the Revolving Loan Fund through the Department of Economic and Community Development, are also available.

The site also contains federal drought related web links, the latest county disaster request status, a drought map (both through Oregon Emergency Management), Governor's Executive Order disaster declarations, news releases and Governor's correspondence to the federal government.

The Governor's Office web site url is: www.governor.state.or.us

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FOR IMMEDIATE RELEASE
JUNE 15, 2001

Contact:

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Governor Announces Appointment Of Oregon Tax Court Judge

Governor John Kitzhaber today announced that he has appointed Henry Breithaupt to the Oregon Tax Court. Breithaupt replaces the Honorable Carl N. Byers, who retired effective April 30, 2001. In order to retain this position, Mr. Breithaupt must stand for election in May, 2002.

Breithaupt received his B.A. degree from Pomona College in 1971 and his J.D. degree from the University of Oregon School of Law in 1975. He has been practicing law since 1975 and has been a member in Stoel Rives LLP since 1978. Breithaupt also practiced law at the Miller Nash law firm from 1975 to 1978.

Breithaupt currently serves as a Board Member with the DePaul Treatment Centers, Oregon Tax Research and Lutheran Family Service. Breithaupt is an Adjunct Professor at Northwestern School of Law and Coach of its National Tax Moot Court Team. He has spoken at numerous educational programs of the Oregon State Bar and the Oregon Society of Certified Public Accountants, with a special emphasis on state and local tax matters.

Since 1978 Breithaupt has provided pro bono legal services to a variety of charitable organizations on organizational and charitable exemption issues, which include the following entities: American Tinnitus Association; American Spina Bifida Association; New Song Russian Christian School of Music; Tongan Community Services; Portland Computer Training Institute; Center for the Study of Religion at Portland State University, and Portland Baroque Orchestra.

Breithaupt and his wife Mary have three children: Margaret 17, Paul 15 and Katherine 12.

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FOR IMMEDIATE RELEASE
JUNE 6, 2001

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Susan Fletcher
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Legislators And Community Groups Join Governor To Urge Passage Of Oregon Children's Plan

Governor John Kitzhaber was joined today at a news conference by state Republican and Democratic legislative leadership who have thrown their support behind the Oregon Children's Plan, SB 965. The Oregon Children's Plan would provide for voluntary screening of all first births in Oregon, for both medical and social risks, and would make services available statewide to children and families through community programs. The Oregon Senate is expected to vote on SB 965 as early as Thursday, June 7.

"The Oregon Children's Plan is good public policy -- it will benefit our communities, families and schools." said Kitzhaber. "I welcome the bipartisan support for this plan and I am confident that this will be the session where we go beyond the discussion of a problem and instead enact a solution."

The governor was joined by Sens. Charles Starr and Kate Brown, and Reps. Dan Gardner and Jackie Winters. Also in attendance were Liz Smith of Children First for Oregon and Ray Mathis of the Citizens Crime Commission. Other legislators and community organizations were also present.

More information on the Oregon Children's Plan is available on the governor's website at: ES-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor/hhslp/ocp.htm

The following organizations and individuals support the Oregon Children's Plan:

Oregon Medical Association
Oregon Commission for Child Care
Children First for Oregon
Oregon Parent Teachers Association
Multnomah County
Citizens Crime Commission
Fred A. Stickel, Oregonian Publishing Company
Erin B. Hubert, Portland Trail Blazers
Steven D. Pratt, ESCO Corporation
James B. Jeddelloh, Perkins & Company, PC

William A. Furman, The Greenbrier Companies, Inc.
Coalition of County Children and Family Commissions
Salem – Keizer Head Start
Central Oregon Pediatric Associates
Ferguson Wellman Capital Management, Inc.
Oregon Pediatric Society
Public Health Advisory Board
Charles Becker, Mayor, City of Gresham
Marcia Mulvey, Early Childhood Care & Education Council
Jim Lace, Oregon Pediatric Society
Patricia Foley, Multnomah County Health Department
Ann Stephani, Ecumenical Ministries of Oregon
Phyllis Biseth, Central City Concern
Tammy Jackson, Portland Public Schools, Child Services Center
Lisa Lawson, Mt. Community College, Head Start
Jean Wagner, Mt. Hood Community College, Head Start
Joann Borud, Mt. Hood Community College, Steps to Success
Molly Day, Eastwind Center
Carol Cole, Multnomah County Health Department
Earlene Holmstrom, Neighborhood House, Inc.
Heidi Helgemo, PPA-Indian Education Project
Carol Schlenker, Portland Impact
Susan Schiele, East Portland AFS
Diane Feldt, North Portland Community & Family Center
Kathy Gillaspie, Portland Head Start
Jeanne Lemieux, Mt. Hood Community College, Head Start
Janet Hawkins, Commission on Children, Families & Community
Hanh Ngoc Huynh, Asian Family Centers
Charlotte Finley, Albina Head Start
Danita Kang, Asian Family Center
Elizabeth D. Elkin, Multnomah County Health Department
Denise Ashley, Portland Early Intervention, Hollady Center
Kathy Bergstrom, Working Solutions
Jeanne Pace, Sachajawea Head Start
Ginger Fink, Portland State University
Sharon Butcher, Multnomah Early Childhood Program
Catherine Brown, Head Start
Wendy Lebow, Multnomah County

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FOR IMMEDIATE RELEASE

June 5, 2001

Contact:

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Bob Applegate
 (503) 378-6496

GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber submitted the following names for appointment to various boards and commissions to the Oregon Senate for approval.

Among the nominees is Mary Olson, who is being nominated to fill the Clackamas County vacancy on the Port of Portland Commission. Olson, an investment banker, is currently President of Norris, Olson & Associates, Inc. She previously worked at U.S. Bank as Vice President of Corporate Banking. Upon confirmation, Ms. Olson will fill the vacancy left by Jerry Drummond of Canby, who resigned to take a seat on the Oregon Investment Council.

Board	First Name	Last Name	City
Commission for the Blind	Frank	Armstrong	Newport
Commission for the Blind	John	Boice	Keno
Commission for the Blind	Edward	Ripplinger	Salem
Commission for the Blind	Elizabeth	Rousseau-Rooney	Cave Junction
Commission for the Blind	Philip	Stockstad	Eugene
Construction Contractors Board	Richard	Tolvstad	Portland
Home Care Commission	Sharon	Ely	White City
Home Care Commission	Cindy	Hannum	Salem
Home Care Commission	Dayle	Niemie	Brookings
Home Care Commission	Michael	Volpe	Corvallis
State Housing Council	Larry	Medinger	Ashland
Trustees of the State Library	Charlotte	Herbert	Myrtle Creek
Trustees of the State Library	Yvonne	Williams	Portland
State Marine Board	Bob	Montgomery	Cascade Locks
State Marine Board	James	Whitty	Coquille
OHSU Board	Scott	Gibson	Lake Oswego
OHSU Board	Keith	Thomson	Portland
Port of Portland Commission	Mary	Olson	Portland

State Board of Psychologist Examiners	Jana	Zeedyk	Portland
Public Safety Standards/Training Board	Ed	Daniels	Salem
Public Safety Standards/Training Board	Michael	Harmon	Harrisburg
Public Safety Standards/Training Board	Rick	Lewis	Silverton
Public Safety Standards/Training Board	Bob	Livingston	Salem
Public Safety Standards/Training Board	Janet	Mann	Lowell
Public Safety Standards/Training Board	Deirdre	Molander	Portland
Oregon Tourism Commission	Katy	Coba	Salem
Oregon Tourism Commission	Joe	D'Alessandro	Portland
Commission for Women	Candace	Bartow	Grants Pass
Commission for Women	Addie	Haynes	Portland

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FOR IMMEDIATE RELEASE
MAY 31, 2001

Contact:

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Katy Coba
(503) 378-3123

Governor Announces State Financial Assistance For Agriculture Drought Disaster

Governor John Kitzhaber and the Klamath County Commissioners announced today a \$500,000 award from the Oregon Economic and Community Development Department (OECDD). The funds will serve as seed money to establish a revolving loan fund to provide drought relief to farmers in Klamath County served by the Klamath Irrigation Project. The funds will be made available to farmers wanting to develop irrigation wells.

"This action is part of the State response to the needs identified at the recent Drought Emergency Information Open House at the Klamath County Fairgrounds," Kitzhaber said.

The \$500,000 grant will be used by Klamath County to loan to farmers to purchase and install agricultural wells, equipment and machinery as partial replacement for water not delivered from the Klamath Irrigation Project this year. Klamath County will administer the loan program, which will be available to cover up to 50 percent of the total project costs, not to exceed \$50,000. The terms of the loans will be five percent interest, over a 10 year period, with deferred payments for the first two years.

"The Klamath County Board of Commissioners is pleased to take this step toward helping our agriculture community," said Commissioner Al Switzer.

Further information regarding the loan program can be obtained from the South Central Oregon Economic District in Klamath Falls: 541-882-9600.

Paul Cleary, Director of the Oregon Water Resources Department (WRD) said the WRD will be able to issue emergency irrigation permits for usage of up to 50,000 acre feet total of ground water in the Basin. WRD has set up guidelines to process these permit applications in seven business days. To date, WRD has received 61 applications and approved 50 for emergency ground water permits in the Klamath Basin.

In addition, the governor announced that at least another \$1 million in the Oregon Business Development Fund would be made available for farm and business loans for drought relief efforts throughout the state.

The loans from the Oregon Business Development Fund can be used for any drought related problem, including developing wells, purchasing feed, providing working capital, or any other business, ranching or farming need. The loans are available to cover up to 40 percent of project costs. Loan repayments can be deferred for up to one year. Interest rates vary from approximately three to seven percent. They may be combined with loans from banks, private

lenders or local development groups.

OECD will also provide guarantees to Oregon banks to extend loans and lines of credit to help businesses, farmers and ranchers throughout Oregon survive the drought. Terms for bank loan guarantees are available from OECD.

For more information on the Oregon Business Development Fund and credit guarantees, call Mark Huston, OECD Business Finance Manager at 503-986-0165.

At the present time, six counties have been declared drought disasters by the governor: Klamath, Wasco, Jefferson, Crook, Lake and Hood River. Klamath has also been declared a USDA disaster area. In addition, a request from Gilliam County is being processed by the governor.

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FOR IMMEDIATE RELEASE
MAY 30, 2001

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Steve Corson, DCBS
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Governor Signs Consensus Bill On Patient Protection Issues

Governor John Kitzhaber today signed into law HB 3040, which addresses several key patient protection issues under health insurance plans in Oregon. HB 3040 was developed last year by a working group made up of industry, consumer group and purchaser representatives, and ultimately passed both chambers of the 2001 Legislature unanimously.

"Patient protection and patient rights are fundamental to the quality of health care," Kitzhaber said. "HB 3040 is an important step toward ensuring that certain people who have coverage can be confident that the system is truly responsive to their needs."

HB 3040 covers the following issues:

1. **External Review:** The bill creates an external review process for disputes between policyholders and insurers, regarding medical necessity and experimental procedures. Decisions reached through this process will be binding in most cases, and will include the right to sue a health plan in limited circumstances (see below).
2. **Continuity of Care:** The bill ensures that a policyholder undergoing a course of treatment will be entitled to continued care from his/her treatment provider under certain circumstances even after the provider has left the insurer's managed care network.
3. **Referrals to Specialists:** The bill requires health plans to have procedures for standing referrals to specialists, and to give policyholders a right to a second opinion regarding the need for a referral.
4. **Network Adequacy:** The bill directs the Department of Consumer & Business Services to convene an advisory group to help develop administrative rules for uniform indicators that HMOs and other network plans will use to report the scope and adequacy of their provider networks. The measure will also designate it an unfair trade practice for insurers to materially misrepresent certain aspects of their networks.
5. **Right to Sue:** As noted above, the bill provides for a limited right for policyholders to sue health plans in circumstances relating to compliance with an external review decision. The right will apply only when a health plan offers non-binding external review but then refuses to comply with the external review decision in a specific case. Health plans that agree to be bound by external review decisions won't be subject to new legal exposure, but may be liable for fines for failing to comply with their contracts.

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FOR IMMEDIATE RELEASE
MAY 16, 2001

Contact:

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Governor Meets With Brush College Elementary School Students

Governor John Kitzhaber today met with 4th grade students from Brush College Elementary School. The students were in the State Capitol to sing their new version of the 1920 state song "Oregon, My Oregon". The students were accompanied by their teacher Dave Price and by Toby Abraham-Rhine, who helped the class with the project.

Our Oregon

Land of the Douglas Fir tree, land of the wind and rains
Snow-capped majestic Cascades
Green fertile valley plains
From the mighty Columbia where the salmon run
To the falls of Klamath – my Oregon.

Land of the rose and beaver
Land of the sparkling shore
High mountain desert beauty, land where the eagles soar.
Rivers, lakes and cities reflect the rising sun
Promising a new day for my Oregon.

Hope for the weary migrant
Dream for the pioneers
Home of her Native Peoples struggling through the years
May we work together through the years to come
Sharing as her people our Oregon
Sharing as one people our Oregon.

(Rewritten by Toby Abraham-Rhine with input from the Brush College Community and edited by Room 19, copyright February 14, 2001)

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FOR IMMEDIATE RELEASE
MAY 15, 2001

Contact:

Roger Wood, *Governor's Natural Resources Office*

(503) 378-3589 ext. 832

Dave Cassel, *Oregon Emergency Management*

(503) 378-2911 ext. 226

State of Oregon Participating In Klamath County Drought Emergency Information Open House

On May 18-19, Klamath County will host a Drought Emergency Information Open House at the Klamath County Fairgrounds. Participating federal, state, and county agencies, local financial institutions, and local social service agencies will be there to share information and answer questions on programs and services their agencies provide. These agencies and organizations also will be listening to identify drought related needs that may not yet be addressed by existing programs.

A partial list of **State** agencies planning to participate includes Oregon Economic and Community Development Department, Oregon Water Resources Department, Oregon State Police Office of Emergency Management, Department of Forestry, Oregon Office of Energy, OSU Extension Service, Department of Agriculture, State Fire Marshal's Office, Employment Department, Education Department, and Housing and Community Services.

The meeting times and location is as follows:

When:

Friday May 18

Noon to 7 p.m.

And

Saturday May 19

9 a.m. to 2 p.m.

Where:

Klamath County Fairgrounds

3531 South 6th Street

Klamath Falls, Oregon

Building #2 (Blue Building)

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FOR IMMEDIATE RELEASE
MAY 15, 2001

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Susan Fletcher

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Governor Nominates Jerry Drummond To Oregon Investment Council

Governor John Kitzhaber announced today that he has nominated Jerry Drummond, a retired mining executive, to the Oregon Investment Council for a four-year term. Drummond, who is currently a Port of Portland Commissioner, will resign from the Commission effective June 1, 2001. He had previously served on the Oregon Investment Council from 1987 to 1997.

"Jerry has made significant contribution during his two years at the Port of Portland Commission," said Kitzhaber. "We look forward to having him back on the Investment Council, helping guide this very important group."

Under state law, Drummond, who is a resident of Clackamas County, must be replaced on the Port Commission by another Clackamas County resident. Kitzhaber said he would nominate a replacement for Drummond in the next two weeks. Drummond replaces Randy Pozdena, a Portland economist, on the Investment Council.

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FOR IMMEDIATE RELEASE
MAY 14, 2001

Contact:

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or Jeff Brown
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Governor Kitzhaber Announces Appointment of Washington County Circuit Court Judge

Governor Kitzhaber today announced that he has appointed Keith R. Raines to the Washington County Circuit Court. Raines replaces the Honorable Jon B. Lund, who retired effective March 31, 2001.

Raines has served as a Pro Tem Judge in Washington County since July 2000. He received his B.A. degree from Lewis & Clark in 1972 and his J.D. degree from Lewis & Clark in 1976.

Raines currently serves on the State Lawyers Assistance Commission, Albina Ministerial Alliance Board, Albina Rotary Club Foundation Board, and the Hillsboro Birthright Board.

Raines has also served on the Oregon State Bar Judicial Administration Committee, Washington County Bar Supplemental Local Rules Committee, Multnomah Bar Association Court Liaison Committee, and the Multnomah Bar Association Alternative Dispute Resolution Committee.

Raines has three children; Elizabeth 17, Christo 14, and Thomas 13.

In order to retain this position, Mr. Raines must stand for election in November, 2002.

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FOR IMMEDIATE RELEASE
MAY 8, 2001

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Oregon Children's Plan Testimony Senate Rules and Redistricting Committee

SB 965 may well be the most important initiative in the \$12 billion budget I have submitted to you this session. It gives our children the foundation to succeed. It gives real substance to the oft-used phrases: "Children are our most important resource" and "Let's put our children first". Second, it is important because of its potential impact on the cost and scope of state services in the future.

Let me start with a budgetary context for the issue you are considering today. Ten years after the passage of Ballot Measure 5, we are at the end of an era. During the 1990's state government assumed the major responsibility for funding primary and secondary schools. In 1989, the year before Measure 5, the K-12 budget was \$1.17 billion – or about 24 percent of the general fund. Today it is \$5.2 billion – or about 43 percent of the general fund.

In 1994 we passed Ballot Measure 11. In the last biennium before Measure 11, the budget for the Oregon Department of Correction was \$363 million. Today it has grown to \$863 million – and we have bonded an additional \$1 billion to finance prison construction.

In this same five-year time period our population grew by 600,000 people, and the number of children in our public school system increased by 60,000. There have been no general tax increases to offset these costs; in fact, over the last decade, measures have been passed to return \$1 billion to individuals and corporations through the kicker and cut the capital gains tax. And, last November, the voters approved another \$160 million tax cut with the passage of Ballot Measure 88.

Those days are over. Most likely we will be looking at flat, if not reduced, revenue next week. If it were not for the longest period of sustained economic growth on record, and the introduction of video poker, our state economy would have been devastated.

So, how do we survive? How do we have it all? How can we continue to invest in improving the quality of our schools, a growing prison population and the other rising costs of doing business when the economy – which made it all possible in the first place – is slowing?

The answer, in the absence of new revenue, is prevention.

SB 965 completes the comprehensive approach to prevention put in place by SB 555 in the 1999 Legislature. The Juvenile Crime Prevention and Alcohol & Drug components of SB 555 will help prevent older at-risk youth and their

families from entering the juvenile justice system, and lives of destruction. But it is not soon enough for some children and families. In many cases the pattern of behavior and risk factors is set much earlier in life, when the child is 5, or 3, or 3 months.

SB 965 will provide support to all children and families who need and want it. And, most importantly, it will lay the foundation to identify at risk children – before they even get into school, before they get into trouble – and it will provide them the support they and their families need to ensure successful and productive lives.

Preventing problems from occurring in the first place will be a better buy for society. Although there has been disagreement about the numbers, many studies show that dollars invested in prevention save in many more dollars in avoided costs later in life. And, common sense tells us that prevention is simply a better buy. The packet of information provided to you on SB 965 includes a summary of the research on cost savings. This kind of return on investment – in terms of our capacity to sustain the state budget into the future – is something we cannot afford not to do.

But while the budgetary case for the SB 965 is a compelling one, it pales in significance next to the human side of the equation.

If the headline in the Oregonian or Statesman Journal read: "Six out of ten Oregon children exposed to a potentially fatal, preventable disease", we would be shocked and outraged. And, rightly so.

Yet, this is not a hypothetical situation. Each year, we lose thousands of children to school failure, school drop out and subsequent involvement in the criminal justice system. Sixty percent of first births in Oregon today have at least one social or medical risk factor that puts them in jeopardy. Over forty percent of our children in the public school system are unable to fully take advantage of the learning experience due to these same risk factors.

The fact of the matter is that we know who these children are long before they veer off the road to success. There is a set of easily identifiable risk factors that have almost a linear correlation with school drop out and juvenile criminal activity later in life. These risk factors occur in the home and include: parents who are living at or below the federal poverty level or who abuse drugs or alcohol; parents who have been incarcerated in the criminal justice system or with a history of domestic violence; single parent households and teenage parents.

The fact that we know these risk factors, we know the children they affect, and yet we do nothing about it, makes no sense to me. Especially when we also know the kinds of programs and supports that have been proven to be effective in preventing these tragic outcomes and making these children and their families successful.

That is exactly what SB 965 is designed to do. It is an effort to first, provide all families with the information they need to raise healthy children; second to identify as early as possible children and families who would benefit from additional help – and who would voluntarily sign up to receive it; and third, to offer those children and families interested in participating in with the full range of supports they need to be successful.

SB 965 builds on the efforts of Healthy Start, Early Intervention and other programs by adding missing elements and linking them together into a comprehensive and coordinated system of supports. SB 965 includes: early problem identification; home visits and in-home supports; substance abuse and mental health treatment; community based programs such as relief nurseries, parent training and other assistance to parents; and early learning opportunities such as the Oregon Prekindergarten Program.

Participation is entirely voluntary, but in early pilot programs over 90% of families took advantage of the services offered.

I understand that SB 965 represents a shift in state priorities from after-the-fact intervention to front-end prevention and treatment. But it is an important shift and one that must be made – both because of the human consequences of failing to do so and because of the fiscal reality we will face for the rest of this decade.

I also understand this type of investment will not come easily. As you know, particularly those of you who serve on the Ways and Means Committee, all general fund dollars have constituencies attached to them. Fiscal limits mean that

priorities must be set, and my budget proposal to you includes cuts that also carry with them very real human consequences – cuts in public safety, cuts in human resources, and cuts in higher education. But, I am willing to defend these choices on the basis that putting an emphasis on prevention reflects a higher priority than paying more to mitigate problems after they have already developed.

I want to point out that the investment we have made for older children is maintained and rolled up in the budget. We are already investing in older children and youth. With SB 965 we are adding an investment on the early end and creating a continuum of support for children of all ages and their families.

To close, let me put the Oregon Children's Plan into the budget context again. The K-12 budget accounts for 43 percent of the general fund; higher education 7 percent; public safety 11 percent; the budget for senior citizens 4 percent. The proposed budget for the Oregon Children's Plan accounts for one half of one percent of the general fund. One half of one percent. And, SB 965 would only be available to first births, which represents only about 40% of Oregon's children. We should be offering these important services and protections to all of Oregon's children.

This is not a budget argument. It is about whether we have the courage to change our priorities, reflected by how we invest our resources. It is about whether we are willing to be accountable for the outcomes of the resources we invest, and the outcomes for the resources we fail to invest. This is about the depth of our commitment to give a voice to the voiceless. It is about really putting children first.

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FOR IMMEDIATE RELEASE
MAY 7, 2001

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Governor Applauds Idaho Senator's Salmon Recovery Proposal

Governor John Kitzhaber today applauded the efforts of US Senator Mike Crapo (R-Idaho) to increase funding for salmon recovery efforts on the Columbia/Snake River System. Sen. Crapo proposed on Friday, May 4, 2001 to budget an additional \$400 million in the next fiscal year to implement salmon and habitat restoration plans as proposed by the National Marine Fisheries Service.

"Sen. Crapo's budget proposal recognizes the huge federal responsibility to help us here in the Northwest with salmon recovery in the Columbia Basin," said Kitzhaber. "We are fulfilling the obligations of federal laws such as the Endangered Species Act and honoring federal treaties with Northwest tribes. Meeting these burdens should not fall solely on the backs of Northwest utility ratepayers."

Specifically, Crapo proposed increasing salmon recovery budgets for the US Army Corp of Engineers, the National Marine Fisheries Service, the Bureau of Reclamation, the Natural Resource Conservation Service, the Environmental Protection Agency and the US Fish and Wildlife Service.

Kitzhaber had met with Crapo during his recent trip to Washington, D.C. "I truly believe this is a bipartisan issue. It is in everyone's interest to restore a healthy environment and healthy salmon runs. I am hopeful that this proposal will gain the support of the Administration and the entire Northwest Congressional delegation," said Kitzhaber.

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FOR IMMEDIATE RELEASE
APRIL 30, 2001

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Governor Changes Public Utility Commission Appointments

Governor John Kitzhaber announced today that he has altered his recent appointments to the Public Utility Commission.

Roy Hemingway, originally nominated to fill the post currently held by Roger Hamilton, will instead replace Commission Chair Ron Eachus immediately upon confirmation by the Oregon Senate.

Sen. Lee Beyer, originally nominated to fill the post currently held by Eachus, will instead replace Hamilton effective October 1, 2001. Hamilton will then join the staff of the Governor's Natural Resource Office.

The attached letter provides the context for the governor's decision.

[Eachus Letter](#)

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FOR IMMEDIATE RELEASE
APRIL 30, 2001

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Governor Appoints Jay Waldron Port of Portland Commission President

Governor John Kitzhaber announced today that he has appointed Jay Waldron to replace Bob Walsh as President of the Port of Portland Commission. The appointment will be effective immediately.

Waldron, who is a partner at the Portland law firm of Schwabe, Williamson & Wyatt specializing in environmental and energy law, has been on the Port Commission for two years. "I have great confidence that Jay will be able to help the Port of Portland tackle the significant challenges it faces in the coming years, including channel deepening, clean up of the Portland Harbor and seeking new air passenger connections to serve our state's growing business needs," Kitzhaber said. "I also want to thank Bob Walsh for his years of service to the Port and to the citizens of Oregon. He has helped lay the foundation for the Port to be successful in the future."

"I am honored by the governor's appointment and looking forward to doing the job," said Waldron. "I have the good fortune to follow in the footsteps of Bob Walsh who has overseen a period of tremendous achievement and growth at the Port. Even though he's returned to the private business, I know I will be tapping his knowledge and experience on a regular basis."

Waldron also announced that he will retain Cheryl Perrin as the Commission Vice President. "Cheryl has a great deal of experience in public life, as a Port Commissioner and as a business person. I will seek her guidance and make her an active partner in running the Commission."

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FOR IMMEDIATE RELEASE
APRIL 27, 2001

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Oregon's Recommendations for 2001 Operations of the Federal Columbia River Power System

This morning I would just like to briefly reprise the testimony I provided Wednesday to the Northwest Power Planning Council regarding operations of the Columbia River System in the coming year and comment some on actions that have occurred since then.

As we are all aware, this year is presenting challenges of historic proportions in the Columbia River Basin: low rainfall, low snow pack and run-off; high wholesale electricity prices and the potential for power shortages.

In the last month, both the council and the agencies here today delivered their plans for 2001 operations of the Columbia River System.

The agencies' plan is heavily weighted toward assuring, to the maximum extent possible, that the electricity demands of Northwest residents are satisfied this coming summer, fall and winter.

But I believe your plans fall short. I do not believe that your plans utilize all the tools at our disposal to continue our efforts to restore the health of the salmon and steelhead populations of the Columbia Basin. To me – and, I believe, to many people in the region as well -- this is unacceptable.

We have legal obligations under the Endangered Species Act, the Northwest Power Act and the Clean Water Act. We have federal treaty and trust responsibilities to the sovereign Indian tribes of the Pacific Northwest which must be met, not simply abandoned at the first sign of trouble. And the Northwest Power Act itself directs the BPA Administrator and other federal operating agencies to

"exercise such responsibilities consistent with the purposes of this Act and other applicable laws, to adequately protect, mitigate, and enhance fish and wildlife, including related spawning grounds and habitat, affected by such projects or facilities in a manner that provides equitable treatment for such fish and wildlife with the other purposes for which such system and facilities are managed and operated."

Instead of meeting these legal and moral obligations, consider where these plans would take the region in the next couple of years.

The good news is that we find that the Northwest would -- to an 80% probability -- have met all its energy needs.

But we also find that the Bonneville Power Administration (BPA) and the other federal agencies that operate the FCRPS -- to an even higher degree of probability -- would have done no salmon operations during the spring and summer of 2001 and little, if any, thereafter.

We find that BPA will have spent little or nothing on efforts necessary to mitigate the impacts of the curtailed salmon operations and the drought, including obtaining needed water from available reservoir storage.

BPA will have spent nothing to import electricity from outside the region, thereby expending precious water for generation that could have instead been used for salmon operations or reservoir storage.

BPA will have sent to Washington, D.C. money the region desperately needs to manage the looming crises of energy, water, salmon and finances, rather than diligently exhausting all available alternatives for addressing its treasury debt this year.

BPA will have raised rates paid by its Northwest customers somewhere between 68% and 248%.

And BPA will have reserves of at least \$700 million -- perhaps of more than \$1 billion.

This plan for electricity reliability -- as important as that is -- comes at an unnecessarily high cost to the Northwest's other important values.

I believe we can find a plan that is both more balanced and more comprehensive. Toward that end I present to you the following suggestions.

First, acknowledge the biological risk and fund its mitigation.

To the extent this crisis of energy, water and finance has sidetracked us from fully implementing salmon recovery this year, we must be candid in admitting the real biological impacts and uncertainty associated with our actions. In short, this will not be a bloodless coup. These impacts and uncertainties include increased mortality associated with transporting fish on barges and trucks and increased mortality from in-river migration due to exceedingly poor water conditions.

Beyond its mere acknowledgement, this biological risk must be fully incorporated into the management strategy we use for 2001 river operations. This crucial element is woefully under emphasized in the Council recommendations and entirely absent from the federal plan. The plan accounts for the risk of not meeting near-term power needs should run-off be less than expected, but gives no consideration to the foregone benefit to fish should run-off prove greater than expected.

Further, BPA and the other agencies that operate the hydrosystem must acknowledge their obligation to mitigate for the impacts of the drought -- including the reduction in spill -- and to provide the necessary funding to do so.

The Power Planning Council's recommendations are very explicit on the need to establish a mitigation fund and should be heeded by BPA and the other federal agencies. Unless BPA provides an explicit acknowledgement of its mitigation responsibility and a firm commitment to offer an appropriate level of mitigation funding, the result will be that BPA reaps a significant financial reward from the reduction of the spill program, while the region suffers a significant setback to its regional salmon recovery.

Therefore, I recommend the following:

First, regardless of the anticipated water conditions, BPA should set aside additional funds for immediate actions to aid

fisheries harmed by the drought and by the loss of spill. The specific set-aside amount should be negotiated by the BPA and the Council.

I acknowledge that BPA presented a mitigation plan to the Northwest Power Planning Council yesterday in Spokane. It was defeated when three of four states, including Oregon, voted against it.

BPA should come back with a plan that adequately acknowledges the need to mitigate for harm inflicted on all the basin's salmon – not just the listed species. And that plan must have adequate funding. With BPA reaping a financial benefit from spill curtailment valued at nearly \$1 billion, BPA's offer to spend \$10 million on mitigation for this region's losses is difficult to take seriously.

Second, we should continue to seek additional federal funds for fish recovery programs.

Third, we should be attempting to augment flow, both through leasing back irrigation water and through purchasing water from Idaho Power's Brownlee Reservoir.

Fourth, while we believe that the use of water volume forecasts are suitable triggers for emergency actions, a lower threshold should be set for May. That will increase the likelihood of spill in May when it is of the most benefit for fish.

Fifth, if water conditions or water forecasts exceed threshold targets, the excess water should be allocated in a way as to maximize the benefits to fish whether through spill, increased flows, increased generation or increased storage. All or part of the revenue from increased generation by BPA should go to the emergency mitigation fund.

Finally, the power planning council passed a much improved recommendation on spill, acknowledging the need to plan for how limited spill can be strategically utilized to help migrating salmon. Through development of this spill plan, the region has an important opportunity to think creatively about how, in this unique year, hydrosystem operations can be structured to meet load and assist migrating salmon, at least to some extent.

I urge BPA, NMFS and the other federal agencies to work with the council and the region to accomplish this important task.

The second major recommendation I offer is to purchase more power.

BPA should plan and budget for power purchases from outside the region, particularly during off-peak periods this spring. The Power Planning Council's recommendations are silent on this point, though the Council's power analysis conservatively assumes a small amount of imports will be available. The federal plan assumes no imports whatsoever.

BPA and others should continue to buy-back power from all available commercial sources, including irrigated agriculture. The buy-back program from agriculture – essentially paying irrigators not to pump – has been relatively successful, but could be made more successful with better planning. These purchases include in-stream protection for the water not pumped. Oregon has the statutory mechanism to provide such protection, and doing so will assure the water will remain in stream to benefit salmon and enhance electricity production.

The citizens of our region expect those in positions of authority to meet their responsibility to safeguard the two invaluable and intertwined benefits of the Columbia River: hydroelectricity and salmon. Success in meeting our short-term challenges in energy, water, finances, and salmon lies in remaining true to the transcendent values that make the Northwest a special place. Finding a place of accommodation -- and even synergy -- between salmon and electricity generation honors those values, and it must remain foremost in our minds and efforts.

The third recommendation I will make is one I have made in the past and that is that the BPA work with the federal treasury to reschedule its debt payment in this year of incredibly little water and incredibly high prices.

Money retained by BPA gives the region the flexibility it needs to confront this year's challenges in energy, water, salmon and finance. BPA has appropriately been working to meet its yearly treasury repayment by use of credits it has available under section 4(h)(10)© of the Northwest Power Act, and the contingency fund established under the 1995 Memorandum of Agreement governing BPA's fish and wildlife funding responsibilities.

Payment to the Treasury of any sums in excess of these two credits should be deferred – not forgiven --this year. The political risk of such an approach is minimal and speculative, certainly when compared to the real risks this region faces to its fish and wildlife recovery effort and electricity reliability. Similarly, the accusation that a deferral is evidence of mismanagement is easily rebutted when the region faces drought and skyrocketing wholesale electricity prices, particularly since the high prices are a direct result of a federal decision supported by the Bush Administration not to intervene in the dysfunctional Western power markets. More problematic is the charge that the region failed to seek a partial deferral, despite it meaning we risk not meeting clear legal obligations.

But beyond managing the short-term crisis that the next several months presents, we must learn from this crisis and plan for the long-term. This requires two additional actions.

First, we must have a comprehensive study that clearly delineates the economic assistance and mitigation that robust salmon recovery will require. Such a study has been left undone, in part because it has always been associated with removal of the four lower Snake River dams. But this year illustrates the fact that even under our current aggressive non-breaching recovery strategy, it is vitally important to know how and where to best provide economic assistance and mitigation funding.

Second, and most importantly, we must address some of the underlying systemic problems inherent in how we generate and market electricity on the Columbia River System.

The subscription process was intended to give Bonneville stability over the long run, by giving it assurance of a stable customer base. Subscription under the current circumstance has, instead, put Bonneville into the greatest financial instability in its 65-year history. This year, various entities – all with some right to federal power – have forced Bonneville to commit to the sale of more power than it can generate.

The region must come to agreement on how Bonneville is to distribute the scarce and cheap federal hydropower and the extent to which customers can place load on Bonneville. Bonneville is now governing by cobbling together new ad hoc solutions every five years to meet the minimum requirements of an outdated statute and to find some form of political acceptance from all the forces seeking its services. There has to be a better way. If there isn't we risk creating permanent instability with Bonneville, which will make it all the more vulnerable to those who want to end its service to Northwest ratepayers.

I have asked my staff to develop a proposal for what that other course might look like, and I will deliver it to the region by June 1, 2001.

I appreciate that all of you have a very difficult job of balancing interests. And I appreciate that you are trying to create that balance under extraordinarily difficult circumstances. Thank you for consideration of my opinions. I am optimistic that we can not only survive this crisis, but learn from it and improve the way we manage the Columbia River.



FOR IMMEDIATE RELEASE
APRIL 25, 2001

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Governor Announces Prescription Drug Plan Endorsements

OHSU, AARP and National Alliance For The Mentally Ill Announce Support for Kitzhaber Oregon Health Plan Formulary Proposal

Governor John Kitzhaber was joined at a news conference today by Dr. Peter Kohler, President of Oregon Health Sciences University, Doris Minard of the National Alliance for the Mentally Ill and Lois Smith of the AARP to announce their support of the Oregon Health Plan formulary proposal and to dispel misleading information circulated by the pharmaceutical industry. The proposal, which would save the State approximately \$7 million next biennium, would help the Health Plan purchase best in class drugs for the least price.

"In an effort to protect their exorbitant profits, the drug companies have resorted to scare tactics and misinformation designed to frighten biotechnology researchers, senior citizens and those needing treatment for mental illness," Kitzhaber said.

Both Minard and Smith made the point that the continued stability and future of the Oregon Health Plan was very important to their membership and that the rising costs of pharmaceuticals was the most significant threat to the future of the plan. "This formulary is the best approach we have seen yet to control pharmaceutical costs and maintain the quality of care for persons with mental illness," said Minard. "I am confident that with close cooperation between the State and consumers, this approach will allow us to reach our mutually beneficial goals."

Dr. Peter Kohler took the opportunity to point out OHSU's support for the legislation. "OHSU is committed to providing health care to low-income and under-served populations across our state. We recognize that the Oregon Health Plan is critical to these efforts, and we support your goal of implementing a reasonable and flexible prescription drug formulary as one way of managing the costs of that system," Dr. Kohler wrote in a letter to Gov. Kitzhaber on April 20, 2001. At the news conference Kohler confirmed that the formulary would have no effect on OHSU's ability to maintain and expand its role as a biomedical research center, nor would the formulary have an impact on the biomedical industry in Oregon.

"There's a lot of misinformation out there about the formulary," Kitzhaber said. "But the fact of the matter is that it will not deprive senior citizens or the mentally ill of effective drugs, and it will not undercut the efforts of the biotechnology industry in this state."

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FOR IMMEDIATE RELEASE
APRIL 25, 2001

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Oregon's Recommendations for 2001 Operations of the Federal Columbia River Power System

This year is presenting challenges of historic proportions in the Columbia River Basin: low rainfall, low snow pack and run-off; high wholesale electricity prices and the potential for power shortage.

At the same time, we are seeing significantly higher salmon and steelhead runs, resulting from high flows in the Columbia River in the past few years and good ocean conditions -- as well as from the work the region has been doing to improve habitat conditions, hydro operations, and harvest and hatchery management throughout the Pacific Northwest.

On April 4, 2001, the Northwest Power Planning Council (NWPPC) issued its preliminary recommendations for 2001 operations of the Federal Columbia River Power System.

On April 13, 2001, the federal agencies delivered their plan for 2001 operations of the Columbia River System.

The Power Planning Council recommendations and the federal agencies' plan are heavily weighted toward assuring, to the maximum extent possible, that the electricity demands of Northwest residents are satisfied this coming summer, fall and winter. Of course, this is a very important goal.

But both the Council's efforts and those of the federal agencies fall short. While both plans provide electrical reliability, they fail to utilize all the tools at our disposal to continue our efforts to restore the health of the salmon and steelhead populations of the Columbia Basin. To me -- and, I believe, to many people in the region as well -- this is unacceptable.

We have legal obligations under the Endangered Species Act, the Northwest Power Act and the Clean Water Act. We have federal treaty and trust responsibilities to the sovereign Indian tribes of the Pacific Northwest which must be met, not simply abandoned at the first sign of trouble. And the Northwest Power Act itself directs the BPA Administrator and other federal operating agencies to

"exercise such responsibilities consistent with the purposes of this Act and other applicable laws, to adequately protect, mitigate, and enhance fish and wildlife, including related spawning grounds and habitat, affected by such projects or facilities in a manner that provides equitable treatment for such fish and wildlife with the other purposes for which such system and facilities are managed and operated."

Instead of meeting these legal and moral obligations, consider where these plans would take the region in the next couple of years.

The good news is that we find that the Northwest would -- to an 80% probability -- have met all its energy needs.

But we also find that the Bonneville Power Administration (BPA) and the other federal agencies that operate the FCRPS -- to an even higher degree of probability -- would have done no salmon operations during the spring and summer of 2001 and little, if any, thereafter.

We find that BPA will have spent little or nothing on efforts necessary to mitigate the impacts of the curtailed salmon operations and the drought, including obtaining needed water from available reservoir storage.

BPA will have spent nothing to import electricity from outside the region, thereby expending precious water for generation that could have instead been used for salmon operations or reservoir storage.

BPA will have sent to Washington, D.C. money the region desperately needs to manage the looming crises of energy, water, salmon and finances, rather than diligently exhausting all available alternatives for addressing its treasury debt this year.

BPA will have raised rates paid by its Northwest customers somewhere between 68% and 248%.

And BPA will have reserves of at least \$700 million -- perhaps of more than \$1 billion.

This plan for electricity reliability -- as important as that is -- comes at an unnecessarily high cost to the Northwest's other important values.

I believe we can find a plan that is both more balanced and more comprehensive. Toward that end I present to you the following suggestions.

First, acknowledge the biological risk and fund its mitigation.

To the extent this crisis of energy, water and finance has sidetracked us from fully implementing salmon recovery this year, we must be candid in admitting the real biological impacts and uncertainty associated with our actions. In short, this will not be a bloodless coup. These impacts and uncertainties include increased mortality associated with transporting fish on barges and trucks and increased mortality from in-river migration due to exceedingly poor water conditions.

Beyond its mere acknowledgement, this biological risk must be fully incorporated into the management strategy we use for 2001 river operations. This crucial element is woefully under emphasized in the Council recommendations and entirely absent from the federal plan. The plan accounts for the risk of not meeting near-term power needs should run-off be less than expected, but gives no consideration to the foregone benefit to fish should run-off prove greater than expected.

Further, BPA and the other agencies that operate the hydrosystem must acknowledge their obligation to mitigate for the impacts of the drought -- including the reduction in spill -- and to provide the necessary funding to do so.

The Power Planning Council's recommendations are very explicit on the need to establish a mitigation fund and should be heeded by BPA and the other federal agencies. Unless BPA provides an explicit acknowledgement of its mitigation responsibility and a firm commitment to offer an appropriate level of mitigation funding, the result will be that BPA reaps a significant financial reward from the reduction of the spill program, while the region suffers a significant setback to its regional salmon recovery.

Therefore, I recommend the following:

First, regardless of the anticipated water conditions, BPA should set aside additional funds for immediate actions to aid fisheries harmed by the drought and by the loss of spill. The specific set-aside amount should be negotiated by the BPA and the Council.

Second, we should continue to seek additional federal funds for fish recovery programs.

Third, we should be attempting to augment flow, both through leasing back irrigation water and through purchasing water from Idaho Power's Brownlee Reservoir

Fourth, while we believe that the use of water volume forecasts are suitable triggers for emergency actions, a lower threshold should be set for May. That will increase the likelihood of spill in May when it is of the most benefit for fish.

Finally, if water conditions or water forecasts exceed threshold targets, the excess water should be allocated in a way as to maximize the benefits to fish whether through spill, increased flows, increased generation or increased storage. All or part of the revenue from increased generation by BPA should go to the emergency mitigation fund.

The second major recommendation I offer is to purchase more power.

BPA should plan and budget for power purchases from outside the region, particularly during off-peak periods this spring. The Power Planning Council's recommendations are silent on this point, though the Council's power analysis conservatively assumes a small amount of imports will be available. The federal plan assumes no imports whatsoever.

BPA and others should continue to buy-back power from all available commercial sources, including irrigated agriculture. The buy-back program from agriculture – essentially paying irrigators not to pump – has been relatively successful, but could be made more successful with better planning. These purchases include in-stream protection for the water not pumped. Oregon has the statutory mechanism to provide such protection, and doing so will assure the water will remain in stream to benefit salmon and enhance electricity production.

The citizens of our region expect those in positions of authority to meet their responsibility to safeguard the two invaluable and intertwined benefits of the Columbia River: hydroelectricity and salmon. Success in meeting our short-term challenges in energy, water, finances, and salmon lies in remaining true to the transcendent values that make the Northwest a special place. Finding a place of accommodation -- and even synergy -- between salmon and electricity generation honors those values, and it must remain foremost in our minds and efforts.

But beyond managing the short-term crisis that the next several months presents, we must learn from this crisis and plan for the long-term. This requires two additional actions.

First, we must have a comprehensive study that clearly delineates the economic assistance and mitigation that robust salmon recovery will require. Such a study has been left undone, in part because it has always been associated with removal of the four lower Snake River dams. But this year illustrates the fact that even under our current aggressive non-breaching recovery strategy, it is vitally important to know how and where to best provide economic assistance and mitigation funding.

Second, we must address some of the underlying systemic problems inherent in how generate and markets electricity on the Columbia River System. These problems have, in part, contributed to the current crisis, as various entities – all with some right to federal power – force BPA to oversubscribe, resulting in shortages and higher prices overall. Then in years when market forces drive these same entities away from BPA and the federal power it sells, a distinct, but no less severe, crisis confronts our region. This cycle will repeat itself unless we choose another course. I have asked my staff to develop a proposal for what that other course might look like, and I will deliver it to the region by June 1, 2001.

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FOR IMMEDIATE RELEASE
APRIL 24, 2001

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GOVERNOR APPOINTS BOB MINK TO HEAD DHS

Governor John Kitzhaber on Tuesday named Bob Mink of Salem as director of the Oregon Department of Human Services, charging him with reshaping the

department to put more focus on clients. Mink, 53, has served as DHS interim director since Feb. 1. The appointment is subject to Senate confirmation.

"Reorganizing our human services system is critical to Oregonians who need help from the State," Kitzhaber said. "Bob Mink has shown he has the leadership qualities and management ability to lead the department through this change."

"I am honored to accept this appointment," Mink said.

Since last fall, DHS has been planning changes to give the department more focus on clients and communities, including moving from four separate field systems to one.

"Right now the system is fragmented and puts the burden squarely on our clients," Mink said. "We can remove the burden from people who are already under a great deal of stress by offering client-focused multi-service offices across the State."

Mink joined DHS in 1988, and became deputy director in 1992. The governor named him interim director following the January resignation of Gary Weeks, who joined the Baltimore-based Annie E. Casey Foundation. Mink, a 1974 graduate of Oregon State University, also holds a law degree (1978) from Willamette University.

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FOR IMMEDIATE RELEASE
APRIL 18, 2001

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GOVERNOR ANNOUNCES \$5 MILLION IN INCENTIVE FUNDS TO LOCAL PROJECTS

Governor John Kitzhaber today announced \$5 million in funding awards for community development projects across the state. This is the first distribution of money from the Community Incentive Fund established by the 1999 Legislature with lottery-backed bonds. The governor's 2001-03 budget proposes a \$35 million expansion of the Fund.

The Incentive Fund provides communities throughout Oregon with financing to help rehabilitate downtown buildings, enhance main streets and encourage mixed-use and other downtown development. It is estimated that the \$5 million in incentive funds will leverage an additional \$73 million in federal, state, local and private investments.

"The Community Incentive Fund helps build strong communities by providing the critical piece of financing for important projects," said Kitzhaber. "In essence, this fund represents a commitment to Oregon communities, to local economies and to the quality of life for all Oregonians".

Agency staff located in Salem and on the Regional Community Solutions Teams from Transportation, Economic and Community Development, Housing, Land Conservation and Development, and Environmental Quality worked together to move projects forward to the Incentive Fund Advisory Board for funding decisions. The projects receiving funding are geographically diverse and vary in size and scope.

The following projects will receive Incentive Funds:

Oakland Historic Washington School Renovation: \$200,000

- Renovation of an historic building in the center of Oakland to provide a one-stop family resource center, youth and senior center, and municipal offices.

Pendleton Security Apartments: \$98,376

- Rehabilitates a vintage 1920 apartment building to preserve affordable housing and help revitalize downtown.

Astoria Clatsop Community College: \$750,000

- Funds will purchase land to provide a downtown site for the community college.

John Day Grant County Solutions Project: \$85,000

- Rehabilitation of buildings to house county mental health and health departments and a telecommuting center.

Medford Urban Renewal: \$600,000

- Downtown mixed-use redevelopment project located in the heart of downtown that will include affordable housing.

The Dalles Commodore Building: \$500,000

- Re-development of an historic downtown building that ties into other downtown streetscape and riverfront projects that will include affordable housing and retail space.

Condon Bank Block Building (Frontier Learning Network): \$200,000

- A building renovation for the Frontier Learning Network to provide distance learning in the region.

Milwaukie Transit Oriented Development: \$900,000

- Development of an underground parking structure to allow a mixed-use development that will be a cornerstone of Milwaukie's downtown revitalization.

Lebanon Downtown Beautification: \$255,000

- Downtown revitalization project with a large impact on a distressed community that is losing downtown tenants.

Springfield Cultural District Project: \$500,000

- Funding to help complete a performing arts center, part of Springfield's downtown revitalization.

Bend Downtown Pedestrian Network: \$210,000

- Connects Bend's redeveloped mill site retail center and older neighborhoods to downtown Bend.

Lakeview Streetscape Project: \$160,267

- The Incentive Funds will add to the community support and ODOT downtown revitalization project underway by aiding with the replacement of water and sewer lines and various streetscape improvements.

Chiloquin Klamath Tribes Community Park: \$100,000

- Incentive Funds will create a community park that will be a gathering place for tribal and community members.

Baker City Armory Project: \$200,000

- Enhancement of the Baker City Armory to help in the expansion of the community college campus.

**For more information on the project awards, visit the Governor's Community Development website at:
<http://communitysolutions.state.or.us/funding.html>**

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FOR IMMEDIATE RELEASE

APRIL 12, 2001

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber has submitted the following names for appointment to various boards and commissions to the Oregon Senate for approval.

Board	First Name	Last Name	City
Asian Affairs Commission	Carol	Suzuki	Salem
Criminal Justice Commission	Daniel	Glode	Newport
Board of Dentistry	Melissa	Grant	Lake Oswego
Board of Dentistry	Kenneth	Johnson	Corvallis
Board of Dentistry	Linda	Latshaw	Lake Oswego
Fish and Wildlife Commission	Janine	Salwasser	Corvallis
State Board of Forestry	Christopher	Heffernan	North Powder
Government Standards and Practices	Edwin	Golobay	Gresham
Home Care Commission	Lynn	Cameron	Turner
Home Care Commission	Estill	Deitz	Portland
Home Care Commission	Michael	Goldhammer	Portland
Home Care Commission	Genevieve	Graham	Roseburg
Board of Investigators	Edward	Mouery	Salem
Board of Medical Examiners	Sheridan	Thiringer	Vernonia
Racing Commission	Todd	Thorne	Pendleton



FOR IMMEDIATE RELEASE
APRIL 10, 2001

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GOVERNOR NOMINATES SEN. LEE BEYER, ROY HEMMINGWAY TO PUBLIC UTILITY COMMISSION

Governor John Kitzhaber announced today two nominations to the Oregon Public Utility Commission (PUC): State Senator **Lee Beyer** (D-Springfield) and **Roy Hemmingway**, the governor's energy adviser. Both appointments are subject to Senate confirmation.

Sen. Beyer, who was elected to the Senate in 1998, will, pending confirmation, join the Commission January 1, 2002. Sen. Beyer, a graduate of the University of Oregon, was appointed to the Oregon House of Representatives in 1991 and served there until his election to the Senate. Sen. Beyer is also the executive director of the Eugene-Springfield Metro Partnership. He will replace Commissioner **Ron Eachus**, who has served on the PUC since 1987.

"Lee Beyer has had a distinguished career as a member of the Oregon House and Senate," Kitzhaber said. "He'll bring a wealth of knowledge, instinct and problem solving skills to the Commission."

Kitzhaber also thanked Commissioner Ron Eachus for his 14 years of service to Oregonians. "I've had the privilege to have Ron Eachus as a legislative colleague and to have him as a partner at the Public Utility Commission helping shape energy and telecommunications policy for the state," Kitzhaber said. "His leadership has helped expand telecommunications access throughout the state and has paved the way for a more efficient utility industry. All Oregonians owe him their thanks."

Hemmingway, 54, who currently serves as Salmon and Energy Policy Adviser to the governor, is being nominated to fill the position currently held by **Roger Hamilton**, whose term on the PUC has expired. Pending Hemmingway's confirmation, Hamilton, in turn, will join Gov. Kitzhaber's Natural Resources staff as a policy adviser.

Hemmingway, who has also overseen the Oregon Plan for Salmon and Watersheds, has served Gov. Kitzhaber since 1995. In addition, he was one of the original members of the Northwest Power Planning Council from 1981 to 1986, as well as Deputy Public Utility Commissioner and adviser to former Gov. Bob Straub. He holds a bachelor's degree from Stanford University and a law degree from Yale University.

The PUC is a three-member board, with one of the members serving as Chair. All members are appointed by the governor and confirmed by the Senate. Terms of service are four years and the positions are full-time.

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FOR IMMEDIATE RELEASE

March 28, 2001

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GOVERNOR DECLARES DROUGHT EMERGENCY IN KLAMATH COUNTY

Governor John Kitzhaber issued an Executive Order today declaring a state of Drought Emergency in Klamath County. The governor had received a drought declaration request from the Klamath County Commission earlier in the month.

The declaration will begin the process of gaining federal aid for businesses and citizens in the county. In addition to the declaration, Gov. Kitzhaber has sent a letter to US Secretary of Agriculture Ann Veneman requesting her to "make a determination if losses to producers in Klamath County are sufficient to give this county a natural disaster declaration, making local producers, if they qualify, eligible for USDA assistance."

A copy of both the Executive Order and the letter to Sec. Veneman are attached.

[Executive Order](#)

[Letter to Sec. Veneman](#)

* Note: You need [Adobe Acrobat Reader](#) to review this document

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FOR IMMEDIATE RELEASE

March 28, 2001

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GOVERNOR, LEGISLATORS JOIN TO PUSH ENERGY PACKAGE

Governor John Kitzhaber joined Sen. Lee Beyer (D-Springfield), Sen. Jason Atkinson (R-Jacksonville) and Rep. Bill Witt (R-Cedar Mill) today in unveiling an energy conservation and facility-siting package. The package would both direct energy conservation investments in state and public buildings and change energy facility siting processes to allow for quicker construction of new temporary and permanent power plants.

"This package of bills is the first step in charting a new energy future for Oregon," said Kitzhaber. "It will recommit our state to strong conservation practices as well as pave the way for an energy future founded on renewable resources."

The package consists of three main parts: speeding the process of adding new power supplies, investing in conservation as the cleanest, most environmentally sound way of finding more megawatts, and helping low-income Oregonians pay their rising energy bills.

"This has truly been a bipartisan effort," Kitzhaber said. "And, once again, Oregon is setting the pace for the rest of the region and the rest of the country in meeting complex public policy."

"Over the past decade energy use in the Northwest has increased 24 percent, while supply has expanded by only 3 percent. To avoid California-style shortages, we need to react quickly to increase our electricity supply, and this package will get us there," said Sen. Beyer.

"Getting more power in Oregon by this summer has been our bipartisan goal. These two bills will set Oregon apart as the Western leader in clean power supply generation and conservation," said Sen. Atkinson.

"These bills constitute a thoughtful, bipartisan approach to addressing critical issues involving Oregon energy policy. Passage of these bills will provide important direction to balance energy supply and consumer demand during the next several years, while also bringing needed assistance to low-income Oregonians," said Rep. Witt.

Siting Reform Package

This siting reform package proposes changes to the state's energy facility siting process to stimulate immediate electricity supplies and to speed longer-term investments in generation.

Highlights include:

- Exempt temporary power plants less than 100 megawatts from state siting review while requiring them to meet Oregon's standards for reducing emissions of carbon dioxide.
- Speed the development of environmentally-sound renewable power generation by exempting wind, solar and

geothermal power plants of up to 35 average megawatts from state siting review.

- Expedite the siting review process for demonstrably low-impact gas-fired power plants.

Energy Conservation Package

This energy conservation package proposes trimming the average yearly growth of electricity use in Oregon by at least half through effective conservation programs.

Highlights include:

- Direct \$10 million of lottery bonds for a conservation program that provides technical assistance and attractive financing for energy efficiency improvements in public and private buildings -- Oregon's most promising arena for achieving significant energy conservation quickly.
- Retain on schedule -- regardless of restructuring plans -- the three percent electricity "public purpose" charge to provide a stable, predictable source of funding for conservation and renewable resource investments.
- Continue the residential tax credit to provide incentives to households to buy energy-efficient appliances and install highly efficient space and water heating systems.
- Expand the business energy tax credit to provide enhanced incentives to small businesses to install energy-efficient lighting and heating/cooling systems.
- Require state agencies to conserve energy by 10 percent in existing buildings and by 20 percent in new buildings.

Low-Income Energy Assistance

Dedicate \$10 million annually for low-income electric bill payment assistance, and double federal funding for low-income energy assistance programs.

Energy Conservation Package

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FOR IMMEDIATE RELEASE

March 21, 2001

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GOVERNOR DISCUSSES PENDING DROUGHT, CONSIDERS EMERGENCY DECLARATION IN KLAMATH COUNTY

Governor John Kitzhaber today discussed the pending drought conditions in Oregon and announced that he is currently considering a request of the Klamath County Board of Commissioners to declare a state of drought emergency for Klamath County.

"Winter is over, and for most of Oregon, the rains didn't come," said Kitzhaber, who was joined at the briefing by Paul Cleary, Director of Oregon's Water Resources Department (OWRD). "Throughout Oregon, we are facing the prospect of drought conditions."

Kitzhaber called on all Oregonians to be ready to conserve water in the coming weeks and months if the conditions continue. "I am asking that Oregonians pay close attention to their municipal water supplier and heed the calls for conservation when and if that becomes necessary," said Kitzhaber, noting that water availability conditions vary throughout the state. "This looming drought is also a reminder to continue to conserve energy," he added. "In Oregon, energy is water. So energy saved is water saved which can be used to help preserve salmon runs, grow crops this summer or produce electricity this fall or winter when we need it most."

Gov. Kitzhaber also has directed the State Drought Council to review and update the state drought plan which was adopted in 1993. His action follows the latest report of OWRD's Water Availability Committee. The committee, which prepares monthly technical reports on water conditions and forecasts, reports that most water basins in Oregon have substantially less water than normal, with conditions being worst in the Rogue and Klamath Basins in Southern Oregon, the Willamette Valley and the Oregon Coast.

In a separate but related act, Kitzhaber announced that he has received a letter from Klamath County Commissioners requesting assistance with drought conditions in that county. Kitzhaber said he would work with the Commissioners to quickly review the available options in both state and federal programs.

"We will be working with counties in the coming weeks to ensure that they know what services the state and federal government can help provide and how they can access them," said Kitzhaber. "Oregonians have demonstrated their capacity to work together to meet the energy shortage we are currently experiencing. I am positive that we can conquer any problems a drought may present."

[Water Conservation*](#)

[Water Table*](#)

[Water Chart](#)

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FOR IMMEDIATE RELEASE

March 20, 2001

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GOVERNOR APPOINTS NEW MINORITY, WOMEN, EMERGING SMALL BUSINESS ADVOCATE

Governor John Kitzhaber announced today that he has appointed Lydia Muñiz to be the governor's new Advocate for Minority, Women and Emerging Small Business (MWESB). Muñiz, who is currently the Deputy Advocate, will replace the current Advocate, Al Nuñez, who is retiring. Muñiz will assume duties beginning April 1, 2001.

"I am very pleased to have someone of Lydia's expertise and experience heading this office," Kitzhaber said. "She has been a proven leader in making more business opportunities available to women and minorities -- an invaluable skill as Oregon's economy and population grows and diversifies."

Muñiz previously served in the Office of Minority Women & Emerging Small Business as Lead Certification Specialist, and since 1995 as the Project Manager of the Oregon Opportunity Register & Clearinghouse.

Muñiz holds a Certificate of Public Management from the Atkinson Graduate School of Management at Willamette University and is a founding member of the Scholarships for Oregon Latinos Board. She also currently serves on the Executive Board of the Chemeketa Community College Foundation and is involved with the Metropolitan Hispanic Chamber of Commerce, Oregon Native America Chamber of Commerce, Oregon Association of Minority Entrepreneurs, the Philippine Chamber of Commerce and numerous other professional associations.

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FOR IMMEDIATE RELEASE

March 16, 2001

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GOVERNOR RELEASES RE-BALANCED BUDGET

Restores Funding for Higher Education, Senior Programs, Public Safety

In a re-balance of the state budget released today, Governor John Kitzhaber proposed restoring funding for higher education, senior citizen and public safety programs, as well as preventing any further cuts in budgets due to the \$100 million downturn in the state revenue forecast.

Kitzhaber has proposed a budget strategy that will pay debts during the current 1999-2001 budget, thus freeing up money for the coming 2001-2003 budget period, which begins July 1.

"I believe this is a significantly improved budget over what I was able to present in my original budget in December," said Kitzhaber. "Because of paying the federal retiree debt early, we can eliminate the impact of the recent \$100 million drop in projected state revenue, as well as restore funding to programs and services Oregonians have consistently and vocally supported."

In his rebalance proposal, the governor suggested improving funding for the following programs:

- **Nursing Care:** The re-balanced budget restores \$12.5 million to increase the number of senior citizens who can receive nursing care.
- **Oregon Project Independence:** The re-balanced budget provides \$6.8 million to restore up to 50 percent of Oregon Project Independence, which helps senior citizens stay in their homes as they age.
- **Oregon University System:** Increases funding by \$45 million, allowing the Oregon University System to offer the same level of service during the next biennium and \$7.5 million to increase funding for statewide public services.
- **Oregon State Police:** The re-balance provides \$9.7 million, which will allow the State Police to retain existing patrol and detective positions, which were previously cut, and increase patrol officers by 50 over the next two years.
- **Oregon Youth Authority:** The rebalance provides \$6.4 million to retain the Tillamook Boot Camp facility, which was previously targeted for closure under the original budget proposal.
- In addition, the proposed budget allocates an additional \$5 million to the **Emergency Fund** on the assumption that the current dry conditions will make for an expensive fire fighting season this summer.

"I believe this budget strategy is prudent and will be well supported by Oregonians," said Kitzhaber. "It allows us, even in the face of a revenue decline, to maintain services such as nursing home care and highway patrol, that everyone, regardless of political party, finds important."

A budget summary of new expenses and revenues is attached.

[Budget Summary](#)

Note: You need [Adobe Acrobat Reader](#) to review this document

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FOR IMMEDIATE RELEASE

March 6, 2001

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber has submitted the following names for appointment to various boards and commissions to the Oregon Senate for approval. The Senate is expected to vote sometime in March.

Board	First Name	Last Name	City
Apprenticeship and Training Council	Chet	Caruthers	Portland
Apprenticeship and Training Council	Larry	Jones	Silverton
Asian Affairs Commission	Bermel	Paz	Medford
Disabilities Commission	Brian	Bice	Lake Oswego
State Board of Education	Ralph	Breitenstein	Klamath Falls
Liquor Control Commission	Lindy	Tolbert	Portland
Lottery Commission	Pamela	Roskowski	Corvallis
Board of Medical Examiners	Marcia	Darm	Portland
Board of Medical Examiners	Lisa	Dodson	Lake Oswego
Board of Medical Examiners	David	Grube	Philomath
Board of Medical Examiners	Judith	Rice	Portland
Board of Medical Examiners	James	Scott	Roseburg
Board of Medical Examiners	Joseph	Thaler	Salem
Parks and Recreation Commission	George	Bell	Salem
Physical Therapist Licensing Board	Thomas	Lorish	Portland
Port of Portland	Bob	Eaton	Astoria
Public Employees Benefit Board	Rocky	King	Salem
Student Assistance Commission	Dean	Wendle	Grants Pass
Veterinary Medical Examining Board	JoAnn	Dewey	Bend
Workers' Compensation Management Labor Advisory Committee	C. Diane	Janzen	Lake Oswego

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FOR IMMEDIATE RELEASE

March 6, 2001

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GOVERNOR ANNOUNCES COURT OF APPEALS APPOINTMENT

Governor Kitzhaber today announced that he has appointed David Schuman to the Oregon Court of Appeals. Schuman replaces the Honorable Paul DeMuniz, who left the Oregon Court of Appeals December 31, 2000 to join the Supreme Court.

Schuman was a Professor of Law at the University of Oregon Law School from 1987 through 1996. He then served as Deputy Attorney General under Attorney General Hardy Myers from 1997 to 2000 and is currently a Professor of Law at the University of Oregon Law School.

He received his B.A. degree from Stanford University in 1966, his Ph.D. degree in English from the University of Chicago 1974, and his J.D. degree from the University of Oregon in 1984.

Schuman has published numerous articles on State Constitutional Law and has a national reputation as a State Constitutional scholar.

Schuman has two children, Ben 21, Rebecca 24, and has been married to his wife Sharon, for 32 years.

In order to retain this position, Mr. Schuman must stand for election in November 2002.

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FOR IMMEDIATE RELEASE

March 6, 2001

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GOVERNOR ANNOUNCES APPOINTMENTS OF MULTNOMAH COUNTY CIRCUIT COURT JUDGE

Governor Kitzhaber today announced that he has appointed Richard C. Baldwin and Michael McShane to the Multnomah County Circuit Court. Mr. Baldwin and Mr. McShane fill two vacancies created by the retirements of the Honorable William J. Keys and the Honorable Harl H. Hass.

Baldwin received his B.A. degree in philosophy from San Jose State University in 1970, and his J. D. degree from Northwestern School in 1976.

Baldwin has served as Executive Director of the Oregon Law Center for the past five years. He has been Chair of the Access to Justice for All Committee since 1998 and a Member of the Board of the Fair Housing Council of Oregon since 1993. Baldwin has just completed a term with the Board of Governors of the Oregon State Bar.

Baldwin has 2 children, Anna 22, and Andy 16, and has been married to his wife, Teresa, for 33 years.

McShane has been serving as a full time pro tem judge for the Multnomah County Circuit Court since 1998. Prior to serving as a pro tem judge, McShane worked for the Metropolitan Public Defenders Office for nine years. He received his B.A. degree in English from Gonzaga University in 1983, and his J. D. degree from Lewis & Clark College in 1988.

McShane is an active member with the Gus Solomon Chapter of American Inns of Court. He serves on the HIV Services Planning Council in Multnomah County. McShane is also an adoptive/foster parent.

In order to retain their positions, Mr. Baldwin and Mr. McShane must stand for election in November 2002.

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FOR IMMEDIATE RELEASE

March 5, 2001

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GOVERNOR, STATE OFFICIALS TO VISIT ASIA

Trade Delegation Seeking Nonstop International Air Service

Governor John Kitzhaber will lead state and Port of Portland officials to Asia March 6-9 seeking new nonstop international air service for Portland International Airport.

The campaign to find new service is in response to Delta Air Lines' decision to end its flights from PDX to Japan April 1. Securing new service will be challenging and will take some time, as it took years to secure nonstop Delta service to Tokyo. Nonstop international air service for both passengers and cargo is important in order to allow Oregon and Southwest Washington businesses to continue competing in the international marketplace.

Before Delta established nonstop service to Asia, there were fewer than 30 Asian companies operating in this region. Today there are more than 150. Asian companies have invested more than \$5.5 billion in the Portland metropolitan area for facilities and infrastructure since Delta began service. In addition, 690 Oregon companies, employing more than 91,000, trade in Asia. Asia is Oregon's top trading partner with 56% of Oregon exports going to Asia.

"We're deeply committed to the Asian market, and our trip will reinforce how important international air service is to Oregon," Kitzhaber said. "The state, city, port and local business leaders are working diligently and creatively to secure this new service, as well as improve connections to other gateways."

The governor's trip is part of a multi-year campaign to attract new air service that directly links the Portland-Vancouver region with Asia. State and port officials estimate that new nonstop service to Asia could contribute at least \$185 million annually to the local economy.

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FOR IMMEDIATE RELEASE

February 26, 2001

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GOVERNOR JOINS WIDE COALITION IN INTRODUCING PRESCRIPTION DRUG AFFORDABILITY ACT

Governor John Kitzhaber, flanked by representatives of business, labor, health care consumers, doctors and hospitals, joined Rep. Alan Bates, D.O. (D-Eagle Point) today in announcing the introduction of the Affordable Prescription Drug Act. The bill, similar to ones introduced by both Sen. Lee Beyer (D-Springfield) and Sen. Bev Clarno (R-Bend), will help the State control the skyrocketing cost of prescription drugs.

"The cost of prescription drugs in the Oregon Health Plan is going up 60 percent in the next two years. That's outrageous," Kitzhaber said. "No one can convince me that we are getting 60 percent better health. We have to put some reasonable, intelligent limits on prescription drug costs and prioritize what the State will pay for. There is no reason we can't be both more cost-effective and provide quality prescription drugs for Oregon Health Plan patients."

"When I write a prescription for an Oregon Health Plan patient it shouldn't cost the State more money for the same medication as it does a private insurance company," said Rep. Bates. "The Oregon Health Plan needs to start functioning like a private business. It's time for a preferred drug list just like all major insurance companies have."

The bill will create what is known as a "formulary." This formulary, which is common practice in most private health plans, establishes a priority list of which prescription drugs in a specific group of drugs the Oregon Health Plan would pay for.

Specifically, the bill would empower the existing Health Resources Commission to group drugs by their function and then create a "reference" drug for each of those groups based on best available information including peer-reviewed literature. The criteria for selecting the reference drug is that it is as effective as other drugs in the group for initial treatment and is more cost effective than other drugs in the group.

"We must be very judicious with the limited public dollars we have to provide health care," Kitzhaber said. "The creation of a State formulary will save millions of dollars and allow us to extend basic health care even further."

The Prescription Drug Affordability Act

- The Act would apply to certain specific groups of drugs identified by the Health Resources Commission (HRC), and would create a physician-driven exception procedure.
- The governor appoints the members of the HRC, and the HRC develops the formulary. The membership of the

HRC is specified as follows:

- Four physicians, including one public health physician, one health services researcher, one pharmacist, one hospital representative and two consumers.
- A reference drug will be selected by the HRC for each group of drugs based on peer reviewed and other literature and these reference drugs will make up the State's formulary. Criteria for selecting the reference drug is that it is as effective as other drugs in the group for initial treatment and is more cost effective than other drugs in the group.
- The formulary is for initial treatment, and includes all drugs in the group that the HRC determines are effective and cost the same or less than the reference drug.
- The exception process must allow the treating physician (or pharmacist with the concurrence of the treating physician) to make an exception to the formulary. When requested for one of the following reasons, the exception must be granted. An exception must be granted when a formulary drug:
 - Is contraindicated because of interaction with another drug
 - Is contraindicated because of other health conditions
 - Has been tried and failed
 - Has been tried and has unacceptable side effects
 - The patient has been stabilized on another drug and changing to the formulary drug poses an unacceptable risk or disruption
 - The patient cannot manage the method or frequency of administration of the formulary drug
- The Act imposes no copayments or cost sharing for formulary drugs or for exceptions to the formulary granted by the treating physician.
- In situations where the treating physician does not grant an exception to the formulary, but the patient still requests a non-formulary drug, cost sharing would be imposed. The amount of the copayment would be equal to the difference in cost between the reference drug and the drug requested by the patient. This method of cost sharing requires approval by the federal Health Care Financing Administration.

The formulary does not apply to inpatient hospital services or to managed care plans.

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FOR IMMEDIATE RELEASE

February 15, 2001

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GOVERNOR NOMINATES BRUCE WARNER TO HEAD ODOT

Governor John Kitzhaber has nominated Bruce A. Warner to be the Director of the Oregon Department of Transportation. The nomination is subject to Senate confirmation.

Warner, 51, worked in ODOT previously as the Region 1 manager in the Portland Metro area from 1993 to 1997. He has extensive local government experience and has been involved in transportation issues for over 25 years. Prior to his ODOT work, he was the Director of Land Use and Transportation for Washington County and the City Engineer for Hillsboro. He is currently the Chief Operating Officer for Metro.

Kitzhaber selected Warner after consultation with the five-member Oregon Transportation Commission chaired by Steve Corey of Pendleton.

"I am very confident that Bruce Warner will hit the ground running," Kitzhaber said. "He knows the department and transportation issues facing the state," he said.

Transportation Commission Chair Steve Corey echoed the governor's confidence. "Bruce Warner is an outstanding choice, and the commission believes that Oregonians will be well served," Corey stated. "We appreciate the opportunity the governor gave us to participate in the selection of Bruce as nominee for director," he added.

Warner, who lives in Brightwood, will begin Senate confirmation hearings within the next few weeks. Warner's start date has yet to be determined.

The Department of Transportation employs approximately 4,800 people and works with a biennial budget of \$1.8 billion to manage the state's multi-modal transportation system.

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FOR IMMEDIATE RELEASE

February 14, 2001

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SUSTAINABILITY WEB SITE LAUNCHED

The launch of a new state-sponsored web site will be a "meeting place" for government officials, community leaders, non-profit organizations, private businesses, educational institutions and citizens interested in creating a sustainable future for Oregon's community, economy, and environment.

www.OregonSolutions.net is a web site to support Governor Kitzhaber's 2000 executive order on solutions that use, develop and protect resources so Oregonians can meet their current needs while also providing for the needs of future generations.

The Oregon Solutions Web site is a clearinghouse of information and ideas promoting sustainable practices in government and private and non-profit business. The site, which had contributions from many of Oregon's business and community leaders, is designed to be a catalyst for action and a place for collaboration and information sharing. Visitors will have access to resources such as profiles of innovative leaders in Oregon as well as extensive listings of on-line organizations focusing on sustainability.

The site also features interactive on-line forums. John Haines, the Vice President of ShoreBank Pacific is the site's current interactive forum guest. Haines will respond to questions regarding banking and sustainable business until Feb. 18th. Future interactive guests include Dave Yudkin from Hotlips Pizza on sustainable food networks during the week of February 19th and Paul Oler from NewTech Electric on implementing sustainable practices in small companies during the week of February 26th.

Other highlights of the site include a Sustainability Learning Network, an on-line forum where visitors can share information and current issues related to sustainability, and an events calendar featuring information from organizations and individuals around the state to which visitors can post additional events.

The Oregon Solutions web site is just one of several state initiatives taken under the executive order to develop an understanding of what each of us can do to create the future we want for Oregon.

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FOR IMMEDIATE RELEASE

February 6, 2001

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SPEECH CLARIFICATION

Governor John Kitzhaber will deliver a speech about the Oregon Children's Plan to the Portland City Club on Friday, February 9. This speech has been inaccurately described as a State of the State speech by various sources.

Instead of a State of the State speech this year, the governor delivered an opening address to the 2001 Legislature.

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FOR IMMEDIATE RELEASE

February 2, 2001

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Remarks of Governor John Kitzhaber Energy Roundtable

When five of the Western Governors met in Denver six weeks ago, our goal was to take action that would get us past the immediate crisis of short supplies and high and unpredictable prices for electricity and natural gas. We adopted five proposals to deal with the current situation -- we have made good progress on the three items that called for state action, including conservation and convening this conference.

On January 9, nine western governors signed a joint Western States Short-term Energy Conservation Strategy called for at the Denver conference, and we have taken immediate steps to implement the elements of that strategy.

Governor Locke and I met with Governor Davis in Sacramento and shared our perspectives on how the electricity emergency had affected the Northwest states with insecure supplies and higher prices

It is important for all of us to recognize the extraordinary effort that Governor Davis is making to deal with the crisis in his state: to resolve the problems of the flawed deregulation scheme which he inherited; to strengthen the credit-worthiness of California's investor-owned utilities; and to urge Californians to reduce their consumption. I applaud Governor Davis for his leadership under most difficult circumstances.

While California works to solve the problems caused by its deregulation, each of our states has taken action to stimulate conservation in state government, business and homes. For the Pacific Northwest, this is more than just an effort for a few weeks, because with low rainfall this year in the Columbia Basin we may be short on electricity supplies well into next winter.

We in the western states are doing what we can to alleviate the problems caused by the immediate crisis. But the federal government must exercise its responsibility, as well. We are honored to have Secretary Abraham with us today and I would like to take this opportunity to share my thoughts on the federal side of this partnership.

I support electricity deregulation that produces market prices, but it is increasingly untenable for the federal government to continue to allow the monopolistic prices that have prevailed at the wholesale level this winter.

Many utilities in the Pacific Northwest are now raising their rates to consumers in percentages that defy comprehension. This represents a growing transfer of wealth from the citizens of the west to energy marketers -- a transfer that results in no greater assurance of future power supply.

Eight western governors -- five republicans and three democrats -- have called on the Federal Energy Regulatory Commission to implement a temporary cost plus pricing requirement. Controlling these power prices while more comprehensive solutions are developed is one very real and very practical step the federal government can take now and

I again urge them to do so.

In the long term we all know that additional generation is needed. In Oregon we have 1,300 megawatts of new generating capacity under construction and a further 1,600 megawatts under review. I am also supporting a limited exemption to Oregon's siting laws that will allow immediate, temporary additions to existing units without the usual siting permit process.

It is my expectation that this roundtable will further evaluate the obstacles to a timely increase in energy supply and develop a strategy to achieve this important element of our response.

While much of the new generation – at least in the Northwest -- will come from natural gas, it is important to make sure that this valuable source of energy is used at the highest efficiency in both generating electricity and in end uses.

As we proceed with the production side of the equation, let me state emphatically that there is no evidence that sacrificing environmental quality or despoiling pristine public lands is required to ensure our energy future. Even without opening up a single new acre of public land, it is hard to find an idle drilling rig for oil and natural gas in the West today. The higher prices in the marketplace have been sufficient to bring about this new activity.

Let me also state that, even as we work together to increase supply –the first and foremost item on this country's energy agenda must be to use energy wisely.

We in the United States consume twice as much energy per capita as Germany, a country with roughly the same living standard as ours. We use twice as much electricity per person as Western Europe and Japan -- and those countries produce a dollar of GNP with half to two-thirds of the electricity consumption that America uses. We in government at both the state and federal level must make energy efficiency our first priority – not just to use less but to get more out of the energy we do use ... including the new energy we are striving to secure.

A number of states in the West have adopted building codes that put energy saving measures in new homes and businesses. But many states are still operating with codes that require building owners to spend far more on energy than they would have spent if the buildings had been built using modern energy saving techniques. The federal government needs to be more aggressive in adopting standards for appliances and factory-built housing. It needs to be investing in more research in energy efficiency technology and assisting with the transfer of that technology into the economy. Beyond electricity, it needs to start treating SUV,s as the cars they are, instead of giving them a special lower standard for fuel efficiency. We must look at every corner of our economy for opportunities to use energy more sensibly. Here in the Northwest, the Northwest Power Planning Council, a public body, has determined that while we do need additional generation, we also have 2,400 megawatts of untapped energy efficiency investments. The competition in electricity markets makes the delivery of these investments more difficult, but we must find new means to do so.

We need to put in place rate structures that give consumers appropriate signals about the cost of energy and give them incentives to reduce use during times of greatest stress on our delivery systems.

Mr. Secretary, the current crisis offers us the best opportunity in thirty years to rethink our energy future. The old vision of our energy security – drilling and digging and burning – has served us well in the past and will be part of our transition to a new energy future. But these are the nineteenth and twentieth century solutions to our energy needs.

What we need to concentrate on is a twenty-first century vision: one that gets maximum usage from every valuable unit of energy, one that values a conserved unit of energy equal to a consumed one, a vision that promotes renewable resources over those that are being depleted, and a future that allows energy choices in distributed generation.

All these long-term strategies require a federal government that is willing to make commitments to research on new energy technologies and conservation, commitments to purchase emerging technologies, commitments to set appliance and motor vehicle efficiency standards, and commitments to provide funding and incentives for energy efficiency investments, green power, and distributed generation.

If our focus is on this new vision, Mr. Secretary, the twenty-first century West will have a vibrant economy with

sufficient energy supplies, and an environmental heritage we will be proud to pass on to our children.

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FOR IMMEDIATE RELEASE

January 19, 2001

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STATE ENERGY CONSERVATION TO INTENSIFY

Media availability scheduled Monday, January 22

On Monday morning, January 22, staff from the Oregon Department of Administrative Services will finish cutting the wires on roughly half of the exterior lights on the Capitol Mall in Salem, begin removing non-essential building hallway lights, and take immediate and long-term steps to reduce other exterior and interior lighting in state facilities. The expectation is that these and other conservation measures will remain in effect for at least a year. The goal is to cut state government's energy consumption by at least ten percent.

News media interested in filming or photographing the wire-cutting process should meet at the Sprague Fountain near Center Street on the Mall at 10:00 a.m. Monday. A tour of energy-saving measures at a state facility will be offered immediately afterward.

"We cannot emphasize this enough," Governor Kitzhaber said. "While energy conservation always makes sense, now and for the coming months, it is absolutely critical for Oregon and the Northwest to reduce the amount of power we use. Although we have enough electricity to meet our day-to-day needs, we're currently operating with little or no margin of error -- a sudden cold snap or a power plant breakdown could easily push us into a power emergency."

Ten days ago, Governor Kitzhaber issued a conservation directive to state agencies, requiring them to take steps to reduce energy consumption at state facilities. Now, the governor has informed state agencies that additional measures will be implemented. Staff have been instructed to:

- Turn off or reduce overhead lights where fluorescent task lights will do.
- Replace incandescent task light bulbs with fluorescent bulbs.
- Reduce lighting in hallways, parking areas, and exterior spaces, consistent with essential safety requirements.
- Ensure that lights are turned off in areas that are not in use (i.e. conference rooms).

Experts say lighting accounts for 20 to 35 percent of office energy consumption. Other measures will include turning off the heat at 4 p.m. daily in state offices that close to the public at 5 p.m., and coordinating custodial services so that heat and lighting demands are minimized. In addition, state agencies with more than 100 employees will form conservation committees to assure that all feasible steps to reduce energy use are identified and implemented. The Department of Administrative Services will hold weekly meetings with agency facility coordinators to receive agency reports, share ideas, and coordinate conservation measures.

Previous state agency conservation measures ordered by the governor included removal of portable space heaters,

adjustment of heating controls and water heaters for minimum energy use, reduction of unnecessary lighting, and powering-down of office equipment (i.e. computers and/or computer monitors) when not in use for more than an hour. Staff have also been instructed to close window blinds at night to conserve heat.

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For more information see: http://www.facilities.das.state.or.us/Energy_Conserv.html

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FOR IMMEDIATE RELEASE

January 15, 2001

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**STATEMENT OF GOV. JOHN KITZHABER ON THE RESIGNATION OF OREGON
DEPARTMENT OF FISH AND WILDLIFE DIRECTOR JIM GREER**

"Jim Greer has made significant contributions to Oregon's fish and wildlife during his 25-year tenure as an employee -- and ultimately as Director -- of the Oregon Department of Fish and Wildlife.

"He has been an asset to this administration during a very challenging time for Oregon's fish and wildlife resource. He was a leader in implementing the Oregon Plan for Salmon and Watersheds while faced with difficult management challenges in the Department and significant fiscal constraints.

"Jim will be missed, but I am confident that he will continue to contribute to Oregon's fish, wildlife and to the people who value them."

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FOR IMMEDIATE RELEASE

January 11, 2001

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KITZHABER, LOCKE, DAVIS TO DISCUSS ENERGY

Gov. John Kitzhaber and Washington Gov. Gary Locke will meet with California Gov. Gray Davis to discuss regional efforts to manage the West's energy problem on **Friday, January 12 in Sacramento, California**. The governors will discuss strategies to increase energy efficiency and reduce energy demand as well as regional pricing solutions.

The governors will hold a media availability at **1 p.m. in the Governor's Press Conference Room 1190** in the California State Capitol Building.

Media can call-in to the availability at: 1-800-432-2182; conference code: 385611. Access is on a first-come, first-served basis.

NOTE: Gov. Kitzhaber will be available to the media before leaving for California on Friday morning. Kitzhaber will be at the Salem Air Center (immediately south of Roscoe's Landing Restaurant) at the Salem Airport at 9:45 a.m.

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FOR IMMEDIATE RELEASE

January 10, 2001

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GOVERNOR NAMES BOB MINK AS DHS INTERIM DIRECTOR

Governor John Kitzhaber announced today that he has named Bob Mink, Deputy Director of the Oregon Department of Human Services (DHS), as the department's Interim Director, effective February 1.

"Bob Mink is an effective leader who clearly communicates our vision for human services," Kitzhaber said. "He has been a champion for improving services to vulnerable Oregonians and has earned the respect of the agency and Oregonians."

Mink will succeed Gary Weeks, who will become director of human services reform for the Baltimore-based Annie E. Casey Foundation in February.

Mink, 53, joined state government in 1981. He was the department's deputy administrator for juvenile corrections before becoming deputy director in 1992. His current duties include managing a reorganization that seeks to streamline DHS and to make its services more accessible to those who need them.

He is a graduate of the Willamette University law school and of Oregon State University.

Oregon's human services agency has about 9,700 employees statewide and a \$3.75 billion annual budget.

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FOR IMMEDIATE RELEASE

January 5, 2001

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GOVERNORS KITZHABER AND LOCKE RENEW CALL FOR ENERGY CONSERVATION

Citing a very tight energy supply situation for the winter, Govs. Gary Locke of Washington and John Kitzhaber of Oregon renewed their call today for citizens of the two states to conserve energy. At a news conference at Bonneville Dam, the two governors suggested specific actions that could be taken both by homeowners and businesses and committed both state governments to conservation plans.

The call comes a day after the Northwest Power Planning Council and the regional energy Emergency Response Team (ERT) concurred in a forecast that showed the Northwest could face an energy shortage in cold weather this winter, and face a potential shortage due to the relatively dry winter.

"We need to conserve now so we are prepared if the weather gets colder," said Gov. Kitzhaber.

"Oregonians and Washingtonians showed their community spirit last month when we were facing a shortage and cut consumption by more than 800 megawatts over a weekend. We need to make that kind of conservation standard operating procedure for the remainder of the winter," he added.

"The good habits we develop now can not only carry us through a precarious winter season, but we hope will serve as permanent changes in the way we use energy.

By avoiding waste, we can keep our energy bills more stable and help assure a sustainable level of power for both the short and long term. Things are changing, perhaps for the foreseeable future and adapting to that change now will make the transition that much smoother," Locke said.

The potential energy shortage has been caused by a number of factors, chief among them strong continued growth of both the western and northwestern economies and a slower than expected growth in electrical generating capacity. The situation has been made worse by an energy shortage in California. California normally exports power to the northwest during the winter but is unable to do so this winter.

Specifically, Govs. Locke and Kitzhaber asked homeowners to:

- 1. Lower water heating temperatures and use less hot water**
- 2. Lower space-heating temperatures**
- 3. Use less artificial lighting**

In addition to these immediate measures, the governors asked that homeowners make longer term investments in conservation such as:

1. Investing in energy efficient appliances when it's time to replace the old.
2. Switching out incandescent lighting with fluorescent lights.
3. Weatherizing their homes by contacting the utility that provides heat for a free energy audit to determine the best measures.
4. Find and seal all of the leaks in their homes such as entry/exit holes for piping, floor and ceiling cracks, door and window frames.

The governors asked business owners to:

- 1. Lower space-heating temperatures**
- 2. Use less artificial indoor lighting**
- 3. Turn off outdoor display lighting**
- 4. Turn off unused equipment**

In addition, both governors said they would implement plans to reduce state government energy consumption by taking many of the same measures, and called upon city and county governments to do the same.

For more information, access the Oregon Office of Energy's website (during off-peak hours, of course) at www.energy.state.or.us.

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FOR IMMEDIATE RELEASE

January 4, 2001

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GOVS. KITZHABER, LOCKE TO HOLD

ENERGY NEWS CONFERENCE

Kitzhaber and Locke also to Tape Energy Conservation PSA

Oregon Gov. John Kitzhaber and Washington Gov. Gary Locke will hold a joint news conference **on Friday, January 5 at 10:30 a.m. in the Washington Shore Visitor Center Theater at the Bonneville Dam**. The governors will discuss the need for ongoing energy conservation throughout the winter.

Kitzhaber and Locke will also be videotaping a Public Service Announcement relating to energy conservation at **9 a .m.** The PSA shoot location will be either inside the Visitor Center, or at an outdoor location nearby (depending on weather). Interested media are welcome and should meet at the Visitor Center at **8:45 a.m.**

Directions (from Portland): I-84 east to exit 44 (Cascade Locks Exit); Bridge of the Gods to Washington; 2 miles west on HWY. 14; exit 40 to Washington Shore Visitor Facility.

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FOR IMMEDIATE RELEASE

December 14, 2000

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Governor Calls For Energy Summit

Oregon Governor John Kitzhaber today called on US Secretary of Energy Bill Richardson immediately to convene an energy summit in the West to address the region's growing energy crisis.

In a letter sent today, Kitzhaber wrote:

"If no region-wide action is taken soon, the (energy) situation threatens to escalate such that the whole West may be short of power throughout a cold and dry winter, and retail utilities may lack the financial resources to purchase needed supplies or to build the generation we all agree is necessary."

In addition, Kitzhaber wrote: "Events are overtaking us and we run the risk of becoming victims of a set of circumstances which are rapidly moving beyond our control."

Finally, Kitzhaber joined Washington Governor Gary Locke in supporting region-wide caps on the price of wholesale electricity for the short term.

The text of Kitzhaber's letter to [Secretary Richardson is attached.](#)

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FOR IMMEDIATE RELEASE

December 8, 2000

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Northwest Governors Call For Energy Conservation During Cold Snap

Oregon Gov. John Kitzhaber and Washington Gov. Gary Locke today called upon citizens and businesses in those states to begin conserving electricity and natural gas in anticipation of a deep cold spell expected to arrive on the West Coast Monday.

"A number of factors are combining in the next few days that require us to ask people to begin conserving power immediately," said Gov. Locke. "Voluntary conservation today may mean we'll avoid disruptions when the cold weather arrives Monday."

"Energy conservation is always a good idea, and I ask Oregonians to be careful with their electricity use all winter – but especially next week – because of tight supplies and the level two warning called by the Regional Energy Emergency Response Team," Gov. Kitzhaber said. "Even just a simple act like turning off unnecessary lights makes a difference if everyone contributes."

"Bonneville Power Administration and Northwest utilities assure me that they are doing everything possible to make sure they have enough energy supplies to meet demand," Gov. Kitzhaber said.

Specifically, Gov. Kitzhaber called on Oregonians to do three things if doing so will not endanger anyone's health, safety or security:

1. Turn off all unnecessary lights and electrical equipment.
2. Turn down thermostats to 68 degrees during the day, 60 degrees at night and 55 degrees when you leave the house.
3. Reduce your use of hot water whenever possible, especially during the peak-use times of 6 a.m. to 9 a.m. and 5 p.m. to 8 p.m.

"Oregonians have proved in the past that they can come together to meet the challenge of extraordinary circumstances," said Gov. Kitzhaber. "This is one of our defining traits. I am confident we can get through this energy shortage together without undue burden. But it will take a conscious effort to conserve."

The current tight electricity supplies are a result of several factors. A robust West Coast economy has meant rapid growth in electricity use, and construction of new generation has not kept pace. Normally, the Northwest would import electricity from California during the winter, but this year fewer imports will be available. The power crisis in California last summer meant that generators there were run beyond normal use, and many of them are now down for repairs or are

unable to operate because they have reached their pollution limits.

For more information, access the Oregon Office of Energy's website (during off-peak hours, of course) at www.energy.state.or.us.

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FOR IMMEDIATE RELEASE

November 28, 2000

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Governor Announces Investments In Rural Oregon

Governor John Kitzhaber announced today a comprehensive package of investments in rural Oregon that will be included in his 2001-2003 budget. The announcement was made at the "Alternatives in Agriculture: 101 Ways to Improve Farm Income" Agriculture Marketing Conference in Rufus, Oregon. The governor's complete 2001-2003 budget will be presented to the Legislature on Friday, December 1.

The governor described a series of investments that will aid Oregon's rural economy, stimulate infrastructure improvements and improve the quality of life in rural communities. "The prosperity of the last six years has not been shared evenly across Oregon," said Kitzhaber. "My budget proposal attempts to provide the foundation for a sustainable rural economy through targeted investments."

The governor highlighted the following investments totaling \$257.5 million:

- **Sewer and Water System Infrastructure** – Building on the Oregon Livability Initiative passed during the 1999 Legislative Session, this proposed budget contains \$196 million in lottery-backed bonds issued over a three-year period, which is expected to stimulate more than \$1 billion in state and local investments in community infrastructure.
- **The Community Incentive Fund** – \$35 million in lottery-backed bonds to provide communities throughout Oregon with incentives to rehabilitate downtown buildings, enhance sidewalks along main streets, encourage mixed-use development and take full advantage of important historical assets.
- **The Regional and Rural Investment Funds** – \$20 million in lottery funds to help counties with community development. This fund can be used to enhance local capacity as well as to provide the final piece of financing for important local projects.
- **Brand Oregon Marketing Campaign** – \$3 million in general fund dollars to establish a joint effort between the Oregon Department of Agriculture and Tourism Division of the OECD. This effort is aimed at increasing the sale of value-added Oregon natural resource products in select markets and to increase visitor expenditures from those markets. By leveraging a common marketing message between agriculture and tourism, we can significantly increase the potential for new domestic and foreign export markets for Oregon's natural resource products.
- **Columbia River Dredging Project** – \$28 million in lottery backed bonds to maintain affordable transportation of bulk commodities. At the same time, \$1.7 million of these funds will be used to improve the Lower Columbia

River Estuary Project for fish habitat.

The governor stated that these investments will be supported by \$3.5 million allocated to the Community Solutions Network. The \$3.5 million will fully fund the Community Solutions Teams, their regional coordinators and the Community Development Office. This will allow the State to take full advantage of the infrastructure investments mentioned above.

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FOR IMMEDIATE RELEASE

November 28, 2000

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Governor Announces Comprehensive "Oregon Children's Plan"

Effort Aims to Identify and Help At-Risk Youth from Birth

Oregon Governor John Kitzhaber announced today a major new investment in identifying and assisting at-risk youth and their parents starting at birth. The new \$60 million investment in Oregon children, known as the Oregon Children's Plan, will provide for voluntary screening of all first born children for both medical and social risks and will increase services available to children and families through the State and counties.

Gov. Kitzhaber announced the plan, which will be part of his proposed 2001-2003 budget, today at Legacy Emanuel Childcare Center. He was joined by Richard Alexander, chair of the Citizens Crime Commission, which this year called for significant investments in young children. Representatives of the medical profession and public health officials also joined in endorsing the proposal.

"Sixty percent of Oregon children are born with risks that can affect their success in life," said Kitzhaber. "By identifying these risks early we can give Oregon children the opportunity to succeed in life, in school and avoid future problems such as drug addiction, school failure, delinquency or incarceration. Early investments in our children will benefit Oregon communities, families and schools."

The budget allocates \$60 million to the Oregon Children's Plan – \$28 million in new revenue and \$32 million redirected from other programs. The Oregon Children's Plan will screen all first births in Oregon for an identifiable set of risks that can negatively affect a child's life. Children who screen positively for one or more risks will be offered in-home and out-of-home services. Although participation in this program is voluntary, in an early pilot model of the Oregon Children's Plan conducted in seven counties, 93 percent of families elected to participate.

The Oregon Children's Plan will save taxpayers future expenditures by improving school performance, increasing access to health care providers and by reducing the cost of school failure, school drop out and involvement in the criminal justice system. A cost-benefit analysis of the early pilot model of the Oregon Children's Plan found that for every dollar invested, \$4.25 of costs were saved in other, more costly services.

The Oregon Children's Plan will fund programs in areas such as:

1. Prenatal/At-birth Screening

- Screen all first born Oregon children as early as possible for medical and psychosocial risks. Out of the 44,300 births each year in Oregon, 18,400 are first births. Screenings will take place during prenatal or

follow-up visits at medical clinics, hospitals or doctor's offices.

2. Coordinated Services

- Following a positive risk screen, community-based teams (such as doctors, educators and social workers) will match the child's risk with the most appropriate type of support and provider. It is estimated that 60 percent of families will have risks warranting additional support.

3. In-Home Support

- Each community will provide in-the-home services for children who have developmental disabilities or who are medically fragile, and families who have other medical or significant social risks. These services will be provided by nurses, social workers and other trained professionals.

4. Substance abuse and mental health treatment

- We will provide communities with the ability to access resources for mental health treatment for children and/or substance abuse treatment for their parents. It is estimated that all children and families participating in the Oregon Children's Plan who need this treatment will receive it.

5. Pre-school

- We want every child to have the chance to participate in an early learning setting or pre-school, such as Head Start/Oregon Prekindergarten Program. We currently enroll 50 percent of eligible children in these programs. The Oregon Children's Plan will expand the Oregon Prekindergarten Program to serve 60 percent of eligible children in the next biennium. In addition, we will work with the federal Head Start program to identify efficiencies that may lead to a greater enrollment by the end of the next biennium.

6. Community Programs

- The Oregon Children's Plan proposes to redirect the Great Start Program so that each county will have flexible funds to choose from a menu of programs -- such as relief nurseries, parent training and others -- that have been proven by research to be effective. These programs will help serve as the connection between home-based programs for the youngest, highest risk children and entry into school.

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FOR IMMEDIATE RELEASE

October 25, 2000

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GOVERNOR'S MARKETPLACE 2000 SET FOR NOVEMBER 9

Governor John Kitzhaber announced today that the Governor's Marketplace 2000 will take place on November 9 at Chemeketa Community College in Salem from 7:30 a.m. to 5 p.m. This event is designed to help minority and women owned businesses have the information necessary to access state contracting opportunities. Registration information can be accessed at www.govmp.com

The daylong event offers a variety of morning workshops on navigating the contracting and procurement process as well as a noon discussion on Marketing Your Business. The afternoon schedule will offer an opportunity for attendees to make appointments with participating state agencies to discuss business opportunities and contracting processes with agency procurement/contracting staff.

"We recognize that there is still much work to be done in this regard and we want to be a part of removing barriers that might exist," said Governor Kitzhaber. Until all Oregonians are a part of the circle of prosperity, we will continue to work on this issue."

Key sponsors of the event include: Office of the Governor, Oregon Lottery, Employment Department, Department of Consumer & Business Services, Oregon State Police, Department of Human Services, Department of Corrections, Oregon Youth Authority, Oregon Department of Transportation, Department of Administrative Services and Oregon Housing & Community Services Department.

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FOR IMMEDIATE RELEASE

October 10, 2000

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber has submitted the following names for appointments to state boards & commissions. Hearings will be held on November 8 and the full Senate will vote on Nov 16.

Board	First Name	Last Name	City
Advisory Council on Podiatry	Darrell	Prins	Lincoln City
Board of Directors of State Accident Insurance Fund Co	Felicia	Trader	Portland
Board of Examiners of Nursing Home Administrators	Raissa	Moore	Portland
Building Codes Structures Board	Steve	Tucker	Aumsville
Commission for Women	Suzan	Miller	Portland
Commission on Black Affairs	Suzzette	Allen	Pendleton
Commission on Black Affairs	Michelle	Neal	Portland
Commission on Black Affairs	DeBorah	Williams	Portland
Director, Oregon State Fair & Exposition Center	Katie	Cannon	Dallas
Dispute Resolution Commission	Celia	Nunez	Salem
Electrical and Elevator Board	Michael	Schweizer	Corvallis
Fair Dismissal Appeals Board	Kevin	Murphy	Salem
Fair Dismissal Appeals Board	Mary	Peterson	Hillsboro
Health Services Commission	Donalda	Dodson	Salem
Health Services Commission	Bryan	Sohl	Ashland
Lane Transit District Board	Hillary	Larsen-Wylie	Eugene
Lane Transit District Board	Virginia	Lauritsen	Springfield
Lane Transit District Board	Robert	Melnick	Eugene
Oregon Board of Accountancy	James	Gaffney	Portland

Oregon Board of Investigators	Jack	Yarbrough	Keizer
Oregon Disabilities Commission	Lee	Allison	Medford
Oregon Disabilities Commission	Gary	Boley	Sandy
Oregon Disabilities Commission	Lynn	Cameron	Turner
Oregon Disabilities Commission	Judith	Cunio	Salem
Oregon Disabilities Commission	Robert	Stevens	Bend
Oregon Government Standards and Practices Commission	John	Kopetski	Pendleton
Oregon Government Standards and Practices Commission	Di Lyn	Larsen-Hill	La Grande
Oregon International Port of Coos Bay	Jon	Barton	Coos Bay
Oregon State Board of Nursing	Mitchell	Boriskin	Eugene
Oregon State Board of Nursing	Cora	Smith	Portland
Oregon State Board of Nursing	Celina	Tobias	Medford
Oregon State Board of Nursing	Jennifer	Wagner	Eugene
Oregon State Lottery Commission	E.D. Debbs	Potts	Merlin
Oregon Transportation Commission	Gail	Achterman	Portland
Oregon Transportation Commission	Randall	Pape'	Eugene
Public Employees Benefit Board	Danny	Mielke	La Grande
Public Employees Benefit Board	Sheryl	Warren	Lake Oswego
State Board of Chiropractic Examiners	Janice	Nelson	Eugene
State Board of Psychologist Examiners	Susan	Latham	Salem
State Board of Tax Service Examiners	D. Sue	Church	Bandon
State Board of Tax Service Examiners	Joyce	Funkhouser	Fairview
State Fish and Wildlife Commission	Zane	Smith	Springfield
State Housing Council	Patricia	Moss	Bend
State Marine Board	Don	Christensen	Salem
State Parks and Recreation Commission	Robert	Green	Pacific City
State Parks and Recreation Commission	Elizabeth	McCool	Bend
Teacher Standards and Practices Commission	Aurora	Cedillo	Salem
Teacher Standards and Practices Commission	Jerry	Colonna	Redmond
Teacher Standards and Practices Commission	Susan	DeMarsh	Pendleton
Teacher Standards and Practices Commission	Jan	Miner	Gresham
Teacher Standards and Practices Commission	Larry	Mylnechuk	Lake Oswego
Teacher Standards and Practices Commission	Debra	Robinson	Portland
Trustees of the State Library	Charlotte	Herbert	Myrtle Creek
Wage and Hour Commission	Jeff	Anderson	Keizer
Workers' Compensation Management-Labor Advisory Committee	Ken	Allen	Portland

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FOR IMMEDIATE RELEASE

October 5, 2000

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Governor Launches New Web Site

Governor John Kitzhaber today launched a new web site for the Governor's Office. The web site address will remain the same: www.governor.state.or.us. This web site replaces the previous site that was created shortly after the governor assumed office in January, 1995.

"More people are gaining access to the web and are using it as their primary means of gathering information," said Kitzhaber. "It is vital that we offer in-state and out-of-state visitors to our web site current information in a manner that is both accessible and promotes a positive image for the state."

Visitors to the Governor's Office web site can obtain information about the state budget, policy initiatives and legislative sessions, as well as press releases, speeches and photos. It also connects visitors to agencies within state government through a link to Oregon Online, the web site for the State of Oregon (www.state.or.us).

The new Governor's Office web site was created by the State of Oregon Publishing and Distribution Office. For more information about their web based services, contact, Peggy Schindler at (503) 378-3397 ext. 325 or Kathy Munsel at (503) 378-3397 ext. 338.

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FOR IMMEDIATE RELEASE

October 4, 2000

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CHANGING OF THE GUARD IN NATURAL RESOURCES

Governor Kitzhaber announced today the resignation of his Assistant for Natural Resources, Paula Burgess, and named Louise Solliday to fill the position beginning November 1, 2000.

Ms. Burgess has served in the natural resource adviser's role since the beginning of the Kitzhaber Administration nearly six years ago. This position directs the Governor's Natural Resource Office, and coordinates among the dozen natural resource agencies. Burgess presided over the development of the Oregon Plan for Salmon and Watersheds, the Governor's Eastside Forest Health strategy, and day-to-day issue management among the State's natural resource agencies.

"Paula has done a great job for Oregon," Kitzhaber said. "This is a very demanding job, and she has done it superbly for six years. As much as I will miss working with her, I am glad she is staying in Oregon and will remain involved in natural resource issues." Burgess has accepted a position as special assistant to the Director for the Bureau of Land Management in Portland.

Ms. Solliday has served as Kitzhaber's Watershed Adviser for the last four years, working on a variety of natural resources issues, including legislative and budget issues. Most recently she led the Oregon Plan interagency teams and represented the State at the Lower Columbia River Estuary Program and For the Sake of the Salmon.

"Louise has the knowledge and ability to step into this position, given her involvement in many of the State's natural resource issues over the past four years as my Watershed Adviser," Kitzhaber said. "I anticipate a smooth transition."

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FOR IMMEDIATE RELEASE

September 19, 2000

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GOVERNOR APPLAUDS DELTA AIRLINES PORTLAND-NEW YORK FLIGHT

Governor John Kitzhaber today welcomed news that Delta Airlines would maintain offering a nonstop flight from Portland to New York's JFK International Airport.

"I want to commend Delta for keeping this important flight to New York," Kitzhaber said. "Delta clearly understands the important role they play in Oregon's economy and I am very pleased that they are keeping this flight," the governor added.

"I have had very productive conversations with Delta CEO Leo Mullin about Delta's operation in Oregon. We have built a strong relationship with Delta and hope to extend it into the future," Kitzhaber said.

For more information on Delta's service to New York, contact Delta Corporate Communications at (404) 715-2554, or refer to its web site: **www.delta-air.com**

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FOR IMMEDIATE RELEASE

September 6, 2000

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GOVERNOR RESPONDS TO DELTA AIRLINES ANNOUNCEMENT

Governor John Kitzhaber said today that he would continue to work hard to maintain Oregon's strong economic and cultural connections to Asia despite the announcement by Delta Airlines of its decision to end direct service from Portland to Tokyo and Nagoya, Japan.

"Oregon's connections with Asia predate this direct service and our relationship with Asia will survive its cancellation," said Kitzhaber. "I will work to continue the state's strong ties to Japan, South Korea, Taiwan and the People's Republic of China."

As an example, Kitzhaber pointed to Fukuoka, a Japanese city and prefecture that enjoyed non-stop air service to Portland until October, 1999. "In spite of the loss of the direct flight, our business relationship continues to grow and mature," the governor said.

Kitzhaber and state business leaders completed a trade mission to Japan in May, including a visit to the Prefecture of Fukuoka to meet with the Prefecture's Governor Aso. Governor Aso is scheduled to visit Oregon in October to continue building the business relationship with the state.

"I wish Delta were making a different announcement today," said Kitzhaber, "but I understand and respect the business decision they had to make and the competitive pressures that forced them to make it." Kitzhaber noted that recent bilateral trade agreements have made it possible for Delta and other carriers to fly to Asia directly from inland cities.

"This state has had and will continue to have a good relationship with Delta Airlines," said Kitzhaber. "I have been especially appreciative of the frankness of their Chief Executive Officer Leo Mullin and his willingness to work in the future to develop other Portland-based routes." Kitzhaber also said the state will continue to pursue other airlines – both passenger and cargo – to serve Asia from Oregon.

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FOR IMMEDIATE RELEASE

August 31, 2000

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GOVERNOR'S STATEMENT ON RESIGNATION OF DEQ DIRECTOR LANGDON MARSH

Governor John Kitzhaber today issued the following statement on the decision of Department of Environmental Quality (DEQ) Director Langdon Marsh's decision to resign:

"Lang is a thoughtful and knowledgeable professional and I'll miss him very much. He has served Oregon well.

There have been several significant accomplishments under Lang's administration, in particular:

- The development of water quality plans for the recovery of polluted and impaired streams and rivers as part of the Oregon Plan;
- Green permits, which encourage industries to go beyond compliance with environmental standards to actively improve the environment, and;
- A variety of alternative compliance programs designed to help small businesses and cities address their share of air, water and toxics pollution.

DEQ is well positioned to make further progress, and because of Lang's leadership is poised for a good legislative session."

Kitzhaber indicated that he would work with Environmental Quality Commission (EQC) Chair Melinda Eden and the other members of the EQC to facilitate the hiring of a new Director, who will be in place prior to the next legislative session.



FOR IMMEDIATE RELEASE

August 18, 2000

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PUBLIC'S HELP NEEDED TO PREVENT FIRES IN OREGON

Extreme fire danger, declining fire fighting resources, the approach of hunting season and Labor Day weekend have statewide fire officials concerned about the potential for large fires in Oregon.

Overall, residents and forest users have been careful, but the Oregon Department of Forestry (ODF) has already recorded about 430 human-caused fires this year, compared with 416 last year at this time. Lightning has accounted for 119 fire starts this fire season.

"I appreciate that the people of Oregon have been vigilant when it comes to fire prevention. But, facing potentially one of the worst fire seasons in 50 years, everyone needs to exercise extreme caution in the forest and around their homes," Gov. John Kitzhaber said.

If conditions get worse, ODF's last resort is the "permit closure." That means all lands protected by ODF (private, state and western Oregon BLM lands) would be closed to public entry, except for landowners and residents. Closures are implemented to protect life, property and natural resources.

"We don't want closures to happen, so we're asking for the public's help in preventing human-caused fires. However, other factors we have to consider are the extremely dry conditions and the lack of fire fighting resources because of the fires in the rest of the West," ODF Deputy State Forester Roy Woo said. "Some of Oregon's private contract crews and engines are on fires in Idaho and Montana. Many of the firefighters will be returning to college soon. Even with all our efforts, conditions may get worse."

Underscoring the seriousness of the fire season, Gov. Kitzhaber recently signed a state of emergency declaration, calling up 400 members of the National Guard to train as firefighters. This is the first time the Oregon National Guard has been used in this capacity since 1996.

ODF districts, along with agencies such as the U.S. Forest Service and BLM, are already regulating activities including campfires, travel, smoking and chainsaw use in the forest because of extreme fire danger. Information about local restrictions is available from the appropriate agency. Some national forests post restrictions on their web sites. Forest users are asked to be careful with all forms of ignition, including vehicle catalytic converters.

Forecasters have described the potential for more large fires in Oregon to be above normal through at least Sept. 7. One drought index shows extreme to severe drought conditions in many parts of Oregon. Long-range forecasts are calling for continued above-normal temperatures.

For more information about local restrictions, hunters and recreationists should contact the closest Oregon Department of Forestry district office.

Forest Grove
(503) 359-7401

Western Lane (Veneta)
(541) 935-2283

Tillamook
(503) 842-2548

Eastern Lane (Springfield)
(541) 726-3588

Astoria
(503) 325-7215

Linn (Sweet Home)
(541) 367-6108

Clackamas-Marion (Molalla)
(503) 829-2216

Northeast Oregon (LaGrande)
(541) 963-3168

West Oregon (Philomath)
(541) 929-3266

Central Oregon (Prineville)
(541) 447-5658

Southwest Oregon (Central Point)
(541) 664-3328

Klamath-Lake
(541) 883-5681

Coos Forest Protective Association
(541) 267-3161

Douglas Forest Protective Association
(541) 672-6507

Walker Range Patrol Association
(541) 433-2451

For a listing of 100 wildland fire web sites, check <http://www.blm.gov/narsc/wildfire/index.html>

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FOR IMMEDIATE RELEASE

August 9, 2000

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Maj. Jeff Julum,

National Guard

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GOVERNOR CALLS UP NATIONAL GUARD TO TRAIN FOR WILDFIRE DUTY

Governor John Kitzhaber today declared a state of emergency due to the imminent threat of wildfires. The declaration, Executive Order No. 00-20, allows the governor to call up Oregon National Guard troops to train for duty as forest and rangeland firefighters.

“This has all the makings of a severe fire season in Oregon,” Kitzhaber said. “Combined with the extreme conditions around the West, it’s vital we be ready with additional firefighters should the need arise,” he said.

The Oregon National Guard said they are planning on calling up as many as 400 members of the guard over the next two weeks. The troops would be trained in a five-day course by Department of Forestry officials at Camp Rilea on the Oregon Coast.

This is the first time the National Guard will have been called up to fight fires since 1996 when Gov. Kitzhaber issued a similar declaration. “Speaking for all Oregonians, I am grateful that the men and women of the Oregon National Guard have given their time,” said Kitzhaber. “In the weeks ahead, we will rely on their help to protect the public safety from what could be a very bad fire season.”

The number of troops called for active duty and actually deployed will depend upon the severity of fires that develop in Oregon in the coming month. The cost of training the troops will be borne by the US Forest Service.

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FOR IMMEDIATE RELEASE

July 28, 2000

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GOVERNOR COMMENTS ON NMFS BIOLOGIC OPINION

Governor John Kitzhaber today provided preliminary comments on the National Marine Fisheries Service (NMFS) draft biological opinion and recovery strategy for the Columbia River hydro system. "I commend NMFS for finally getting this long-awaited opinion into the open where it can be examined and debated," Kitzhaber said. "Furthermore, I recognize that this is a draft document -- a starting point, not an end point -- and that it will undergo a period of public comment and modification before it emerges in its final form."

While Kitzhaber noted that he had not yet had time to read the entire 400-page document in detail, a cursory review led him to conclude that some of the necessary elements of salmon recovery appeared to be in place.

Kitzhaber said he supports the draft recommendation for retooling Columbia River hatcheries so they can assist with the recovery and harvest opportunities, while not competing with the effort to rebuild wild stocks. He also said he supports the recommendation for a strong system of performance evaluation for the plan.

Kitzhaber commended the Clinton Administration for its overall approach to recovery, but also said that the draft biologic opinion fell short in several important areas. "The recommendations for hatcheries are strong and significant," the governor said, "but much more work is required in the areas of harvest, habitat and the hydropower system if this biologic opinion is to emerge as a credible road map to recovery."

With regards to harvest, Kitzhaber would like to see reductions in the Fall Chinook fishery and a bolder move toward selective fisheries. With regard to hydropower operations, Kitzhaber noted that the program appears to rely heavily on technological fixes and fish barging rather than on improving in-river conditions.

"If the Administration does not intend to consider dam breaching at this time, it must demonstrate a commitment to other meaningful modifications to the hydropower system that will improve in-river conditions," he said.

Finally, the governor said the proposed habitat improvements will require much more specificity and that the entire plan needs a funding strategy to be successful. "Without adequate funding, we will never restore the health of the Columbia River Basin ecosystem," Kitzhaber said. "Any credible recovery plan must have a detailed budget through which the Administration and Congress can demonstrate their commitment to the effort."

Kitzhaber and Idaho Gov. Dirk Kempthorne unveiled a four Northwest governor's agreement on measures to restore Columbia River salmon stocks on Tuesday, July 25. There is substantial overlap between the two documents.

Kitzhaber is committed to a more detailed review of the federal biologic opinion and basin recovery strategy over the

next two months. “I see an opportunity here to use the governors’ agreement and the federal plan to create a recovery strategy for the region that is greater than the sum of these parts,” Kitzhaber said.

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FOR IMMEDIATE RELEASE

July 25, 2000

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**GOVERNORS AGREE ON KEY ELEMENTS OF
REGIONAL STRATEGY TO FISH RECOVERY**

Consistent federal and regional plans should be developed, in consultation with Indian tribes, by January 2001, the Governors say

Idaho Governor Dirk Kempthorne, Montana Governor Marc Racicot, Oregon Governor John Kitzhaber and Washington Governor Gary Locke today announced a historic agreement to begin to move the region toward recovery of salmon and steelhead in the Columbia River Basin.

“We believe that agreement on a regional approach, consisting of specific federal, state and regional plans that protect both our salmon and our communities, should be reached and accepted by federal and state officials in consultation with tribal leaders no later than January, 2001,” the governors wrote in a cover letter to the strategy document. “Reaching such agreement, as well as implementing the other recommendations in this document, will enable all of us, together, to begin to fulfill our respective roles and responsibilities and meet the challenge that lies ahead.”

The governors’ announcement coincides with the federal government’s release this week of its paper on recovery of salmon and steelhead in the Columbia River Basin listed under the Endangered Species Act (ESA) and a draft biological opinion on recovery of ESA-listed Snake River salmon. The governors said their recommendations constitute “useful advice and guidance” to federal and state decision-makers, not an alternative plan.

Among the governors’ specific recommendations:

Fish recovery goal: “The goal we suggest is protection and restoration of salmonids and other aquatic species to sustainable and harvestable levels meeting the requirements of the Endangered Species Act, the Clean Water Act, the Northwest Power Act and tribal rights under treaties and executive orders while taking into account the need to preserve a sound economy in the Pacific Northwest,” the governors wrote.

Intergovernmental coordination: Frustrated by the lack of effective cooperation between state and federal fish and

wildlife agencies on fish recovery, the governors recommend that the President designate one official in the region to oversee federal agency fish recovery efforts in the Columbia Basin and serve as the regular point of contact with state, local and tribal governments.

Habitat improvements: The governors endorse the concept of creating salmon sanctuaries to protect key fish habitats in accordance with state laws and acquiring water and habitat for fish from willing sellers.

Columbia River estuary: The governors believe that the federal government must immediately engage the states, tribes and local governments in implementing the National Estuary Program plan for the lower Columbia River estuary, including creation of salmon sanctuaries.

Predation by birds and mammals: The governors recommend that the U.S. Army Corps of Engineers, National Marine Fisheries Service and the U.S. Fish and Wildlife Service develop a long-term management plan to address predation by fish-eating birds and marine mammals. The attempt to relocate Caspian Terns within the Columbia River estuary was a good start, but not sufficient by itself, the governors said. The governors also support actions to improve the coordination among federal laws that protect fish-eating birds and marine mammals while also protecting the fish those birds and mammals eat.

Local involvement: The governors strongly endorse the concept of local planning for recovery of aquatic species. "This concept has the advantage of bringing together local and tribal governments with local citizens to develop and implement local recovery plans," the governors wrote.

Dam removal and modification: Recognizing that the federal government will not at this time recommend breaching the four federal dams on the lower Snake River, the governors said fish recovery efforts "must focus not only on currently accessible habitat, but also look for opportunities to increase the current level of habitat access with all dams remaining in place." The governors also recognize the importance of improving fish passage survival at dams, and in their recommendations commit each state to provide an annual list of priority fish passage projects to the Northwest Power Planning Council for proposed funding: "The list could include such things as screening diversions and replacing culverts, as well as removal of, or passage at, tributary dams, as is being done at Condit, Wapatox and Marmot dams," they wrote.

The governors also support further fish passage improvements at the mainstem Snake and Columbia dams: "We support further modifications to the configuration and operation of the hydrosystem where appropriate and necessary to benefit fish and so long as the modifications do not jeopardize the region's reliable electricity supply."

Fish harvest: The governors support continuing current levels of tribal ceremonial and subsistence harvest. For commercial and non-treaty sport fisheries, the governors recommend that harvest rates, gear and timing in the mainstem fisheries be consistent with ensuring survival of the species and providing for their eventual recovery when combined with recovery actions in other sectors, such as habitat improvements, hatchery reforms and passage improvements at dams.

Hatchery reforms: The governors support redirecting artificial production of fish in the Columbia Basin to continue producing fish for harvest while also using hatcheries to rebuild naturally spawning populations of salmon and steelhead. Specifically, the governors said they support the recommendations in the Northwest Power Planning Council's 1999 Artificial Production Review report to Congress.

Funding: The governors recognize that fish and wildlife recovery is expensive and that it is likely to become more expensive in the future. BPA ratepayers will have to pay more to address the impact of hydropower dams on fish and wildlife, the governors said, and "we endorse BPA's stated commitment to increase the amount of . . . dollars to support salmon recovery." In addition, the governors called upon Congress to similarly increase federal appropriations, in recognition of the fact that fish and wildlife of the Columbia Basin are national resources. The governors also said the region needs a strong program to ensure a far better accounting of spending on fish and wildlife recovery and called for an annual accountability report to document progress in this regard.

The governors presented their recommendations to the regional directors of the National Marine Fisheries Service, U.S.

Fish and Wildlife Service, U.S. Forest Service, Bureau of Reclamation and Bureau of Land Management, as well as to the administrator of the Bonneville Power Administration and the Chairman of the Northwest Power Planning Council. Copies of the recommendations are available at the following web addresses:

Idaho: www.state.id.us

Montana:

Oregon: www.governor.state.or.us

Washington: www.governor.wa.gov/esa

Northwest Power Planning Council: www.nwppc.org

[Agreement Text](#) *

[Preface Statement](#) *

*Note: These files require the [Adobe Acrobat Reader](#), available free.

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FOR IMMEDIATE RELEASE

July 24, 2000

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**KITZHABER, IDAHO GOV. KEMPTHORNE, TO
UNVEIL FOUR STATE SALMON STRATEGY**

Gov. John Kitzhaber and Idaho Gov. Dirk Kempthorne will announce a joint agreement between the four Northwest governors on a regional salmon recovery strategy on Tuesday, July 25.

Kitzhaber and Kempthorne will hold news conferences first in the Governor's Office in Boise, ID at 10:30 a.m. (Mountain Time), and then again in the **Governor's Ceremonial Office in Salem on Tuesday, July 25 at 1 p.m.** (Pacific Time) to make the announcement.

Washington Gov. Gary Locke is unable to attend the press conferences due to prior commitments, however, Larry Cassidy, Washington representative and current chairman of the Northwest Power Planning Council, will attend both press conferences. In addition, forest fires are requiring Gov. Marc Racicot to remain in Montana, but he will participate via speakerphone at the Boise news conference.

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FOR IMMEDIATE RELEASE

July 12, 2000

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GOVERNOR SIGNS AGREEMENT

TO INCREASE PAYMENTS FOR OREGON'S CONSERVATION RESERVE ENHANCEMENT PROGRAM

Governor John Kitzhaber and Larry Mitchell, Deputy Administrator for the U.S. Farm Service Agency of the U.S. Department of Agriculture (USDA) signed an agreement that increases conservation payments under the Conservation Reserve Enhancement Program (CREP).

The amended agreement will encourage greater participation in the program by increasing landowner payments, both at sign-up and over the term of the contract. The amendment also adds some marginal pasture lands, and agricultural land adjacent to streams containing listed fish species other than salmonids to program eligibility.

During the first 18 months of availability of CREP in Oregon, a statewide steering committee identified a number of federal policy barriers that discouraged or prevented Oregon landowners from participation and reported these limitations to Gov. Kitzhaber.

In January 2000, Gov. Kitzhaber wrote USDA Secretary Dan Glickman, outlining the need to amend the original agreement in order to enhance landowner participation. The amendment addresses only a few of the reasons for non-participation outlined by the governor.

"This amendment moves us in the right direction," Kitzhaber said. "I am committed to working with Secretary Glickman to remove the remaining impediments to Oregonians' full participation in this program. The work that is going on in the field is excellent."

The Oregon CREP continues to hold promise for being an important tool for landowners to meet the requirements of the Clean Water Act and the Endangered Species Act, at a relatively small cost. This incentive-based approach is central to the Oregon Plan for Salmon and Watersheds. The program focuses on conservation practices such as riparian buffer, filter strip plantings and wetland restoration. Oregon has committed \$3 million to the first two years of the program, which, if successful, would help cooperative salmon recovery and watershed restoration efforts statewide.

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FOR IMMEDIATE RELEASE

July 11, 2000

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GOVERNOR SUPPORTS STEENS AGREEMENT

In a news conference today with members of the Oregon Congressional Delegation and US Secretary of the Interior Bruce Babbitt, Governor John Kitzhaber announced his support for creation of a new Steens Mountain Cooperative Management and Protection Area that will include a 143,000 acre wilderness.

“This agreement will secure the future for a Steens Mountain free of development, so that our grandchildren can experience the same breathtaking landscape that we do today,” said Kitzhaber. “Just as importantly, it spells out clear guidelines and rules for grazing that will allow farming and ranching to continue in this special part of Oregon.”

The agreement, arrived at after 7 months of negotiations, will create a 143,000 acre wilderness that extends south to and includes Alvord Peak. Of this, 100,648 will be closed to grazing. The wilderness area lies inside a 500,000 acre Steens Mountain Cooperative Management and Protection Area. Further, the agreement closes 1.15 million acres to mining and geothermal development.

From here, the agreement will be drafted into legislation that will be introduced in the U.S. House of Representatives. “I will work to ensure that the agreements we have reached are represented in the legislation that Congress considers,” Kitzhaber said. “I fully expect that in the process of hearings on this legislation, we will be able to address outstanding concerns such as land exchanges or other issues,” Kitzhaber added.

A copy of “Elements for a Steens Mountain Protection Bill”, which details the agreement, is attached. It is also available on the Governor’s Web Page under the “press releases” menu: www.governor.state.or.us

[Elements for a Steens Mountain Protection Bill*](#)

[National Monument versus Steens Mountain Protection Bill](#)

*Note: These files require the [Adobe Acrobat Reader](#), available free.

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FOR IMMEDIATE RELEASE

July 10, 2000

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FIRST LADY SHARON KITZHABER TO ATTEND CELEBRATION FOR STARS LATINO OUTREACH PROGRAM

Oregon First Lady Sharon Kitzhaber will attend a celebration on **Tuesday, July 11** for teens who participated in Estrellas, the first community-based STARS (Students Today Aren't Ready For Sex) program for Latino teens. The event will be held at **5:30 p.m.** at St. Luke's Parish-Rubis Hall, 417 Harrison Street in **Woodburn**. Families and community members are invited to join the 15 Estrellas graduates.

STARS is an abstinence-based teen pregnancy prevention program aimed at sixth and seventh graders. Estrellas, the new Latino outreach program is Spanish for "stars". Students attended classes for five weeks at Nuevo Amanecer, a housing development in Woodburn that is home to many Latino families. Like STARS, Estrellas trains teen mentors to deliver the message to their younger peers that "it's best for teens not to have sex."

"STARS is working to reduce teenage pregnancies in Oregon communities," Sharon Kitzhaber said. "Estrellas brings STARS' proven approach to teenage pregnancy prevention to the Latino community, which currently experiences the highest teenage pregnancy rate in the state."

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FOR IMMEDIATE RELEASE

July 10, 2000

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GOVERNOR CONCURS WITH SUPERFUND LISTING

Oregon Governor John Kitzhaber gave his official concurrence Friday to an Environmental Protection Agency (EPA) proposal that a 6-mile segment of the lower Willamette River be placed on the National Priorities List for environmental cleanup. In his July 7 letter to EPA Administrator Carol Browner, Kitzhaber made clear that placement of the Portland Harbor portion of the river on the so-called Superfund list was not his first choice, but now appeared necessary to deal effectively with a century of industrial contamination deposited in river sediments.

Officials at EPA's Region 10 office in Seattle will now submit the listing proposal package for printing in the Federal Register in late July. A 60-day public comment period on the proposal begins upon publication.

In the letter, the governor noted that Oregon worked for more than two years to develop a state cleanup approach that would avoid a Superfund listing and justify a deferral to a state-led process. While the cleanup plan was strong, this effort failed when federal natural resource agencies and tribal interests were unable to reach agreement with public and private entities doing business in the harbor on handling financial liability for past natural resource damages caused by contamination.

"I had consistently maintained that it would be appropriate for EPA to list the Portland Harbor if natural resource and Tribal trust concerns were not adequately addressed," Kitzhaber wrote to Browner.

Even while agreeing to move forward with the listing proposal, Kitzhaber made clear that Oregon must still play a significant role in the harbor cleanup effort, "I believe the cleanup of Portland harbor will be more effective with a coordinated approach that utilizes the local knowledge and experience of Oregon and takes into account other important natural resource protection work that is already occurring," he wrote.

The governor, representatives of his office, and the Oregon Department of Environmental Quality have been in discussion with EPA about joint cleanup options since last April when EPA Region 10 Administrator Chuck Clarke first

sought Gov. Kitzhaber's concurrence with the listing proposal. "It is my understanding from conversations with Chuck Clarke that the Environmental Protection Agency will work jointly with the State on an expeditious cleanup and provide resources to assure our environmental goals for cleaning up the Harbor are met," Kitzhaber wrote.

To this end, the EPA listing proposal will also contain a "Statement of Principles" that describes both State and EPA roles and responsibilities in carrying out a complex environmental cleanup. These principles also support working with other interested parties, according to Kitzhaber. "Clearly, a successful and effective cleanup will also require involvement by, and understanding of the needs and issues of, the Tribes, the local community, the business community and local governments," Kitzhaber wrote.

This listing proposal is the latest step in a process that began in 1997 when DEQ and EPA conducted a joint study of river sediments within the Portland Harbor area. The study found concentrations of toxic materials including DDT and metals. Concentrations of some toxic materials were high enough to warrant classification as a Superfund site.

Full text of the governor's letter to EPA and the Guiding Principles for state/federal cooperation are available online at:

<http://www.deq.state.or.us/wmc/cleanup/PortlandHarbor/portlandharbor.htm>

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FOR IMMEDIATE RELEASE

June 7, 2000

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GOVERNOR ISSUES STATEMENT ON BRANDY STROEDER/OREGON HEALTH PLAN ISSUE

“This is a tragic situation for a young woman and her family. It is a tragedy brought about by the reality of limited public resources. When Oregon adopted the Oregon Health Plan eleven years ago, we made a conscious decision to allocate our limited resources based on an effort to provide basic health care services to as many of our citizens as possible, rather than on highly publicized individual cases.

This decision allowed us to reduce the number of children in Oregon without health insurance coverage from 21 percent to 7 percent. Without that decision, some of these children would have died -- from low birth weight, from untreated infections and from other preventable causes. The only difference is that these children would have died anonymously.

There are still 68,000 Oregon children with no health insurance coverage. Given the reality of limited public resources, the question before us is this: where should we spend our next health care dollar? Is it better to add coverage for expensive experimental procedures to those who are already on Medicaid? Or should we first extend coverage for basic care to those who currently have no coverage at all? This is a very difficult choice to make.

The Oregon Health Plan is based on a policy that seeks to provide all citizens with access to basic health care as a first priority. Notwithstanding this very real human tragedy, I still believe that this policy makes sense.”

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FOR IMMEDIATE RELEASE

May 23, 2000

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber has submitted the following names for consideration to the Oregon Senate. The Senate Committee on Rules and Executive Appointments will hold hearings on these names June 13. The full Senate is expected to vote on the appointments June 22.

Board	First Name	Last Name	City
Appraiser Certification and Licensure Board	Terry	Morrison	Dallas
Appraiser Certification and Licensure Board	Doug	Nelson	Walterville
Appraiser Certification and Licensure Board	Paul	Zacha	Grants Pass
Board of Examiners of Nursing Home Administrators	Kathryn	Gustaveson	Molalla
Board of Examiners of Nursing Home Administrators	Dolores	Hubert	Portland
Board of Examiners of Nursing Home Administrators	Kathleen	Mace	Pendleton
Board of Naturopathic Examiners	Michael	Reed	Milwaukie
Board of Naturopathic Examiners	Susan	Roberts	Portland
Board of Naturopathic Examiners	John	Winters	La Grande
Building Codes Structures Board	Theodore	Argo	Beaverton
Building Codes Structures Board	Lawrence	Hite	Salem
Building Codes Structures Board	Wendie	Kellington	Portland
Columbia River Gorge Commission	Doug	Crow	Mosier
Commission for the Blind	Charlene	Cook	Clackamas
Commission for the Blind	Stephaine	Parrish Taylor	Portland
Commission for Women	Diane	Heintz	Warrenton
Commission on Judicial Fitness and Disability	Edward	Alcantar	Grants Pass

Construction Contractors Board	Richard	Tolvstad	Portland
Director, Oregon Youth Authority	Karen	Brazeau	Lake Oswego
Director, Water Resources	Paul	Cleary	Salem
Dispute Resolution Commission	Hal	Harding	Corvallis
Dispute Resolution Commission	Lois	Kenagy	Albany
Dispute Resolution Commission	Antone	Minthorn	Pendleton
Electrical and Elevator Board	Walt	Conner	Central Point
Electrical and Elevator Board	Frank	Regalado	Portland
Electrical and Elevator Board	Stacie	Wingfield	Tigard
Employment Relations Board	Kathryn	Whalen	Salem
Energy Facility Siting Council	Russ	Dorran	Hermiston
Environmental Quality Commission	Melinda	Eden	Milton-Freewater
Fair Dismissal Appeals Board	Paul	Duchin	Eugene
Fair Dismissal Appeals Board	Duane	Johnson	Cannon Beach
Fair Dismissal Appeals Board	Craig	Smith	Salem
Governing Board of the Department of Geology and Miner	Don	Christensen	Depoe Bay
Governing Board of the Department of Geology and Miner	Barbara	Seymour	Salem
Land Conservation and Development Commission	Randall	Franke	Salem
Long Term Care Advisory Committee	William	Leiken	Grants Pass
Oregon Board of Maritime Pilots	Deborah	Dempsey	Astoria
Oregon International Port of Coos Bay	Cheryl	Scott	Coos Bay
Oregon State Board of Nursing	Rolf	Olson	Gleneden Beach
Oregon Student Assistance Commission	Anne	Cohen	Portland
Oregon Tourism Commission	Mary	Arnstadt	Bend
Oregon Transportation Commission	John	Russell	Portland
Psychiatric Security Review Board	Kim	Drake	Portland
Psychiatric Security Review Board	George	Saslow	Portland
Public Employees Retirement Board	Glenn	Harrison	Albany
State Board of Chiropractic Examiners	Kathleen	Galligan	Oregon City
State Board of Direct Entry Midwifery	Michele	Bouche	Springfield
State Board of Education	Jill	Kirk	Portland
State Board of Higher Education	Geraldine	Richmond	Eugene
State Board of Higher Education	Don	VanLuvanee	Portland
State Board of Higher Education	Phyllis	Wustenberg	Bay City
State Board of Higher Education	Timothy	Young	Tualatin
State Board of Pharmacy	Allan	Dulwick	Aloha
State Board of Pharmacy	Marc	Watt	Oregon City
State Board of Psychologist Examiners	Stephen	McConnel	Wilsonville

State Board of Psychologist Examiners	David	Starr	La Grande
State Board of Psychologist Examiners	Michelle	Whitehead	Bend
State Marine Board	Court	Boice	Gold Beach
State Plumbing Board	Lewis	Seagraves	Gresham
Teacher Standards and Practices Commission	Thomas	Greene	Portland
Trustees of the State Library	Elaine	Day	Salem
Trustees of the State Library	William	Sullivan	Eugene

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FOR IMMEDIATE RELEASE
MAY 18, 2000

Contact:

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GOVERNOR TO LEAD JAPAN TRADE MISSION

Governor John Kitzhaber will lead a trade mission to Japan beginning May 20 and returning May 29. The governor hopes to reconnect with Japanese businesses that have companies here in Oregon and reinforce the important relationship that exists between Oregon and Japan.

The governor will spend May 22-24 in Tokyo. During that time he will attend a dinner with Oregon Goodwill Ambassadors, including the chairman of Sony, the chairman of Fuji TV and the President of Waseda University. On May 23 he will attend a reception at Ambassador Foley's residence in Japan for business, trade and cultural contacts.

The governor will meet with a number of businesses, including Mitsubishi, Komatsu Silicon, Asahi Glass, Fujitsu, and Nippon Cargo Air. Kitzhaber will also travel to Kyushu where he will attend a tourism event and join a business forum with Kyushu businesses.

Kitzhaber will spend May 29 in Kyoto, and return to Oregon on May 30.

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FOR IMMEDIATE RELEASE
MAY 15, 2000

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**GOVERNOR NOMINATES KAREN BRAZEAU
AS OREGON YOUTH AUTHORITY DIRECTOR**

Governor John Kitzhaber announced today the nomination of Karen Brazeau, Deputy Director of the Oregon Youth Authority (OYA), to fill the position of Director of that Agency. Former OYA Director Rick Hill announced his retirement March 2. As of June 1, Brazeau will assume the position of Acting Director with the OYA. Her name will be submitted to the Senate for hearings on June 14 and confirmation on June 22.

The OYA Director oversees the management of youth correction facilities, parole and probation services, community out-of-home care, and other OYA programs. The OYA is a relatively new state agency (established January 1, 1996) with a legislatively mandated mission to maintain public safety as well as provide opportunities for treatment, reformation and education of young offenders ages 12-25 who have been committed by either juvenile or adult courts to the state.

Brazeau began her career in state government in 1983. Prior to assuming the position of OYA Deputy Director in 1996, she worked at the state, federal and county level coordinating and developing programs for students with disabilities. As OYA Deputy Director, Brazeau shared with the Director all aspects of establishing and managing the Youth Authority. In addition, she developed a new information system and managed the construction of five secure facilities across the state.

“Karen brings experience and passion to this position,” said Kitzhaber. “Her desire to protect the public while creating opportunities for troubled youth to reform will serve this agency well.”



FOR IMMEDIATE RELEASE
MAY 15, 2000

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GOVERNOR NOMINATES PAUL CLEARY TO HEAD WATER RESOURCES DEPARTMENT

Governor John Kitzhaber announced today the nomination of Paul Cleary, Director of the Oregon Division of State Lands (DSL), to fill the position of Director of the Oregon Water Resources Department (WRD). Cleary will replace Martha Pagel, who will leave state service at the end of June to join the Portland-based law firm of Schwabe Williamson & Wyatt PC.

His name will be submitted to the Senate for hearings on June 14 and confirmation on June 22.

Cleary began his tenure as Director of DSL in 1995. Prior to that, Cleary served as the Deputy Director of the Wyoming State Land and Farm Loan Office. He also served as a Natural Resource Analyst to the governor of Wyoming from 1978 to 1987.

“Paul brings experience and dedication to this position,” said Kitzhaber. “His desire to protect public waters and provide leadership to long-term water management in Oregon will serve this agency well.”

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FOR IMMEDIATE RELEASE
MAY 11, 2000

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GOVERNOR RECEIVES WORKERS' COMPENSATION SYSTEM RECOMMENDATIONS

Governor John Kitzhaber today received recommendations on steps that should be taken to improve the Oregon workers' compensation system. These take the form of a package of agreements reached by six key Oregon labor and management leaders with expertise in the system, and are the product of informal discussions begun at the governor's invitation in January. The attached letter outlines the package.

"Oregon's workers' compensation system is a national model of success by many measures," Kitzhaber said. "But to keep it that way we need to maintain the spirit of reform by monitoring the system and taking appropriate steps to ensure that both workers and employers are being treated fairly. I asked this group to meet informally because the heart of the workers' compensation system is a consensus between the labor and management constituencies they represent. The group's agreement gives us the means to keep that broader consensus intact as we move toward public action."

The governor noted that the group's agreement will now be crafted into a bill for consideration during the 2001 Legislative Session.

"We've got a strong workers' compensation system in Oregon," said Senate Majority Leader Gene Derfler. "That's good for workers and good for business in this state. The fact that these six labor and management leaders were able to reach agreement on what it will take to make the system even better tells me that we've still got the will and the common sense to keep our reforms on track next session."

The State's formal Management-Labor Advisory Committee will reconvene this fall to advise the governor and the Legislature on issues related to workers' compensation, including the details of implementing the attached agreement, as provided by statute. The governor disbanded the committee after the 1999 Legislative Session, but expects to name new members later this month, subject to Senate confirmation.

-ATTACHMENTS-

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[Workers' Compensation Letter](#)

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Workers' Compensation System Agreements

May 9, 2000

The following agreements are based on the group's efforts to bring change to the workers' compensation system to:

- create fairer compensability standards and benefits for injured workers,
- provide for faster decisions that remove uncertainty about payment for medical treatment,
- provide more certainty to employers about future liability exposure, and
- create a less adversarial system for all.

Compensability Standards:

The group makes the following recommendations to remove problems with existing compensability standards so that workers who are injured on the job are allowed access to workers' compensation benefits.

1) Pre-existing Conditions

- Eliminate predisposition language.
- Change the burden of proof in an incident from worker to employer.
- Limit use of pre-existing conditions in an incident to only those previously diagnosed and/or treated, except when the pre-existing condition is arthritis. Legislative Counsel and a physician consultant will produce a sound definition of arthritis.

2) New Medical Condition Claims

Continue to accept new conditions that are related to or arise from the injury, continue to allow claim to be raised at any time and reopen the claim for processing of benefits subject to the following parameters:

- Worker must formally initiate new medical condition claim, as currently in statute.
- Within 5 years from the first notice of closure of the claim (within aggravation period), payment of TTD and PPD as appropriate.
- After 5 years from the first notice of closure of the claim (beyond aggravation period), claim subject to Board's Own Motion authority.

Benefits

The group recommends the following changes to more adequately compensate injured workers.

1) Reopening the Claim

Board's Own Motion authority is modified to include when a worker has to miss work as a result of treatment of a compensable condition with the following parameters:

- The condition is the reason the worker is not working.
- The treatment of the condition enables return to work.
- The treatment may be in lieu of hospitalization. Permanent disability may be awarded for new medical condition claims which arise after aggravation rights expire (after 5 years from first

notice of closure), under Board's Own Motion authority.

2) Temporary Total Disability (TTD) Compensation

- Move maximum TTD rate to 133% of Oregon average weekly wage.
- Provide TTD for workers with multiple jobs such that covered earnings from all subject employers are considered in determining time loss benefits or ensure the worker is entitled to the time loss benefits they are eligible for under current law, whichever is higher.
- TTD will then be based on covered earnings from all subject employers divided by the workers actual hours worked to produce an average hourly wage. This average hourly wage will be multiplied by actual hours worked per week not to exceed 40 hours a week to determine an average weekly wage. TTD rate will be then be based on existing TTD computation rules.
- Employer at injury responsible for time loss benefits equal to that portion related to the wage they pay and the remaining portion is paid for from the Worker Benefit Fund.

3) Remove the statutory sunset for permanent partial disability rates.

Faster Decisions

The group recommends the following changes in order to ensure workers get quicker access to medical treatment and physicians get paid for providing that treatment.

1) The period to accept or deny a claim is reduced from 90 days to 60 days.

2) Interim Medical Benefits

Assure payment for certain medical services rendered for non-MCO enrolled workers before acceptance or denial of a claim. These services are limited to:

- Diagnostic services.
- Medication necessary for pain relief.
- Medical services that are necessary to prevent further disability from occurring because of delaying these services to the worker.

If the ultimate disposition of the claim is that the claim is denied (not compensable), the insurer or self-insured employer shall be able to:

- recover payment through subrogation with a group health or private health carrier; and
- limit recovery of expenses for medical services from the worker to what is available now through garnishment of wages by the insurer or self insured employer.

Stability and Predictability

In addition to the changes noted above to medical condition claims, the group recommends the following changes in order to provide more certainty to employers regarding future liability exposure.

1) Employer Liability Act

Contributory negligence standard shall apply in all cases.

2) Remove the statutory sunset for the exclusive remedy provision.

Less Adversarial System

In order to promote a fairer, less adversarial system for all parties, the group recommends the following procedural changes.

1) Independent Medical Examinations

Independent Medical Examinations (IME) will be conducted in such a way to increase the opportunity for an impartial examination of the worker.

- The Department will maintain and manage a list of certified providers of IMEs, that is similar to the medical arbiter list.
- The Department will promulgate rules that outline the criteria, including medical qualifications, for inclusion, and remaining, on the IME provider list.
- When the carrier or self-insured employer decides to have an IME performed, they select 3 choices from the list maintained by the Department. Each choice may be an individual physician or a physician panel.
- The worker is provided the three choices by the insurer and selects the IME provider from the list of three.
- The carrier or self-insured employer sets the IME appointment.

2) Return to Work in Light Duty

The purpose of light duty is to expedite the worker's return to work for the benefit of all parties.

- The employee may refuse an offer of modified employment and still receive time loss benefits if the employment is not with the employer at injury or at a work site of the employer at injury.
- The employee may refuse an offer of modified employment and still receive time loss benefits if the employment requires travel that is more than 50 miles (one way) from where the worker was working at the time of injury; with the exception that the employee may not refuse an offer when the work site is within 50 miles of the worker's residence.
- The travel required to the work site is subject to the physician's agreement that the worker has the physical capacity to make the travel.
- Changes of shift or notices of changes of shift for light or modified duty offers must be consistent with the employer's existing, written shift change policy and/or collective bargaining agreement. An example of a shift change is day shift to swing shift, not merely a change in hours worked each day. If there is no written shift change policy or bargaining agreement provision covering shift changes, the worker may refuse the offer.

Change the reemployment assistance rules so that no assistance is provided for light or modified duty at alternative work sites.

3) Statement for the Record

If a worker elects, allow a deposition by the worker to be completed prior to completion of reconsideration process.

- Deposition will address the worker's condition at the time of claim closure.
- The deposition will be at no cost to the worker.
- The deposition process allows cross examination.
- The Department will promulgate rules that establish procedures for deposition.

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May 9, 2000

The Honorable John A. Kitzhaber, M.D.

Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Dear Governor Kitzhaber:

Late last year you invited the six of us to meet informally to review issues surrounding the state workers' compensation system. Our group took advantage of the opportunity you provided to engage in careful evaluation and frank discussion over the course of nine meetings. As the product of these discussions, we respectfully offer the attached package of measures that we agree should be taken to improve the system.

As you noted at our first meeting, it is now ten years since Oregon set in motion its landmark series of workers' compensation reforms. This process has yielded a remarkable turnaround in the system, with improved benefits for workers and tremendous savings for employers. At the same time, however, ten years' experience with the reformed system has given rise to significant criticism that must be addressed if the system is to maintain the support necessary for it to fulfill its fundamental mission.

The three management representatives and three labor representatives who constitute our group recognize the basic reality of the workers' compensation system: it is a compromise that seeks to balance certainty of fair benefits for workers injured on the job with certainty of fair and manageable costs for employers. Each of the members of our group, and the interests we represent, would modify or manage the system from different perspectives were the decision(s) ours to make alone.

With that in mind, we hope that you and the Oregon Legislature will view the attached measures as an integrated whole. Take out any given portion, and the consensus we have achieved and are committed to extending to our respective constituencies will unravel. As you have often noted, without consensus the political process stalls. In this case, that would clearly be harmful to Oregon workers and employers.

This agreement is designed to address current weaknesses in the workers' compensation system in several areas:

Compensability Standards. The group agreed to several recommendations related to pre-existing conditions and new medical condition claims. These recommendations seek to adjust compensability standards so that workers who are injured on the job are given reasonable access to workers' compensation benefits.

Benefits. The agreement offers a number of changes to the current system, including an increase to the upper limit of the temporary total disability benefit rate and a provision allowing benefits to be calculated based on a worker's multiple jobs where applicable. This will help make the system fairer for higher paid workers as well as for lower paid workers who hold multiple jobs.

Faster Decisions. The group recommends system changes related to payment of medical benefits before a claim is accepted or denied -- such as diagnostic services, pain medication, and treatment to prevent further disability -- and a reduction in the period to accept or deny a claim from 90 days to 60 days. The agreement also addresses cost recovery in cases where the claim is denied.

Predictability and Stability. The group recommends that in cases where an injured worker sues under the Employer Liability Act, the contributory negligence standard will apply. This will not affect benefits under the workers' compensation system. As noted above, we also recommend changes to the new medical condition claim standard to make the periods during which workers can file these claims more uniform with the rest of the system.

Adversarial System. The agreement includes a number of procedural changes aimed at reducing adversarial conflict within the system, including measures relating to independent medical examinations (IMEs) and the circumstances under which an injured employee may be returned to light-duty work.

For more detail on the agreements our group reached in each of the above areas, please see the attached.

In closing, we would like to thank you for recognizing that recent criticism of the workers' compensation system pointed to the need for an informal discussion process among the key labor and management constituencies we represent. This process gave us a better understanding of each others' perspectives and an opportunity to reach consensus on basic changes needed to improve the system. From this foundation we can offer you, the Management / Labor Advisory Committee, and the Oregon Legislature more effective support as you review our agreement and implement the measures necessary to make it a reality in workers' compensation law.

Sincerely,

Ken Allen,
AFSCME

Dan Harmon,
Hoffman Construction

Bob Shiprack,
Oregon Building & Construction
Trades Council

Jon Egge,
M.P. Plumbing

Tim Nesbitt,
Oregon AFL-CIO

Lisa Trussell,
Associated Oregon Industries

ATTACHMENT

cc: Senate Majority Leader Gene Derfler

DCBS Director Mary Neidig

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FOR IMMEDIATE RELEASE

May 4, 2000

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GOVERNOR URGES SPEAKER TO JOIN

FIGHT AGAINST SIZEMORE BUDGET CUT INITIATIVE

In a letter to House Speaker Lynn Snodgrass, Governor John Kitzhaber today urged her to join him in defeating Bill Sizemore's proposed tax measure, which would cut the state budget by 30 percent next year, and 18 percent in the next biennial budget. Kitzhaber's letter was in response to a request from Snodgrass that the governor slow state spending in preparation for the potential passage of the Sizemore initiative in November.

"In seeking statewide office," Kitzhaber wrote, "you have a powerful forum and a unique opportunity to educate our citizens concerning the devastating impact that the passage of this measure would have on Oregon . . . I ask that you join me in working to defeat it."

While the Speaker's letter to the governor encouraged him to "request that all state agencies slow down their spending from now until the matter is resolved in November," Kitzhaber pointed out that more than 57 percent of the state budget is dedicated to education.

"The passage of this initiative will negatively impact our children for years to come," Kitzhaber wrote. "I believe that education is worth fighting for. I know that you feel the same way. We are not passive players in this election cycle -- nor can we afford to manage state government in reaction to the initiative process. To withhold state support from legislatively approved programs in anticipation of an initiative whose passage is uncertain is not good government," Kitzhaber added.

A copy of the governor's letter is attached.

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May 4, 2000

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

Thank you for your recent letter regarding the initiative proposing full deductibility of federal income taxes. I share your concern about the devastating impact this initiative's passage would have on our state and its citizens. I do not believe, however, that it is prudent to react as proposed in your letter. We have another alternative: to work together to ensure that the measure does not pass in the first place.

With respect to the second point in your letter, agencies are now crafting their requested budgets for the 2001-2003 biennium. House Bill 3182 (1999) requires that each agency identify reductions and rank them based upon a cost benefit analysis. My budget recommendations will balance revenues and expenditures, as required by law, and depending on the outcome of the November general election, may incorporate some of the proposed reductions.

While your letter is focused on "state" programs, Ballot Measure 5 made primary and secondary education the single largest state program in the general fund. You must be aware that almost 43% of our General and Lottery Funds budget go directly to the State School Fund. All education, including Higher Education, consumes more than 57% of our State's General and Lottery Funds. The passage of this initiative will negatively impact our children for years to come. It puts at risk, for the current generation of school children, what you and I took for granted during our youth: a good public education.

We worked hard this past session to adequately fund education for our children and to enhance educational opportunities for all Oregonians. While I was disappointed in the Legislature's final decision with respect to the level of the state's K-12 support, I was encouraged by what appeared to be an increasing commitment to education on the part of many members of the assembly.

I believe that education is worth fighting for. I know that you feel the same way. We are not passive players in this election cycle – nor can we afford to manage state government in reaction to the initiative process. To withhold state support from legislatively approved programs in anticipation of an initiative whose passage is uncertain is not good government. I will work with the legislative leadership in planning a special session should the need arise, but I will not implement an initiative prior to its passage.

Madam Speaker, we were elected to lead, not follow. In seeking statewide office you have a powerful forum and a unique opportunity to educate our citizens concerning the devastating impact that the passage of this measure would have on Oregon. I too would like to eliminate any political posturing with respect to this initiative and, in that spirit, I ask that you join me in working to defeat it. Oregon needs all its leaders in this effort.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE

April 20, 2000

Contact:

Trisha Kirk, DEQ

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Wayne Thomas, DEQ

(541) 567-8297 ext. 22

WORKER SAFETY IMPROVEMENTS NEEDED AT CHEMICAL FACILITY

On September 15, 1999, workers at the Umatilla Chemical Agent Disposal Facility under construction in Eastern Oregon evacuated the facility after experiencing breathing difficulties. Symptoms included difficulty in breathing, tightness in the chest, irritated throat, and nausea. Some workers reported a metallic taste. Five employees were admitted to the hospital for further observation.

At the request of the Governor's Office, a multi-agency state team investigated the incident to evaluate worker safety, and deficiencies in response to the incident by the Army and their contractor, Raytheon Demilitarization Company.

State agencies involved in the investigation were: the Department of Environmental Quality, Oregon Emergency Management, Oregon Health Division and Oregon Occupational Safety and Health Administration (OSHA).

After six months of intense investigation, the multi-agency team concurred with the Army and Raytheon that worker illness was not caused by a release of chemical agent. The team noted, however, that the cause of the incident remains unknown.

In addition, the team identified 10 specific improvements which the Army and Raytheon need to make to remedy deficiencies in:

- Site evacuation and medical evaluation procedures;
- Communication between the Army and surrounding communities, medical facilities and the public;
- Communication between the Army, Raytheon and employees.

The agencies have advised the Army and Raytheon that these deficiencies need to be remedied by the end of calendar year 2000.

Copies of the full report can be obtained from Trisha Kirk or Wayne C. Thomas at the DEQ Hermiston Office (541) 567-8297.

The September 15, 1999, incident is not related to the accidental Alert Notification Siren activation that occurred on December 30, 1999. A separate evaluation of the Chemical Stockpile Emergency Preparedness Program (CSEPP) is currently underway and will be completed by May 1, 2000.

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FOR IMMEDIATE RELEASE

April 19, 2000

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**SHARON KITZHABER TO DELIVER KEYNOTE ADDRESS,
VISIT SCHOOL IN PORTLAND**

First Lady, Sharon Kitzhaber will deliver the keynote address to the Young Presidents Organization on **Thursday, April 20 at 9:30 a.m. at the Embassy Suites, Portland.** Mrs. Kitzhaber will talk to the group about the importance of communicating with young people in Oregon.

Following her remarks, she will visit **Chapman Elementary School at 1445 NW 26th Avenue at 10:30 a.m.** for TV-Turnoff Week. She will read to a class and talk about the value of reading rather than watching television.

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FOR IMMEDIATE RELEASE

April 14, 2000

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**GOVERNOR'S STATEMENT REGARDING THE MURDER
OF KIMBALL LEWIS' DOG, DONNER**

"I was saddened and horrified to learn of the terrible act of cruelty and malice committed against Kimball Lewis' dog, Donner. I count Kimball as a friend and as an asset to Oregon; a tireless worker for animal welfare.

That is why this act is especially tragic. No one should lose his or her pet in such a cruel way. But when it is done specifically to intimidate, it is an assault on all of us.

Understandably, Kimball is upset, angry and considering whether he wants to keep his post. I have spoken with him and urged that no matter what he does, he not leave his mission of compassion and caring for animals.

A memorial fund has been established in Donner's name at US Bank branches, the proceeds of which will help pay for animal abuse investigations. I have made a donation to this fund, and I urge Oregonians to contribute. It's a way you can help prevent cruelty to animals, remember a kind dog and remind a good man that we value him and his work."

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FOR IMMEDIATE RELEASE

April 12, 2000

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GOVERNOR SUPPORTS SENATE VERSION OF

TIMBER PAYMENT LEGISLATION

Governor John Kitzhaber announced today that he supports passage of S 1608, as revised by the U.S. Senate Energy and Natural Resources Committee. The bill addresses payments to counties with federal forest land.

Kitzhaber had expressed concerns about earlier versions of the legislation because it continued to link levels of payment to counties to amounts of timber harvested. Further, Kitzhaber believed the earlier legislation did not contain a sufficient safety net should Congress fail to uphold its financial obligations and did not provide for stable funding to counties.

“Changes made by the Energy and Natural Resources Committee have focussed the bill on ecosystem restoration efforts and stabilized revenue to the counties,” Kitzhaber said.

“The new version of the bill also goes further toward separating payments from land management practices,” said Kitzhaber. “I would have preferred a complete separation, but I believe this represents a reasonable compromise and one that will provide significant benefits for Oregon.”

In addition, Kitzhaber noted in a letter to Sen. Ron Wyden (D-OR), the new version of the legislation includes critical changes to how local communities could use the federal funds. A copy of the letter is attached.

“The Senate Committee has done a reasonable job of crafting this compromise piece of legislation,” Kitzhaber said.

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April 11, 2000

The Honorable Ron Wyden
United States Senator
516 Hart Building
Washington, D.C. 20510

Dear Senator Wyden:

I am writing to express my support for the version of S 1608 that passed out of the Senate Energy and Natural

Resources Committee last week on payments to counties. I believe it substantially reflects the principles I outlined in my letter to Agriculture Secretary Dan Glickman on March 30, 2000.

The bill stabilizes funding to counties, provides a safety net by assuring that payments are not dependent on annual appropriations from Congress, and separates payments from land management practices to a significant extent. As you know, I would have preferred a complete separation, but I believe this represents a reasonable compromise and one that will provide significant benefits for Oregon.

The bill includes the following key provisions that I think are necessary for it to be an effective long-term solution to this critical issue.

- The bill allows a portion of the funds to be used for projects that can benefit forest ecosystems and watersheds such as we are engaged in through our Eastside ecosystem restoration efforts.
- The bill requires consensus be achieved by local communities and environmental interests before forest stewardship projects can be proposed to the Forest Service or Bureau of Land Management.
- Any group can propose projects for funding under the bill. The bill also makes it clear that projects must be focused first on improving forest ecosystem health.
- The legislation also provides for cooperative projects between federal and state agencies, private and nonprofit entities, and landowners for protection, restoration and enhancement of fish and wildlife habitat.
- Receipts that may be derived from any forest stewardship project are placed into a national fund, helping to reduce incentives to create projects solely for commodity purposes.
- An important portion of the bill requires monitoring of projects for beneficial results and that payments for that monitoring come out of project funds.

I appreciate your hard work on this issue and I look forward to working with you as the bill makes its way through Conference Committee.

Best regards,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE

April 11, 2000

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GOVERNOR ANNOUNCES PROGRESS ON INITIATIVE CAMPAIGN

Governor John Kitzhaber announced today progress in his campaign to place an initiative on the ballot to require the Oregon Legislature to adequately and equitably fund education. More than 25,000 signatures have been gathered for the initiative, the Accountability and Equity in School Funding Act, in the month of March.

Kitzhaber also announced that he had decided to pursue his school stability fund proposal through legislative means instead of through an initiative. A stability fund was considered by the last legislative session.

"I believe the work we have done developing this proposal and presenting it to education leaders around the state puts us in a good position to pass this in the next legislature," said Kitzhaber. "There is now a much stronger coalition of business leaders, educators and political leaders of both parties who will work for a stability fund in the next legislature."

"I think that is the best way to accomplish this particular task," he said, "because it gives us a chance to better debate what sources of revenue should be used to build the stability fund."

Kitzhaber said he would continue to work on qualifying the Accountability and Equity measure for the ballot. "I believe it is vital that we put the mandate to fund education adequately into our constitution. It's the only way we can hold the legislature accountable for its school budget decisions. This is something only Oregon voters can accomplish and I will continue to make the case to them."

State Superintendent of Public Instruction Stan Bunn a co-petitioner, indicated his continuing support for the Accountability and Equity measure. "It is critical that we have a rational basis for funding Oregon's schools. This initiative is a huge step in that direction," said Bunn.

Currently, Kitzhaber is working with a committee to help develop a methodology by which legislators could more rationally define how much funding constitutes an adequate school budget. The committee, the Quality Education Commission, is an outgrowth of an effort adopted last biennium.

The governor said he expected the initiative would have sufficient signatures to qualify for the ballot by June 1.

Finally, Kitzhaber said once it was certain the measure would qualify for the ballot, he would increase his effort on the campaign to defeat Bill Sizemore's proposed initiative to remove the cap on the deductibility of federal income taxes.

“This measure is an irresponsibly large budget cut of almost 30 percent this year and almost 20 percent in the next biennium. There’s no way we can responsibly cut that much out of our next budget,” said Kitzhaber. “What’s worse, almost none of the tax benefits go to average income Oregonians.”

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FOR IMMEDIATE RELEASE
DECEMBER 2, 1999

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FIRST LADY SHARON KITZHABER JOINS NATIONAL

EFFORT TO REDUCE UNDERAGE DRINKING

Press Briefing to be Held in Washington, D.C.

Oregon First Lady Sharon Kitzhaber will join governors' spouses from across the nation in Washington, D.C. on March 23-24 to launch a new national initiative highlighting the dangers of underage drinking. The initiative, Leadership to Keep Children Alcohol Free, is a multi-year, public-private partnership funded by the National Institute of Alcohol Abuse and Alcoholism (NIAAA) at the National Institutes on Health and The Robert Wood Johnson Foundation. Sharon Kitzhaber is one of four governors' spouses co-chairing this national initiative.

A press briefing will be held on Thursday, March 23 at 10 a.m. at the Four Seasons Hotel in Washington, D.C. at 2800 Pennsylvania Avenue, NW. Mrs. Kitzhaber will be joined at the press briefing by first ladies Hope Taft (Ohio), Michele Ridge (Pennsylvania), and Enoch Gordis, M.D., Director, National Institute on Alcohol Abuse and Alcoholism, and Joan Hollendonner, The Robert Wood Johnson Foundation.

"Alcohol use and abuse is the number one drug problem among Oregon youth and its use is on the rise," Sharon Kitzhaber said. "This initiative will draw attention to the problem of underage drinking and its devastating impact on families, communities and young people in Oregon and across the nation."

"Underage alcohol use is a significant threat to the health and safety of our children. It is time for us to come to grips with this widespread, devastating public health problem," noted Steven A. Schroeder, M.D., President and CEO of The Robert Wood Johnson Foundation, the nation's largest health philanthropy. "Mrs. Kitzhaber's commitment, together with more than 25 of her peers, to join with the national outreach program is a significant first step in our effort."

"Scientific evidence shows that the earlier children begin drinking the more likely they are to develop serious alcohol problems in their lifetime," says Enoch Gordis, M.D., Director of NIAAA. "To address this problem, we have turned to governors' spouses to help draw attention to this issue and to make prevention of underage drinking a national priority. Put simply, we [or our nation] can no longer ignore alcohol use by children."

The extent of alcohol consumption by children ages 9 to 15 is alarming, and preventing it must become a national priority. Consider these facts:

- Three million children ages 14 through 17 are regular drinkers who already have a confirmed alcohol problem.
- Twenty-four percent of eighth graders have used alcohol in the last 30 days.
- More than 100,000 12-13 year-olds binge drink every month.
- Ninth graders who drink are almost twice as likely to attempt suicide as those who don't.
- 40% of children who begin drinking before the age of 15 will become alcoholics at some point in their lives.

The two-day meeting on March 23-24 will examine the scope and nature of the problem, including the prevalence of alcohol use by 9 to 15 year-olds and its impact on children. It will also showcase promising activities that point the way toward effective interventions at the state and local level.

In addition to the more than 25 governors' spouses, the initiative is supported by a coalition of organizations interested in reducing underage drinking. The Leadership initiative seeks to both foster and sustain collaboration across this network and to bring groups together, state-by-state and community-by-community to respond to the problem of underage drinking.

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FOR IMMEDIATE RELEASE
FEBRUARY 3, 2000

Contact:

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GOVERNOR APPOINTS MENTAL HEALTH WORK GROUP

Governor John Kitzhaber's Mental Health Alignment Work Group convened for the first time February 2-4. The group was asked by the governor to make recommendations on how to best align existing programs, policies and resources into a statewide mental health system for children and adults. This September, the group expects to present the governor with their assessment of what steps need to be taken in order to fully implement such a system.

Recommendations for an aligned statewide mental health system must meet the following policy directives:

- Recommend a basic level of mental health support to be provided statewide;
- Be consistent with The Oregon Strategy for Social Support, including principles and role of state government;
- Ensure accountability for client outcomes and efficient use of resources;
- Use state dollars to ensure that the basic level of supports are available to all Oregonians of similar risk;
- Support all findings and recommendations with accurate data; and
- Address systemic problems before requesting additional resources.

The issues to be considered by this group will include: the limits of the mental health system, housing and other long-term community supports, corrections (juvenile and adult) as a default mental health system, mental health integration into the Oregon Health Plan (including role of public and private sector), disparity between adult and children's mental health, and responsibility for persons who suffer simultaneously from substance abuse and mental illness.

The following individuals have been appointed to the Oregon Strategy for Social Support Mental Health Alignment Work Group:

Work Group Member

Mark Gibson, Chair
Pam Curtis, Facilitator
Madeline Olson
Sheriff John O'Brien
Dr. Gary Field
Phil Cox
Gustavo Wilson
Phillip D. Chadsey
Doris Cameron-Minard
Don Leslie
Connie Powell

Representing

Governor's Office
Governor's Office
Mental Health & Developmental Services Division
Sheriff's Association
Department of Corrections
Oregon Youth Authority
Oregon Housing & Community Services Dept.
National Alliance for the Mentally Ill (NAMI)-Oregon
NAMI-Oregon
NAMI-Lane County
Private Medical

Daniel Eslinger,	PMHNP Private Medical
Barney Speight	Fully Capitated Health Plan
Jim Russell	Managed Care Organizations
Senator Avel Gordly	Legislators
Representative Jeff Kruse	Legislators
Scott Manchester	Office of Health Plan Policy and Research
George Naughton	Dept. of Admin. Services, Budget and Management
Mickey Serice	State Office of Services to Children and Families
Bobby Mink	Department of Human Services
Judge Dennis Graves	Judges
Peter Shepherd	Department of Justice
Jan Friedman	Citizens/Advocates
Lt. Robert W. Sundstrom	Oregon State Police
Robert C. Luther, M.D.	Oregon Psychiatric Association
Allen Hunt	Community non-profit & providers
Rob Roy	Community non-profit & providers
Kevin Fitts	Consumer
Kathy Himsel Spear	Office of Alcohol and Drug Abuse Programs
Steve Johnson	Oregon Department of Education
Gary Smith	Local Mental Health Directors
Bob Cattoche	Local school district mental health coordinator
Callie Schlippert	Family members, parents
Linda Reilly	Family members, parents
Norma Zabransky	Family members, parents
Barbara Friesen	University/Researcher
Richard Miller	Tribal Governments
Georgia Stewart	Juvenile Directors Association
Donna Middleton	Oregon Commission on Children and Families
Kathy R. Ingram, Ph.D.	Rural Provider
Kim Miller	Housing Developer, Service Provider
Suzie Willard	Staff
Mariana Bornholdt	Governor's Commission on Senior Services
Robert Lieberman	Provider
Eugene Organ	Oregon Disabilities Commission
Dale Penn	District Attorney Association

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FOR IMMEDIATE RELEASE
FEBRUARY 3, 2000

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GOVERNOR CONDEMNS SUICIDE VIDEO

Statement of Gov. John Kitzhaber

I strongly condemn the production and circulation of a video by British Journalist Derek Humphry that depicts how to commit suicide.

The people of Oregon have elected to make available, under very limited and controlled circumstances, the choice of physician-assisted suicide. For the terminally ill, this is the most profound of decisions, taken in consultation with their family, physician, friends and faith. The video, by its very nature, trivializes this most serious of decisions and casts a cloud over Oregon's law.

Further, it is grossly irresponsible to produce a "how-to" tape on suicide, given its potential to influence the acts of those who are not of sound mind, especially troubled youth. Studies strongly indicate the presence of a "suicide contagion", in which youth suicide rates increase after suicides are dramatized or sensationalized in the media.

I have a tremendous respect for the First Amendment and freedom of expression, but it bears with it a commensurate responsibility. Hence, the following request is not made lightly. I ask that news outlets and cable providers not show the video and that news reporting of the tape be extremely judicious in the use of the tape as part of their coverage.

Finally, I ask that Mr. Humphry, the producer of the tape, stop its circulation. There is room in our public debate about health and end of life care to discuss physician-assisted suicide for the terminally ill. However, there is no room for reckless and irresponsible productions such as Mr. Humphry's "how-to" tape.

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FOR IMMEDIATE RELEASE

February 1, 2000

Contact:

Olivia Clark

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Jason Cody, OECDD

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GOVERNOR APPOINTS INTERNET COMMISSION

Governor John Kitzhaber announced his appointments to the Oregon Internet Commission today. As created by House Bill 2804 in the 1999 legislative session, this Commission will review Oregon's Internet profile and position in the "new economy." The Commission will make recommendations on how best to encourage Internet commerce in Oregon, while at the same time delivering social and economic benefits to all Oregonians.

The Commission will focus on three main areas: Oregon's education and workforce training needs; how to ensure that no Oregonian is left behind; and how to ensure that all Oregon businesses have a fair chance in this new environment.

The governor appointed 11 members, 8 private sector and 3 public sector, plus one Ex-Officio member. The Legislature appointed 2 members from each chamber:

Private Sector:

Vince Chiappetta, Chair, Professor; Willamette University College of Law

Craig Berkman; Craig Berkman & Associates

Peter Bragdon, Asst. General Counsel; Columbia Sportswear

Greg Drew, President & CEO; 800.com

Bill Henningsgaard, VP Sales; Microsoft

Jim Johnson, Vice President; INTEL

Maggie Sanchez, Chief Operating Officer; Digital Mercury

Nancy Tait, VP Sales & Marketing; Bear Creek Corporation

Public Sector:

William H. Buckley, Manager of Business Industry Division; OECDD

Don Mazziotti, Chief Information Officer; State of Oregon

Hardy Meyers, Oregon Attorney General, (Ex-Officio member)

Diane Vines, Vice Chancellor; Oregon University System

Appointments by the Legislature:

Sen. Peter Courtney

Sen. Verne Duncan

Rep. Ryan Deckert

Rep. Jim Hill

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FOR IMMEDIATE RELEASE

January 25, 2000

Contact:

Jenny Lee

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Susan Fletcher

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GOVERNOR ANNOUNCES APPOINTMENTS TO RACIAL & ETHNIC HEALTH TASK FORCE

Governor John Kitzhaber has appointed 21 members to the Racial and Ethnic Health Task Force, created under Executive Order 99-07. They will begin work in February 2000. The task force was created after a work group found that access to health care and health outcomes vary in communities of color in Oregon. Task force members represent Oregon's diverse racial/ethnic backgrounds and diverse geographic regions. Members of the task force are:

At-large candidates:

Carmen Bauer, Executive Director, Centro Latino Americano

Ruby Haughton, Vice President of Corporate Affairs, Bank of America

Matt Hennessee, President & CEO, Quiktrak

David Houghton, Director, Disease Prevention & Control Division, Mult. Co.

Sunil Khanna, Associate Professor of Anthropology, Oregon State University

Floyd Martinez, Director, Behavioral Health Division, Mult. Co.

Robert Ryan, Prog. Coord., Tuality Healthcare, Counseling & Addiction Services

Legislators:

Senator Susan Castillo

Senator Avel Gordly

Senator Lenn Hannon

Senator David Nelson

Representative JoAnn Bowman

Representative Jackie Winters

Representatives from the following organizations:

Oregon Medical Association, Dr. Tom Jannise

Oregon Association of Hospitals and Health Systems, G. Kent Ballantyne

Conference of Local Health Officials, Kathleen Schwartz

Governor's Office, Mark Gibson

Commission on Asian Affairs, Dr. Bruce Bliatout

Commission on Black Affairs, Corliss McKeever

Commission on Hispanic Affairs, Dr. Dovie Treviño

Commission on Indian Services, Jackie Mercer

The Task Force will focus its work in six areas: access to treatment, alcohol and drug abuse, asthma, diabetes, HIV/AIDS, and lead poisoning. Work groups will be created around each area of concern and, based on their findings,

recommendations made to the governor and the legislature.

Gov. Kitzhaber has extended an invitation to those who have already expressed interest in the task force, to make their expertise available through the various work groups. The work groups will be formed following the first meeting of the task force. Anyone who is interested in participating or who has questions can call Jenny Lee, Office of Multicultural Health, Oregon Health Division at (503) 731-4582. Oregon Health Division's Office of Multicultural Health and the Office for Oregon Health Plan Policy and Research (OHPPR) will staff the task force.

The first meeting of the task force is scheduled for February 1, 2000 at 1 p.m. in Salem, at the State Capitol Building.

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FOR IMMEDIATE RELEASE

January 25, 2000

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GOVERNOR ANNOUNCES AUTISM TASK FORCE APPOINTMENTS

Governor John Kitzhaber announced today appointments to the Autism Task Force. As created by Senate Bill 765 in the 1999 legislative session, this task force will review the Department of Education autism implementation plan and other relevant information. The task force will make legislative recommendations regarding educational services for children with autism, including but not limited to a state residential school for children with autism. The recommendations will include but are not limited to: potential funding sources; selected site or sites; scope of services provided, including consideration of age and severity of disability; and existing or proposed curricula.

The task force will file its report with the appropriate senate or joint interim education committee no later than July 1, 2000. The ten members of the task force are: The task force will file its report with the appropriate senate or joint interim education committee no later than July 1, 2000. The ten members of the task force are:

- Four representatives of parents of children with autism:

Stan Ash, Lake Oswego

Kirby Erickson, Grants Pass

Rick Potter, Bend

Therese Steward, Hillsboro

- One representative of the governing body of a school district:

Francis Charbonnier, McMinnville School District Board

- One representative of the Department of Education:

Steve Johnson, Associate Superintendent, Office of Special Education

- One representative of an education service district:

Mickey Upson, Umatilla-Morrow ESD

- One representative of a special education director of a school district:

Christine Moore, Beaverton School District

- One representative of a regional autism program:

Kathy Emerson, Central Oregon Regional Programs, Crook-Deschutes ESD

- One representative of the Legislative Assembly:

State Representative Jim Hill, Oregon House of Representatives

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FOR IMMEDIATE RELEASE
JANUARY 19, 2000

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**GOVERNOR DIRECTS STATE POLICE TO
MONITOR CSEPP EVALUATION**

As a result of input from community members and local leaders, Governor John Kitzhaber has directed the Superintendent of State Police to monitor the independent evaluation of Oregon's Chemical Stockpile Emergency Preparedness Program (CSEPP) which the Federal Emergency Management Agency (FEMA) has agreed to sponsor and underwrite. The independent evaluation will be conducted by a private consultant over the next 35-40 days.

Superintendent of State Police Ron Ruecker has hired Jerry Russell, 51, a retired Major from the Oregon State Police (OSP), to monitor that evaluation. Mr. Russell had a 27-year career with the OSP and, prior to retirement, served as the Commander of the Operations Services Bureau.

Mr. Russell will be employed by the OSP as of January 24 and will remain an employee for the duration of the CSEPP evaluation. Mr. Russell will be stationed in the Hermiston-Umatilla area and will report regularly to Superintendent Ruecker on the evaluation's progress and findings. Superintendent Ruecker will brief the governor throughout the evaluation.

"We must be in a position to confidently assure the citizens of these communities that any safety concerns arising from the Umatilla Army Depot can be resolved," said Gov. Kitzhaber.



FOR IMMEDIATE RELEASE
JANUARY 13, 2000

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**APPOINTMENTS TO JOINT INTERIM TASK FORCE ON
CULTURAL DEVELOPMENT ANNOUNCED**

Governor John Kitzhaber, House Speaker Lynn Snodgrass and Senate President Brady Adams have announced their appointments to a Joint Interim Task Force on Cultural Development. Created by passage of HB 2005 during the 1999 legislative session, the nine-member body within the Department of Economic and Community Development will be representative of Oregon's arts, humanities, community development, education, heritage, historic preservation and tourism.

"This Task Force will begin to create a statewide strategy that can guide and increase public and private investment in Oregon's culture. The cultural policy agenda they will develop will help Oregonians see the connections between arts and culture and other pressing issues such as education and the environment. Culture, the arts and our heritage are some of the few things in our society that transcend geography, economics, gender, education and age. Without this kind of investment, this important attribute of Oregon's quality of life cannot prosper long-term," Kitzhaber said.

Pursuant to HB 2005, the Task Force will develop:

- (a) measurable benchmarks to ensure the preservation of Oregon's cultural heritage and to provide Oregonians with cultural opportunities throughout the state;
- (b) A structure or process to promote efficient and inventive collaborations among Oregon's arts, heritage, humanities and other organizations;
- (c) Operation and distribution guidelines for the Cultural Trust Fund Investment Account that will help to ensure long-term stability and accountability for Oregon's cultural organizations.

The Task Force will complete its work in time for the governor to use it in preparation of the 2001-2003 state budget. A full report will be made to the Legislature by January, 2001.

The members of the Task Force are:

(Appointed by Governor John Kitzhaber):

- George Bell, Lake Oswego, consultant and arts board member ;
- Bobbie Connor, Pendleton, executive director, Tamustalikt Cultural Center;
- Amy Cuddy, Ashland, member, Oregon Tourism Commission;
- Mike Lindberg, Portland, Chair, Oregon Arts Commission;

- Barbara Rommel, Portland, Superintendent, David Douglas School District;
- Barbara Sidway, Baker City, preservation developer and Chair, Oregon Heritage Commission;
- Charles Walker, Neskowin, former president, Linfield College and Chair, Oregon Council for the Humanities.

(Appointed by Senate President Brady Adams):

- State Senator Lee Beyer, Springfield

(Appointed by House Speaker Lynn Snodgrass):

- State Representative Ben Westlund, Bend

At their first public meeting, members of the Joint Interim Task Force elected Charles Walker of Neskowin the chair.

In addition, Governor Kitzhaber designated Portland poet and writer Kim Stafford, director of the Northwest Writing Institute of Lewis and Clark College, as a special advisor to the Task Force.

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FOR IMMEDIATE RELEASE
DECEMBER 28, 1999

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GOVERNOR NOMINATES NEW OREGON STATE POLICE SUPERINTENDENT

**Deputy Superintendent Ron Ruecker Chosen to Succeed
Superintendent LeRon Howland**

Governor John Kitzhaber announced today that he has chosen Oregon State Police Deputy Superintendent Ron Ruecker to succeed current Superintendent LeRon Howland upon Howland's December 31 retirement. Ruecker, 43, has been with the Oregon State Police since June, 1975 and has been Deputy Superintendent since October, 1999.

"Oregonians are fortunate to have someone of Ron's great experience and dedication as the leader of the Oregon State Police," said Kitzhaber. "He was one of three very qualified finalists. This was a difficult choice, but Ron's history with the department, commitment to work with local law enforcement, to diversity and to effective communications within the department and with all Oregonians made him the clear choice. Ron Ruecker is the right person to lead the Oregon State Police as they face the difficult challenges of protecting and providing for public safety of Oregonians."

Ruecker was selected after an extensive selection process undertaken by a panel formed by Kitzhaber. The panel consisted of: Ris Bradshaw, Clackamas County Sheriff; Kate Brown, Oregon State Senator; Dave Cook, Director, Oregon Department of Corrections; Reg Madsen, United States Marshal and Former Oregon State Police Superintendent; Keith Miller, OSP Trooper and member of the Oregon State Police Officers' Association Executive Committee; Ted Molinari, Public Representative; Dale Penn, Marion County District Attorney; Raul Ramirez, Marion County Sheriff; and Bob Tardiff, Newberg Chief of Police.

The other two finalists were Len Cooke, police chief of Porstmouth, Virginia and former police chief of Eugene, Oregon and Les Youngbar, police chief of Lake Oswego. Ruecker's nomination will be before the Oregon Senate's confirmation committee in mid February.

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FOR IMMEDIATE RELEASE
DECEMBER 15, 1999

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**GOVERNOR TO INTERVIEW THREE FINALISTS FOR STATE
POLICE SUPERINTENDENT**

Governor John Kitzhaber announced today that he would interview three finalists to replace retiring Superintendent of State Police LeRon Howland. The finalists the governor will interview are as follows:

Len Cooke, Chief of Police of Portsmouth, Virginia and former Chief of Police in Eugene, Oregon, 49, of Portsmouth, Virginia;

Ron Ruecker, Oregon State Police Deputy Superintendent, 43, of Wilsonville, Oregon;

Les Youngbar, Chief of Police of Lake Oswego, 43, of Lake Oswego, Oregon.

Gov. Kitzhaber will interview the finalists during the week of December 20. The successful candidate will be forwarded to the Oregon State Senate for confirmation at its next regularly scheduled meeting in February, 2000.

The finalists were recommended to the governor after a recruitment conducted by the Oregon State Police Superintendent Search Panel. The members of the panel are: Ris Bradshaw, Clackamas County Sheriff; Kate Brown, Oregon State Senator; Dave Cook, Director, Oregon Department of Corrections; Reg Madsen, United States Marshal and Former Oregon State Police Superintendent (OSP); Keith Miller, OSP Trooper and member of the Oregon State Police Officers' Association Executive Committee; Ted Molinari, Public Representative; Dale Penn, Marion County District Attorney; Raul Ramirez, Marion County Sheriff; and Bob Tardiff, Newberg Chief of Police.



FOR IMMEDIATE RELEASE
DECEMBER 6, 1999

Contact:

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Willamette Restoration Initiative,

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GOVERNOR ANNOUNCES WATERSHED INFOLINE

Governor John Kitzhaber announced today Oregon's toll-free phone line, which provides information about watersheds, fish and restoration efforts: **888-854-8377**. "The Oregon Watershed InfoLine gives Oregonians access to the information they need to understand what watershed restoration is all about and how they can become involved," Kitzhaber said.

Materials currently available through the InfoLine include: information about the Willamette Restoration Initiative and the Oregon Plan for Salmon and Watersheds; the booklet "We All Live Downstream," from the Partners for a Clean Willamette; a series of "Ten Things You Can Do To Help" for specific groups such as gardeners, homeowners and farmers; "50 Ways to Love Your River," a booklet sponsored by the Oregon Environmental Council that describes how people living in the Willamette watershed can get involved; and contact information for local watershed councils and soil and water conservation districts. These publications, as well as answers to specific questions, can be obtained by calling the toll free number.

New information will be added to the InfoLine as it becomes available. This service will provide one-stop shopping for land and home owners, fishers and other outdoor enthusiasts, businesses, educators, local government officials and anyone that needs watershed restoration or contact information.

The InfoLine is jointly sponsored by the Willamette Restoration Initiative (WRI) and the Oregon Plan for Salmon and Watersheds (OPSW). Information is also available on two websites: www.oregonwri.org for WRI and www.oregon-plan.org/ for OPSW.



FOR IMMEDIATE RELEASE
DECEMBER 2, 1999

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GOVERNOR TO PROPOSE ADDITIONAL HEALTH CARE FUNDS

New Plan Asks Emergency Board to Continue Outreach, Pay For Additional Participants

Governor John Kitzhaber announced today that he would ask the Legislative Emergency Board to provide an additional \$6.5 million for the Oregon Health Plan in order to fund new participants anticipated as a result of increased outreach efforts.

By the end of the biennium, the Oregon Health Plan will be covering almost 11,000 more beneficiaries as a result of targeted outreach efforts, including those funded by the Robert Wood Johnson Foundation.

“I have received requests from legislators and community leaders to continue this outreach effort to vulnerable populations such as homeless youth,” Kitzhaber said. “I am sympathetic to those requests and want to continue that outreach, but we can’t deceive ourselves. Healthcare costs money and as we enroll more people in the plan, we need to set the funding aside to pay for them.”

Kitzhaber said he would recommend continuing the outreach, but only if the Emergency Board set aside the funding necessary to meet the increased demands on the health plan.

The governor also said he would lead the fight with the federal Health Care Financing Administration (HCFA) about Oregon’s ability to manage what services are offered under the Oregon Health Plan. The current budget anticipates eliminating 10 medical procedures from the 574 procedures now covered. HCFA has indicated that it won’t accept the plan to remove those services.

“Without federal approval to move the line on what services are offered, we will be forced into a much more drastic course of action,” said Kitzhaber. “Instead of making minor adjustments in what services are offered, we will be forced to remove all coverage from literally thousands of Oregonians. That’s unacceptable to me and it ought to be unacceptable to the federal government.”

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FOR IMMEDIATE RELEASE
NOVEMBER 30, 1999

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HEALTHY STREAMS PARTNERSHIP

MEMBERS APPOINTED

Governor John Kitzhaber, House Speaker Lynn Snodgrass and Senate President Brady Adams jointly appointed members of the Healthy Streams Partnership, a 21 member group which includes members of local watershed councils, soil and water conservation districts, industry, local governments, environmental interests and others who are directly involved in water quality improvement and watershed health.

The Healthy Streams Partnership will provide information on efforts to restore watershed health and fish runs from a local and regional perspective and recommend implementation changes directly to the Legislative Committee on Stream Restoration and Species Recovery. All meetings of the Healthy Streams Partnership will be open to the public and subject to public meeting notice requirements.

“The Healthy Streams Partnership provides a unique opportunity to address all of the factors impacting water quality in a collaborative and progressive manner,” said Governor Kitzhaber. “I look to the Partnership to develop a legacy and model of how to work together to improve and preserve the health and function of our watersheds for future generations.”

“The Healthy Streams Partnership represents some of the best that Oregon has to offer,” Speaker Snodgrass said. “I am extremely proud of the quality of this group and am excited about the work they will perform to help set the direction of local implementation of watershed health improvements in Oregon.”

“It is a privilege to have so many Oregonians who are willing to commit their time and effort to the Healthy Streams Partnership group,” stated Senate President Brady Adams. “By increasing the size of the committee this last legislative session, I believe we will have a broader spectrum of ideas and solutions as the implementation of the Oregon Plan for Salmon and Watersheds and other watershed restoration and improvement projects continue throughout the state.”

Members of the Healthy Streams Partnership include:

Richard Angstrom Jr., Oregon Concrete and Aggregate Producers Association;
Bill Arsenault, Oregon Small Woodland Association;
Mike Barlow, Oregon Association of Conservation Districts;
Debbie Boone, Necanicum Watershed Council;

Tracy Bosen, Umatilla Basin Watershed Council;
Jody Calica, Confederated Tribes of the Warm Springs;
Jacqueline Dingfelder, For the Sake of the Salmon;
Phil Donovan, Northwest Sportfishing Industry Association;
Dana Erickson, Long Tom Watershed Council;
Patricia Gainsforth, Deschutes Soil and Water Conservation District;
Lucie La Bonte, South Coast Watershed Council;
John Ledger, Associated Oregon Industries;
Bob McPheeters, Mayor of Tillamook;
Dave Moskowitz, Metro;
Fred Otley, Oregon Cattlemen's Association;
Jack Shipley, Applegate Partnership;
Richard Tecube, Coquille Indian Tribe;
Pete Test, Oregon Farm Bureau;
Ray Wilkeson, Oregon Forest Industries Council;
Terry Witt, Oregonians for Food and Shelter;
Tom Wolf, Oregon Council of Trout Unlimited.

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FOR IMMEDIATE RELEASE
NOVEMBER 10, 1999

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GOVERNOR SUBMITS APPOINTMENTS

TO BOARDS AND COMMISSIONS

Governor John Kitzhaber has submitted the following names for consideration by the Senate for various boards and commissions. They will appear before the Senate Interim Committee on Rules & Executive Appointments on November 29. The full Senate will take a vote in early December.

Board	First Name	Last Name	City
Advisory Council on Podiatry	Lisa Marie	Lipe	Newberg
Board of Boiler Rules	Thomas	Perritt	Tualatin
Columbia River Gorge Commission	Gay	Jervey	Mosier
Commission on Asian Affairs	Hongsa	Chanthavong	Portland
Commission on Asian Affairs	Ty	Ho	Portland
Director, Dept. of Corrections	David	Cook	Salem
Employment Appeals Board	Nita	Brueggeman	Portland
Employment Appeals Board	Renee	Bryant	Tualatin
Employment Appeals Board	Mary	Feldbruegge	Salem
Health Services Commission	Daniel	Mangum	Portland
Health Services Commission	Daniel	Williams	Eugene
Lane Transit District Board	Gerry	Gaydos	Eugene
Oregon Board of Accountancy	Dennis	Donnelly	Medford
Oregon Board of Accountancy	Stuart	Morris	Portland
Oregon Board of Accountancy	Alan	Steiger	Portland
Oregon Board of Investigators	Joyce	Bonk	Coos Bay
Oregon Board of Investigators	Leroy	Chastain	Bend
Oregon Board of Investigators	Rochelle	Silver	Portland

Oregon Disabilities Commission	Michael	Bailey	Portland
Oregon Disabilities Commission	Kenneth	Crowley	Wilsonville
Oregon Disabilities Commission	Roberta	Holbrook	Hillsboro
Oregon Disabilities Commission	Laurie	Sitton	Portland
Oregon Economic & Community Development Commission	Scott	Morris	Medford
Oregon Racing Commission	Stephen	Walters	Portland
Oregon State Board of Nursing	Deborah	Burton	Boring
Oregon State Lottery Commission	Staci	Anderson	Portland
Oregon Transportation Commission	Steve	Corey	Pendleton
Oregon Watershed Enhancement Board	George	Brown	Corvallis
Oregon Watershed Enhancement Board	Ron	Nelson	Redmond
Oregon Watershed Enhancement Board	Jane	O'Keeffe	Lakeview
Oregon Watershed Enhancement Board	Delores	Pigsley	Salem
Oregon Watershed Enhancement Board	Jack	Shipley	Grants Pass
Oregon Watershed Enhancement Board	Mark	Suwyn	Portland
Public Employees Retirement Board	Elizabeth	Harchenko	Salem
Public Employees Retirement Board	Todd	Schwartz	Marcola
State Board of Chiropractic Examiners	James	Hendry	Portland
State Board of Direct Entry Midwifery	Betty	Griffith	Salem
State Board of Direct Entry Midwifery	Peter	Howison	Dunes City
State Board of Direct Entry Midwifery	Sue	Morningstar	Ashland
State Board of Parole and Post-Prison Supervision	Cindy	Hanners	Salem
State Board of Pharmacy	Michael	Patrick	Redmond
State Board of Pharmacy	Lenolia	Talton	Portland
State Board of Tax Service Examiners	Karen	Winters	Cottage Grove
State Fish and Wildlife Commission	Jeffrey	Feldner	Logsdon
State Workforce Investment Board	Bob	Adams	Corvallis
State Workforce Investment Board	Bill	Bell	The Dalles
State Workforce Investment Board	J Cleve	Brooks	Grand Ronde
State Workforce Investment Board	Sam	Brooks	Portland
State Workforce Investment Board	William	Buckley	Salem
State Workforce Investment Board	Bob	Craft	Winston
State Workforce Investment Board	Virlena	Crosley	Salem
State Workforce Investment Board	Ronald	Dexter	Salem
State Workforce Investment Board	William	Early	Portland
State Workforce Investment Board	Jon	Egge	Clackamas
State Workforce Investment Board	Jerry	Evans	Jacksonville
State Workforce Investment Board	Gwyn	Harvey	Beaverton
State Workforce Investment Board	Kevin	Hoadley	Klamath Falls
State Workforce Investment Board	Sal	Kadri	Portland
State Workforce Investment Board	Diane	Lovell	Portland
State Workforce Investment Board	Sue	Mazzio	Portland
State Workforce Investment Board	Eric	Olson	Medford
State Workforce Investment Board	Rich	Peppers	Salem

State Workforce Investment Board	Camille	Preus-Braly	Salem
State Workforce Investment Board	Paul	Pulliam	St Helens
State Workforce Investment Board	John	Quiggle	Marylhurst
State Workforce Investment Board	Joseph	Reinhart	Portland
State Workforce Investment Board	Pedro	Rosales	Salem
State Workforce Investment Board	Charlie	Schuler	Salem
State Workforce Investment Board	Linda	Stagg-Brown	Brookings
State Workforce Investment Board	Jeri	Stark	Eugene
State Workforce Investment Board	Bev	Stein	Portland
State Workforce Investment Board	Billy	Ward	The Dalles
State Workforce Investment Board	Gary	Weeks	Salem
State Workforce Investment Board	Mike	Wilson	Albany
State Workforce Investment Board	Brad	Witt	Salem
State Workforce Investment Board	Ronnie	Young	Portland
Teacher Standards and Practices Commission	Meredith	Brodsky	Salem
Teacher Standards and Practices Commission	Anne	Jones	Canby
Teacher Standards and Practices Commission	Marit	Pierce	Coos Bay
Teacher Standards and Practices Commission	Linda	Samek	Newberg
Teacher Standards and Practices Commission	Charles	Sharps	Elkton
Workers' Compensation Board	Cathy	Meyers	Aurora

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FOR IMMEDIATE RELEASE
NOVEMBER 9, 1999

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GOVERNOR ANNOUNCES APPOINTMENTS TO FINANCIAL AID COMMISSION

Governor John Kitzhaber announced today his appointments to the Financial Aid Commission. Created by HB 2993, this commission will study financial support for post-secondary students. Mark Dodson, Senior Vice President at NW Natural, and Roger Bassett, retired Community College Commissioner, will serve as co-chairs of the commission.

“This commission represents an excellent opportunity to advance Oregon’s financial assistance agenda. I believe we can produce a report that not only makes the case for enhanced funding, but also provides a realistic and obtainable agenda resulting in more Oregonians getting greater financial assistance and greater access to a post-secondary education,” Kitzhaber said.

The commission will submit its report to the governor, the Emergency Board and the appropriate interim committees on education prior to October 1, 2000. The Commission shall study and make recommendations on the following:

- The balance between institutional and student financial support;
- The balance between need-based and merit-based student financial support; and
- Proposals to assist community college students achieve four-year degrees.

In addition to the commission membership outlined in HB 2993, the governor has asked that Patricia Aldworth, Executive Director of the Oregon Student Assistance Commission, serve as an ex-officio member. The members of the Commission are as follows:

- **Mark S. Dodson** (co-chair), Senior Vice President, NW Natural,
- **Roger Bassett** (co-chair), retired Oregon Community College Commissioner,
- **Sen. Avel Gordly** (appointed by the President of the Senate),
- **Sen. Eileen Qutub** (appointed by the President of the Senate),
- **Rep. Bill Morrisette** (appointed by the Speaker of the House),
- **Rep. Max Williams** (appointed by the Speaker of the House),
- **Faith Gabelnick**, President of Pacific University,
- **Lee Pelton**, President of Willamette University,
- **Daniel Bernstine**, President of Portland State University,
- **Stephen Reno**, President of Southern Oregon University,
- **Jon Carnahan**, President of Linn-Benton Community College,

- Kathy Campbell**, Financial Aid Director, Chemeketa Community College (designee of Chemeketa President Jerry Berger),
- **Lesley Hallick**, Vice President for Academic Affairs & Provost, Oregon Health Sciences University,
 - **Diane Tsukamaki**, Oregon Student Assistance Commission member,
 - **Ryan Dougherty**, George Fox University student,
 - **Matt Swanson**, University of Oregon student,
 - **Annie Engel**, Central Oregon Community College student,
 - **Dr. Don Romanaggi**, University of Portland Board of Trustees,
 - **Tom Imeson**, Oregon State Board of Higher Education,
 - **Larry Wright**, Clackamas Community College Board.

Ex-officio members:

- **Joe Cox**, Oregon University System Chancellor,
- **Cam Preus-Braly**, Commissioner for Community College Services,
- **Patricia Aldworth**, Oregon Student Assistance Commission Executive Director.

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FOR IMMEDIATE RELEASE
NOVEMBER 8, 1999

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GOVERNOR, SUPERINTENDENT OF PUBLIC INSTRUCTION

ANNOUNCE QUALITY EDUCATION COMMISSION

Governor John Kitzhaber and Superintendent of Public Instruction Stan Bunn announced today the formation of the Quality Education Commission. Created by Executive Order (EO 99-16), this 11-member body will refine the Quality Education Model to help lawmakers establish the costs of providing education necessary for Oregon's children to meet the goals of the Education Act of the 21st Century.

Bill Thorndike, Jr., President of Medford Fabrication, will chair the Commission. Elaine Taylor, Superintendent of the McMinnville School District, will serve as Vice-Chair. Pursuant to the Executive Order, the Commission will complete its work in time for the governor to use it in preparation of the 2001-2003 state budget.

"This Commission will help bridge the gap between the high standards we have set for Oregon's students and the cost it actually takes to get them there," Kitzhaber said.

"The State is clear about what it expects schools to do to help students reach higher standards," said Superintendent Bunn. "It must be equally clear about what resources are needed to do the job," he added.

The goals of the Commission will be to:

- Identify key issues to address in further validating and refining the Quality Education Model;
- Solicit input from educators, education policy experts and others about the elements of the model;
- Solicit public input regarding educational priorities for use in developing the model;
- Make recommendations regarding model development based on research, data, public input and experience; and
- Communicate with stakeholders regarding model development.

The members of the Commission are as follows:

Bill Thorndike, Jr. (Chair), President, Medford Fabrication,
Elaine Taylor (Vice-Chair), Superintendent, McMinnville School District,
Yvonne Curtis, Principal, Terrebonne Elementary School,
Kathryn Firestone, President, Oregon PTA,
Ted Kulongoski, Associate Justice, Oregon Supreme Court,

Jerry Meyer, Chairman and CEO of Tektronix,
Randy Pozdena, Managing Director, Econorthwest Portland Office,
Darcy Rourk, Curriculum Director, Canby School District,
George Russell, Superintendent, Eugene School District,
James Sager, President, Oregon Education Association,
Duncan Wyse, President, Oregon Business Council.

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FOR IMMEDIATE RELEASE
NOVEMBER 4, 1999

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GOVERNOR DENIES CASCADE LOCKS CASINO REQUEST

Governor John Kitzhaber announced today that he would not change his position concerning the location of tribal casinos and that he would continue to oppose locating a Warm Springs Tribal casino on off-reservation land in Cascade Locks.

In making the decision, Gov. Kitzhaber stressed his long-standing policy of trying to limit gambling in Oregon by constraining the growth of the Oregon Lottery, limiting tribal casinos to one per tribe and locating those facilities on reservation or trust land acquired before the passage of the Indian Gaming Regulatory Act in 1988. The site in Cascade Locks is not land that was in tribal ownership before this date.

In negotiations with other tribes around the state, Gov. Kitzhaber has opposed similar efforts to purchase off-reservation land and construct casinos. In his letter to Tribal Chairman Olney Patt Jr., Kitzhaber wrote: "If I were to make an exception to my often-stated policy concerning after-acquired lands, I would inevitably get similar requests from other tribes that also wish to find more favorable locations for their gambling operations."

The governor also wrote: "I recognize that the tribe has other options for development of gaming facilities. Each of those options has its own set of assets and problems. I will review each proposal on its own merits and within the context of my authority and responsibility as I did here."

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FOR IMMEDIATE RELEASE
NOVEMBER 3, 1999

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GOVERNOR TO LEAD TRADE MISSION TO EUROPE

Governor John Kitzhaber will travel to Europe next week, leading three delegations from Oregon representing agriculture, biotechnology/high technology and tourism. Kitzhaber will meet with political and economic leaders to raise the profile of Oregon in Europe. He will leave for Europe on Monday, November 8 and return to Oregon on Thursday, November 18.

The governor will visit The Netherlands, Germany and England. He will be accompanied by Bill Scott, Director of the Oregon Economic and Community Development Dept. and Bruce Andrews, Director of Public Affairs and Corporate Marketing for the Port of Portland. Members of the three delegations include: Dr. Peter Kohler, President of OHSU, Jim Johnson, VP and Oregon Site Manager for Intel and Phil Ward, Oregon Dept. of Agriculture Director.

"Oregon has a great deal to offer our European partners from innovations in agriculture to bioscience and high technology," said Kitzhaber. "This is an opportunity to raise Oregon's profile and expand tourism, trade links and business opportunities in Europe."

Highlights of the governor's visit include: a tour of Nike's European headquarters and a reception in his honor at the new London Niketown, a meeting in Oosterhout, The Netherlands with Barenbrug Seed one of the world's largest suppliers of grass seed and a major contractor of Oregon grass seed growers, and interviews at the World Travel Market trade show in London. In addition, representatives of Oregon's information technology and biotechnology industries will be meeting with senior-level representatives in Hanover and Cambridge to encourage company partnering in research and development, technology transfer, and product distribution.

A detailed schedule of the governor's trip is as follows:

Wednesday, November 10

- The Netherlands
- Visit Nike's new European Headquarters in Hilversum
- Meet with Barenbrug Seed in Oosterhout

Thursday, November 11

- Hamburg, Germany

- Hold tourism-related interviews

Friday, November 12

- Hanover, State of Lower Saxony, Germany
- Visit the Parliament of the State of Lower Saxony, sister government to the Oregon State Legislature
- Finance Minister Heinrich Aller hosts lunch for Gov. Kitzhaber, Dr. Peter Kohler, President of OHSU and Jim Johnson, VP and Oregon Site Manager for Intel to discuss infotech and biotech partnerships between the two states
- Prime Minister Gerhard Glogowsky of Lower Saxony to host a reception

Saturday, November 13-

Sunday, November 14

- Weekend/No formal meetings

Monday, November 15

- Cambridge, England
- Sir Brian Corby, Chairman of the East of England Investment Agency will host lunch meeting at the University of Cambridge on sustainable development, infotech, bioscience and medical technology

Tuesday, November 16

- London, England
- Hold tourism-related interviews at Oregon's booth at the World Travel Market Trade Show
- Attend reception at London Niketown

Wednesday, November 17

- Travel to Oregon

Thursday, November 18

- Resume schedule in Oregon

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FOR IMMEDIATE RELEASE
NOVEMBER 2, 1999

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CANDIDATE ADDED TO SECRETARY OF STATE SEARCH

Governor John Kitzhaber announced today that he has added Beaverton Mayor Rob Drake to the field of six Oregonians he will be interviewing this week to replace departing Secretary of State Phil Kiesling. Kitzhaber took the action after Mayor Drake expressed interest in the position late last week. Further, many community members contacted the Governor's Office to express their support for Drake.

Drake has been Mayor of Beaverton since 1993. Beaverton is the only city besides Portland to have a full-time mayor.

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FOR IMMEDIATE RELEASE
NOVEMBER 1, 1999

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**GOVERNOR GRANTS EXECUTIVE CLEMENCY
TO CARILLO-LANDEROS, SCOTT**

Governor John Kitzhaber today announced that he has granted executive clemency to Hector Carillo-Landeros and LeRoy Denton Scott. Kitzhaber granted an unconditional pardon to Carillo-Landeros and commuted Scott's sentence.

Hector Carillo-Landeros was convicted in 1991 of Sex Abuse I after inappropriately touching a friend's 10-year-old daughter while intoxicated. Carillo-Landeros received a 36-month probationary sentence, which he served without incident while successfully completing sex offender treatment and alcohol abuse programs. Since 1994 Carillo-Landeros has been employed by the City of Jacksonville; his wife recently gave birth to their first child.

A Permanent Resident of the United States, Carillo-Landeros has lived in the United States since age 11. When Carillo-Landeros sought to apply for full citizenship in 1996, the Immigration and Naturalization Service began deportation proceedings against him based upon his conviction under a retroactive provision of the federal Illegal Immigration Reform and Immigrant Responsibility Act of 1996. Carillo-Landeros was deported in September, 1999. The Act specifically provides that a gubernatorial pardon prevents deportation and will allow Carillo-Landeros to legally re-enter the United States.

Carillo-Landeros' application was supported by his supervisor with the City of Jacksonville and the Mayor of Jacksonville, as well as a number of community residents and members of the statewide Hispanic community. In order to respond to concerns raised by the Jackson County District Attorney's Office, the governor has received assurances from Carillo-Landeros that he will continue to comply with the requirements of Oregon's sex offender registration law.

LeRoy Denton Scott was convicted of Burglary I in 1995 after entering a neighbor's property to retrieve goods he believed belonged to him. He received a 120-month sentence, and prior to the governor's commutation had a projected release date of April 30, 2003. Scott was the only inmate to cooperate with law enforcement and corrections officials following the murder of inmate Jackie Sharp at the Oregon State Penitentiary in December, 1996. Scott's testimony for the prosecution was crucial in obtaining a conviction of inmate John Zalme. As a result of his testimony, Scott placed his life in danger and is currently housed in an out-of-state correctional facility for purposes of his own safety.

Scott's application for a commutation was supported by the Marion County District Attorney's Office, which prosecuted the Zalme case, as well as the Josephine County District Attorney's Office, which prosecuted Scott on the underlying Burglary I charge. The governor's commutation establishes an April 30, 2001 release date for Scott, in keeping with his request that he receive a 20 percent reduction in sentence in exchange for his role in the Zalme trial. The commutation does not affect Scott's obligation to remain under post-prisoner supervision for six years following his release as part of

sentences for convictions related to the 1995 burglary conviction.

The governor declined to commute the sentence of Clifford Frey, currently serving a 70-month sentence for Sex Abuse I under Ballot Measure 11. While Frey's application was supported by the Multnomah County District Attorney's Office, Gov. Kitzhaber continues to believe the powers of executive clemency under the Oregon Constitution should be utilized only in extraordinary cases where the criminal justice system has failed or provides no adequate remedy for manifest injustice.

Mr. Frey was properly sentenced under Ballot Measure 11. The governor believes the utilization of his clemency powers to review such a sentence would cause him and future governors to function as a de facto appellate court in reviewing a number of future cases sentenced under Ballot Measure 11, a function he views as an improper displacement of judicial authority. The governor, who has supported changes to Ballot Measure 11 in the past, believes that the proper authority to change either Ballot Measure 11 crimes or sentences lies with the Legislature.

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FOR IMMEDIATE RELEASE
OCTOBER 28, 1999

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**GOVERNOR TO INTERVIEW SECRETARY
OF STATE CANDIDATES**

Governor John Kitzhaber announced today that he will be interviewing six candidates for the Secretary of State appointment on Tuesday, November 2 and Wednesday, November 3. The governor said he expects to make a decision by Friday, November 5.

The candidates the governor will interview are as follows:

Gail Achterman, Portland attorney and former natural resource policy adviser to Gov. Neil Goldschmidt;

Lee Beyer, State Senator from Eugene;

Bill Bradbury, former State Senator from Bandon and current President of For Sake of the Salmon.

Susan Castillo, State Senator from Eugene;

Peter Courtney, State Senator from Salem;

Bryan Johnston, former State Representative from Salem and current Dean of the Willamette University Atkinson Graduate School of Management.

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FOR IMMEDIATE RELEASE
OCTOBER 1, 1999

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GOVERNOR ANNOUNCES NEW MEMBERS FOR OREGON WATERSHED ENHANCEMENT BOARD

Governor John Kitzhaber announced today the addition of six new members to the Oregon Watershed Enhancement Board (OWEB).

"We have selected a group of highly qualified Oregonians with great knowledge and stature in Oregon," Kitzhaber said. "This board will help set the policies and make funding decisions so important to Oregon's local efforts to restore our watersheds."

The appointments are: Mark A. Suwyn, West Linn, Chairman and CEO of Louisiana Pacific Corp.; Bill Bradbury, Bandon, Director of For Sake of the Salmon and former Senate President; Jane O'Keefe, Adel, County Commissioner and rancher from Lake County; George Brown, Corvallis, retired Dean of the College of Forestry; Ron Nelson, Bend, Manager of the Central Oregon Irrigation District in Redmond; and Delores Pigsley, Salem, Tribal Chair of the Confederated Tribes of Siletz.

The Legislature established the small OWEB staff (formerly GWEB) as a separate agency, to be guided by the expanded citizen board. They added six new members to the board, requiring broad geographic distribution and staggering the four-year terms. The new appointments require Senate confirmation. Names will be submitted for confirmation to the Senate's December meeting.

Continuing to serve on the OWEB are representatives of five citizen boards and commissions: Pat Wortman from the Board of Agriculture, Mark Reeve from the Environmental Quality Commission, Susan Foster from the Fish and Wildlife Commission, Wayne Krieger from the Board of Forestry, and Nancy Leonard from the Water Resources Commission.

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FOR IMMEDIATE RELEASE
SEPTEMBER 28, 1999

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GOVERNOR ASKS HUNTERS TO TREAD LIGHTLY

Governor John Kitzhaber issued a Hunter Alert today asking hunters to respect road closures and to "tread lightly" on open forest roads during the upcoming hunting season. Many public and private forest roads have been closed or rehabilitated to reduce sediment getting into Oregon's rivers and streams as part of the Oregon Plan for Salmon and Watersheds. Excess sediment in streams can cause water quality problems and degrade habitat for salmon.

"Many hunters are planning their fall hunts in Oregon's forests. How hunters use forest roads can dramatically affect water quality -- clean water that our salmon need," Kitzhaber said. "The Oregon Plan for Salmon and Watersheds targets how we all work together to maintain and improve roads to keep sediment out of Oregon's rivers and streams. I am asking that hunters please do their part by staying on rock surfaced roads, following road use signs and respecting road closures. Please tread lightly and help restore Oregon's salmon. Be part of the solution."

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FOR IMMEDIATE RELEASE
SEPTEMBER 27, 1999

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STATE EFFORT LAUNCHED TO ELIMINATE RELEASE OF HORMONE-DISRUPTING CONTAMINANTS

Governor John Kitzhaber today signed Executive Order 99-13, which directs the Oregon Department of Environmental Quality (DEQ) to lead a statewide effort to eliminate the release of hormone-disrupting contaminants. Currently, such contaminants are not adequately addressed by pollution prevention measures and are believed to present human health and environmental risks.

Under the program, DEQ will coordinate efforts to identify, track and eventually eliminate the release of Persistent Bioaccumulative and Toxic pollutants (PBTs). PBTs comprise a broad range of contaminants that can include naturally occurring and synthetic chemicals used in industry and in the home.

"Oregon has been a leader in attacking environmental threats for many years. This approach will help us identify, track, and eliminate the release of these dangerous chemicals from Oregon's environment," Kitzhaber said.

DEQ, working with business representatives, citizens and state agencies, will collect information to identify which PBTs are released in Oregon, determine what activities generate PBTs and estimate the amounts of PBTs produced. DEQ will explore the use of technical assistance, education, economic incentives and other approaches to eliminate PBT releases. The agency will use results from these efforts to develop a range of approaches to eliminate PBT releases in Oregon by the year 2020.

PBTs are toxic and don't readily break down or decrease in potency after being released into the environment. Because they have a tendency to accumulate in the tissues of animals and plants, they can result in long-term risks even when released in small, legally permitted quantities. Hormonal disruption leads to birth defects, some cancers, and adverse effects on the nervous and reproductive systems. PBTs thus remain a concern long after they are used, generated as waste or released into the environment.



FOR IMMEDIATE RELEASE
SEPTEMBER 22, 1999

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**GOVERNOR CLARIFIES POSITION ON PROPOSED
VIDEO POKER MEASURE**

An article in the Eugene Register-Guard of Tuesday, September 21, 1999 reported that Oregon Governor John Kitzhaber supports in concept a proposed initiative to eliminate video poker from the state's lottery offerings.

Today, Gov. Kitzhaber issued the following clarification of his comments:

"I want to take this opportunity to clarify my position regarding video poker. First, I am unequivocally opposed to the proposed initiative. While I believe it is important for Oregon to reduce its dependence on this source of revenue, the precipitous loss of resources, should this measure pass, would create a true budget crisis.

Revenues from the state lottery, including video poker, are currently being used for everything from education to gambling addiction treatment to economic development.

In the interview that led to these stories, I indicated that I could certainly support a measure that would phase out video poker over a six to eight year period. This would allow Oregonians the opportunity to find replacement revenue for a wide range of important state programs. This ballot measure does not do that and I will actively oppose it for that reason."

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FOR IMMEDIATE RELEASE
SEPTEMBER 17, 1999

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GOVERNOR SELECTS DAY ROAD PRISON SITE

Governor John Kitzhaber today accepted the recommendation of the Oregon Department of Corrections to site a women's correctional facility and intake center complex at the Day Road site.

The governor's actions follow a course prescribed in SB 686 (chapter 982, Oregon Laws 1999) which mandates a 30-day expedited super-siting process for a new state prison intake center and a new women's prison. The law also removed Dammasch State Hospital as a prison site. In accordance with SB 686, the governor issued an executive order (#EO-99-12) on August 20, 1999, commencing the process that led to today's decision.

The Legislature provided this extraordinary 30 day siting process because of the critical need for these correction facilities. The truncated timeline was adopted so that construction could begin in the spring with completion slated for April, 2002.

The \$171.7 million prison will initially house up to 324 minimum custody women, 432 medium custody women, 432 men and women in intake, and up to 64 inmates in special units (such as medical).

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FOR IMMEDIATE RELEASE
SEPTEMBER 17, 1999

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KITZHABER CALLS FOR NEW GOVERNANCE BODY FOR COLUMBIA RIVER FISH AND POWER

Regional Consensus Needed to Restore Environment, Preserve Affordable Electricity

In a speech before the Seattle City Club today, Oregon Governor John Kitzhaber proposed creating a new governance body for the Columbia River to replace the Northwest Power Planning Council. The new body would have an expanded membership to include tribes and the federal government and would have the authority to plan for both environmental restoration and power production.

Kitzhaber said that without developing a regional consensus on how to manage the Columbia River, the Northwest is in peril of losing the benefits of affordable power and the ability to address environmental issues in the Columbia Basin. In the speech, Kitzhaber called on the other three Northwest governors -- Gary Locke of Washington, Dirk Kempthorne of Idaho and Mark Racicot of Montana -- to develop a joint proposal to present to the Northwest Congressional Delegation before the end of the year.

That proposal would address what a new governing body would look like and would develop recommendations on the future of the Bonneville Power Administration (BPA).

"It's time to take the next step and create a regional body that will have the mission, membership and authority to deal with power issues and fish issues on the Columbia and the trade-offs between the two," said Kitzhaber.

Kitzhaber pointed out in the speech that if the Northwest region does not come together with a plan for managing the Columbia River, members of Congress might be able to force up power costs by making the BPA charge market rates for the electricity in the region. "This is equivalent to taking away the benefit of the Columbia River -- reliable, inexpensive power -- and doing nothing about the environmental costs of that system."

Kitzhaber said he was optimistic about the prospects of creating a new entity to manage power and environmental issues on the Columbia. "I think it will become increasingly clear that if we don't solve this problem, it will be solved for us by forces outside our region that don't necessarily have the best interests of the Northwest at heart," he said.

[A copy of Kitzhaber's speech is available here.](#)

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FOR IMMEDIATE RELEASE
SEPTEMBER 9, 1999

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GOVERNOR OUTLINES EDUCATION PROPOSALS

Initiative to Focus on Stability, Equity and Adequacy of Funding

In news conferences in Portland, Eugene and Medford, Governor John Kitzhaber announced today outlines of three proposals dealing with school funding that he will pursue through the initiative process for the November 2000 ballot.

“These proposals will begin to correct the problems with school finance that have evolved over the last decade as the state has replaced local school districts as the principal source of school funding,” Kitzhaber said. “Taken together they represent a significant change in the way we finance Oregon’s public primary and secondary schools.”

Kitzhaber said he would target mid-October for filing initiative petition language with the Secretary of State. In the interim, Kitzhaber said he would be working to perfect the proposals and determine whether they needed to constitute one, two or three separate ballot measures.

The three proposals are:

The School Stability Fund: The stabilization fund would be established as an account within the Common School Fund. It would initially be capitalized from three sources of revenue:

- A portion of the investment earnings from the Common School Fund. This could potentially amount to as much as \$50 million per biennium.
- The revenue stream from the Education Endowment Fund, established in 1995. This would mean that 15 percent of all lottery proceeds -- approximately \$80 million per biennium -- would go into the new stability fund.
- A portion of any future surplus income tax revenue. Options for doing this are still under consideration, however Kitzhaber noted that corporate and individual kicker revenues have exceeded \$1 billion over the last six years. “I firmly believe that if Oregon voters are given a reasonable proposal to save some portion of future surplus revenues to ensure quality schools, they will approve it,” Kitzhaber said.

The Equal Local Option: Kitzhaber said he will propose a constitutional amendment that directs the state to equalize, within limits, the tax effort of property-poor districts. In other words for a given tax effort -- for example 25 cents per \$1,000 of assessed value -- the Myrtle Creek School District could raise the same amount per pupil as could the Beaverton School District.

While the amount per pupil and Measure Five caps which are in existing law will remain in place, Kitzhaber said he would propose that local option elections for additional school finance can be passed by a majority of those voting.

Adequate Funding: This measure will seek to amend the Oregon Constitution to require the Legislature to provide funding adequate to meet the quality education goals established by law, or, if it fails to do so, to outline the reasons for this failure and the consequences in terms of meeting the goals.

This amendment will focus the budget debate on the adequacy of the K-12 appropriation to achieve the goals of the Education Act and will force the Legislature to be accountable for its appropriation.

Further, Kitzhaber said he would create, by Executive Order, The Commission on Quality Education which will continue work on the Quality Education Model. Prior to the 2001 session, this Commission will produce a refined model and the estimated cost needed to achieve the goals of the Education Act. This will serve as the Quality Education Benchmark for both the Governor's Recommended Budget and for the Legislature's appropriation for education.

"Adequacy, equity and stability. This proposal, if adopted, will fundamentally change how we develop and fund Oregon's education budget," Kitzhaber said.

[September 9th Speech](#)

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FOR IMMEDIATE RELEASE
SEPTEMBER 3, 1999

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GOVERNOR ISSUES VETOES

Governor John Kitzhaber today issued a list of 25 bills from the 1999 legislative session that he has vetoed. This list represents bills that were sent to the governor after the close of the legislative session, and on which the governor was required to give five days notice of a potential veto.

Kitzhaber said the vetoed bills, for example, presented threats to public safety, land use and the environment, tax fairness, worker protection, education and sound fiscal policy. "This legislature would have significantly changed the face of Oregon. I believe most of these bills are considerably out of touch with what Oregonians care about. I am hopeful that the next legislative session will be less contentious and partisan and that we will be able to do good work for the people of this state."

The governor previously vetoed 44 bills during the 1999 legislative session, bringing the total number of vetoes from the 1999 Legislature to 69.

Gov. Kitzhaber vetoed 52 bills from the 1995 Legislature and 43 bills from the 1997 Legislature.

The bills the governor vetoed are as follows:

Senate Bills

- [SB 115 relating to the regulation of alcoholic beverages.](#)
- [SB 428 relating to school district financing of community college classes.](#)
- [SB 497 relating to property tax exemptions for historic properties.](#)
- [SB 524 dealing with the process by which streets are vacated.](#)
- [SB 558 which allows increasing the speed limit on rural highways.](#)
- [SB 1061 relating to systems development charges for parks.](#)
- [SB 1275 relating to the "single sales factor" method of corporate taxation.](#)
- [SB 1296 which would allow the use of pilotless water skiing craft.](#)

House Bills

- [HB 2050 relating to the taxation of intangible assets.](#)

- [HB 2226 relating to child abuse reporting.](#)
- [HB 2633 which requires parental notification for abortions.](#)
- [HB 2637 which limits motor vehicle emissions testing for certain areas.](#)
- [HB 2700 which places a sunset on the Oregon Health Plan.](#)
- [HB 2793 which limits the minimum wage for restaurant employees.](#)
- [HB 2808 relating to the registration of sex offenders.](#)
- [HB 2875 relating to the hunting of cougars.](#)
- [HB 2942 relating to lottery appropriations for education.](#)
- [HB 2947 relating to charitable donation tax credits.](#)
- [HB 3049 relating to lawsuits of firearms manufacturers and dealers.](#)
- [HB 3054 relating to dog kennels on exclusive farm use zones and trespass liability.](#)
- [HB 3202 relating to pollution control tax credits.](#)
- [HB 3282 relating to the siting of churches on high value farm land.](#)
- [HB 3456 relating to environmental cleanup standards.](#)
- [HB 3605 relating to employee safety.](#)
- [HB 3607 relating to the violation of wage laws.](#)

Copies of the governor's veto messages will be available on the Governor's Office web site: www.governor.state.or.us by 12 pm or can be obtained by calling the Governor's Office.

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SEPTEMBER 1, 1999

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GOVERNOR SIGNS COMPREHENSIVE JUVENILE CRIME PREVENTION LEGISLATION

Governor John Kitzhaber today signed SB 555, the juvenile crime prevention legislation. The bill was signed at the Mission Mill Museum in Salem where the Milbank Memorial Fund of New York and Educators for Social Responsibility (ESR) jointly released a case study of a model juvenile crime prevention program in Lincoln County, the Resolving Conflict Creatively Program (RCCP).

"This legislation is the culmination of a four year effort to enact a comprehensive juvenile crime prevention package in Oregon," Kitzhaber said. "It will guide expenditures of over \$50 million in state and federal funds and represents \$43 million of new state investments in youth ages 0-18. By any standard, this level of support represents a major success in our efforts to address juvenile crime."

The passage of this bill will enable Oregon's 36 counties to begin implementing the high-risk juvenile crime prevention plans presented to the governor earlier this year. The plans were developed by local children and families commissions, local public safety coordinating councils, alcohol and drug experts and various other local interests. Each plan was designed to serve the particular needs of high-risk youth in a community. Interventions range from after school programs to alcohol and drug treatment to additional detention services.

At the press conference, the Milbank Memorial Fund and ESR released a case study of the RCCP in Lincoln County. The program works to prevent juvenile violence and substance abuse in schools through conflict resolution training for young people. Linda Lantieri, Founding Director of RCCP said that "the program helps young people learn to deal with their anger differently and, as a result of the program, the majority of students in Lincoln County schools now report engaging in fewer fights, using fewer put-downs, and being more accepting of people with differences."

Daniel M. Fox, President of the Milbank Memorial Fund stated that "we commissioned this case study so that leaders in the public and private sectors and community members could learn from Lincoln County how best to put community-based violence prevention programs in place."

To receive a copy of the SB 555 bill summary please contact the Governor's Press Office.

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FOR IMMEDIATE RELEASE
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GOVERNOR ISSUES ADDITIONAL VETO NOTICES

Governor John Kitzhaber today issued notice of two potential vetoes. This notice is in addition to the list of **potential** vetoes the governor gave on August 17.

The governor is under no obligation to veto these bills but is required by the constitution to provide five working days notice of bills which might be vetoed. The governor has until September 3, 1999 to sign or veto bills that reached his desk after the Legislature's July 24 adjournment.

The bills are as follows:

SB 245 Relating to taxation and economic development.

HB 3292 Relating to motor carrier safety.

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FOR IMMEDIATE RELEASE
AUGUST 23, 1999

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GOVERNOR ANNOUNCES NATURAL RESOURCE APPOINTMENTS

Governor John Kitzhaber announced today that he has appointed Geoff Huntington as Interim Executive Director for the Oregon Watershed Enhancement Board (OWEB), subject to Senate confirmation in October. In addition, he announced the appointment of Stephanie Hallock as Healthy Streams Partnership (HSP) Coordinator in the Governor's Natural Resources Office (GNRO).

Huntington is currently serving as Deputy Director of the Water Resources Department. He brings several years of experience in budgeting, fiscal management, and oversight of natural resource and water management programs to the position.

"Geoff brings the right mix of experience to fill this important new position at OWEB," Kitzhaber said. "He has a good understanding of the critical role OWEB plays in implementation of the Oregon Plan for Salmon and Watersheds and the particular importance of local efforts in restoring our watersheds."

Ken Bierly, current Program Manager for OWEB, will become OWEB's Deputy Director. The Governor expects to announce appointments to the OWEB Board in September.

Hallock is currently serving as Eastern Region Administrator for the Department of Environmental Quality, a position she has held since 1993. With a strong background in water quality issues and a track record of solving problems, Hallock will oversee and coordinate the water quality program within the Oregon Plan. She is expected to be on board on September 1.

"At a time when water quality planning in the state is heating up, having someone with Stephanie's experience to coordinate these efforts among agencies and with landowners is vital," Kitzhaber said.

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FOR IMMEDIATE RELEASE
AUGUST 17, 1999

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GOVERNOR RELEASES LIST OF POTENTIAL VETOES

Governor John Kitzhaber today released a list of potential vetoes. The governor is under no obligation to veto these bills but is required by the constitution to provide five working days notice of bills which might be vetoed. The governor has until September 3, 1999 to sign or veto bills that reached his desk after the Legislature's July 24 adjournment.

The Bills on which the governor gave notice are as follows:

Senate Bills

- Senate Bill 82 relating to unitary assessments and financing of family law courts.
- Senate Bill 115 relating to the regulation of alcoholic beverages.
- Senate Bill 428 relating to school district financing of community college classes.
- Senate Bill 497 relating to property tax exemptions for historic properties.
- Senate Bill 524 dealing with the process by which streets are vacated.
- Senate Bill 558 which allows increasing the speed limit on rural highways.
- Senate Bill 874 relating to the taxation of Oregonians working overseas.
- Senate Bill 1061 relating to systems development charges for parks.
- Senate Bill 1275 relating to the "single sales factor" method of corporate taxation.
- Senate Bill 1296 which would allow the use of pilotless water skiing craft.
- Senate Bill 1304 which provides greater compensation for jurors.

House Bills

- House Bill 2050 relating to the taxation of intangible assets.
- House Bill 2226 relating to child abuse reporting.
- House Bill 2633 which requires parental notification for abortions.
- House Bill 2637 which limits motor vehicle emissions testing for certain areas
- House Bill 2700 which places a sunset on the Oregon Health Plan.
- House Bill 2753 which provides a local financing option for school districts.
- House Bill 2793 which limits the minimum wage for restaurant employees.
- House Bill 2808 relating to the registration of sex offenders.

- House Bill 2875 relating to the hunting of cougars.
- House Bill 2901 relating to property tax exemptions.
 - House Bill 2942 relating to lottery appropriations for education.
 - House Bill 2947 relating to charitable donation tax credits.
 - House Bill 3049 relating to lawsuits of firearms manufacturers and dealers.
 - House Bill 3054 relating to dog kennels on exclusive farm use zones and trespass liability.
 - House Bill 3202 relating to pollution control tax credits.
 - House Bill 3282 relating to the siting of churches on high value farm land.
 - House Bill 3304 relating to the forfeiture of vehicles.
 - House Bill 3456 relating to environmental cleanup standards.
 - House Bill 3605 relating to employee safety.
 - House Bill 3606 relating to pollution control tax credits.
 - House Bill 3607 relating to the violation of wage laws.

Once again, the governor is under no compulsion to veto bills because he has given notice of potential veto. As of the end of the session, Gov. Kitzhaber had vetoed 44 bills.

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FOR IMMEDIATE RELEASE

August 3, 1999

Contact:

Sharon Wong

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**WORKS BY SALEM RESIDENT LOGAN GRIDER
ON DISPLAY IN THE GOVERNOR'S OFFICE**

An exhibition featuring oil paintings by Salem-area artist Logan Grider will be on display in the Governor's Office through September 6. A reception will be held for the artist on August 19 from 4:30 to 6 pm. This display is part of the Art in the Governor's Office program.

Grider is a recent graduate of South Salem High School and will be attending The School of the Art Institute of Chicago in the fall. He has worked with a diverse range of media including paint, wood, stone, wire and glass. Grider describes his works as "rich with expression and movement".

Grider, the son of Capitol Visitor Services director Chane Griggs, has attended classes at the Pacific Northwest College of Art, South Salem High School, Oregon State University, as well as private art lessons with well-known Oregon artist James Kirk. He received the 1999 Salem Art Association Merit Award, the 1998 and 1999 Salem/Keizer High School Art Exhibition Outstanding Painting Award, and Honorable Mention in the 1997 Congressional Art Competition for High School students. Grider is also very active in the community and has volunteered nearly 200 hours working with children at McKinley Elementary School in Salem.

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FOR IMMEDIATE RELEASE
JULY 30, 1999

Contact:

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**GOVERNOR CALLS ON FEDERAL GOVERNMENT TO
RELEASE TOBACCO PREVENTION FUNDS**

As many as 3,000 Oregonians could be denied treatment for drug and alcohol problems if the federal government continues to withhold millions of dollars in grant funds, Gov. John Kitzhaber said today.

Kitzhaber said the federal Substance Abuse and Mental Health Services Administration (SAMSHA), part of the U.S. Department of Health and Human Services, continues to hold back approximately \$6 million of a grant to Oregon because of a dispute over the state's progress in reducing tobacco sales to minors.

"Oregon has made tremendous progress and continues its strong commitment to reducing tobacco use," Kitzhaber said. But because of a technical disagreement over Oregon's compliance with the federal government's tobacco-reduction requirements, SAMHSA is withholding a large part of Oregon's block grant."

Officials in the Office of Alcohol and Drug Abuse Programs (OADAP) say Oregon is meeting its goals for reducing minors' ability to buy tobacco. OADAP sponsors yearly "stings" in which youths, accompanied by Oregon State Police, attempt to buy tobacco products at stores throughout the state.

The operations are called Synar inspections after former Congressman Mike Synar of Oklahoma. States are required by the federal government to meet specific goals in reducing minors' access to tobacco.

The number of illegal sales to minors has dropped from 38.9 percent in 1995 to 19 percent this year, with data collection nearly complete from the current sting operations. The goal is a sales rate of less than 20 percent.

"We are meeting the federal requirements, and SAMHSA's interpretation of the state's compliance is inaccurate," Kitzhaber said. "The federal government set unreasonable targets for Oregon's progress, and now is penalizing us for our success."

Kitzhaber pointed out that Oregon has demonstrated a firm commitment to reducing youths' use of tobacco. For example, Oregon:

- Initiated the Synar inspections in 1994, a year ahead of the required schedule.
- Increased its cigarette tax from 30 cents to 68 cents a pack and dedicated percent of the revenue to tobacco prevention and education.
- Established active tobacco-free coalitions in all 36 counties and funded prevention and education programs in all nine Native American tribes.
- Implemented a statewide "quit line" and supports a public-awareness campaign that reached 76 percent of adults and 85 percent of teens.
- Initiated comprehensive tobacco prevention projects in 58 school districts reaching more than 170,000 students.

Kitzhaber said that if the grant money isn't received soon, there will be serious harm to Oregon's alcohol and drug treatment and prevention programs. He said detoxification and residential treatment facilities supported by OADAP with grant money could be forced to close for up to a year.

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FOR IMMEDIATE RELEASE
JULY 26, 1999

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**GOVERNOR ANNOUNCES SCHEDULE
FOR DECISIONS ON LEGISLATION**

Governor John Kitzhaber today announced that under legislative rules, he has until September 3, 1999 to take action on all bills passed by the 1999 Legislature.

During this time, the governor must give five days notice on any bill that he -may veto. This notification, however, is only notice of a potential veto, and does not necessarily mean that he will veto bills on which he has given notice.

To date, the governor has vetoed 40 bills from the 1999 legislative session. A complete list of the status of all bills sent to the governor and all veto messages can be obtained on the governor's web site: www.governor.state.or.us or by calling the Governor's Office.

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FOR IMMEDIATE RELEASE
JULY 22, 1999

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GOVERNOR ISSUES VETOES

Governor John Kitzhaber announced today that he has vetoed eight bills:

HB 2551, relating to military recruiting;

HB 2566, relating to school finance;

HB 2792, relating to property tax rebates for seniors;

HB 3131, relating to Fish and Wildlife Commission fishway requirements;

HB 3346, relating to Water Resources Department dam removal;

HB 3541, relating to regulation of greenhouse gasses;

HB 3595, relating to local taxation attorneys;

SB 811, relating to concealed handgun licensing.

A copy of the governor's veto messages are attached.

[HB 2551 Veto Message](#)

[HB 2566 Veto Message](#)

[HB 2792 Veto Message](#)

[HB 3131 Veto Message](#)

[HB 3346 Veto Message](#)

[HB 3541 Veto Message](#)

[HB 3595 Veto Message](#)

[SB 811 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 21, 1999

Contact:

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**GOVERNOR VETOES WINERY TAX BREAK,
"SMART JITNEY" LEGISLATION**

Governor John Kitzhaber announced today that he has vetoed SB 595, relating to personal property tax exemption for wineries, and SB 483, relating to "smart jitney" pilot projects.

A copy of the governor's veto message is attached.

[SB 595 Veto Message](#)

[SB 483 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 20, 1999

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**GOVERNOR VETOES LAND USE,
ACQUISITION LEGISLATION**

Governor John Kitzhaber announced today that he has vetoed HB 3028 and HB 3259, both relating to land use.

The governor also vetoed SB 989, relating to federal land acquisition.

A copy of the governor's veto message is attached.

[HB 3028 Veto Message](#)

[HB 3259 Veto Message](#)

[SB 989 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 19, 1999

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GOVERNOR VETOES OFF-TRACK WAGERING, FARMWORKER DISMISSAL LEGISLATION

Governor John Kitzhaber announced today that he has vetoed SB 229, relating to off-track wagering, and SB 1115, relating to farmworker dismissal protections.

The governor also announced that he has vetoed SB 675, relating to federal water pollution control.

A copy of the governor's veto message is attached.

[SB 229 Veto Message](#)

[SB 1115 Veto Message](#)

[SB 675 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 7, 1999

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**GOVERNOR VETOES LAND USE,
BOARD OF DENTISTRY BILLS**

Governor John Kitzhaber announced today that he has vetoed HB 2474, relating to land use, HB 3031, relating to the Board of Dentistry.

The governor also vetoed HB 2238, relating to unemployment insurance laws, and HB 5057, relating to statewide higher educational services.

A copy of the governor's veto message is attached.

[HB 2238 Veto Message](#)

[HB 2474 Veto Message](#)

[HB 3031 Veto Message](#)

[HB 5057 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 7, 1999

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GOVERNOR VETOES "EDDIE EAGLE" LEGISLATION

Governor John Kitzhaber announced today that he has vetoed SB 887, the "Eddie Eagle" bill, which would have mandated a National Rifle Association-sponsored gun safety curriculum to local school districts.

A copy of the governor's veto message is attached.

[SB 887 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 13, 1999

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**GOVERNOR VETOES SCHOOL UNIFORMS,
WATER CONTAMINANTS LEGISLATION**

Governor John Kitzhaber announced today that he has vetoed SB 751, relating to school uniforms.

The governor also vetoed HB 2452, which would prohibit the Department of Environmental Quality (DEQ) from requiring permits for certain kinds of polluted runoff from agricultural operations.

A copy of the governor's veto message is attached.

[SB 751 Veto Message](#)

[HB 2452 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 9, 1999

Contact:

Katy Coba
Governor's Office,
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Sally Sederstrom,
Dept. of Economic
Development
(503) 986-0005

**GOVERNOR TO MEET WITH OREGON
GOODWILL AMBASSADORS**

Governor John Kitzhaber will meet with three Japanese "Oregon Goodwill Ambassadors" during a series of events on Sunday, July 11, 1999. The media is invited to cover their meeting at 1:15 p.m. at the 5th Avenue Suites Hotel in downtown Portland. The governor and Ambassadors will be available for a brief press conference at 1:45 p.m.

Oregon Goodwill Ambassadors, appointed by the governor, are six influential individuals who represent Japan's business, sports and entertainment industries and have a significant personal and or professional affiliation with Oregon. Each has agreed to work together to advise the governor on opportunities to strengthen the cultural, educational, and economic ties between the people of Oregon and Japan.

The program officially began in 1995, when Governor Kitzhaber designated Mr. Hisashi Hieda, president of Fuji Television Network, the first ambassador. Mr. Hieda began his relationship with Oregon in 1984 as the executive producer of the highly successful weekly Fuji program called "From Oregon with Love," and has continued to promote ties between Oregon and Japan with projects such as the siting of Tokyo International University's branch campus at Willamette University in Salem.

The other Ambassadors who will meet with the governor include Mr. Nobuyuki Idei, President of Sony Corporation, and Mr. Kiichi Nakai, one of the most widely respected and popular actors in Japanese television and cinema. Sony's founder, Akio Morita, first introduced Oregon to Japan's business community in the mid-1980s. Sony established a significant corporate presence in Oregon in 1994 with the opening of Sony Disc Manufacturing Corporation in Springfield.

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FOR IMMEDIATE RELEASE
JULY 7, 1999

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GOVERNOR VETOES LEGISLATION THREATENING OREGON'S ENVIRONMENT

Governor John Kitzhaber announced today that he has vetoed three pieces of legislation that would do harm to Oregon's environment.

One of the bills, SB 474, relates to land use. The other two, SB 988 and SB 1166, relate to marine mammals and Outstanding Resource Water designation, respectively.

The governor also vetoed SB 849, which relates to highway access, and SB 5521, the budget for the Bureau of Labor and Industries.

Copies of all five veto messages are attached.

[SB 474 Veto Message](#)

[SB 849 Veto Message](#)

[SB 988 Veto Message](#)

[SB 1166 Veto Message](#)

[SB 5521 Veto Message](#)

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FOR IMMEDIATE RELEASE
JULY 7, 1999

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GOVERNOR VETOES ENGINEERING EDUCATION INVESTMENT FUND BUDGET

Governor John Kitzhaber announced today that he has vetoed HB 5060, the budget for the Oregon Engineering Education Investment Fund.

In vetoing this bill, the governor expressed his support for Oregon's growing high technology industry, but also said that he regrettably could not sign this bill because a final agreement on the state budget has not yet been reached. In particular, Kitzhaber expressed concern that the tobacco settlement revenue has been removed from current budget negotiations.

A copy of the governor's veto message is attached.

[HB 5060 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 28, 1999

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GOVERNOR VETOES HB 2415

Governor John Kitzhaber today vetoed HB 2415. HB 2415 would have expanded the political tax credit and increased its cost by an estimated \$1 million. No provision was made in the state budget for this expenditure.

A copy of the governor's veto message is attached.

[HB 2415 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 28, 1999

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GOVERNOR VETOES HB 2657 AND HB 5055

Governor John Kitzhaber vetoed HB 2657 on June 28. HB 2657 would have preempted the ability of local governments to impose a construction excise tax on the construction of real property improvements or other land development.

Today, Gov. Kitzhaber vetoed HB 5055, the budget for the Oregon Youth Authority. In his veto message, the governor stated "I am vetoing the Oregon Youth Authority budget so that we can consider a comprehensive package of funding for children, youth and their families consistent with the expectations set in our negotiations of Senate Bill 555."

Copies of the governor's veto messages are attached.

[HB 2657 Veto Message](#)

[HB 5055 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 28, 1999

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GOVERNOR VETOES SAVAGE RAPIDS DAM BILL

Governor John Kitzhaber announced today his veto of HB 3065, relating to the Savage Rapids Dam.

A copy of the governor's veto message is attached.

[HB 3065 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 23, 1999

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GOVERNOR VETOES FEDERAL RETIREE PAYMENT BILL

Governor John Kitzhaber today vetoed SB 259, the federal retiree payment plan. SB 259 would have advanced the payment of this debt from the 2001-03 biennium, as called for in the settlement with the Oregon Tax Court, to the 1999-01 biennium.

A copy of the governor's veto message is attached.

[SB 259 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 23, 1999

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber has submitted the following names for appointments to various boards and commissions to the Senate. Among the names are Steve Bogart of Baker City to the State Board of Education.

<u>Board</u>	<u>First Name</u>	<u>Last Name</u>	<u>City</u>
Board of Boiler Rules	Nelson	White	Gladstone
Board on Public Safety Standards and Training	Deirdre	Molander	Portland
Commission for Women	Janmarie	Dielschneider	Bend
Commission for Women	Anita	Jackson	Warm Springs
Commission for Women	Nancy	Padilla	Salem
Commission on Asian Affairs	Aitaoto	Salu	Portland
Long Term Care Advisory Committee	Jerold	Baum	Portland
Long Term Care Advisory Committee	Susie	Calhoun	Pendleton
State Board of Education	Steve	Bogart	Baker City

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FOR IMMEDIATE RELEASE
JUNE 18, 1999

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GOVERNOR VETOES COMMISSION ON CHILDREN AND FAMILIES BUDGET

Governor John Kitzhaber today vetoed SB 5504, the budget for the Commission on Children and Families.

In his veto message, the governor stated "I cannot accept as adequate Oregon's investment in children and youth until other critical elements in that continuum are funded. I will continue to work with the legislature until we have adequately addressed the needs of not only the youngest of our children, but at-risk youth and their families as well."

A copy of the governor's veto message is attached

[SB5504 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 1, 1999

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GOVERNOR RELEASES SALMON PROGRESS REPORT

Governor John Kitzhaber today released the second annual report of the Oregon Plan for Salmon and Watersheds. The annual report provides examples of progress and a candid assessment of the challenges to be addressed as the Oregon Plan gains momentum.

"The Oregon Plan is gaining momentum around the state as Oregonians take on the challenge of watershed stewardship," said Kitzhaber. "It has gained the support of the timber industry, farmers, ranchers, conservationists, fishermen, local governments, and urban and rural residents. I am extremely pleased with what we have accomplished in first two years of this collaborative effort."

The Oregon Plan for Salmon and Watersheds is an unprecedented effort to restore salmon populations and water quality in Oregon. Although based on existing state and federal regulations, the Oregon Plan's greatest asset is the promotion of locally-based voluntary commitments to improve watershed health. The premise of the Oregon Plan is that the recovery of species, particularly on private lands, requires the cooperative efforts of individual landowners, industry and government.

Highlights from the report include the following:

- Oregon is famous for beautiful rivers and lakes. However, some streams are no longer healthy for fish or people, and many of our salmon runs are in trouble. A number of fish species have received listings under the Endangered Species Act and water quality problems exist in parts of rivers throughout most of Oregon.
- The strength of the Oregon Plan is connecting neighbors to watershed restoration efforts in their communities. State and federal agencies, private landowners, local governments, and industries are working together for the first time to address issues ranging from fish passage to increasing streamflows.
- Today, 92 watershed councils and 45 soil and water conservation districts are engaging Oregonians and private landowners in the restoration of salmon and watershed health. To date, over 1,500 individual conservation plans to restore watershed health have been developed on agricultural lands, resulting in 360,000 acres of grazing management systems, 5,000 acres of restored riparian habitat, and one million tons of topsoil staying on farms

and out of streams.

- In 1998, about 300 culverts at road crossings were improved for fish passage on private and state forestland, opening 200 miles of streams for fish. Volunteers and landowners completed nearly 200 instream projects to improve fish production in 1998. Four hundred miles of roads on private forest industrial land and state forestlands were improved for slope stability and erosion control.
- There is no quick-fix for achieving and sustaining watershed health. Although the Oregon Plan is bringing Oregonians with different interests together to achieve a common goal, long-term success will require similar collaboration and commitment by future generations.

The 48 page annual report will be available at local watershed councils and local soil and water conservation districts, or by calling the Governor's Natural Resources Office at 503-378-3589 extension 821. The report will also be available in July on the Oregon Plan web site at www.oregon-plan.org.

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FOR IMMEDIATE RELEASE
JUNE 7, 1999

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GOVERNOR AUTHORIZES SPENDING FOR 100 NEW STATE TROOPERS

Governor John Kitzhaber today signed the Oregon State Police Budget, which authorizes \$165.5 million in general fund dollars, reversing an 18 year decline in funding for this state agency. The budget will add 100 new patrol positions and will increase the department's forensic and criminal identification services. Gov. Kitzhaber was joined at the signing ceremony by State Police Superintendent LeRon Howland, Senate President Brady Adams, House Speaker Lynn Snodgrass, Senator Lenn Hannon and Representative Kurt Schrader.

"There is no question that this effort will make the Oregon State Police a stronger organization," said Kitzhaber. "This budget will enable officers to respond more quickly to transportation and crime problems, and it will make our state highways safer for all those who travel for work or recreation."

Gov. Kitzhaber recognized the Oregon State Legislature, Supt. Howland, Jim Botwinis, President of the Oregon State Police Officer's Association and Lloyd Clodfelter of "Help our Troopers" for working in collaboration to pass this budget.

"This budget represents the beginning phase of restoring a greater level of patrol services to local communities," said Supt. Howland. "Once fully phased in, the new uniform patrol troopers will provide for an enhanced level of police response to local transportation safety and crime issues."

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FOR IMMEDIATE RELEASE
JUNE 3, 1999

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GOVERNOR SIGNS PACIFIC SALMON AGREEMENT

Governor John Kitzhaber today joined Washington Gov. Gary Locke, Pacific Salmon Commission Tribal Rep. Ted Strong, Special White House Rep. Lloyd Cutler and Canadian Fisheries and Ocean Minister David Anderson to sign the Pacific Salmon Agreement in Vancouver, British Columbia and Seattle, Washington.

The Pacific Salmon Agreement is the result of an intensive series of negotiations that have extended over several years. It has been submitted to the US and Canadian governments for formal approval.

"This agreement ushers in a new age of cooperation between the US and Canada in management of salmon stocks," said Gov. Kitzhaber. "It provides a firm basis for salmon recovery efforts in the region such as the Oregon Plan for Salmon and Watersheds. In short, this agreement is good news for salmon."

Key features of the agreement include:

- Establishment of "abundance based fishing regimes" for the major salmon intercepting fisheries in the US and Canada. In essence, larger catches will be allowed when abundance is higher and, importantly, catches will be significantly constrained in years when abundance is down.
- Creation of two bilaterally-managed regional funds. The funds would be used to improve fisheries management and aid recovery of weakened salmon stocks. Subject to the availability of appropriated funds, the US will contribute \$75 million and \$65 million to a northern and a southern fund respectively, over a four-year period.
- The agreement includes provisions to enhance bilateral cooperation, improve the scientific basis for salmon management, and apply institutional changes to the Pacific Salmon Commission.

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FOR IMMEDIATE RELEASE
JUNE 1, 1999

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GOVERNOR VETOES UMATILLA PRISON SITE BILL

Governor John Kitzhaber today vetoed Senate Bill 3, which would have sited a new intake center and women's correctional facility in Umatilla.

With this veto, the intake center and women's correctional facility will be sited at the Dammasch site in Wilsonville. Gov. Kitzhaber said in his veto message, however, that he remained hopeful that the Legislative leadership will allow consideration of new legislation that would site these facilities at the Day Road site in Wilsonville.

A copy of the governor's veto message is attached.

[SB0003 Veto Message](#)

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FOR IMMEDIATE RELEASE
JUNE 1, 1999

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GOVERNOR VETOES HIGHER ED BUDGET

Governor John Kitzhaber today vetoed the higher education budget. A copy of the veto message is attached.

Also attached are copies of two previous letters the governor sent to the Legislative Leadership and the Chair of the State Board of Higher Education addressing his concerns on this matter.

[Letter to State Board of Higher Education Chair Tom Imeson - April 30, 1999](#)

[Letter to legislative leadership - May 3, 1999](#)

[Governor's Veto Message on HB5022 - June 1, 1999](#)

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FOR IMMEDIATE RELEASE
MAY 25, 1999

Contact:

Chris Dearth
(503) 378-8197

GOVERNOR PRAISES PASSAGE OF COLUMBIA RIVER GORGE COMMISSION BUDGET

Governor Kitzhaber today expressed his appreciation to Senator Ted Ferrioli and the members of the Ways and Means subcommittee on Natural Resources for their passage of the Columbia River Gorge Commission budget.

"I appreciate the hard work Senator Ferrioli has undertaken to bring together the many constituencies interested in this budget," Kitzhaber said. "While this budget differs somewhat from my proposed budget, it is solid and will allow the Commission to provide protection to the magnificent resources of the Gorge and services to its residents."

The Columbia River Gorge Compact with the State of Washington requires Oregon and Washington each to provide half of the funding for the Gorge Commission. Washington has already passed its half of the budget in its recently completed legislative session.

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FOR IMMEDIATE RELEASE
MAY 24, 1999

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**GOVERNOR AND FEMA DIRECTOR JAMES LEE WITT SIGN
WILLAMETTE RIVER AGREEMENT**

Governor John Kitzhaber and Federal Emergency Management Agency (FEMA) Director James Lee Witt today signed a partnership agreement implementing the American Heritage River (AHR) program on the Willamette River. The Willamette was designated an AHR by Presidential Executive Order in July 1998. It is one of only 14 rivers nationwide to receive such a designation.

"This Memorandum of Agreement will ensure that the Willamette River continues to be the vital resource that we have relied on during our rich history," said Kitzhaber. "I welcome the spirit of collaboration embodied in this document, and I look forward to working in partnership with the federal government to bring national resources to bear on local problems and local needs."

"The Willamette River partnership represents a national model for local communities, states, and the federal government to work together to preserve our precious waterways," said FEMA Director Witt. "The actions taken by the Willamette Restoration Initiative will also help communities throughout the Willamette River Basin prevent future disasters."

The Memorandum of Agreement was signed by more than 20 federal agencies, OSU President Dr. Paul Risser, Chair of the Willamette Restoration Initiative (WRI), as well as Gov. Kitzhaber and Director Witt. By signing, each of these agencies agreed to work in a coordinated and collaborative manner to implement the AHR program and preserve the Willamette River as an economic, environmental and cultural resource in Oregon.

The WRI, established by Gov. Kitzhaber's Executive Order in 1998, will oversee the American Heritage Rivers Program on the Willamette. The AHR program will protect the Willamette through a "river navigator" -- a federally funded position devoted to helping communities along the river obtain additional resources for local needs, and assure cooperation from federal agencies.

Gov. Kitzhaber and Director Witt signed the Memorandum of Agreement at Salem's River Front Park. To close the ceremony, Aaron Wells, a 12 year-old attending Roosevelt Middle School in Eugene, read his poem entitled "Amazon Slough Watershed." Aaron is the 1999 recipient of the River of Words International Children's Environmental Poetry & Art Contest co-sponsored by the Library of Congress and the International Rivers Network. Aaron also received the State of Oregon Public Teachers Association 1999 Poetry Award for his poem "McKenzie River Paradise."

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FOR IMMEDIATE RELEASE
MAY 24, 1999

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**GOVERNOR AND FEMA DIRECTOR JAMES LEE WITT TO
SIGN WILLAMETTE RIVER AGREEMENT**

Governor John Kitzhaber and Federal Emergency Management Agency (FEMA) Director James Lee Witt will sign a partnership agreement for implementing the American Heritage River (AHR) program on the Willamette River. The event will be held on Tuesday, May 25 at 11:30 a.m. at the River Front Park Amphitheater in Downtown Salem.

The Willamette River is one of only 14 rivers nation-wide designated an American Heritage River. This program will create a federally funded position that will match local, community-defined needs with available federal resources. Over 20 federal agencies will sign the agreement along with the Governor and James Lee Witt.

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FOR IMMEDIATE RELEASE
MAY 20, 1999

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber submitted the following names for consideration by the Oregon Senate to various state boards and commissions. The Senate is expected to consider these appointments within the next month.

Among the appointments made was Gerry Richmond of Eugene to the State Board of Higher Education. Richmond is a Professor of Chemistry at the University of Oregon and also routinely trains graduate students employed in high technology companies in Oregon. Richmond is the first faculty member to be appointed to the Board.

Board	First Name	Last Name	City
Board of Boiler Rules	John	Endicott	Tualatin
Board of Boiler Rules	John	Pyle	Salem
Board of Boiler Rules	Russell	Williams	Portland
Board of Examiners of Nursing Home Administrators	Thomas	Lee	Wilsonville
Board of Examiners of Nursing Home Administrators	Patricia	Weaver	Portland
Board of Examiners of Nursing Home Administrators	Misti	Wittenberg	Keizer
Board of Medical Examiners	Frank	Spokas	Ontario
Board on Public Safety Standards and Training	Larry	Baird	Oregon City
Board on Public Safety Standards and Training	Robert	Carnahan	Milwaukie
Board on Public Safety Standards and Training	John	Courtney	La Grande
Board on Public Safety Standards and Training	Terri	Dill-Simpson	Portland
Board on Public Safety Standards and Training	Garry	Gross	Portland

Board on Public Safety Standards and Training	Lynn	Guenther	Hood River
Board on Public Safety Standards and Training	Larry	Hatch	Beaverton
Building Codes Structures Board	Dan	Kovtynovich	Lake Oswego
Building Codes Structures Board	Jim	Schwager	Portland
Commission for the Blind	Elizabeth	Rousseau-Rooney	Cave Junction
Construction Contractors Board	Sydney	Brewster	Salem
Construction Contractors Board	Thomas	Fitzpatrick	Portland
Construction Contractors Board	Walt	Gamble	West Linn
Electrical and Elevator Board	Brian	Christopher	Oregon City
Electrical and Elevator Board	Gordon	Grote	Portland
Electrical and Elevator Board	Sara	Medlock	Salem
Oregon Government Standards and Practices Commission	Di Lyn	Larsen-Hill	La Grande
Oregon Health Sciences University Board of Directors	Annette	Matthews	Portland
Oregon International Port of Coos Bay	Vernon	Brecke	North Bend
State Board of Higher Education	Gerry	Richmond	Eugene
State Housing Council	Paul	Colbert	North Bend
State Scholarship Commission	Diane	Tsukamaki	Tualatin
State Scholarship Commission	Patty	Williams	Portland
Teacher Standards and Practices Commission	Anne	Jones	Canby

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FOR IMMEDIATE RELEASE
MAY 19, 1999

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**GOVERNOR AND SHARON KITZHABER TO
HONOR OUTSTANDING STARS TEEN LEADERS**

Governor Kitzhaber and Oregon's First Lady Sharon Kitzhaber will honor 230 STARS (Students Today Aren't Ready for Sex) teen leaders from eight counties across Oregon on May 21 at 4 p.m. The event will be held at the Hollywood Bowl, 4030 NE Halsey in Portland.

"This event celebrates the positive influences teen leaders can have on their peers," said Sharon Kitzhaber, a board member of the STARS Foundation. "This afternoon we honor these teen leaders and recognize their accomplishments."

Gov. Kitzhaber, joining his wife at the celebration, said "programs like STARS, that link young people with positive role models, are likely to keep them out of trouble and in school. This not only helps prevent teen pregnancy but can help stop the kind of teen violence that is plaguing our nation."

STARS is an abstinence-based teen pregnancy prevention program aimed at sixth and seventh graders taught by teen leaders who deliver the message "it's best for teens not to have sex." Teen leaders model positive, responsible attitudes and behaviors for younger adolescents. STARS is a public private partnership supported by the Multnomah County Health Department, Oregon Health Division, and the STARS Foundation. STARS is based on the Postponing Sexual Involvement curriculum developed at Grady Memorial Hospital in Atlanta. The curriculum focuses on skill building and providing teens with the tools to resist sex, alcohol, drugs, and criminal behavior.

The STARS Foundation is supported by individual, business, and foundation contributors. The teen leader celebration at Hollywood Bowl was paid for through a grant from the PacifiCorp Foundation.

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FOR IMMEDIATE RELEASE
MAY 3, 1999

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May 3, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, OR 97310

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear Lynn and Brady:

I am writing concerning the higher education budget which I understand contains an appropriation of \$88.6 million above the Oregon University System base -- \$15.6 million more than I have included in my recommended budget. In addition, I understand you have recommended \$4.9 million for items requested by the engineering industry and the technology council and another \$2 million for statewide programs at Oregon State University in agriculture and forestry.

I am writing to request that you not send me this budget until we have had an opportunity to clarify the overall budget plan. I want to make it clear that I am conceptually in support of this additional investment, as I believe that OUS both needs and deserves it. In addition, I would support additional resources for enrollment growth in our community colleges.

However, until we have some agreement on the larger budget picture, it is not clear where these additional expenditures will come from. Therefore, I would like to suggest that you hold this budget for the time being.

Once the May revenue forecast has clarified the revenue picture, the bipartisan legislative leadership can discuss the higher education budget in the context of the larger budget picture. An alternative would be to simply hold the education budgets and determine how we will allocate our resources as part of an exit plan.

I feel that we must have some degree of budget integrity and that we should not be increasing our expenditures without some clear idea -- and hopefully agreement -- on where these resources will come from.

Sincerely,

John A. Kitzhaber, M.D.

[See Letter to State Board of Higher Education](#)

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FOR IMMEDIATE RELEASE
MAY 3, 1999

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April 30, 1999

Tom Imeson - Chair
State Board of Higher Education
c/o Pacificorp
825 NE Multnomah - Suite 2000
Portland, OR 97232

Dear Tom:

I am writing to clarify a number of issues surrounding the proposed Oregon University System (OUS) budget. As you know, I have been a strong supporter of higher education for over 20 years. In my first term as governor, I froze tuition and made modest progress in reversing what has amounted to a decade of disinvestment in our post-secondary institutions. In my 1999-2001 budget I have recommended another substantial investment toward that end.

I believe that today higher education is more important than ever -- not only for the individuals who earn a college degree, but also for the state's economy and for the quality of life we all enjoy. Oregon's colleges and universities are already valuable assets, but we will demand even more from them in the 21st Century. It was for these reasons that I initiated the process that led to the development of the new budget model for higher education. In my 1999-2001 recommended budget I have backed up my commitment with enough money to not only maintain the current service level, but also to add another \$73 million above the base to implement the new budget model.

The legislative leadership has recommended a figure of \$88.6 million above the base for the OUS, plus \$4.9 million for items requested by the Engineering Industry and Technology Council, and another \$2 million for statewide programs at Oregon State University in agriculture and forestry. As you know, I am considering whether or not to veto the appropriation bill authorizing this additional funding -- on the surface, a perplexing position for someone who has long been a supporter of higher education.

As a consequence, various OUS constituencies have contacted my office over the past two weeks with two requests: 1) to negotiate with the legislative leadership over the OUS budget number, and 2) to discuss "K-16" when talking about the need for additional revenue for education. The purpose of this letter is to clarify my position and to respond to these two points.

Negotiating with the Legislature

I am more than willing to negotiate with the legislature over this issue. However, there are two things you should note about the increased funding recommended by the leadership. First, while the leadership's proposal does recommend \$15.6 million more than what I have included in my budget, it also caps the investment in the higher education budget model at this level. In contrast, I have committed to fully funding the \$116 million level requested by OUS over a two biennia period. The \$73 million was the first investment and I have made a commitment to invest the additional \$43 million in the 2001 - 03 biennium to achieve a total investment of \$116 million. To settle for the short term increase recommended by the legislature -- at the expense of a larger investment over time -- seems to be both short-sighted and counter-productive.

Of greater concern to me, however, is the fact that while I have produced a balanced budget, the Republican leadership in the House and Senate has not. This raises serious questions concerning where the extra money proposed for OUS, statewide programs, and engineering initiatives will come from. Will part of this increase be funded by taking students off the Oregon Health Plan? Will we finance it by cutting child protective services? Will we reduce our efforts to stem the tide of juvenile violence? Will we take it out of the Head Start program?

These are not insignificant questions and if we expect an accountable budget process from our state government -- and assuming we are willing to hold ourselves to the same standard -- then the tradeoffs involved in balancing the budget must all be on the table at the same time.

For that reason, I have requested that the leadership not send me the OUS budget ([see attached letter](#)) -- or any other bills appropriating substantial increases above my recommended budget -- until the legislative leadership provides a balanced budget plan.

This last sentence is very important. I have not said that I am unwilling to negotiate. In fact, there is nothing I would rather do than increase my appropriation for the OUS and to provide resources necessary for enrollment growth in our community colleges. This leaves us with two choices. One option is for the legislative leadership to provide me with a balanced budget plan as the basis for negotiations at this point in the session. The alternative is to deal with higher education, community colleges and K-12 as part of the exit strategy. I'm willing to do either.

Let me be clear -- it is not that I don't believe we need additional investments in higher education. I do, however, I also believe that in order to develop an equitable budget plan across the continuum of education, we need both budget discipline and accountability.

The Education Continuum

I have never discussed increased funding for K-12 in a vacuum. In fact, in my speech on March 15, in which I recommended a K-12 funding level of \$4.95 billion -- I said the following: *"We must stop pitting one part of our school system against another. We must stop pretending that education starts with kindergarten and ends with high school graduation. We must face the fact that robbing early childhood programs and higher education in order to help fund K-12 is not an acceptable tradeoff. In effect we have been undermining the quality of our post-secondary institutions and making them too expensive for many high school graduates to attend -- and we can simply not afford to continue to do so."*

At my Portland City Club speech on April 16, I said the following: *"Most Oregonians agree that giving our children the education they need is in everyone's best interest. And I also think that there is general agreement that we need to increase our investment in our schools -- not only in primary and secondary schools, but in universities and community colleges as well. Whereas, I will speak mostly about primary and secondary education today, I want everyone to know that I will continue to push for increased funding for our colleges and universities."*

In short, I am well aware of the fact that we need substantial investments throughout the education continuum, and I will continue to be outspoken on this objective.

I think it is also important for you to recognize that the appropriation for K-12 in my recommended budget does not even maintain the current service level for our primary and secondary schools. My community college appropriation is at the current service level with no increase. Within the same budget, however, I have increased the OUS budget by \$73

million above current service level. I have also drawn a bright line concerning the \$73 million increase as the floor. I will do whatever is necessary to protect at least this level of funding. It is also important to note that the increased funding I have recommended for K-12 does not come at the expense of other parts of the education system.

As I have shared with you before, the worst thing for education in Oregon would be for the various elements of the continuum (Pre-K, K-12, community colleges, OUS) to begin fighting with each other over a finite resource. As the old saying goes, "United we stand, divided we fall."

I hope this clarifies my position on the issues raised by supporters of higher education and that it helps shed some light on the policy considerations which I must weigh. I realize that the dynamics of this particular legislative session are producing stress and discomfort among the OUS constituency. Much of that is beyond my control, but we can minimize it by keeping communication channels open and by keeping our eye on the long term goal. I look forward to working with you in the months ahead.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE
APRIL 30, 1999

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GOVERNOR APPOINTS MEDFORD MAYOR LINDSAY BERRYMAN TO OREGON PROGRESS BOARD

Governor Kitzhaber announced today that he has appointed Lindsay Berryman to be the newest member of the Oregon Progress Board. The Progress Board is responsible for overseeing implementation of the state's strategic plan, Oregon Shines and measuring progress toward achieving the goals set out in the Oregon Benchmarks.

Lindsay Berryman was elected the first woman mayor of Medford, Oregon in November 1998. Lindsay previously served on the Medford City Council between 1980 and 1986 and held the position of Council President in 1983 and 1986. Most recently she was a member of the Medford Urban Renewal agency and has worked extensively on transportation issues within the city.

"Mayor Berryman will be a great asset to the Progress Board," Kitzhaber said. "To achieve the vision set out in Oregon Shines, Oregonians must work together to reach its goals. Lindsay knows what it takes to get things done at the community level."

Before becoming mayor, Berryman was owner and president of the Cookie Connection, Inc. in Medford. Her other professional experiences include owner/broker of L & B Associates, assistant director of the Winema Girl Scout Council and dispensing nurse with Jackson County Mental Health.

Berryman is presently a member of the boards of the Oregon Shakespeare Festival and American Leadership Forum, Oregon chapter. During her career she has received many honors including: National Award for Excellence in Volunteer Leadership, Midwest Center for Non-Profit Leadership; Woman of the Year, Zonta Club of Medford; Glen Jackson Award, Chamber of Commerce Award for Economic Development; and Rogue Valley Citizenship Award, Women Entrepreneurs of Oregon.

Berryman is a graduate of the James Ward Thorne School of Nursing at Northwestern University and also holds a Bachelor of Science degree in Business Administration from Southern Oregon University. She is married to Medford physician Jim Berryman, has three adult daughters and one grandchild. She fills the seat recently vacated by Patsy Smullin, owner of California Oregon Broadcasting, Inc. in Medford.

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FOR IMMEDIATE RELEASE

APRIL 28, 1999

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber submitted the following names for consideration by the Oregon Sentate to various state boards and commissions. The Senate is expected to consider these appointments within the next month.

Among the names are David Stiteler of Salem to the Employment Relations Board, Amy Cuddy of Ashland and David Zielke of Lake Oswego to the Tourism Commission and Louise Gatlin of Portland to the Marine Board.

Board	First Name	Last Name	City
Board of Naturopathic Examiners	Linda	Meloche	Carlton
Commission for the Blind	John	Boice	Keno
Commission for the Blind	Ken	Jernstedt	Hood River
Commission for the Blind	Leonard	Kokel	Coos Bay
Commission for the Blind	Philip	Stockstad	Eugene
Employment Relations Board	David	Stiteler	Salem
Energy Facility Siting Council	Roslyn	Elms-Sutherland	Portland
Energy Facility Siting Council	David	Ripma	Troutdale
Energy Facility Siting Council	David	Tegart	Portland
Fair Dismissal Appeals Board	Mark	Davalos	Salem
Long Term Care Advisory Committee	Grace	Williams	Canyon City
Oregon Board of Maritime Pilots	Steven	Woods	Coos Bay
Oregon Tourism Commission	Amy	Cuddy	Ashland
Oregon Tourism Commission	David	Zielke	Lake Oswego
State Board of Chiropractic Examiners	Charles	Simpson	Cornelius
State Board of Psychologist Examiners	Susan	Moseley	Eugene
State Board of Tax Service Examiners	Michael	Cook	Tualatin
State Board of Tax Service Examiners	David	Schreffler	Keizer
State Marine Board	Louise	Gatlin	Portland

State Plumbing Board	Judy	Bauman	Portland
State Plumbing Board	Ken	Carlson	Portland
Trustees of the State Library Board	Freda	Vars	Corvallis

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FOR IMMEDIATE RELEASE
APRIL 27, 1999

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GOVERNOR EXPRESSES CONDOLENCES, SHOCK IN KILLING OF STATE PARK EMPLOYEE

Orders Flags Flown at Half-Staff Through Sundown, Wednesday April 28

Governor John Kitzhaber, on state business in Washington, D.C., released the following statement in regards to the fatal shooting today of Oregon State Park Ranger Danny Blumenthal at Oswald West State Park:

"I am deeply saddened and shocked by the killing of Oregon State Park Ranger Danny Blumenthal in Oswald West State Park today and at the wounding of his fellow Ranger John Kerwin.

We take for granted the safety of our roads, streets, parks and public places. We should not. They are made safe by dedicated employees -- whether they are corrections officers, police officers or park rangers.

On behalf of myself and all Oregonians, I extend my condolences to Mr. Blumenthal's family and my best wishes for a full and speedy recovery for Mr. Kerwin.

In recognition of Mr. Blumenthal's death in the line of duty, I have ordered that flags be flown at half-staff until sundown, Wednesday. I ask that all Oregonians take a moment to pause and reflect at the loss of Danny Blumenthal's life and at the daily risks taken by men and women in the cause of public safety."

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FOR IMMEDIATE RELEASE
APRIL 22, 1999

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GOVERNOR CREATES NEW CARISSA REVIEW COMMITTEE

Governor John Kitzhaber today announced the formation of a nine-member State New Carissa Review Committee. The committee will review issues surrounding the grounding of the New Carissa, examine local, state, and volunteer involvement and identify ways to improve oil spill planning, prevention and response by state and federal agencies. All nine members are appointed by the governor.

The members appointed to the committee are State Reps. Mike Lehman (Chair), (D-Coos Bay), Terry Thompson (D-Newport), State Sen. Veral Tarno (R-Coquille), Coos Bay Mayor Joanne Verger, Lincoln County Commissioner Jean Cowan, Jack McGowan, Executive Director, S.O.L.V., Allan Rumbaugh, General Manager, International Port of Coos Bay, Nick Furman, Executive Director, Dungeness Crab Commission, and Fran Recht, Program Manager, Pacific States Marine Fisheries Commission.

An initial organizational meeting will be held April 30 at the Hatfield Marine Science Center in Newport. A subsequent meeting with opportunity for public comment is being planned and will be held in May in Coos Bay.

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FOR IMMEDIATE RELEASE
APRIL 22, 1999

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**GOVERNOR, CHINESE AMBASSADOR ANNOUNCE
SUSTAINABLE DEVELOPMENT AGREEMENT**

Governor John Kitzhaber and Chinese Ambassador to the United States, Li Zhaoxing announced today the signing of a Memorandum of Understanding between the Chinese Ministry of Science and Technology and the State of Oregon to establish a China-U.S. Center for Sustainable Development. The memorandum was officially signed April 9, 1999 in Washington, D.C. by China's Director General of Rural and Social Development, Liu Yanhua, and Oregon's Director of Economic Development, Bill Scott.

The China-U.S. Center for Sustainable Development will facilitate exchanges between the People's Republic of China and the United States regarding sustainable development issues. Oregon is a leader in sustainable development practices, that being the integration of environmental, social and economic factors in making decisions impacting the future. China is making serious efforts to integrate environmental factors into its economic planning and has expressed a desire to learn from Oregon's expertise.

"Oregon has capabilities in a number of areas that can benefit China's efforts, such as grass seed for erosion control, forestry expertise and products for watershed management and sustainable yields, energy conservation and management capabilities, environmental technologies, transportation and communication products, services and technologies," Kitzhaber said.

Official witnesses to the signing were Oregon State Senator Mae Yih and China's Minister of Science and Technology, Zhu Lilan. Joining them for the ceremony at the National Academy of Science was the President of the Academy, Dr. Bruce Alberts.

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FOR IMMEDIATE RELEASE
APRIL 16, 1999

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GOVERNOR UNVEILS SCHEDULE, PRINCIPLES FOR SCHOOL FUNDING; PROPOSES ACCOUNTABILITY MEASURES

In speeches today before the Portland City Club and the statewide convention of the Oregon PTA in Springfield, Governor John Kitzhaber announced a timeline by which he would develop a school funding proposal and principles that would help shape that proposal. He also proposed new accountability measures for the state's primary and secondary school system.

Kitzhaber said he would unveil a school funding measure by August 1, 1999 and take steps to put that measure on the general election ballot for the year 2000. He said he would be guided by the principles of creating greater stability in school funding, maintaining Oregon's competitive business climate, and ensuring that any new money would be tied directly to activities that can be demonstrated to improve student performance.

Further, Kitzhaber made two proposals that would help increase the accountability of school districts:

- Introduce legislation creating a progressive series of interventions in school districts that fail to get 90 percent of their students to meet the standards of the Education Act for the 21st Century. Schools that do not show sufficient progress would be subject to reviews and performance audits by the Oregon Department of Education. "The goal is not to penalize schools and their students," said Kitzhaber. "The goal is to provide them with the assistance necessary to improve."
- Commit to work with legislators and educators this session to create greater accountability for spending decisions made at the 198 school districts in Oregon. Currently, Kitzhaber pointed out, there is a disconnect between spending decisions made at the local school district level and funding decisions made by the state legislature.

"Since 1991 when school funding became a state responsibility, there has been a growing disconnect between local decisions and state funding," said Kitzhaber. "We need to provide Oregon citizens greater assurances that their school dollars are being used wisely."

[Governor's City Club Speech](#)

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FOR IMMEDIATE RELEASE
APRIL 12, 1999

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GOVERNOR ISSUES STATEMENT ON PERMIT EXTENSIONS FOR WATER RIGHTS ON STATE-OWNED LANDS

Governor John Kitzhaber issued the following statement today on the Oregon Water Resources Department's Proposed Final Orders (PFOs) on the Boeing Agricultural Industrial Company and Inland Land Co. Permit Extensions near Boardman, OR:

"I commend the Oregon Water Resources Department, the Oregon Department of Fish and Wildlife, Boeing and Inland Land for their collaborative efforts that the PFO issued today represents. I believe the PFO, with its important conditions that promote environmental stewardship, is a fair compromise for all parties.

Through the PFO, the State has granted Boeing and Inland a six year extension of time to develop their lands leased from the state beyond the otherwise applicable August 5, 1999 cutoff date. The multi-million dollar agricultural development will focus on the food crops that can be processed and packed in existing and future plants in Eastern Oregon.

In return for the extension, the PFO allows Boeing and Inland to develop only about half the acreage and use only about half the water that would otherwise be available to them for such development because of the presence of sensitive and threatened species.

Additionally, the PFO requires a significant amount of the water used for the new agricultural development to come from a nearby reservoir, thereby minimizing depletion of Columbia River flows during critical salmon migration periods. The water that does come from the Columbia River during these critical periods will be mitigated through the purchase of in-stream water rights, focusing on the Columbia River tributaries where the listed salmon spawn and rear. These water rights will be paid for out of a \$2 million fund the PFO requires Boeing and Inland to create.

Finally, approximately 15,000 acres of undisturbed shrub steppe habitat -- home to the threatened Washington ground squirrel and other important animal and plant species -- will be removed from the control of Boeing and Inland some 40 years before their lease rights end, and will immediately be made available for protection.

I see this as another example where, after years of accusations and litigation, the difficult problem of harmonizing the needs of the environment with the need for vibrant economies and communities has been collaboratively addressed. I believe this underscores the need for collaboration as an important tool in addressing our many future public policy challenges."

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FOR IMMEDIATE RELEASE
APRIL 9, 1999

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GOVERNOR CALLS ON REPUBLICAN LEADERSHIP TO BALANCE BUDGET

Governor John Kitzhaber called on Republican leadership today to present a balanced budget proposal demonstrating how they would fund schools and other state services.

"The legislative session is slipping away and we have yet to see a budget plan that balances," Kitzhaber said. "The Legislature is beginning to consider large budgets and they have shown no way to pay for them."

"I presented a balanced budget in December of 1998. I have re-balanced that budget and presented a way to finance a significant increase in funding for our children's schools," Kitzhaber said. "The Republican leadership in the House and the Senate need to do the same."

"Until that time, I will be forced to veto budgets that exceed my spending plan," Kitzhaber said. For example, Kitzhaber pointed out that the budget for the state's system of higher education was currently under consideration and outspent his own balanced budget proposal for higher education by \$27 million.

"The leadership has no idea where that money is going to come from. While I welcome the opportunity to consider investing even more in higher education, I cannot responsibly do so without knowing what the overall legislative budget plan is and where the trade-offs are."

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FOR IMMEDIATE RELEASE
APRIL 8, 1999

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GOVERNOR VETOES TIMBER TAX CUT BILL

Governor John Kitzhaber has vetoed HB 2452, a tax cut measure for the timber industry.

In an April 7 veto letter, Kitzhaber stated that the bill would have a \$1.9 million impact on schools at a time when the Legislature still has not produced a balanced budget plan. "This comes at a time in the legislative session when I have seen no indication that the legislative leadership has a balanced budget plan nor a way to pay for this and other tax expenditures which are under consideration," Kitzhaber wrote.

The governor also faulted the bill for not addressing the problem of owners switching property assessments on certain forestland prior to timber harvests, thus allowing them to avoid the "privilege tax." This could create an additional loss of revenue to schools, the extent of which is impossible to estimate because the bill does not identify how many acres of land this "switching" potential represents.

Kitzhaber also cited a related tax court case currently under review, the outcome of which could cause further revenue reductions.

Click [HERE](#) for a copy of the governor's veto letter.

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FOR IMMEDIATE RELEASE

March 31, 1999

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Governor John Kitzhaber made the following remarks regarding HB 3197 at a press conference held today:

I'm here today to express my strong opposition to HB 3197. This bill is framed as a measure to prevent discrimination in employment, education, contracting and minority business development. Make no mistake about it -- it's real purpose is to prevent state government from moving forward to ensure that all Oregonians have equal access to meaningful jobs, a college education, and opportunities to contract or provide other business services.

Although racial and ethnic minorities have made some progress over the last decade, they continue to experience a quality of life far below the norm, as evidenced by rates of infant mortality, unemployment and incarceration significantly above state and national averages; and by life-expectancy and high school graduation rates below state and national averages. HB 3197 will further exacerbate those inequalities.

Shortly after becoming governor I signed Executive Order 96-38, because I was convinced that achieving gender and ethnic equity was unfinished business that must be completed. Therefore, today I reaffirm this administration's, and I believe this state's, commitment to the principle of race, ethnic and gender equity . . . and I will continue to implement non-discrimination and affirmative action policies where applicable.

I firmly believe that the principle of equal opportunity, embodied by affirmative action, is essential to guarantee all Oregonians equality in education, employment, contracting and opportunity to provide business services. The increasing diversity of Oregon's population demands that we renew and extend these efforts. By doing so, we will maintain our economic viability and provide a high quality of life for all our citizens. Let us not forget that this diverse population will carry the burden of Oregon's economic well-being.

American novelist James Agree once wrote that in every child who is born, no matter in what circumstances and no matter of what parents -- the potential of the human race is born again. Let us each do our part to ensure that the state of Oregon remains the best place in the world to live for each and every one

of our citizens.

I strongly oppose HB 3197 or any legislation that will undermine ensuring a fair and equal opportunity for employment, education, services, and business opportunities. Rather, we must continue to work to level the playing field of economic opportunity for all Oregonians.

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FOR IMMEDIATE RELEASE
March 31, 1999

Contact:

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GOVERNOR TO SPEAK AT SCHOOL TOUR KICK-OFF EVENTS IN GRESHAM, EUGENE

Governor John Kitzhaber will speak at kick-off events at Gresham High School and Roosevelt Middle School in Eugene on Thursday, April 1. These two events will kick-off fact-finding visits to local schools by the governor and state legislators on Friday, April 2.

The Gresham High School event runs from **5:30 to 6:30 p.m.** The governor will be joined by Superintendent of Public Instruction Stan Bunn, Secretary of State Phil Keisling and Senate Minority Leader Kate Brown. Gresham High School is located at 1200 N Main in Gresham.

The Roosevelt Middle School event runs from **7:30 to 8:30 p.m.** The governor will be joined again by Superintendent of Public Instruction Stan Bunn, as well as State Treasurer Jim Hill and House Minority Leader Kitty Piercy. Roosevelt Middle School is located at 680 E 24th in Eugene.

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FOR IMMEDIATE RELEASE
March 30, 1999

Contact:

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NEW CARISSA OWNERS SUPPORT REMOVAL OF STERN

Governor John Kitzhaber has received assurances from the owners of the New Carissa that they will proceed with plans to remove the ship's stern section from the North Spit off Coos Bay. These assurances were made in a March 25 letter in response to the governor's March 3 request that the owners take all necessary measures to remove the stern.

In a letter sent today to the owners of the New Carissa, Kitzhaber stated that,

"I am increasingly confident, based on your letter and progress to date, that the removal of the stern section will proceed with dispatch and a high degree of environmental care."

A copy of the letter is attached.

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March 30, 1999

Green Atlas Shipping S.A., Panama
TMM Co., Ltd., Tokyo
c/o Robert I. Sanders
Wood Tatum Sanders & Murphy
1001 SW 5th Ave. Suite 1300
Portland, OR 97204

Re: M/V NEW CARISSA

Dear Mr. Sanders:

This responds to your letter dated March 25, 1999, submitted on behalf of the owner of the M/V NEW CARISSA,

Green Atlas Shipping S.A., Panama, and the manager of the vessel, TMM Co., Ltd., Tokyo.

In your letter, you assure me that Green Atlas Shipping will remove the stern section from the North Spit near Coos Bay as requested in my letter of March 3, 1999. I am encouraged and pleased with this commitment. Please convey my appreciation to your clients. I understand from the Oregon Department of Environmental Quality (DEQ) that a seaward removal is feasible, and that a request for bids will soon be issued to potential contractors for the work.

I am also encouraged that work is already underway to remove oil and hazardous substances remaining in the stern section. In my view, the stern removal work is necessary both to prevent further discharges of oil and to protect the environment and public health and safety from other hazards posed by the stern's presence.

You state that Green Atlas Shipping believes that a Letter of Undertaking (LOU) provided to the removal contractor to guarantee payment for the stern removal work should satisfy my March 3 request for financial assurance that the removal will be completed in an expeditious and satisfactory manner. I have requested DEQ, the Division of State Lands and the Oregon Department of Justice to evaluate whether an LOU, when considered with other actions of the responsible parties evidencing good faith, will provide such assurance.

I am increasingly confident, based on your letter and progress to date, that the removal of the stern section will proceed with dispatch and a high degree of environmental care.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE
MARCH 22, 1999

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GOVERNOR CALLS ON LEGISLATIVE LEADERSHIP TO MAKE BUDGET DECISIONS

Governor John Kitzhaber today called on Senate President Brady Adams and House Speaker Lynn Snodgrass to start actually making tough budget decisions and criticized their plan for an early vote on tax measures as a "political ploy."

"While I do not believe that we can adequately fund our K-12 system at the \$4.95 billion level with the resources available in this budget," Kitzhaber said, "it is simply irresponsible to vote to increase taxes before going through the budgets to see what savings can be found."

"The legislative leadership needs to get serious about making the tough budget decisions around public safety and human services before they begin voting on taxes. To date, they have not seriously engaged in the budget process. We have been in session now almost two-and-a half-months and so far they have done nothing," Kitzhaber added. "They say they can produce a good school budget without new money. I'm still waiting for them to prove that -- and to prove that they can responsibly cut other budgets."

The governor called on members of the Legislature to reject any tax vote until after the May revenue forecast and until such time as the legislative leadership has produced a budget blueprint. "No one would be happier than I would if we could find a combination of increased revenue from the forecast and responsible cuts to provide the school budget I have called for. I doubt if it is possible, but I'm willing to find out. The only way to do so is for the leadership to stop posturing and start moving budgets."

On March 15, Kitzhaber proposed increasing spending for schools from \$4.55 billion to \$4.95 billion. To accomplish that, the governor proposed a number of revenue sources including using surplus tax revenue and a one-time surcharge to the corporate income tax rate.

"I take this tax issue very seriously and I ask the legislative leadership to do the same. I have proposed it because I believe it is the only way to pay for the good schools we all want. But I don't support voting on this issue until we know exactly how much we will need. To make that decision, this Legislature has got to get down to the business of making hard budget choices -- not engaging in political stunts."

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FOR IMMEDIATE RELEASE
MARCH 22, 1999

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Lou McCanna, DAS
(503) 986-3237
Amy Stork,
Oregon Food Bank
(800) 777-7427

STATE EMPLOYEES GIVE TONS OF FOOD
TO OREGON'S HUNGRY

Embracing this year's theme of the annual Governor's State Employees Food Drive, "Make A Difference In '99," state workers gave half a million pounds of food and \$300,000 for hungry Oregonians this year.

Dollars are converted to pounds to allow comparisons among agencies. Each dollar donated equals six pounds of food. At that rate, state workers donated 2.3 million pounds or 1,158 tons of food.

State staffs were very creative in their fund-raising efforts, donating their lunch and after work hours to take part in a variety of activities such as a jail and bail event, walkathons and flower, balloon and book sales.

The food drive was topped-off last week with an awards ceremony at the Capitol Building. Governor Kitzhaber presented certificates in fifteen categories to state agencies. Here are some of the outstanding efforts:

- Oregon State Police collected the most actual pounds of food -- a whopping 227 pounds per employee.
- Mental Health and Developmental Disabilities Division gave the largest cash contributions -- an average of \$61 per person.
- Oregon State Treasury donated the most pounds of food, including cash conversions, with an average of 472 pounds per employee -- the highest employee average.

The State Employees Food Drive is the single largest drive each year for the Oregon Food Bank. Donations are especially important this year as hunger relief agencies across the state report increased need and requests for help.

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FOR IMMEDIATE RELEASE
MARCH 22, 1999

Contact:

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Multicultural Health Unit,
Oregon Health Division
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Bob DiPrete
Oregon Health Plan Office
(503) 378-2422 x402

STATE SEEKING NOMINEES FOR GOVERNOR'S TASK
FORCE ON MINORITY-HEALTH ISSUES

Governor John Kitzhaber announced today that the State is seeking nominees for a 21-member task force on racial and ethnic health that will be named in early 1999.

Nominees should represent a racial or ethnic community and have an interest in health care. Particularly valuable will be experience with any of these six priority issues: health-care access, HIV/AIDS, diabetes, asthma, lead poisoning, and alcohol and other drug abuse.

Persons wishing to be considered for the task force should contact either Suganya Sockalingam, Multicultural Health Director for the State Health Division, at 800 Oregon St., NE, Portland 97232; or Bob DiPrete, Director of the Oregon Health Council, at 255 Capitol Street NE, Public Service Building 5th Floor, Salem 97310. Nominations will be accepted through April 15.

Creation of the task force was prompted by findings of a diverse work group that confirmed that racial and ethnic minorities' access to health care is inadequate to address their chronic health issues; that people of color and those who are not English speakers have difficulty obtaining health services; and that people of color frequently receive health care that is culturally inappropriate or insensitive.

Task force members will report annually to the governor and Legislature on the performance of state agencies responsible for addressing racial and ethnic health. The task force will be staffed by the State Health Division (Department of Human Resources), and the Office for Oregon Health Plan Policy and Research.

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FOR IMMEDIATE RELEASE
MARCH 12, 1999

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**STATEMENT OF GOVERNOR JOHN KITZHABER
REGARDING RECENT ENDANGERED SPECIES ACT LISTINGS**

Gov. Kitzhaber released the following statement today

"I am disappointed that more species have declined to a state that they merit listing under the Endangered Species Act, but the decision is not a surprise.

In anticipation of the listings, the State of Oregon has taken meaningful steps that will lessen the impact:

Over the last four years we have devised and implemented hundreds of measures in the Oregon Plan for Salmon and Watersheds. These measures have focused state and local agencies, as well as private industry, on how their activities affect salmon and steelhead across the state.

Further, Oregon is benefiting from the advice of an Independent Multidisciplinary Scientific Team charged with reviewing the effectiveness of our actions.

Step by step, we're continuing to build partnerships with stakeholders to implement the plan and increase voluntary participation of landowners and citizens. We have shown that with -- and without -- federal sanctions and assistance Oregonians can act to save salmon, trout, steelhead and the habitat they need to survive.

As a result of these steps, we have minimized the potential that the listing decision will cause immediate prohibitions or restrictions. These listings, however, emphasize the importance of all Oregonians doing their part to help with salmon recovery. This will result in changes in the way each and every one of us conducts our daily lives.

The long-term goal is to work as partners across the state. While these listings may increase federal activities in Oregon, the federal government under the Endangered Species Act does not have the tools by itself to restore these listed species. Effective change will come from a clear recognition that each of us has a part to play in the continued efforts to restore salmon and watershed health. We are committed to work together with federal agencies, the state legislature, and stakeholders in restoring Oregon's precious salmon stocks."

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FOR IMMEDIATE RELEASE
MARCH 15, 1999

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GOVERNOR PROPOSES HIGHER SCHOOL BUDGET

Commits to Long Term Solution for School Funding

In a speech at Salem-Keizer's Four Corners Elementary School today, Gov. John Kitzhaber announced that he would advocate for a \$4.95 billion K-12 appropriation for the 1999-2001 budget and released details to find the \$400 million necessary to reach that budget level.

"It is time to face the fact that we are not giving kids, teachers and parents the support they need to achieve the high standards of the Education Act for the 21st Century," said Kitzhaber. "I will work with the Legislature to meet this higher level of spending -- but I won't support it at the expense of other legitimate needs of Oregonians."

In his address, Kitzhaber cited the recently finished study by the Quality Education Council, headed by former House Speaker Lynn Lundquist, which called for a minimum of \$4.9 billion for the next two years. "I think this excellent piece of work begins to answer, in a credible fashion, the question of how much a good school system costs if we are going to ask children to achieve the highest academic standards in the country."

To raise the \$400 million, Kitzhaber proposed:

- Keeping \$190 million in projected surplus revenues commonly referred to as the Kicker.
- Increasing the contribution of the Common School Fund, a state managed trust fund for schools, by \$40 million.
- Using \$70 million in tobacco settlement revenues to fund the Oregon Health Plan and shifting the same amount from the health plan to schools.
- Raising the corporate income tax rate from 6.6 percent to approximately 7.6 percent to raise \$100 million. This tax would be sunsetted in two years.

Kitzhaber also committed to announce on April 9 before the Portland City Club a process by which he will pursue a long term solution for stable, equitable school finance.

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FOR IMMEDIATE RELEASE
MARCH 11, 1999

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**Governor John Kitzhaber issued this proclamation
today in honor of the sinking of the New Carissa**

GOVERNOR ISSUES NEW CARISSA PROCLAMATION

- WHEREAS:** The New Carissa ran aground off Coos Bay, Oregon on February 4, 1999, setting in motion one of the most frustrating, awe-inspiring events capturing the attention of the entire Northwest and the world; and
- WHEREAS:** The grounding of the New Carissa presented the threat of a catastrophic oil spill on the Oregon coast and spurred into action the best talent and expertise of the U.S. Coast Guard, the Oregon Department of Environmental Quality, the U.S. Navy and numerous other state and federal agencies; and
- WHEREAS:** At every stage of this event, Mother Nature matched wits and brute force with humankind's best efforts to rid Oregon's pristine beaches of that unsightly hulk of a ship; and
- WHEREAS:** The only thing more stubborn and uncooperative than Mother Nature was the New Carissa herself; and
- WHEREAS:** We burned her, we burned her again, then we broke her in half, dragged her out to sea, then dragged her through a hurricane, but to everyone's displeasure, she wound up back on Oregon's coast; and
- WHEREAS:** We dragged her out to sea again and unleashed the full power of the U.S. Navy on the New Carissa where, although unable to fire back, her stubbornness and fortitude required the use of 400 pounds of magnetically mounted directional explosives, 69 rounds from a 5-inch gun on the U.S. Navy Destroyer David R. Ray, and finally a Mark 48 torpedo from a Los Angeles class nuclear attack submarine the USS Bremerton to finally sink her.

NOW,

THEREFORE, I, John A. Kitzhaber, Governor of the State of Oregon, hereby proclaim March 11, 1999 to be
TWO THIRDS OF THE NEW CARISSA AT THE BOTTOM OF THE OCEAN DAY

in Oregon and encourage all citizens to join in this observance.

IN WITNESS WHEREOF, I hereunto set my hand
and cause the Great Seal of the State of Oregon to
be affixed. Done at the Capitol in the City of Salem
in the State of Oregon on this day, March 11, 1999.

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FOR IMMEDIATE RELEASE
MARCH 9, 1999

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GOVERNOR REQUESTS FINANCIAL ASSURANCE FOR REMOVAL OF NEW CARRISSA STERN

Governor John Kitzhaber today sent a letter to the owners and operators of the New Carrissa formally requesting that the stern section of the ship be removed, or if this is not possible due to environmental considerations, a long term and interim management plan be established. To this end, Kitzhaber has requested that the owners post a \$25 million bond that will cover the cost of evaluating the available options and assure the state that the stern section will be dealt with expeditiously.

In his letter, the governor expressed his appreciation for the efforts the ship's owners have taken to prevent further injury to Oregon's environment and economy. However, the governor stated that "I am still very concerned about the adverse impacts of the continued presence of the stern section on the state's coast."

The Oregon Department of Environmental Quality will continue to represent the state's interests in discussions with the ship's owners. Kitzhaber has directed the agency to pursue all means available to ensure that the stern section is removed, or if that proves impossible, appropriately managed, at the expense of the responsible entities.

For a copy of the letter click [here](#) *

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*Note: These files require the [Adobe Acrobat Reader](#), available free.

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FOR IMMEDIATE RELEASE
MARCH 8, 1999

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber submitted the following names for consideration by the Oregon Sentate to various state boards and commissions. The Senate is expected to consider these appointments within the next month.

Among the names are Gerry Drummond of Canby, and Cheryl Perrin and Jay Waldron of Portland to the Port of Portland Board of Commissioners, Cindy Hanners of Eagle Creek to the Board of Parole and Post-Prison Supervision, and Anne Corcoran Briggs of Portland to the Land Use Board of Appeals.

Board	First Name	Last Name	City
Board of Commissioners of the Port of Portland	Gerry	Drummond	Canby
Board of Commissioners of the Port of Portland	Cheryl	Perrin	Portland
Board of Commissioners of the Port of Portland	Jay	Waldron	Portland
Board of Medical Examiners	Barbara	Gilbertson	Klamath Falls
Land Use Board of Appeals	Anne	Corcoran Briggs	Portland
Oregon Board of Dentistry	Eugene	Kelley	Portland
Oregon Government Standards and Practices Commission	Mike	Smith	Clackamas
Oregon Government Standards and Practices Commission	Katherine	Tennyson	Portland
Oregon Liquor Control Commission	Robert	Puentes	Salem
Public Employees Retirement Board	Steven	Bjerke	Pendleton
Public Employees Retirement Board	Glenn	Harrison	Albany
State Board of Parole and Post-Prison Supervision	Cindy	Hanners	Eagle Creek

State Parks and Recreation Commission	Nik	Blosser	Portland
Tri-Met Board	Kay	Stepp	Portland
Workers' Compensation Board	Jodie	Phillips Polich	Salem

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FOR IMMEDIATE RELEASE
MARCH 5, 1999

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STATE LAND BOARD INVITES REP. KING TO DISCUSS COMMON SCHOOL FUND

Governor John Kitzhaber announced today that the State Land Board, consisting of the Governor, Secretary of State and the Treasurer, has invited Rep. Al King (D, Springfield) to make a presentation to the Land Board regarding the distributions from the Common School Fund. Rep. King will make his presentation at the April 6 meeting of the Land Board when it will undertake its regularly scheduled annual review of the Common School Fund investment and performance and distribution policy.

Management of the Common School Fund is vested in the Land Board. Earnings from the fund are distributed for the benefit of schools. As trustees of the fund, the members of the Board have a fiduciary duty to distribute earnings in a manner that balances the needs of schoolchildren today with the anticipated needs of future generations of school children and without regard to the quantity of funding available from other sources.

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FOR IMMEDIATE RELEASE
FEBRUARY 22, 1999

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GROWTH TASK FORCE PRESENTS FINDINGS TO GOVERNOR AND LEGISLATURE

Oregon's communities have different development challenges, but all share a common need for infrastructure dollars according to the report of the Task Force on Growth in Oregon. The Task Force, appointed by the governor in March 1998, presented their report to the governor and Legislature today.

"Oregon's population will continue to grow into the next century," said Gov. Kitzhaber in receiving the report. "Our challenge, simply put, is to maintain Oregon's unparalleled quality of life while the state continues to grow and prosper."

Key findings included in the report are:

- Communities in Oregon are diverse, and therefore, have different community development needs. Many high growth communities in the Willamette Valley, Central Oregon, and Southern Oregon are struggling to keep pace with the need to provide sewer, water, affordable housing, and transportation services to their growing populations. Some communities are searching for ways to slow growth altogether. Many smaller, rural communities in Eastern Oregon and the coast are distressed due to the loss of natural-resource based jobs and are searching for ways to maintain local services and create jobs.
- Communities throughout the state share a common need for infrastructure dollars to support local community development efforts. Regardless of how a community chooses to grow, it needs money to provide adequate public facilities and services for residents and businesses.
- Communities need to use incentives to foster the type of development they want. Rules and regulations only permit development, they do not make it happen. Many communities are finding that they need to offer incentives to stimulate the type of development they want.
- State agencies must better integrate their programs to respond to local needs. What works to enhance the quality of life in one community may be inadequate in another. State agencies should increase their efforts to coordinate their activities and programs with one another, consistent with the Community Solutions Team approach, in order to work collaboratively with communities.

The 14 Task Force members represented different geographic regions of the state, as well as public, private, and community interests. Gail Achterman, an attorney and Chair of 1000 Friends of Oregon's Board of Directors, chaired

the Task Force on Growth in Oregon.

A full text of the report is available on Gov. Kitzhaber's web page at www.governor.state.or.us.

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FOR IMMEDIATE RELEASE
FEBRUARY 3, 1999

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GOVERNOR PROPOSES COMPROMISE ON PRISON SITING

Governor John Kitzhaber has made a four-point proposal to break the logjam on the siting of a women's correctional institute and intake center. The proposal recognizes the need to build the women's correctional institution and intake center in the metropolitan area and recognizes the Umatilla community's desire for greater economic development.

The proposal consists of four parts:

1. Legislatively "unsite" the Dammasch site in Wilsonville. Under the super-siting authority granted the governor in 1995, the Dammasch site is officially designated as the site for a women's correctional institution and the intake center for the corrections system. Removing this designation would make it possible to use the site for other purposes in the future.
2. Legislatively designate the "Day Road" site in Wilsonville as the site for the women's correctional institute and intake center. This legislative designation will help accelerate the construction process.
3. Advance the schedule to build a men's medium security facility at the current Umatilla site in 2007 by delaying construction at Junction City in Lane County and White City in Jackson County. Enough land is set aside to accommodate this expansion. Also, the prison would begin operating at approximately the same time the Umatilla Army Depot incinerator closes down. Hence, this will provide new employment opportunities as jobs are lost at the incinerator.
4. Legislatively transfer ownership of the Dammasch property back to the Oregon Department of Human Resources (DHR). This will ensure that any financial benefits of a sale of the property will accrue to DHR.

"I believe this is a reasonable compromise that both helps deliver jobs to the Umatilla Community at a time they will be needing them, and allows us to build the women's correctional institution and intake center in the metropolitan area, where it should be," Kitzhaber said. "I am hopeful the Legislature will find this a good compromise and we can move on to other important issues this session must consider."

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FOR IMMEDIATE RELEASE
FEBRUARY 2, 1999

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GOVERNOR URGES REVISIONS
TO CHARTER SCHOOL BILL

Governor John Kitzhaber announced today that he does not support the current version of the charter school bill, Senate Bill 100. The Senate is scheduled to vote on the charter school bill tomorrow. SB 100 would establish a system of "charter" schools in Oregon -- schools that are publicly funded but operate with fewer state regulations than traditional public schools. The governor has expressed his willingness to sign a charter school bill if it reflects the guidelines that he provided Senate and House leadership last week.

"Charter schools have the potential to offer greater innovation and flexibility in K-12 education," Kitzhaber said. "However, I do not support a bill that I believe places our current system of public education at risk, or eliminates safeguards that are in place to protect our children," he added.

This is the third time the Oregon Legislature has taken up the issue of charter schools and Kitzhaber said he believes that it is time for a charter school bill to pass, "Oregonians clearly want a charter school bill and I believe that we should give them one."

Specifically, the governor disagreed with the following portions of the bill:

Granting Authority;
Teacher Certification; and
Collective Bargaining

Attached is the set of charter school principles that Governor Kitzhaber gave to Legislative Leadership.

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CHARTER SCHOOL PRINCIPLES

Overall Position: Support charter school legislation that enhances the public school system by encouraging new,

innovative, and more flexible ways of educating children. No interest in weakening the public school system by converting schools nor by diverting public funds.

Granting Authority: Must apply first to the local school board. Allow for one level of appeal, to the State Board of Education.

Teacher Certification: Support licensure for all professional staff, pursuing greater use of the instructional resources from the community through the alternative forms of licensure available through TSPC (e.g. professional-technical license, license of accomplishment).

Collective Bargaining: Protect the collective bargaining rights of employees, although waivers may be requested of collective bargaining terms, to be negotiated through an expedited process.

Conversion of Private-Religious Schools: No conversion of private nor religious schools.

Standards and Assessments: The Oregon Education Act for the 21st Century standards and assessments must not be waived nor compromised.

Admission/Selection: Support equitable procedures and safeguards on student admission, assure that charter schools will protect nondiscrimination and equal educational opportunities, ensure against racial and ethnic segregation.

Funding: Oppose establishing a separate funding mechanism to fund charter schools directly from the state, maintaining local control. Support establishing a floor for per pupil funding that recognizes the responsibilities that the sponsoring district must retain, allowing for negotiation between the district and charter school above that floor.

Maximum and Minimums: Support the need for an appropriate floor number of students to assure that the program can provide a comprehensive educational program. Support setting caps or limits on the maximum amount of students and/or schools to better allow for a more deliberate and planned implementation, evaluation, and expansion of charter schools as well as to reduce possible negative impacts on the sponsoring district.

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FOR IMMEDIATE RELEASE
JANUARY 29, 1999

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GOVERNOR RECEIVES JUVENILE CRIME PREVENTION PLANS

Governor John Kitzhaber received juvenile crime prevention plans from all 36 Oregon counties today from the Governor's Juvenile Crime Prevention Advisory Committee (JCPAC). The plans are in response to the governor's \$30 million budget recommendation to the Legislature for juvenile crime prevention.

Kitzhaber was joined by Gina Firman, Tillamook County Commissioner and JCPAC chair, Jim Torrey, Eugene Mayor and JCPAC vice-chair, Raul Ramirez, Marion County Sheriff and JCPAC member and Les Youngbar, Lake Oswego Police Chief and JCPAC member.

"These plans will take Oregon in a new direction for public safety," Kitzhaber said. "This reflects a commitment to prevention -- not just punishment -- and I'm very proud of the work within these plans. I am confident the Legislature will take note of the needs local communities have to keep our citizens safe and keep our kids out of crime," he added.

The individual plans from each county were developed by local children and families commissions, local public safety coordinating councils, alcohol and drug experts and various other local interests. The plans are designed to serve the particular needs of high-risk youth in their communities. The plans reflect the diversity of interventions ranging from after school programs to alcohol and drug treatment to additional detention services.

Plan summaries are available by calling the Juvenile Crime Prevention Advisory Committee at 378-5929

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FOR IMMEDIATE RELEASE
JANUARY 27, 1999

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KITZHABER APPLAUDS PRESIDENTIAL SALMON INITIATIVE

Governor John Kitzhaber expressed his strong support and appreciation for President Clinton's \$100 million Pacific Coastal Salmon Initiative, which the President and Vice President Gore announced in a conference call today. Joining Gov. Kitzhaber on the call were Washington Gov. Gary Locke, Alaska Gov. Tony Knowles and California Gov. Gray Davis.

The proposed funding, which calls for an equal state match, would be part of the President's Fiscal Year 2000 budget, and would be targeted at watershed restoration and salmon recovery work in all the Pacific Coast states. It would also help monitor and evaluate salmon recovery efforts and refine watershed plans over time.

"I believe this initiative, along with the strong support shown by Oregonians and the Legislature, will significantly improve the health of our watersheds and the health of our salmon runs," Kitzhaber said. "With Oregon's salmon recovery plan already underway, Oregon will be in a great position to take advantage of this new funding," he added.

In addition to the \$100 million, the President will propose new money in federal agencies' budgets so that they have a greater capacity to provide technical assistance and consultation on conservation plans and initiatives.

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FOR IMMEDIATE RELEASE
JANUARY 22, 1999 Contact:

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber submitted the following names for consideration by the Oregon Sentate to various state boards and commissions. The Senate is expected to consider these appointments within the next month.

Among the names are Dave Robertson of Portland to the Columbia River Gorge Commission; Phil Ward of Independence to be Director of the Department of Agriculture; Rose Marie Davis of Talent to the Environmental Quality Commission, John Van Landingham of Eugene to the Land Conservation & Development Commission; Tod Bassham of Salem to the Land Use Board of Appeals; and Rosemary Furfey of Portland to the Water Resources Commission.

Board	First Name	Last Name	City
Appraiser Certification and Licensure Board	Terry	Bernhardt	Portland
Appraiser Certification and Licensure Board	Roger	Hansen	Portland
Coastal Salmon Restoration and Production Task Force	Donald	Barth	Siletz
Coastal Salmon Restoration and Production Task Force	Daniel	Bergeron	Astoria
Coastal Salmon Restoration and Production Task Force	Scott	Boley	Gold Beach
Coastal Salmon Restoration and Production Task Force	Dale	Buck	Cloverdale
Coastal Salmon Restoration and Production Task Force	Stan	Bunn	Newberg
Coastal Salmon Restoration and Production Task Force	Joan	Dukes	Astoria
Coastal Salmon Restoration and Production Task Force	Liz	Hamilton	Oregon City
Coastal Salmon Restoration and Production Task Force	Paul	Heikkila	Coquille

Coastal Salmon Restoration and Production Task Force	Frank	Warrens	Portland
Columbia River Gorge Commission	Dave	Robertson	Portland
Commission for Women	Gloria	Roy	Eugene
Commission for Women	Karen	Rutan	Eugene
Commission for Women	Sonja	Svenson	Salem
Director of the Department of Agriculture	Phil	Ward	Independence
Electrical and Elevator Board	Clint	Hilman	Gresham
Electrical and Elevator Board	Stacie	Strauss	Tigard
Environmental Quality Commission	Rose Marie	Davis	Talent
Land Conservation and Development Commission	John	Van Landingham	Eugene
Land Use Board of Appeals	Tod	Bassham	Salem
Oregon Board of Maritime Pilots	Michael	Dillon	Seaside
Oregon Board of Maritime Pilots	Katy	Eymann	Clackamas
Oregon Government Standards and Practices Commission	Alice	Schlenker	Lake Oswego
Oregon Racing Commission	David	Price	Salem
Oregon State Board of Nursing	Dianne	Sjoberck	Clackamas
Oregon State Board of Nursing	Peggy	Yeats	Oregon City
Physical Therapist Licensing Board	Linda	Barbee	Portland
Physical Therapist Licensing Board	Jerry	Nickell	Baker City
State Board of Tax Service Examiners	Cheryl	Brown	La Grande
Teacher Standards and Practices Commission	Linda	Samek	Newberg
Water Resources Commission	Rosemary	Furfey	Portland



FOR IMMEDIATE RELEASE
JANUARY 22, 1999

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**GOVERNOR ANNOUNCES NEW GENERAL
OF THE OREGON GUARD**

Governor John Kitzhaber announced today the selection of Brigadier General Alexander H. Burgin to be the Adjutant General of the Oregon National Guard. Burgin will assume the unexpired term of Major General Raymond F. Rees, who was named Vice-Chief of the National Guard Bureau in Washington, D.C. beginning in March. Burgin has served as a Deputy Commander in the Oregon National Guard, and will perform the duties of Assistant Adjutant General until Rees' departure.

"General Burgin is a tried and tested leader with an excellent record and a strong vision for the Oregon National Guard. He clearly possesses the ability to lead the Guard into the 21st Century," Kitzhaber said.

As Adjutant General, Burgin will head a state agency with nearly 1,600 state and federal full time employees and 8,500 traditional army and air guard members. Burgin will also represent Gov. Kitzhaber, commander-in-chief of the Oregon National Guard, in overseeing the training and readiness posture of all guard members and their equipment assigned to the State of Oregon.

Burgin previously worked for New York Life Insurance Company, where he became Administrative Manager of Operations for offices in Washington and Utah, moving to Medford, Oregon in 1973 and to Salem in 1979. He also served as General Manager of Operations for Key Investment Properties in Tualatin prior to assuming his duties at the Oregon Military Department.

Burgin is married to the former Linda Jean Fortier of Yakima, WA. They have three adult children: Heather, Meredith and Brian. Burgin has been active as a Little League coach, as well as officiating junior high and high school athletics for several years in the Salem area.

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FOR IMMEDIATE RELEASE
JANUARY 22, 1999

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**GOVERNOR ANNOUNCES WITHDRAWAL
FROM ENDANGERED SPECIES LAWSUIT**

Governor John Kitzhaber announced today that Oregon is withdrawing from an appeal of a court decision that led to the listing of Oregon Coastal Coho as a threatened species. In June 1998, the Oregon District Court issued a ruling that forced the National Marine Fisheries Service (NMFS) to list Oregon Coastal Coho under the Endangered Species Act, despite a previous finding by NMFS that listing was not warranted, due in part to Oregon's efforts to protect salmon.

"As I looked at the lawsuit, I felt that we had already achieved much of what we set out to do in court," said Kitzhaber, referring to a recent letter from Terry Garcia, Assistant Secretary of the U.S. Department of Commerce. In that letter, Garcia said that the federal government will soon issue a national policy that will make it clear that the federal government will consider future and voluntary actions in deciding whether to list species as threatened or endangered. It was the federal court's unwillingness to consider future and voluntary actions that led to the ruling requiring coho to be listed. With the new federal policy, the District Court's ruling is not expected to set a precedent for future federal decisions.

"The federal government's willingness to look at future and voluntary actions in making listing decisions -- like those in the Oregon Plan for Salmon and Watersheds -- affirms that state conservation plans will continue to play an important role in determining what species are listed under the federal ESA," said Kitzhaber.

In addition, Kitzhaber cited as a reason for pulling out of the lawsuit the likelihood that Oregon Coastal Coho would remain listed by the federal government, even if Oregon prevailed in the appeal. "The current low numbers of coho make it unlikely that we will see coho taken off the threatened species list anytime soon. At this point we need to put our energies into restoring our watersheds and recovering salmon in a way that works for Oregon," Kitzhaber added.

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FOR IMMEDIATE RELEASE
JANUARY 7, 1999

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PHIL WARD TAPPED TO BE NEW AGRICULTURE DIRECTOR

Governor John Kitzhaber announced today that he has nominated Phil Ward to be the new Director of the Oregon Department of Agriculture (ODA). The position requires Senate confirmation; the Oregon Senate is expected to consider Ward's nomination within the next month. If confirmed, Ward will replace Bruce Andrews, who left ODA in November 1998 to join the Port of Portland.

Ward, 44, is currently Executive Vice President of the Oregon Farm Bureau (OFB) and previously served as Assistant Director of ODA from 1989 to 1997. Ward also served at ODA as Assistant Administrator of the Soil and Water Conservation Division from 1986 to 1988 and as Special Assistant to the Director from 1984 to 1986. Previously, he worked as an Agriculture Instructor at both Central High School in Independence and Jefferson High School in Jefferson.

"Phil Ward will be a great asset to not only the Department of Agriculture, but also to the entire agricultural industry in Oregon," Kitzhaber said. "He understands the department and has been very active in promoting Oregon agriculture products abroad. He has also worked well with the agriculture industry in protecting and restoring Oregon's watersheds," the governor added.

While at the OFB, he was responsible for administering the activities of the state's largest private agricultural organization and helped garner the Bureau's support of the Oregon Plan for Salmon and Watersheds. In his previous roles at ODA, Ward was responsible for the agency's management in the absence of the Director, served as legislative coordinator, supervised four agency divisions, oversaw the implementation of long-term policies to protect land and water while allowing the agriculture industry to remain viable, and participated in overseas trade missions.

A resident of Independence, Oregon, Ward has both bachelor's and master's degrees in Agriculture from Oregon State University.

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FOR IMMEDIATE RELEASE
JANUARY 7, 1999

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GOVERNOR CITES NEED FOR STABILIZATION FUND

Oregon needs to consider creating a budget stabilization fund in light of recent changes in the state's tax structure according to the final report of Governor John Kitzhaber's Tax Policy Committee. The Committee's chairman, Standard Insurance CEO Ron Timpe, presented the report to Gov. Kitzhaber at a Salem news conference today.

"It is high time for Oregon to adopt a stabilization fund, just like 45 other states have done," Kitzhaber said in receiving the report. "As it stands today, we are not ready to weather a recession without putting our kids at risk. I don't think Oregonians want us to sacrifice their children's education in the event of an economic downturn. It's our responsibility to be prepared."

The recommendation for a stabilization fund was chief among several the committee made. The report pointed out that with the passage of Ballot Measure 5 in 1990 and Ballot Measure 47 in 1996, Oregon has come to rely almost exclusively on income taxes to fund state services. Specifically, schools now receive more than 75 percent of their funding from the state income tax.

"The important question is how we pay for that stabilization fund and how we structure it. I will be working to develop a proposal with members of the Legislature, Treasurer Jim Hill and State Superintendent of Public Instruction Stan Bunn," Kitzhaber said.

"If we don't create a stabilization fund, we need to be honest about the fact that there is only one other avenue of taxation to make our tax system more stable and that's a sales tax." In other recommendations, the committee suggested:

- Rewriting the Pollution Control Tax Credit, which costs \$50 million per biennium, so that it encourages companies to exceed environmental regulations, rather than just subsidizing compliance with those regulations.
- Adopting a refundable Working Family Credit that could provide tax relief to as many as 17,000 Oregon families earning less than \$10 an hour.
- Creating a fertilizer and pesticide tax to be borne by both urban and agricultural users. This new tax would help distribute the cost of watershed enhancement beyond just the timber industry.

A full text of the report will be available via a link from Gov. Kitzhaber's web site: www.governor.state.or.us.

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FOR IMMEDIATE RELEASE
DECEMBER 9, 1998

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NEW STAFF MEMBER JOINS GOVERNOR'S PRESS TEAM

Susan Fletcher has joined the press staff for Governor John Kitzhaber as of December 7, 1998. Fletcher, a Portland resident, will become one of two deputy press secretaries on the governor's staff.

Fletcher's background includes an undergraduate degree in Political Science, a Master's Degree in Public Policy, and work experience in nonprofit program management. Most recently, Fletcher worked on media relations and scheduling for Gov. Kitzhaber's 1998 re-election campaign.

Bob Applegate will continue to be Gov. Kitzhaber's press secretary. Jon Coney, who has been on the governor's press staff since 1995, will be promoted to deputy press secretary.

The press department works with Oregon media to inform Oregonians about the governor's agenda and policy initiatives. Members of the media can contact any of the above staff members for information regarding the governor's position on specific policy issues.

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FOR IMMEDIATE RELEASE
DECEMBER 1, 1998

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GOVERNOR RELEASES 1999-2001 BUDGET PROPOSAL

Targets Education, Juvenile Crime Prevention, Livability

Governor John Kitzhaber released his proposed budget for the 1999-2001 biennium today targeting investments in the state's schools, colleges and universities, prevention of juvenile crime and preservation of Oregon's livability. The priorities will be met with no new revenue proposals by shifting funding inside the \$10.7 billion budget.

"This budget offers concrete proposals for meeting our challenges. It makes significant advances in our public schools, colleges, and universities. It breathes new life into our efforts to prevent juvenile crime. And it manages growth through important investments in transportation, housing, and land use," said Kitzhaber.

Kitzhaber outlined the following budget proposals in each of those three areas:

- ***Education***

An additional \$100 million, above the \$4.378 billion appropriation, to the School Improvement Fund. This fund will be used for programs that specifically help children meet the high standards of the Education Act of the 21st Century.

A proposal for a \$50 million bond fund to help pay for technology infrastructure in schools throughout the state.

A \$20 million fund to help distressed school districts that have operating costs higher than most other districts in the state.

An additional \$73 million for our community colleges and state universities. This will continue the freeze on in-state undergraduate tuition and help make the state university system more competitive and market-driven. It will also provide funding for forging closer partnerships between local community colleges and the state university system.

An increase of \$3.5 million to fund the expansion of Oregon pre-Kindergarten programs to reach 50 percent of all eligible children.

- ***Juvenile Crime Prevention***

\$30 million to create the High Risk Juvenile Crime Prevention Partnership. These funds, which will go to counties, will be targeted to address the needs of high risk children on a community-by-community basis.

\$20 million for alcohol and drug prevention programs.

\$7 million for early childhood intervention.

Oregon Livability Initiative

\$40 million in Lottery revenue bonds for sewer, water and community infrastructure grants and loans.

\$5 million for affordable housing.

\$25 million in Lottery revenue bonds to rebuild urban centers in communities of all sizes.

The Oregon Transportation Network includes \$14 million General Fund for High Speed Rail in the Willamette Valley and connecting busses to all regions of the state, and \$10 million in General Fund and \$10 million in federal funds for elderly and disabled transportation.

\$20 million in revenue bonds to buy highway rights-of-way for getting people safely on and off state highways.

\$30 million in revenue bonds to increase local street capacity so drivers can avoid busy intersections and heavily-traveled roads.

"I believe these are bi-partisan priorities -- important to Oregonians regardless of where they live or what party they belong to," said Kitzhaber. "Oregonians have made it clear that they want problems solved. That's what this budget does and I look forward to the constructive cooperation of the members of the House and the Senate during the 1999 session."

A copy of the Budget in Brief can be accessed on the web at www.governor.state.or.us

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FOR IMMEDIATE RELEASE
NOVEMBER 25, 1998

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NATIONAL SURVEY RANKS OREGON FIRST IN AFRICAN AMERICAN APPOINTMENTS

For the second year in a row an independent national survey has ranked Oregon first among 50 states for its appointment of African Americans to top policy positions in state government.

"It is vital that our state government's workforce -- and especially its leaders -- reflect the diversity of Oregon's people," said Raleigh Lewis, director of Governor Kitzhaber's Office of Affirmative Action. "It is not only the right thing to do, it is essential to our success in serving Oregonians."

The 1998 study was issued recently by the Center for Women in Government at the State University of New York (SUNY) in Albany. The independent annual report examines how well women and minorities are represented among department heads and policy advisers appointed by governors in the 50 states.

"Oregon has proven itself a national leader," said Lewis. "For the second year in a row, we finished first among all states for our appointment of African Americans. And our ranking for female appointees rose from ninth to third in the nation."

The SUNY study bases its rankings on a formula that compares the percentage of policy leaders -- defined as state agency heads and senior advisers in governor's offices -- to the percentage of minorities in a state's population.

"In spite of Oregon's national success with African Americans and women, there is plenty of room for improvement," said Lewis. "Women and Latinos/Hispanics remain underrepresented in senior positions in Oregon state government, and we currently have no Asian Americans or Native Americans in these jobs."

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FOR IMMEDIATE RELEASE
OCTOBER 23, 1998

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GOVERNOR OPPOSES SENATE ACTION ON PRISON SITE

Governor John Kitzhaber in a letter to Senate President Brady Adams expressed his opposition to the Senate's selection of Umatilla as the location of a women's prison and intake center. The text of the letter is attached:

The Honorable Brady Adams
Senate President
State Capitol
Salem, Oregon 97310

Dear President Adams:

I appreciated the advance notice of the intention to recommend Umatilla as a site for the Women's Correction Facility and for the Oregon Department of Correction's Intake Facility. Upon further review of the information concerning this site, I am even more skeptical about it and I will firmly oppose the idea of switching the site of the two correctional facilities to eastern Oregon.

I oppose your request based on principles, convictions, and policy. Quite frankly, I feel that your offer to work with me to site these prison facilities is less than credible given my experience with Senate Republicans on prison siting.

Most importantly, however, I believe strongly that moving this prison to eastern Oregon is unfair, unworkable, and in the long term, unaffordable.

I will not make eastern Oregon the wasting ground for all of western Oregon's unwanted problems. It is unfortunate that eastern Oregon communities feel they must compete for prison facilities to finance necessary infrastructure for economic development. We should be creating economic development opportunities in eastern Oregon because it is a priority for us, not because it is a political priority of some Senate Republicans to move a prison from Wilsonville to Umatilla.

This prison siting philosophy that each region of the state should be responsible for a part of the prison siting burden is a central concept which the Senate Republican process has not appreciated. It was the idea of regional prison siting

equity, and only this idea, that protected eastern Oregon from being the dumping ground for the entire Ballot Measure 11 prison siting problem. Today, every region of Oregon is sharing in the prison siting burden with the noted exception of the Portland metropolitan area.

If I accepted the Umatilla recommendation, only the tri-county metropolitan area would not have a facility. That is simply not fair.

Further, moving the intake center to Umatilla creates a compelling cost argument to relocate the proposed Jackson County facility (and probably the proposed Lane County facility) to eastern Oregon as well. The fact remains that most inmates will still originate from west of the mountains, and sending them to Umatilla for intake then back to Lane and Jackson counties for incarceration makes no fiscal sense. I am not proposing we undertake such a relocation, but it serves as an example of the real danger of a prison siting process with a narrow focus and vision.

While cost alone is not a compelling factor, I believe your analysis fails to adequately examine increases in operational costs. In fact it is not at all clear that any savings will be achieved by siting at Umatilla. Changes in operational costs can be very significant, and small changes in operational costs will quickly wipe out any potential construction savings.

I understand the Senate Republican proposal to site the facilities at Umatilla might claim up to \$60 million dollars in construction savings over approximately a 26-year period. I also understand that the basic cost analysis has not attributed any significant increases for the relocation and/or replacement of the current Oregon City intake facility staff.

The salary cost for the new facilities in eastern Oregon, assuming you could recruit qualified staff, has not been significantly adjusted. For example the current estimated cost of 521 employees in Umatilla is about \$23.5 million annually. If you assume a six percent cost salary differential to attract the necessary qualified workforce, the cost is \$37 million dollars over 26 years (not adjusted for inflation).

I have not seen any evidence that suggest salary cost will be cheaper at a Umatilla facility. In fact, every indicator points to pressure which will result in increased salary cost, primarily because the workforce needs will not be met locally.

My final point of opposition is that the current Oregon House Leadership has been outspoken in its opposition to a special session after the election. I question whether there are the votes to pass this idea either in a special session or during the regular session. Therefore, I view this proposal as purely theoretical.

To summarize my position:

- I am opposed to a policy of making eastern Oregon the dumping ground for our state's felons;
- I am concerned that a qualified workforce is not available locally; and
- I do not have confidence that there are total cost savings if the prison facilities were moved to Umatilla. Even if the construction cost saving figures are relatively correct, the operational costs have not been adequately reviewed.

I remain committed to a course of action that will end this unnecessarily lengthy process and result in the construction of the women's prison and intake center in Wilsonville.

Sincerely,

John A. Kitzhaber, MD



FOR IMMEDIATE RELEASE
OCTOBER 22, 1998

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COALITION FORMED TO ADDRESS PORTLAND HARBOR CLEAN-UP

**Governor Applauds Portland Harbor Group's Donation of \$500,000
for DEQ Sediment Study**

The Portland Harbor Group, a voluntary coalition of public and private entities concerned about the health and vitality of the Willamette River's Portland Harbor, announced today they would contribute \$500,000 to help the Oregon Department of Environmental Quality (DEQ) prepare a management plan for contaminated sediments located in the harbor area. The contribution comes as a part of a unique agreement between DEQ and the Portland Harbor Group that lays out the process DEQ will use to prepare the management plan.

"This is a great example of public/private cooperation and I congratulate these companies for coming forward to tackle this problem head-on," said Governor Kitzhaber. "The contaminated sediment in the Portland Harbor is an Oregon problem that will be addressed faster and more efficiently with an Oregon solution."

The purpose of the management plan is to develop and implement an effective, cooperative and efficient process for evaluation and, if necessary, remediation of contaminated sediments in the Portland Harbor. DEQ will prepare the plan over the next six months and will provide opportunities for the public and other interested parties to participate in its development. DEQ will also consult with the Environmental Protection Agency (EPA) and other affected state, local and federal agencies and officials as it prepares the plan.

A recent joint study by DEQ and EPA found that river sediments in a 5.5 mile reach between Swan and Sauvie islands have been contaminated by a century of industrial and shipping-related activities along the waterway.

The agreement paves the way for DEQ to be the lead agency in managing any necessary clean-up of the harbor, instead of having the harbor listed as a Superfund site by EPA. Rather, EPA has committed to delay any further decision on Superfund listing of the harbor until May 1999.

EPA Regional Administrator Chuck Clarke, in a letter to DEQ Director Langdon Marsh last week, acknowledged the public/private partnership developing in Oregon, and expressed interest in being part of the evolving effort. Clarke also said that EPA would postpone a decision until late next spring whether Portland Harbor sediment contamination should be recommended for Superfund designation.

The Portland Harbor Group includes the following entities:

Cascade General
City of Portland,
Bureau of Environmental
Services
Port of Portland
Time Oil

Tosco
Gunderson Inc.
NW Natural
Elf Atochem of North
America
GATX

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FOR IMMEDIATE RELEASE
SEPTEMBER 15, 1998

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GOVERNOR ASKS EMERGENCY BOARD NOT TO FUND SAVAGE RAPIDS PROJECTS

Governor John Kitzhaber today urged the Emergency Board not to suspend the rules to approve a request by Senate President Brady Adams to fund two projects related to operations of the Grants Pass Irrigation District (GPID) and the Savage Rapids Dam. The governor said the \$600,000 request was both premature, and possibly a violation of public contracting law.

The Senate President's \$600,000 funding request would be appropriated to the Governor's Watershed Enhancement Board (GWEB), and in turn, delivered to the GPID. The money is to fund a study by the GPID of sediment management (\$150,000), and to provide new fish screens at the dam (\$450,000).

In a letter to state Rep. Bob Montgomery, Chairman of the General Government Subcommittee of the Emergency Board, the governor wrote that given the pending negotiations between the National Marine Fisheries Service (NMFS) and the GPID on how best to mitigate the dam's damage to fish, building fish screens would be "unjustifiable."

"Even if screens were needed as an interim measure," Kitzhaber added, "General Fund dollars should not be committed until appropriate designs and funding plans have been developed and approved as part of a broader settlement agreement. If such screens do not meet NMFS approval, they will be worthless to the district and will represent a waste of state money."

Finally, part of the money would be earmarked to repay the Chair of the GPID's Board of Directors for work already done on a sedimentation study. Kitzhaber said this could be a violation of state public contracting law: "It would seem to me that before such action is taken, an Attorney General's opinion should be requested to clarify whether action by the Emergency Board or Grants Pass Irrigation District would be in violation of Oregon Law."

A copy of the letter to Rep. Montgomery is attached.

September 16, 1998

The Honorable Bob Montgomery, Chair
Emergency Board Subcommittees
General Government - Room H170
State Capitol Bldg.
Salem OR 97310

Dear Representative Montgomery:

I am writing to alert you to my very serious concerns about a funding proposal you may be requested to consider. The Senate President has informed me he intends to move for suspension of the Emergency Board's rules to allow consideration of his request for funding two projects related to operations of the Grants Pass Irrigation District and the Savage Rapids Dam.

As you may know, the dam is currently the subject of both state and federal litigation. Located on the Rogue River, the dam is a diversion structure for the irrigation district. It is not a storage facility or a hydro-electric facility. Pending federal litigation relates to whether the dam results in "take" of coastal coho salmon, which have been listed as "threatened" under the Endangered Species Act. Litigation in state courts, and through contested case proceedings before the Water Resources Commission, relates to the proposed cancellation of one of the district's two water rights allowing diversions from the Rogue River. The Water Resources Commission has proposed cancellation on the ground the district failed to follow through with a 1994 agreement to remove the dam and replace it with electric pumps for continuing water deliveries to the district's patrons. The agreement was based on findings in the water right permit that such action was necessary to protect fish and to ensure compliance with the state Scenic Waterway Act.

At the request of the district, formal negotiations were recently initiated among the district, the Water Resources Department and the National Marine Fisheries Service, to consider options for a "global settlement" of all pending disputes. These settlement discussions are still on-going; the next meeting is scheduled for September 30.

Despite the on-going negotiations, it is my understanding the Senate President intends to request Emergency Board action to appropriate \$600,000 to the Governor's Watershed Enhancement Board (GWEB), with instructions for GWEB to, in turn, deliver the money to the Grants Pass

The Honorable Bob Montgomery
September 16, 1998
Page 2

Irrigation District to pay for a study of sediment management in connection with possible dam removal, and to provide new fish screens. Such a maneuver would be completely contrary to the competitive process by which GWEB grant funds are made available to the public.

In addition, at least part of the money earmarked for the sedimentation study would be used to repay the Chair of the District's Board of Directors for work already done. This study could be a violation of state public contracting law. It would seem to me that before such action is taken, an Attorney General's opinion should be requested to clarify whether action by the Emergency Board or Grants Pass Irrigation District would be in violation of Oregon Law.

Furthermore, as described in the enclosed letter I sent to the Senate President on September 11, 1998, the two funding requests are contradictory, and clearly premature. Participants in the settlement negotiations have previously agreed to work together to try to obtain federal funding for the Bureau of Reclamation to conduct a sediment study. This

Emergency Board request was not initiated by the participants and would undercut their agreement to work with the Bureau of Reclamation.

It is also unjustifiable at this time to provide money for the construction of new fish screens at the dam. If dam removal is ultimately agreed upon as part of a settlement plan, the new fish screens would not be required. Even if screens were needed as an interim measure, General Fund dollars should not be committed until appropriate designs and funding plans have been developed and approved as part of a broader settlement agreement. If such screens do not meet NMFS approval, they will be worthless to the district and will represent a waste of state money.

It is my hope the Senate President will elect not to present this request to you at this time. I have advised him that I am prepared to work with him on a state funding request if and when a settlement agreement is reached among the affected parties. Until that time, for the reasons stated above and in my letter of September 11, 1998, I strongly urge you to withhold action.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE
SEPTEMBER 15, 1998

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GOVERNOR UNVEILS EDUCATION AGENDA

Governor John Kitzhaber released his agenda for education in Oregon today in a speech to the American Electronics Association in Portland.

The executive summary of the policy paper outlining the governor's agenda is attached below. The complete policy paper and the governor's speech are also available on Governor Kitzhaber's Web Site: www.governor.state.or.us

THE KITZHABER EDUCATION AGENDA

EXECUTIVE SUMMARY

The aim of education has always been to prepare young people to shoulder the varied responsibilities of adult life. Yet the realities of today's world, as we approach the 21st Century, demand a number of fundamental changes not only in our system of public education, but in our attitudes toward that system as well. Among these are:

- that we regard our education system not as a collection of separate parts, but as an unbroken continuum stretching from early childhood and pre-Kindergarten through post-secondary training and life-long learning;
- that we require schools to deliver and students to achieve a much higher level of academic performance and demonstrable skills than has ever before been necessary;
- that we strive for the greatest possible degree of access to a superior, comprehensive education for every Oregon child
 - ensuring readiness to learn for our preschoolers;
 - providing appropriate remediation for students who are struggling;
 - removing financial and geographic barriers to post-secondary education; and
 - bringing higher education into line with the needs of today's students and today's marketplace;
- that we devise for the entire spectrum of public education in Oregon a funding mechanism which is marked by

both stability and accountability; and

- that we hold every single stakeholder in the education system strictly accountable for ensuring that all Oregonians are prepared to meet the social and economic demands which the new century will bring.

The following paper identifies the major challenges faced by Oregon's system of education, outlines our achievements to date in addressing those challenges, and proposes an agenda of further steps which must be taken if we are genuinely committed to assuring that our children will enter the next century equipped to succeed.

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FOR IMMEDIATE RELEASE
SEPTEMBER 14, 1998

Contact:

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GOVERNOR RENEWS CALL FOR SPECIAL SESSION ON PRISON SITING

Governor Urges Action in Order to Save \$9 Million

Governor John Kitzhaber today repeated his willingness to call a special session for prison siting by the end of September as a Senate committee searching for an alternative site prepares to conclude its process. Kitzhaber said he would support a session to site a prison at Day Road or to expedite the financing at the Dammasch site.

By siting a prison during a special session of the Legislature at the end of this month, the state could save \$9 million that it would otherwise lose because of delay. "I hope that Senate leaders will see the wisdom of saving Oregonians \$9 million. We can't afford not to make this decision now."

If the Senate wants to choose an entirely new site, the resulting cost of the construction delay would be \$9 million because the entire 1999 construction season would be missed. Oregon has already invested two years and millions of dollars in a prison siting process that resulted in the governor siting five prisons and two work camps.

The Senate committee, chaired by Senator Eileen Qutub (R-Beaverton), has been examining the prison siting issue for six weeks, but has not yet found a site that could be available for construction early next year. "Wilsonville remains the only community that has filed a resolution of interest with the committee and has a workable site," said Kitzhaber.

Kitzhaber said that he did not believe any of the places the Senate committee was examining would work from either an operational cost or a staffing perspective. This facility would be staffed by approximately 465 corrections employees, which would create significant demands for housing, schools and medical facilities not available in isolated rural eastern Oregon communities. Further, siting the prison outside of the metropolitan area, as far away as the Oregon-Idaho border, would mean extremely high ongoing transportation costs.

Kitzhaber also said that he would support reenactment of the special taxation assessment on timber operators that funds the Oregon Plan for Salmon and Watersheds. When the National Marine Fisheries Service lists the coastal salmon, the tax, by law, will automatically be terminated. The timber industry supports the continuation of the tax to ensure continued funding of the Oregon Plan.

"With leadership from the Senate, the State could deal with these two pressing issues in a one-day special session before

October 1," Kitzhaber said. He called on Senate President Brady Adams and Senate majority leader Gene Derfler to make a special effort to persuade Senate members that it is important to save Oregon \$9 million and to deal with the salmon issue.

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FOR IMMEDIATE RELEASE
SEPTEMBER 14, 1998

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GOVERNOR NAMES WILLAMETTE RESTORATION INITIATIVE BOARD MEMBERS

Governor John Kitzhaber yesterday announced the membership of the Willamette Restoration Initiative Board at the opening of the Willamette Confluence '98 Conference at Willamette University. The Willamette Restoration Initiative is a public/private partnership that will build on the work of the Willamette Basin Task Force, which Governor Kitzhaber formed two years ago to research and highlight critical issues affecting the river's health.

Oregon State University President Paul Risser will chair the effort and Rick Bastasch will serve as Interim Director.

The current Board membership is listed below; other names are still pending at this time:

Paul Risser, President, OSU; Chair
Jeff Allen, Oregon Environmental Council
Dick Angstrom, formerly of Oregon Concrete and Aggregate Producers Association (ret)
Helen Berg, Mayor, Corvallis
Randy Berggren, Eugene Water and Electric Board
Mike Burton, Executive Director, METRO
Karla Chambers, Stahlbush Farms
Bill Gaffi, Manager, Unified Sewerage Agency
Hasso Hering, Editor, Albany Democrat-Herald
Jim Irvine, Conifer Group (a Portland metro-area development firm)
David Like, Smurfitt Corp./Association of Oregon Industries
Langdon Marsh, Director, DEQ
Jack McGowan, Executive Director, SOLV
John Miller, Willamette River Basin Task Force Chair
Cheryl Perrin, Port of Portland
Dwayne Pfenninger, All Sports Supply/NW Sportsfishing Industry Association
John Rossner, President, Oregon Farm Bureau
John Runyon, McKenzie Watershed Council
Dave Schmidt, Commissioner, Linn County/Association of Oregon Counties
Eric Sten, City of Portland, Commissioner
Sara Vickerman, Executive Director, Defenders of Wildlife
Rich Wininger, Weyerhaeuser
Duncan Wyse, Executive Director, Oregon Business Council

Elaine Zielinski, State Director, BLM

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FOR IMMEDIATE RELEASE
SEPTEMBER 9, 1998

Contact:

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GOVERNOR ANNOUNCES APPOINTMENT OF SUPREME COURT JUSTICE

Governor John Kitzhaber announced today that he has appointed Oregon Court of Appeals Judge R. William Riggs to the Oregon Supreme Court. Riggs will fill the vacant position created by the appointment of Justice Susan Graber to the federal Court of Appeals for the Ninth Circuit.

Riggs is currently a candidate for this Supreme Court position in the November general election. However, the effective withdrawal of former State Rep. Bob Tiernan from the race left Riggs as the sole candidate and likely winner in November. Kitzhaber decided it was important to get the Court to full strength as quickly as possible.

"Judge Riggs brings a wealth of judicial experience to the Supreme Court," Kitzhaber said. "This appointment ensures a complete Court. Today's appointment will enable Justice Riggs to take his place on the bench and begin work on the important legal issues before the Court in its Fall term."

The Oregon Supreme Court begins its 1998 fall term September 9. Kitzhaber's action allows Riggs to assume his duties immediately.

A 1961 graduate of Portland State University, Riggs obtained his juris doctor degree from the University of Oregon Law School in 1968. He entered private practice with the Portland firm of Willner, Bennet & Leonard upon his graduation from law school, becoming a named partner in the firm in 1972. Riggs was appointed to the Circuit Court Bench for the Fourth Judicial District in Multnomah County in 1978, and was appointed to the Oregon Court of Appeals by Governor Goldschmidt in 1988, where he currently serves as a presiding judge for a panel of that court.

Riggs has been active in the Community Law Project and related endeavors aimed at exposing young adults to the legal system, serving as a judge in a number of mock trial competitions. Riggs was instrumental in the founding the Integra Corporation, a non-profit corporation devoted to the promotion of economic opportunities for minority men and women. He also had a long career as a senior officer in the Naval Reserve.

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FOR IMMEDIATE RELEASE
SEPTEMBER 3, 1998

Contact:

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**GOVERNOR APPOINTS JUVENILE CRIME
PREVENTION ADVISORY COMMITTEE**

Pursuant to [Executive Order 98-09](#), Governor John Kitzhaber today appointed the Juvenile Crime Prevention Advisory Committee. This committee will review local juvenile crime prevention plans and recommend them to the governor for funding. It is expected to begin reviewing local plans in late September.

The governor will recommend \$30 million in his proposed budget for implementation of Oregon's High-Risk Juvenile Crime Prevention Partnership.

A list of the advisory committee is attached. For a copy of the executive order, call Leann Wilcox at (503) 378-5690.

**JUVENILE CRIME PREVENTION ADVISORY COMMITTEE
MEMBERSHIP LIST**

CHAIR:

Gina Firman, Chair
Tillamook County Commissioners
Position: County Commissioner

MEMBERS:

Chuck Bugge
Hood River County School District
Position: School Superintendent

Steve Carmichael
Dept. of Youth Services
Lane County
Position: Juvenile Director

David Cook, Director
Dept. of Corrections
Position: Governor's Designee

Major Lee Erickson

Oregon State Police
Position: Superintendent of Oregon State Police Designee

Rick Hill, Director
Oregon Youth Authority
Position: Oregon Youth Authority

Anita Jackson
Confederated Tribes of Warm Springs
Position: Citizen

Scott Johnson, Project Director
Deschutes County
Youth Investment Project
Position: Local Children & Families Commission

Brenda Layton
Curriculum Director
Woodburn School District
Position: Governor's Designee

Phil Lemman, Director
Oregon Criminal Justice Commission
Position: Oregon Criminal Justice Commission

Greg McMurdo
Oregon Dept. of Education
Position: Superintendent of Public Instruction Designee

Donna Middleton, Director
State Commission on
Children & Families
Position: Oregon Children & Families Commission

Bob Mink, Deputy Director
Dept. of Human Resources
Position: Director of the Dept. of Human Resources Designee

Toni Phipps
Office of Alcohol and Drug Abuse Programs
Position: Director of Office of Alcohol and Drug Abuse Programs Designee

Lorenzo Poe, Director
Multnomah County Dept. of
Community & Family Services
Position: County Mental Health Director

Sheriff Raul Ramirez
Marion County
Position: Law Enforcement Official

Rita Sullivan, Director
Ontrack, Inc.
Position: Alcohol & Drug Professional

Mayor James D. Torrey
City of Eugene
Position: Elected City Official

Linda Wagner
Lane County Dept. of Youth Services
Position: Research

Michael Ware
Out Front House
Position: Private Provider

Chief Les Youngbar
Lake Oswego Police Dept.
Position: Law Enforcement Official

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FOR IMMEDIATE RELEASE
SEPTEMBER 2, 1998

Contact:

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GOVERNOR TO PROCLAIM SEPTEMBER WILLAMETTE RIVER BASIN MONTH

Governor John Kitzhaber will sign a proclamation declaring September 1998 to be Willamette River Basin Month on Thursday, September 3 at 11:30 a.m. in the Governor's Ceremonial Office. The governor will be joined by John Miller, Chair of the Willamette River Basin Task Force, and other Task Force members.

The proclamation signing will kick-off Confluence 98 and a year-long public awareness campaign to promote community action toward a healthy Willamette River watershed. The Confluence 98 conference will take place September 13-15 at Willamette University, with the governor opening the conference and presenting the first annual Governor's Willamette Watershed Awards. For more information, call (503) 986-0080.

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FOR IMMEDIATE RELEASE
AUGUST 4, 1998

Contact:

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Governor John Kitzhaber sent the following letter to Senate President Brady Adams today:

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear Brady:

I am writing to see if we might be able to find some accommodation for moving the important issue of prison siting forward. From similar experiences I had during the years that I served as Senate President, I have a personal appreciation for the problems you have within your caucus. For that reason, I want to assure you that my unwillingness to call a special session in November is not based on a desire to make this situation worse, but rather on two very practical considerations. The first consideration relates to the importance of not missing next year's construction season which could unnecessarily cost the taxpayers as much as \$9 million dollars. The second consideration relates to the reality of practical politics.

Let me deal first with the issue of construction costs. As you know, the women's prison and intake center has been sited at the Dammasch location in Wilsonville. Not only is the facility sited, but the state already owns the property and a substantial amount of engineering and architectural work has been completed. The Department of Corrections is prepared to begin immediate mobilization for construction as soon as the legislature resolves the lawsuit which challenged the Emergency Board's authority to approve a budget for construction at the Dammasch site.

This legislative action could be taken in a November special session or immediately upon convening the 1999 regular session. If your caucus has already decided to build the prison at the Dammasch site, one could make an argument for a November special session. My assumption, however, is that your caucus has not already decided on the Dammasch location and desires to look more carefully into the Day Road site. Unlike Dammasch, Day Road is not ready to go. Although the Emergency Board approved \$500,000 to carry out preliminary site analysis and environmental assessment, the site has not yet been acquired and cannot be acquired without legislative authorization. In addition, much of the engineering and architectural work must still be done.

The Department of Corrections has indicated that if the siting decision at Day Road is made any later than November 1, 1998 the department cannot guarantee that construction will not be delayed. Failing to make a decision on Day Road until next year would result in construction delays costing as much as \$9 million.

Should you decide on yet another site in the metropolitan area, the 1999 construction year will certainly be missed no matter when the siting decision is made. Having sited four medium security men's prisons, two work camps and five regional juvenile facilities using the supersiting process, I am not confident in the ability of a unicameral legislative committee to conduct a successful site search and I am thus unwilling to commit any additional energy or resources from the Executive Branch toward this process.

In addition, the leadership of the House of Representatives also appears unwilling to participate in additional site selection. Since this additional search activity is the only apparent reason for waiting until November for the aforementioned special session, it would seem prudent to dispense with the site selection phase of the committee's work plan.

This brings me to the consideration of practical politics. Any special session is difficult, but trying to deal with a contentious issue with a lame-duck legislature would be almost impossible. There may have been changes in leadership which will not take place until January 1999; some members will have lost in their bids for reelection; others will have retired. It is not a scenario that lends itself to management.

Furthermore, the Speaker of the House and his caucus are vocally opposed to a November session. I did not call the session in August due to strong opposition from your caucus. Surely you can understand why I would be reluctant to do so over the strong opposition of the Speaker.

It seems to me, however, that there is a cleaner and more certain way to both give your committee time to evaluate the two Wilsonville sites and, at the same time, fulfill our responsibility to implement Ballot Measure 11 without wasting any more of the taxpayers money. As a way to resolve the current impasse, let me suggest that your committee focus on the relative merits of the Day Road site and the current site at Dammasch. Furthermore, let me suggest that the committee strive to complete its work by early September. If you are agreeable to this, and with the concurrence of the Speaker and the Democratic legislative leadership, I would be willing to call a special session in mid-September to resolve this issue. I would also offer the assistance of the Executive Branch to facilitate this work.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE
AUGUST 3, 1998

Contact:

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KITZHABER SAYS OREGON WILL IMPLEMENT SALMON RECOVERY DESPITE FEDERAL LISTING OF COASTAL COHO

In response to the listing of Oregon coastal coho by the National Marine Fisheries Service (NMFS) expected today, Governor John Kitzhaber announced that the state will proceed nonetheless with full implementation of the Oregon salmon recovery plan.

The listing came after District Court Magistrate Janice Stewart's decision that narrowly interpreted what state conservation efforts can be considered under the Endangered Species Act (ESA). Her decision left NMFS with little choice but to list coho as a threatened species under the ESA.

"The point of the Oregon Plan was never simply to avoid a listing, it was to help recover coastal coho. That's what our plan does and we are going to do everything we can to implement it," Kitzhaber said at a news conference where he was joined by representatives of environmental groups, the timber industry, agricultural and mining.

"A listing does not change the fact that Oregon's Plan for Salmon and Watersheds is the best way to recover these fish," said Kitzhaber. "We will proceed to demonstrate that state conservation efforts with locally developed solutions and voluntary contributions can work. And we will continue to work as cooperatively as possible with our federal partners."

The Oregon Plan for Salmon and Watersheds was developed over a two-year period, initially to restore coastal populations of coho and steelhead. The 1997 Legislature provided \$32 million to implement the plan.

Despite the listing today, there is still no federal plan to protect coastal salmon. "The federal government isn't equipped to recover salmon on private land under the Endangered Species Act," said Kitzhaber. "The Oregon Plan has thousands of landowners working together to make changes in their management practices to improve habitat for salmon. It is those actions that count in species recovery."

Unfortunately, today's decision will cost approximately \$6 million in lost Timber Harvest Tax funds, which were automatically repealed by a listing. However, industrial timber growers have voted to support reinstating the timber tax to provide funds despite the listing action by NMFS and Kitzhaber pledged his support to find funding in the upcoming legislative session.

"With this support, the success of the Oregon Plan for Salmon and Watersheds can go forward into the 21st century," Governor Kitzhaber said. "We will continue to look for federal dollars now that a listing has occurred, but the core support for the recovery plan will continue to come from Oregon."

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FOR IMMEDIATE RELEASE
JULY 31, 1998

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GOVERNOR PRAISES DESIGNATION OF WILLAMETTE AS AMERICAN HERITAGE RIVER

Governor John Kitzhaber said today he welcomes the federal government's announcement that it is designating Oregon's Willamette River as one of the country's first American Heritage Rivers.

"This action comes at a critical time for the Willamette Valley," says Kitzhaber. "From the McKenzie to the Clackamas, every major tributary of the Willamette River Basin has water quality problems -- more than 1,500 miles in all. And our region's growing population, which is expected to double in the next 30 years, adds new pressures every day."

"Oregonians are already at work on a restoration plan for the Willamette River Basin that seeks a return to the clean water and healthy fish runs of the past," said Kitzhaber. "Achieving these goals will require the same kind of voluntary, cooperative efforts in the Willamette Valley that we pioneered with the Oregon Plan for Salmon and Watersheds."

"Designating the Willamette as an American Heritage River is an important contribution to this process," said Kitzhaber. "And naming a federal official to serve as a 'river navigator' for the Willamette is especially useful. This will help identify federal resources and coordinate federal action to support existing and future clean-up efforts."

"Like the Oregon Salmon Plan, the success of the American Heritage River program depends on grass roots involvement and participation," said Kitzhaber. "My staff and I will work hard in the months ahead to make sure that federal officials respond to local concerns and issues."

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FOR IMMEDIATE RELEASE
JULY 17, 1998

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GOVERNOR'S STATEMENT ON SITING THE WILSONVILLE WOMEN'S PRISON AND INTAKE CENTER

Thank you for coming. I was surprised and shocked at the sudden reversal of the Republican leadership in the Senate in our efforts to finalize the prison siting process required by Ballot Measure 11. This represents a profound failure of leadership and raises serious questions of integrity.

I remind you I have already sited the women's prison facility and intake center at the Dammasch property in Wilsonville. That hasn't changed and it remains a viable site. The only reason we considered the Day Road site was because of the direct request of the entire Republican leadership in the Legislature. I quote from their Jan 30, 1998 letter to me concerning the siting of the women's prison and intake center.

That letter reads in part:

"We request that you: 1) give careful consideration to the suggestions brought forward by the citizens of the Wilsonville community for the women's prison and intake center, 2) in the event that an alternative site is viable, take the appropriate executive action to re-site this facility; and 3) to delay the April/May bond sale relative to the Dammasch site until an analysis of an alternative site can be completed."

And they closed, "As the ultimate authority for siting is in the executive office, we urge you to make every effort to be fully responsive to the needs and concerns of the Wilsonville community."

signed by:

Senator Brady Adams, President of the Senate
Senator Gene Derfler, Senate Majority Leader
Representative Lynn Lundquist, Speaker of the House
Representative Lynn Snodgrass, House Majority Leader

I have complied with the letter and spirit of this request and have cooperated with the leadership every step of the way. Until yesterday we had nothing but green lights.

Now at the eleventh hour -- after leading us through this long process and spending over a half million dollars of the taxpayers' money -- I am informed by the Senate President, with no advance warning, that he and his majority leader, Senator Derfler, are unable to find support within their own caucus to ratify the very site they asked for.

By this decision, the Senate Republican caucus has, in effect, endorsed the original Dammasch site. We have no choice

but to proceed because Oregonians should have no confidence that Senate leadership -- on their own -- has the courage or the ability to actually site a prison that Oregon desperately needs.

CORRECTIONAL FACILITIES SITED BY GOVERNOR JOHN KITZHABER

ADULT FACILITIES

12/96	Men's Medium Security Facility	Madras, Jefferson County
	Men's Medium Security Facility	Umatilla, Umatilla County
	Work Camp	Lakeview, Lake County
	Work Camp	Oakridge, Lane County
05/97	Intake Center and Women's Correctional Facility	Wilsonville, Clackamas County
06/97	Men's Medium Security Facility	Junction City, Lane County
	Men's Medium Security Facility	Stimpson Gulch, Jackson County

JUVENILE FACILITIES

10/95	Juvenile Corrections Facility	Warrenton, Clatsop County
		Grants Pass, Josephine County
		Albany, Linn County
		Prineville, Crook County
		Burns, Harney County

PRISON SITING PUBLIC MEETINGS OREGON DEPARTMENT OF CORRECTIONS

LOCATION PUBLIC MEETINGS

Junction City	2
Lakeview	2
Madras	2
Oakridge	2
Umatilla	2
White City	2
Wilsonville:	
Damasch	4
Day Road*	7

* During a Special Session, legislative committees will hold public hearings providing additional opportunities for opponents and proponents of the Day Road site to testify. This is an opportunity that was not available for any of the other prison sites.

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FOR IMMEDIATE RELEASE
JULY 14, 1998

Contact:

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Testimony on S. 2111
The Honorable John A. Kitzhaber, M.D.
Governor of the State of Oregon
Senate Energy and Natural Resources Committee
Water and Power Subcommittee
July 14, 1998

Chairman Kyl, Senator Smith, members of the Subcommittee, I am John Kitzhaber, Governor of the State of Oregon. I appreciate the opportunity to testify on S. 2111, Senator Smith's bill dealing with agreements between the Bonneville Power Administration and states and Indian tribes. Before I go into my specific comments on S. 2111, I would like to inform you of some recent efforts to improve Columbia Basin governance, including what has come to be called the Three Sovereigns Process, which, I believe, is both the impetus for and subject of this bill.

In June of last year, I hosted a meeting in Portland of the other three Northwest governors; representatives of ten of the thirteen Columbia River Indian tribes; and representatives of the federal administration, including Katie McGinty, the President's chief environmental advisor, and Terry Garcia, Assistant Secretary of Commerce, overseeing the National Marine Fisheries Service.

The meeting revealed a general frustration with the lack of coordination among the region's governments for the decisions that each government was entrusted to make regarding the Columbia River and its hydropower system. Participants felt there had to be a better way. Out of this meeting, an effort was begun to create the Three Sovereigns Process.

There is much confusion about what the Three Sovereigns Process would and would not do. Let me clarify some points.

It is important to emphasize at the outset that the Three Sovereigns process does not grant any agency or new entity any new or different authority to make decisions. The Three Sovereigns Process is simply an attempt to achieve greater regional coordination by involving representatives of the federal, state and tribal governments in collaborative decision-making on a number of issues relating to Columbia River operations. The goal of the collaborative decision-making would be to develop a consensus recommendation, which could then be communicated to the agency with the actual decision-making authority on any particular issue.

This effort has involved more than a year of discussion and drafting, and a public comment period which included eight "town hall" meetings throughout the region to establish the structure and rules of the Three Sovereigns Process. The

latest contains a much more explicit and rigorous public involvement and outreach section, added in response to the significant concerns expressed by farmers, ranchers and other of the river's economic stakeholders that they lacked a meaningful role in the Three Sovereigns Process.

The four northwest governors believe that the region would benefit from the establishment of an inclusive forum to recommend consensus positions on Columbia River issues. They remain committed to carry on with the Three Sovereigns Process in good faith and to deliberate with the tribes and federal agencies after the close of the public comment period to determine the future of this effort.

At the same time the governors also believe that eventually a river governance framework may need to be legislated by the U.S. Congress and approved by state legislatures. Thus, concurrent with the Three Sovereigns discussions, the four Northwest governors have recently begun discussing developing such legislation that could be submitted to Congress.

Oregon's objectives in the Three Sovereigns Process, and in any legislated river governance structure, are the same:

- 1) to increase state involvement in Columbia River decision-making;
- 2) to more closely involve the Columbia Basin Indian tribes in those decisions;
- 3) to get the federal government to speak with one voice on Columbia River policy, where now they speak through the seven or more agencies with management responsibilities for the river and its ecosystem;
- 4) to ensure that those decisions will be made with a greater level of public involvement, visibility and accountability, and, finally;
- 5) to assure the public that the decisions about the Columbia are based on the fairest assessment possible of all the information available.

I find much that I agree with in S. 2111, because I believe it seeks to advance these same objectives. However, I do differ with several of the bill's specific provisions.

First, the definition of "memorandum of understanding" is confusing. Is it possible that an agreement between Bonneville and just one state or just one Indian tribe could trigger the requirements of the act, including the elaborate advisory committee? Might there be agreements under this broad definition that ought not to require such strict oversight?

Second, I differ with the bill's principal proposal that an advisory committee be established to provide for direct public involvement in decision-making. An advisory committee is only one of many ways to seek public involvement, and, in my opinion, it is not the most effective at getting meaningful input into decision-making. Advisory committees made up of "one of these" and "one of those" tend to lock in positions rather than reach for solutions.

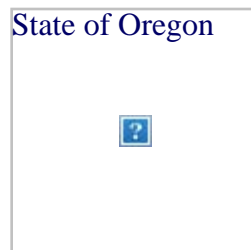
On the other hand, consultative processes, for example, where multiple stakeholders within an interest group meet directly with decision-makers, allow for a broader segment of public views to be sampled in depth. I recommend more general language that would allow for a variety of public involvement mechanisms to meet our shared objective of assuring a meaningful public role in the decision-making process.

My final point of difference with S. 2111 pertains to timing. As I said earlier, governors Locke, Batt, Racicot, and I have begun a public process which may well result in Columbia River governance legislation being submitted to Congress. Given that process, I believe it is premature to establish a role for economic stakeholders and other members of the public through this bill. To avoid a piecemeal legislative approach, the public's role in Columbia River governance should await description within the context of a larger bill establishing an overall governance structure.

That concludes my testimony. Thank you again for this opportunity, and I would be happy to take any questions in the allowable time.

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FOR IMMEDIATE RELEASE
JULY 14, 1998

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Testimony of John A. Kitzhaber, M.D.
Governor, State of Oregon
before the
Subcommittee on the Constitution,
Committee on the Judiciary
United States House of Representatives
on
H.R. 4006

Chairman Canady, members of the Subcommittee, for the record my name is John Kitzhaber, Governor of the State of Oregon. I appreciate this opportunity to appear before you to offer the perspective of my state on H.R. 4006, the "Lethal Drug Abuse Prevention Act of 1998".

H.R. 4006 was introduced -- and this hearing is being conducted -- largely in response to statutory initiatives adopted by Oregon voters at two separate statewide elections.

The public policy issues surrounding H.R. 4006 are complex, serious and profound. On one level is the controversial and emotional policy debate surrounding the question of "physician assisted suicide." Equally complex and profound are the issues of the appropriate role of the federal government in regulating the practice of medicine and the fundamental principles on which our federal system of government was established under the U.S. Constitution.

First, Mr. Chairman, I would like to provide a brief history of Physician Assisted Suicide legislation in Oregon:

Oregon's constitution provides that, through the initiative process, the people can propose laws and amendments to the Constitution at an election independent of the Legislative Assembly.

On November 8, 1994, at a statewide general election, such an initiative was placed before the Oregon electorate. Known as Ballot Measure 16, the initiative allowed terminally ill adults to obtain prescription for lethal drugs. Ballot Measure 16 was approved with just over 51% of the vote.

After a federal court injunction induction stopped implementation of Ballot Measure 16, the Oregon Legislature referred to the voters a measure to repeal it. In a November 1997 special election the Oregon voters overwhelmingly rejected this effort to repeal "physician assisted suicide" by a margin of 60% to 40%.

I share this with you to emphasize that current Oregon law permitting physician suicide was not the result of administrative action by the Executive Branch nor was it a "mere" statute from the Legislative Branch. Rather it was

the result of the most democratic form of law-making available to the citizens of Oregon -- a direct vote of the people. At two statewide elections a clear majority of the Oregon electorate voted to permit physician assisted suicide as an option for terminally ill individuals.

Mr. Chairman, I would now like to offer a few observation on the consequences if H.R. 4006 becomes law. Notwithstanding my concerns relating to constitutional questions -- issues of federalism -- I view with great alarm, as a Governor and as a licensed physician, the policy implications in this bill.

With all due respect -- this legislation is an unprecedented intrusion of the federal government into the practice of medicine. Through the creation of the Medical Review Board on Pain Relief, H.R. 4006 gives the Attorney General substantial new power as it relates to pain management generally and end-of-life care specifically.

The Attorney General is given new powers to deny or revoke physicians' DEA registration (which would prohibit a physician from prescribing a controlled substance to control pain for any reason -- from a child with a broken leg to hospice care for the terminally ill) -- based solely on the subjective determination of the Medical Review Board.

These subjective standards for denial or revocation of DEA registration raise several serious concerns.

First, the denial standard is based on evidence of a physician's intentions -- which I believe may violate the exercise of free speech as guaranteed by the U.S. Constitution. For example, will the personal opinions of physicians on the issue of physician assisted suicide be used as "clear and convincing evidence of their medical intentions"?

And I can tell you as a physician with 15 years of care that this "intention" standard will have a chilling effect on the legitimate use of controlled substances to provide compassionate care to terminally ill individuals.

If H.R. 4006 were law today -- and given my efforts to implement the will of the majority of Oregon voters -- I would think twice before providing pain management to those who clearly need it for fear that my public views would be used as evidence of an intention to practice euthanasia under a different name.

Mr. Chairman, this is a blatantly subjective standard. It puts physicians at risk of denial or revocation of their DEA privileges based on the judgments of a federally created Medical Review Board -- which will second guess their purposes and intentions in those situations where death is foreseeable and inevitable -- but unintended.

I have listed additional concerns in my written testimony provided to the subcommittee -- particularly as it relates to the apparent contradiction -- between H.R. 4006 and the U.S. Supreme Court ruling *Vacco vs Quill*.

Mr. Chairman -- I believe that persons of good will can (and do) legitimately disagree on the merits of physician assisted suicide as a public policy.

I further believe that Congress has the right to restrict the use of federal funds pursuant to legislation such as the Assisted Suicide Funding Restrictions Act passed by Congress last year. But -- whether intended or not -- H.R. 4006, through its amendment to the Controlled Substances Act, displaces the states as the primary and historic regulators of the medical profession and supersedes a state's determination of what constitutes legitimate medical practice. Beside the events that have taken place in Oregon, I am aware of no justification fir this dramatic expansion of federal power and regulation which will adversely affect the practice of medicine not only in Oregon -- but in all 50 states.

But to me, the most disturbing aspect of H.R. 4006 is that it achieves its policy objective -- prohibiting states , through their constitutional processes, from permitting physician assisted suicide -- indirectly. It does not say to the American people, "Suicide at the end of life, assisted or otherwise, is not legally condoned in this country!" Rather, this bill (and its Senate companion, S. 2151) establishes a less-than-benign process of intimidation, threat and significant professional risk to practicing physicians attempting to alleviate the pain and suffering of terminally-ill patients.

If the actions of the people of Oregon -- at not one, but two -- statewide elections, are deemed by congress to be unconscionable; if in its collective wisdom, Congress rejects the earnest and profound debate about the morality,

legality, and practicality of physician assisted suicide that has occurred under Oregon's democratic form of government I urge you to debate then an explicit policy on physician assisted suicide. Don't use the artifice of an amendment the Controlled Substances Act to establish a precedent-setting intervention by the Federal government into the practice of medicine. Don't intimidate and put at risk physicians when your true objective is altering choices available to terminally ill patients.

Framing the issue from this perspective would, at least, engage the American public in a dialogue about the real issue. Whether you agree or disagree with Oregon's current policy, we have had an earnest and profound debate that has in my opinion enriched our democratic society and it is a debate that sooner or later this society must confront.

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FOR IMMEDIATE RELEASE
JULY 6, 1998

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GOVERNOR NAMES SECOND GROUP ON TAX POLICY

Governor John Kitzhaber named a second group today to review Oregon's tax system and propose changes to be considered in the 1999 legislative session. The Tax Review Policy Committee will build on the analysis recently completed by the Governor's Technical Advisory Committee on Taxes.

To be headed by Standard Insurance Chief Executive Officer Ron Timpe, the group will specifically consider how to increase the stability of Oregon's tax system; how to use it to help people move from dependence on government support to independence; how to encourage workforce training and development and how to encourage meeting Oregonians' environmental goals.

The group also includes:

Craig Smith, Chief Financial Officer, Chemeketa Community College; Tim Nesbitt, Executive Director, Oregon State Council of Service Employees International Union; Cappy Eaton, League of Women Voters; Commissioner Beverly Stein, Chair, Multnomah County Commission; Michael Jordan, City Manager, Canby; Leon Smith, CEO, Albina Community Bank; W. Eugene Hallman, Attorney, Pendleton; Tony Van Vliet, Corvallis, former state legislator; Ron Parker, Willamina Lumber Co.; Harold Schild, CEO, Tillamook County Creamery Association; and Elizabeth Fujis, Rising Sun Farms, Phoenix, Or.

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FOR IMMEDIATE RELEASE
JUNE 25, 1998

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GOVERNOR SELECTS PRISON SITE

Asks Legislative Approval Soon in Order to Avoid Costly Delays

Governor John Kitzhaber announced today that he favors siting a new women's correctional facility and intake center at a site on Day Road near Wilsonville. To expedite the process, the governor will ask the Legislature to approve the site in a special session, thus avoiding \$725,000 in costs per month in construction delays and out-of-state prison space rental.

"The legislative leadership has expressed strong interest in an alternative site for this facility," said Kitzhaber. "After careful review, this site does have advantages over the Dammasch State Hospital site, including strong community support, a better transportation connection to Interstate 5 and the potential of bringing infrastructure to land targeted for industrial development. I'm asking the Legislature to join me in choosing this site."

Kitzhaber also praised City of Wilsonville officials for working constructively with the state to find an alternative site. "I have always wanted to work cooperatively with communities to find sites for correctional facilities that have local support," said Kitzhaber. "Wilsonville has become a cooperative partner in accomplishing this."

The Oregon Department of Corrections began a review of the site in March of this year after strong legislative support for finding an alternative to the initially proposed Dammasch State Hospital site in Wilsonville. Failing legislative action, Kitzhaber said the prison would be built on the original Dammasch site.

"Both sites are good sites, but Day Road is better from the perspective of strong community support and meeting community development objectives," said Kitzhaber.

The alternative site has been endorsed by the City of Wilsonville, The Wilsonville Chamber of Commerce and the West Linn-Wilsonville School District. Further, the development of the prison will help extend infrastructure such as water, sewer and roads, to land targeted for industrial development.

In a special session, the Legislature would need to pass a bill identifying the new site and provide funding to begin construction. Kitzhaber said he would call the special session between July 27 and August 7. "I will be working with legislative leadership until then to develop the support for this alternative site."

"As the Legislature asked, we have considered this site and found it a good place to put this correctional facility," said Kitzhaber. "Now, only the Legislature can make it happen."

The prison will have approximately 1,300 beds initially and will serve a dual purpose as the intake center for all inmates entering the corrections system and as a full custody women's prison.

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FOR IMMEDIATE RELEASE
JUNE 23, 1998

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STATE WILL NOT APPEAL FEDERAL RETIREE RULING

Governor John Kitzhaber and Attorney General Hardy Myers announced today that the State of Oregon would not appeal a recent Oregon Supreme Court opinion which held that federal retirees are entitled to receive a tax benefit equivalent to a benefit state retirees received. The opinion likely will result in federal retirees receiving refunds on at least a portion of the taxes they paid on their retirement benefits.

The subject of how to treat taxation of federal retirees' retirement benefits has been at issue since 1989, when the U.S. Supreme Court ruled that federal retirees cannot be taxed differently from state retirees. Previously, Oregon did not tax state retirees' benefits, but did tax the benefits of federal retirees. Since the U.S. Supreme Court ruling, the State of Oregon has made various attempts to treat the two different groups of retirees equally while still complying with the contractual obligation the State has with state retirees. The recent case held that, despite these efforts, the State has not yet achieved the equal treatment that federal law requires.

"This litigation has consumed much time and effort, and it's time to get on with settling this issue," said Kitzhaber. "We have been seeking a way to treat state and federal retirees equitably and this seems to be the way to do it."

"In light of the Oregon Supreme Court's opinion, it is highly unlikely that the U.S. Supreme Court would agree to review this case," Myers said. "Continuing the litigation would probably serve only to increase the liability of the State and delay final resolution of the issue of equal treatment of state and federal retirees."

The decision not to appeal means the Oregon Department of Revenue will begin a process to identify the amount of refunds and to whom they are due. Early estimates are that the State will need to pay out more than \$300 million in refunds.

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FOR IMMEDIATE RELEASE
JUNE 17, 1998

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GOVERNOR'S GROUP RELEASES TAX STUDY

Kitzhaber Begins Appointing Second Committee to Formulate Proposals

Governor John Kitzhaber's Technical Advisory Committee on Oregon's tax system released its report today. The committee, appointed in November 1997, was charged with reviewing the equity, stability and effectiveness of Oregon's tax system in the light of voter-mandated changes and changes in Oregon's economy and demographics.

"This committee did an excellent job," said Kitzhaber. "After reviewing their work, it is clear that our tax system would benefit from some adjustments. I plan to submit proposals to correct some of the deficiencies in our existing system next legislative session."

Kitzhaber today also began the process of appointing another group, to be headed by Ron Timpe, Chairman, President and CEO of Standard Insurance Co., to review the findings and propose specific legislative concepts for consideration in the 1999 Legislature.

"I am most interested in hearing proposals about how we can provide additional stability in our tax system, especially for school finance; how we help encourage investments in education and workforce development; and how to help lower income Oregonians move from dependence to independence," Kitzhaber said.

The committee noted that education funding is more dependent on state income taxes than ever before, and that while Oregon's economy may be more diverse than in the past, income taxes are still very sensitive to recession.

"I believe we must find a way to provide some sort of financial cushion for our public schools," said Kitzhaber. "We have had a very strong economy for the last five years, but it's not prudent to assume that will last forever."

The governor also noted that economic change has created the demand for a more highly trained workforce in all industries throughout the state. "One of the goals of our tax system should be to help us reach our goal of having a highly trained workforce -- especially by creating incentives for continued training and education," said Kitzhaber. "I think this is one of the most important things we can do for our state's rapidly changing economy."

Finally, Kitzhaber said he believed the state's tax system should encourage Oregonians who currently depend on state assistance to move toward self-sufficiency. "We need to ensure that Oregonians who increase their wages enough to leave welfare or other state assistance actually see an increase in their disposable income as well."

Among the Technical Advisory Committee's key findings were:

- The Oregon tax system has changed significantly over the past decade as a result of voter initiatives and the changing economy. The most important change is a shift in the relative importance of the property and income taxes, the two main taxes which account for approximately 75 percent of state and local tax revenues.
- While Oregon's economy is more diverse and stable than it was a decade ago, the revenue system is now more sensitive to changes in the economy. There is no experience with economic weakness or recession under the current mix of revenues and responsibilities, but it is likely that recession could have a large impact on the General Fund and, therefore, education funding. There is also no experience with an environment of higher inflation. It seems likely that local government revenue will grow more slowly than the economy, particularly in times of inflation. These issues lead the committee to identify revenue stability as the key policy issue for the tax system.
- The changing tax structure leads to a fundamentally altered relationship between state and local governments. Local government revenues are limited. Decisions made at the state level about local revenue sources, such as the property tax, directly affect local revenues. With local revenues declining, the state has increasing control over education funding.

[Review of Oregon's Tax System](#)

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FOR IMMEDIATE RELEASE
JUNE 12, 1998

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GOVERNOR CRITICIZES LEGISLATURE'S REFUSAL TO FUND GORGE COMMISSION

Governor John Kitzhaber today expressed strong disappointment with the Legislative Emergency Board's vote not to honor its own commitment to match the State of Washington's allocation of \$94,000 to the Columbia River Gorge Commission. The Oregon Legislature had set aside \$75,000 during the 1997 session, to which Governor Kitzhaber agreed to add \$19,000 from the Strategic Reserve Fund. The Legislature's refusal to allocate the money means that it will not be available to the Gorge Commission, and that \$75,000 of Washington's commitment will be withdrawn.

The Gorge Commission's management has said that the funding cut will result in the lay-off of approximately one-fourth of its planning staff. Commission management states that this will delay evaluation of the Gorge management plan well into 1999 and could severely limit the Commission's ability to support county planning efforts.

"This action is extremely short-sighted and will undoubtedly lead to greater conflict in the Gorge and less effective protection of one of the Northwest's natural treasures," Kitzhaber said. "This not only undercuts the effectiveness of the Gorge Commission, but is also a vote against our local government partners," Kitzhaber added.

All three Oregon Gorge counties, Multnomah, Hood River and Wasco, had urged the Emergency Board to provide the promised allocation.

Kitzhaber said he still intends to honor his commitment of \$19,000 in Strategic Reserve Funds to the Gorge Commission, despite the Legislature's refusal to provide its portion.

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FOR IMMEDIATE RELEASE
JUNE 5, 1998

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**ASSOCIATION OF OREGON COUNTIES AND OREGON STATE
SHERIFFS' ASSOCIATION SUPPORT JUVENILE
CRIME PREVENTION PARTNERSHIP**

Members of the Association of Oregon Counties voted today to support a juvenile crime prevention partnership. Yesterday the Oregon State Sheriffs' Association also approved this plan. The Partnership has been developing for more than a year.

The High-Risk Juvenile Crime Prevention Partnership will target \$15 million a year to help counties prevent at-risk kids from committing crimes and help them provide community-based detention, shelter, treatment and graduated sanctions for juvenile offenders.

"I am pleased by the support of the counties for this partnership," Kitzhaber said. "I am convinced that, together, we can help kids from becoming criminals -- and help protect ourselves from becoming victims."

The governor also said that he would seek legislative leadership's support in improving and developing a fuller response to juvenile crime issues. "This only represents one small piece of the work that must be done to support our young people in Oregon's communities. I am hopeful the Legislature will join in this challenge."

The plan will work by:

Identifying who to serve

The State and Oregon's counties would target efforts on adolescent kids on the brink of failing who exhibit more than one of the following risk factors: school failure, substance abuse, dysfunctional families, anti-social behavior, or associating with gangs or others known to break the law.

Targeting funding

The State will allocate \$30 million between 1999 and 2001 for use by the counties to implement juvenile crime prevention plans and to provide community-based detention, shelter, treatment service, and graduated sanctions for juvenile offenders.

Promoting model strategies

There are many good ideas and proven approaches to helping prevent juvenile crime. The Partnership will seek to

promote these approaches by encouraging their adoption by counties. Such strategies include: Youth Conservation Corps-type programs, after school development programs, drug abuse intervention, and aggression reduction.

Creating a joint planning process

The counties and the state will cooperate in reviewing local plans for juvenile crime prevention by establishing the Juvenile Crime Prevention Advisory Committee. This committee will recommend plans to the governor for funding.

Being accountable for results

In order to understand how well plans are working at reducing juvenile crime, the High-Risk Juvenile Crime Prevention Partnership will establish interim outcomes and measurements such as recidivism and juvenile arrest rates per 1,000 youths.

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FOR IMMEDIATE RELEASE
JUNE 5, 1998

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**GOVERNOR KITZHABER'S STATEMENT
ON ASSISTED SUICIDE DECISION**

"Today's decision by the U.S. Department of Justice is welcome news. It ends once and for all any doubt about the right of Oregon physicians to prescribe controlled substances to patients who seek assistance in ending their lives under our state's Death with Dignity Act.

Oregonians have supported physician-assisted suicide twice in statewide elections. Oregon voters approved the law in 1994 and again in 1997, the last time by an overwhelming margin.

This was a tough call for Attorney General Janet Reno to make. I commend her for sticking to the facts in this case and not allowing political pressure to influence her judgment in this matter."

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FOR IMMEDIATE RELEASE
JUNE 4, 1998

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GOVERNOR'S STATEMENT ON COASTAL COHO DECISION
State to Appeal Magistrate's Ruling

I'm announcing today that the State of Oregon will appeal the recent U.S. Federal District Court decision on the Endangered Species Act (ESA) by Magistrate Stewart, and will furthermore request a stay of the Magistrate's order.

I want to make it clear that these actions by the State of Oregon do not reflect a disagreement with the objectives of the ESA. Rather, these actions reflect a deep concern about the implications of Magistrate Stewart's extremely narrow interpretation of the Act on our ability to actually achieve its objectives -- restoration of those species whose habitat includes substantial areas in private ownership.

Magistrate Stewart's interpretation, if allowed to stand, implies that the requirement under the ESA for federal agencies to consider state conservation plans means almost nothing; that state-led conservation efforts have no place under ESA; that conservation efforts by individuals count only if they are mandated by government; and that state and local regulatory actions count only if there are legal assurances that they will remain in place into the future (which is extremely difficult for states like Oregon that are constitutionally prohibited from taking actions to bind future legislatures).

In short, under this narrow interpretation, the objectives of ESA can only be met through federal regulation and federal enforcement which creates an enormous contradiction -- especially on private land. This is a critical point which deserves some elaboration.

The primary role of the federal government under the ESA is a regulatory one by which it can prevent landowners from engaging in activities that "take" a listed species. The federal government cannot require individuals to restore watersheds. Yet to restore coastal coho and many other species, restoration work on private land is essential. In Oregon, 65 percent of coho habitat is privately owned, thus ESA prohibitions alone will not result in the kind of restoration needed for recovery.

The only way such restoration work can be achieved is to involve private landowners in the decision-making and give them some ownership and investment in the work being done. And this, of course, is the heart of the Oregon Plan.

The point is that we cannot recover coastal coho unless private landowners take restoration actions that go well beyond avoiding "take." So the question becomes: by what means can we achieve these kinds of activities on private land? Simply listing species does not accomplish this, a fact demonstrated by the listing of Snake River chinook and sockeye. In the seven years since that listing, the National Marine Fisheries Service (NMFS) has taken no regulatory or

enforcement action on private land anywhere in the Snake River Basin.

The ESA was passed in 1973 to ". . . provide a means whereby the ecosystems upon which endangered species and threatened species depend may be conserved." With ecosystem conservation as the objective, application of the ESA through a listing is a means to that end -- not the end in itself.

The Endangered Species Act was enacted for a noble purpose -- a purpose in which I believe. But now, a quarter of a century later, we need to ask ourselves whether the traditional application of the Act by federal agencies is achieving that purpose. With more than 600 species now listed and dozens more proposed for listing -- and few species on the road to recovery -- it is clear that we need to be open to new approaches.

If the ESA can only be so narrowly interpreted that, in order to legally defend its application, we disadvantage the very species it was enacted to protect -- then there is a problem with the Act itself. We need to know the answer to this question if we are truly committed to the objectives of the ESA.

Again, my objection to Magistrate Stewart's decision is not about whether a listing is warranted on the Oregon coast. That is a decision made by the federal government according to statutory guidelines. Rather, my objection is to the implications of the Magistrate's narrow interpretation on our long term ability to save and restore species.

For these reasons, I have directed the State of Oregon to appeal Magistrate Stewart's decision and to request a stay of the Magistrate's order.

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FOR IMMEDIATE RELEASE
MAY 22, 1998

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**STATEMENT BY GOVERNOR JOHN KITZHABER ON
THE THURSTON HIGH SCHOOL SHOOTING**

Governor John Kitzhaber gave the following statement in Springfield in the aftermath of the Thurston High School Shooting on Thursday, May 21, 1998:

"On behalf of my wife Sharon and I, we want to express our heartfelt sympathies to victims of this terrible tragedy today and to their families and to their friends. I have come down to get a detailed briefing to give me a better sense of how I can mobilize the State resources to assist the victims and their families, to assist the community and the school and the teachers and the students in the healing process and what we can do to help the local law enforcement efforts.

I would simply like to ask that all Oregonians take a moment from their busy schedules today to offer prayer in their own way to the victims and their families and their friends.

I would also like to ask that all Oregonians pause today from their busy schedules, and also in the days to come, to ask how we have failed as a society, and how such a tragic event could occur here in the heart of Oregon. Because the fact is, this is not just a school problem. This is a much larger issue. It happens in our schools. It happens in our streets and in our stores and in our neighborhoods and in our homes on an increasing frequency by our children.

And I think we need to ask ourselves, "What kind of despair drives children to this kind of violence? What lack of hope or sense of abandonment leads children to this kind of an act? What lack of opportunity -- what degree of frustration -- drives them to make this kind of terrible choice?" These are the kinds of questions we need to ask ourselves honestly and openly over the next few months and answer and resolve.

So I would ask that all Oregonians take time today, not just to watch the news coverage of this event, but to personally connect with the nature of this tragedy, and to ask ourselves what it implies for our community and for our children and for our future. And perhaps most importantly, what it implies about our own individual responsibility to assure that this kind of thing doesn't happen again in the state of Oregon.

But today, the primary charge is one of healing and one of mourning -- to try to reach out and offer support to the victims and their families and their friends. And I would ask that all of you do your part."



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FOR IMMEDIATE RELEASE
MAY 20, 1998

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GOVERNOR RELEASES STATE OF SALMON REPORT

Governor John Kitzhaber released the first annual report on the state's efforts to save salmon and steelhead today, detailing where the Oregon Plan for Salmon and Watersheds is succeeding and where improvement is needed.

"The State of the Salmon Report is a very candid assessment of what's gone well over the past year and where we need to devote more energy in the coming year," Kitzhaber said. "However, given the scope of the Oregon Plan, I'm pleased with where we are overall."

The Oregon Plan for Salmon and Watersheds is a massive effort to restore dwindling coho salmon and steelhead populations in Oregon. It includes a strong voluntary, grassroots component -- built on our existing regulatory framework -- and based on the concept that recovery of species, particularly on private lands, requires the cooperative efforts of individual landowners, industry and government.

The plan was funded by the Oregon Legislature and timber interests and was accepted by the National Marine Fisheries Service last year to address declining populations of coho and steelhead on the Oregon coast. The State of the Salmon Report is a yearly requirement of the Oregon Plan.

Highlights from the report include the following:

1. The ocean off the coast of Oregon remains generally unfavorable to salmon. The numbers of coho returning to the northern Oregon coast in 1997 fell to an historic low, although returns to the Rogue River basin in southern Oregon improved slightly.
2. Thousands of people in cities, on farms and in forests are now involved in projects to restore fish runs. More than 1,200 projects have been completed by local groups working to restore rivers and streams. These projects include fencing of streams, culvert replacement, road repairs and improving the streams themselves to aid the passage of salmon.
3. Oregon now has 81 "watershed councils," local groups dedicated to improving the health of local watersheds. Forty-five soil and water conservation districts are also active in salmon restoration. Forest landowners have completed an inventory of streams and are now working to replace culverts, reduce sediment, improve the ability of fish to pass up and down a stream and are planting along stream banks.

The State of the Salmon Report also details needed improvements to the state's salmon restoration efforts. These include: enhanced partnerships between state and local governments, stakeholder groups and landowners; the creation of

a long-term plan for salmon restoration, and more effective working relationships between all levels of government.

A summary of the report is available by calling the Governor's Natural Resource Office at (503) 378-3589. The summary will also be available on the Oregon Plan web page at www.or-plan.org beginning approximately June 1.

The full report will be available on-line and in hard copy in a month.

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FOR IMMEDIATE RELEASE
MAY 19, 1998

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GOVERNOR NOMINATES MIKE GREENFIELD TO HEAD DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

Governor John Kitzhaber announced today that he has nominated Mike Greenfield of Salem to be Director of the Department of Consumer and Business Services (DCBS). Greenfield, who currently serves as Deputy Secretary of State to Phil Keisling, will replace Kerry Barnett, who vacated the position in January. The appointment will be considered by the Oregon Senate in June.

"Mike has the top-notch administrative and personal skills I want to see in this position," Kitzhaber said. "DCBS programs have an impact on virtually every business in Oregon and play a critical role in serving consumers and workers from all walks of life. Mike knows how to bring together the diverse interests needed to keep those programs successful," he added.

Greenfield has served as Deputy Secretary of State since 1991, and previously served as Legislative Administrator to the Legislature from 1986 to 1991. He also serves as the Chair of the Oregon Commission on Children and Families and as a Board Member of the Howard Street Charter School in Salem.

DCBS is the state's largest regulatory and consumer protection agency. The department regulates insurance, banking, securities, building codes, occupational safety and health, workers' compensation, real estate appraisers and energy. It also has consumer protection and education programs, and offices and ombudsmen to help consumers, injured workers and businesses. The DCBS director also serves as the state's insurance commissioner and superintendent of banks.

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FOR IMMEDIATE RELEASE
MAY 15, 1998

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GOVERNOR RECOVERING FROM VIRUS, CANCELS EUROPEAN TRADE MISSION

Governor John Kitzhaber announced today that he would cancel his public schedule for the remainder of May, including his scheduled trade mission to Europe, to continue recovering from what his doctor believes is a viral infection, most likely contracted during his trip to China in March of this year.

Governor Kitzhaber is recovering slowly from the infection and is expected to make a full recovery given time and rest. The governor is currently doing some work from home and is in daily contact with his staff.

"I am sorry that I have had to cancel so much of my public schedule over the last couple of weeks," said Kitzhaber. "But I am trying to follow that old adage of 'physician, heal thyself.'"

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FOR IMMEDIATE RELEASE
MAY 6, 1998

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GOVERNOR CREATES DAIRY TASK FORCE

Governor John Kitzhaber announced today that he is creating a task force to assist Oregon's dairy industry in dealing with new pressures brought about by lower farm milk prices, increasing environmental requirements, increasing production costs and reduced dairy farm expansion in Oregon. The task force will be made up of dairy farmers, processors, extension consumers and Oregon Department of Agriculture staff.

"The dairy industry is an important component of Oregon's diverse agriculture -- as food sources to Oregonians, and as an employer and a vital part of the Department of Agriculture's value-added strategy," Kitzhaber said. "I believe the long-term interest of all Oregonians will be served if steps are taken to understand the underlying problems facing this industry and propose workable solutions."

The task force will make its report with recommendations to the governor by December, 1998. The task force membership is as follows:

Dick Heathershaw, Cloverdale; John Rohner, Baker City; Bernie Faber, Salem; Marshall Christiansen, Turner; Jeff Cochran, Coquille; Merle Peters, McMinnville; Paul Arbuthnot, Portland; Mike Gamroth, Corvallis; Troy Downing, Tillamook; Lorna Youngs, Salem; Mary Anne Bauer, Portland; and Phil Ward, Salem.



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FOR IMMEDIATE RELEASE

April 22, 1998

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GOVERNOR DENIES CLEMENCY APPLICATIONS

Governor John Kitzhaber announced today that he has denied clemency for four women: Carla Gold, Teresa Buob, Susan Pedro and Teresa Sanden-Maurer. The petitions for clemency were presented as a group to the governor last fall by the Clemency Project of Oregon. Project leaders claimed these women were victims of spousal abuse and that this abuse led directly to their criminal actions and imprisonment today. Governor Kitzhaber's denial of their requests comes within the 180-day deadline provided by Oregon law.

"While domestic abuse is a tragic reality for many families, we will not reduce its occurrence by condoning retaliatory violence," Kitzhaber said. "I have carefully reviewed the facts in these four cases and have concluded that in each the criminal justice system did not fail and that many mitigating circumstances were taken into account by the courts."

In denying clemency, Kitzhaber said that our society must do far more to aid women who are the victims of domestic violence. "Beyond enforcing existing laws and doing a better job of raising public awareness of this tragic problem, we must ensure that shelter care, early counseling and treatment are more readily available."

Details of the four cases are as follows:

Carla Gold

Gold was convicted of first-degree manslaughter in 1992 for the killing of her husband Clint Gold during an argument in their home at LaPine. Ms. Gold presented both battered spouse syndrome and the extreme emotional disturbance defenses during her trial.

Emergency room doctors, familiar with Gold due to frequent emergency-room visits unrelated to her conviction, testified at her trial that they noticed no signs of physical abuse during their examinations of her when she alleged abuse had occurred. Forensic evidence from the case indicates the victim was moving away from Ms. Gold at the time he was shot. The murder weapon was never recovered.

Gold was sentenced to 90 months in prison, and is due to be released in August 1998.

Theresa Buob (Lonegran)

Buob was convicted of conspiracy to commit murder in 1994 and sentenced to 80 months in prison after

accepting a plea bargain with prosecutors.

She placed a phone call to her victim in order to lure him to a local schoolyard where two accomplices, one of whom was a juvenile, proceeded to shoot the victim seven times. The victim lived.

Buob had obtained a temporary restraining order against the victim at some time prior to the shooting. However, on the evening in question there was no element of imminent danger or threat.

There is some evidence that Buob tried to withdraw from the conspiracy and that she never believed that her accomplices intended to kill the victim. However, these factors and her cooperation with prosecutors in convicting her accomplices were taken into account by the trial judge. Her two accomplices are serving sentences of life without possibility of parole and a 15-to-30-year sentence. Buob is due to be released in June 1999.

Teresa Sanden-Maurer

Sanden-Maurer was convicted of aggravated murder in 1987 and received a life sentence. She is due to be released in 2007.

During bitter divorce and custody proceedings, Sanden-Maurer promised a friend \$10,000 if he would arrange the murder of her husband, William Maurer. When the hired killer mistakenly shot a co-worker, Sanden-Maurer directed the friend to try to kill her husband again. Mr. Maurer was killed as he left his home for work one morning. His body was found by one of their two young sons.

While Mr. Maurer had been arrested for domestic abuse prior to the shooting, those charges were ultimately dismissed. However, her accomplices were prepared to testify that Sanden-Maurer's motive for the contract killing was custody of the two boys and property that originally belonged to her husband's family.

Early in her trial Sanden-Maurer entered a plea of guilty to avoid the death penalty. Her two sons are among the most vehement opponents to this clemency request.

Susan Pedro

Pedro was convicted of murdering her husband in the couple's home in Lincoln City in 1984; she received a life sentence and could be released as early as June 1999. Pedro has previously applied to Governor Roberts for clemency.

Throughout her trial, Pedro claimed that the shooting was committed by her 80-year-old father-in-law. He suffered at the time from advanced Alzheimer's Disease and was unable to recall or speak about the incident. Ballistics cleared Pedro's father-in-law.

In her application for clemency, Pedro now insists that she killed her husband because she feared that he was reaching a point in their abusive relationship where he would shortly kill her. However, the forensic evidence presented at the trial does not wholly support this contention.

The fatal bullet passed through a blanket pulled up over her husband's head while he lay in bed. The angle of the bullet would indicate that it entered from slightly behind his head. The crime scene photos do not promote the idea that her husband was in action or even conscious at the time the fatal shot was fired.

In addition, there is some evidence that Pedro had motives beyond any abuse that may have occurred between the couple. The victim may have planned to separate from Pedro. He had indicated to family members that it was his intention to disinherit her, that he was afraid of her and had secretly prepared a will disinheriting her.

Between the time of his death and her arrest, Pedro liquidated a substantial amount of the victim's \$1.2 million estate, including disposing of property and family heirlooms of some emotional value to the victim's family. The family subsequently secured a civil judgment for \$1.62 million against Pedro.

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FOR IMMEDIATE RELEASE

April 16, 1998

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BRAND OREGON TOOL KIT FOR OREGON SMALL BUSINESSES AVAILABLE

Governor John Kitzhaber today unveiled the Brand Oregon Tool Kit, designed to help small businesses with their marketing strategies. This first edition of the Tool Kit, "Unlocking the Sales Power of Oregon's Mystique," was produced by the Oregon Economic Development Department (OEDD) and provides case histories of Oregon companies that are using Oregon's name and reputation in their marketing strategies.

"Consumers outside our borders recognize great value in the name Oregon, which symbolizes quality environmental stewardship. Oregon has become a brand and can be used by small businesses around the state to gain market position and improve their bottom line," Kitzhaber said.

The tool kit will be distributed to business resource centers and libraries for public access and then will be offered for sale at \$49.95 to cover the cost of printing, mailing and research.

"We are pleased to be able to offer this creative new tool to small Oregon businesses. Small and emerging businesses have told us repeatedly that marketing is one of their key needs," said Bill Scott, OEDD Director. "In the branding world, professionals have told us that Oregon can be considered a brand and help companies gain a competitive edge in the market," he added.

The governor also announced the availability of four marketing grants of \$5,000 each that will be awarded to groups of Oregon companies that will serve as pilots for incorporating Brand Oregon strategies to increase their competitiveness and bottom line.

Key supporters of the project include: Associated Oregon Industries, Oregon Entrepreneurs Forum, Portland Advertising Federation, The Performance Center, Oregon Tourism Commission and the Oregon Department of Agriculture.

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FOR IMMEDIATE RELEASE

March 27, 1998

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ALTERNATIVE WILSONVILLE PRISON SITE TO RECEIVE ADDITIONAL REVIEW

Governor John Kitzhaber announced today that he has reached agreement with City of Wilsonville officials to further investigate an alternative site for a women's correctional facility and intake center currently slated to be sited at the former Dammasch Hospital site.

In a letter to Wilsonville Mayor Charlotte Lehan, Kitzhaber wrote "I propose that up to 90 days from today be taken to refine the analysis of the alternative site and to work to secure legal and infrastructure agreements that will make it possible to site a prison there."

Kitzhaber stressed that he did not come to the decision without serious concerns. "I am concerned about the fairness question to the landowners and neighbors most directly affected by the alternative site," Kitzhaber wrote. "I am concerned about our ability to secure this site in a given time period with at least as much, or greater, certainty than we have at the primary Dammasch site. I am concerned about cost, and to the extent such a change results in any increased cost, legislative leadership must recommend to me that such increases are acceptable."

Further, Kitzhaber said that he remains convinced that the existing Dammasch site remains a very good site for a prison and will proceed to build on that site if the alternative site proves unfeasible.

"However, I pride my administration as one that seeks community-based solutions and, because of this, and the impressive effort by the city to find a site agreeable to all, we will seek to even more fully consider the suggested alternative prison site in Wilsonville."

The alternative site identified by the city consists of approximately 130 acres on the north edge of the city of Wilsonville.

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FOR IMMEDIATE RELEASE

March 13, 1998

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GOVERNOR CALLS FOR MOST QUALIFIED CANDIDATE IN TOP BPA JOB

In a letter to Energy Secretary Federico Peña, Governor John Kitzhaber requested that the federal government appoint the most qualified candidate available as Administrator of the Bonneville Power Administration (BPA). The job became vacant six months ago, and the governor stressed to Peña that he continues to believe the most qualified candidate to emerge in the past eight months is his Salmon and Energy adviser, Roy Hemmingway.

"Mr. Hemmingway was the only candidate in the initial list with both extensive knowledge of the energy and fish issues that beset Bonneville, and an ability to work within the complex political environment in which the agency must operate," said Kitzhaber.

Senator Patty Murray of Washington state asked the Department of Energy in February to withdraw Roy Hemmingway as a candidate for the job because of the concerns of public power constituencies in her home state. The Department of Energy did not withdraw his name, but gave Senator Murray six weeks to find a consensus candidate.

"I have been consistently clear that my objective is not the appointment of Roy Hemmingway per se, but the appointment of someone who shares the environmental values of the region, who has a strong knowledge of both power and salmon issues and who has the political savvy to be effective," said Kitzhaber. "However, Mr. Hemmingway remains the most qualified candidate before us for this appointment."

As one of Kitzhaber's top advisers, Hemmingway has been directly involved in issues that deal with the future of the BPA and the energy market in Oregon under deregulation. He was instrumental in initiating the four-state "Comprehensive Review of the Northwest Energy System," which will form the basis of a regional position on the future of the BPA and the Columbia River hydroelectric system. He also helped develop the "three sovereigns" process, an effort to provide a more effective forum for making decisions about the future of the Columbia River.

"At stake is a position of enormous importance to the future of the Northwest. It is important to our energy future and it is vital to the future of fish," Kitzhaber said.

Kitzhaber said that whoever the federal government appoints, he wants the decision to be based on merit, not on politics. "Whoever is appointed the next Administrator of the BPA, the decision must be made on the basis of the individual's qualifications and competence to do the job, not on the basis of a political litmus test," he said.

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FOR IMMEDIATE RELEASE

March 13, 1998

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GOVERNOR PLEASED WITH STEELHEAD DECISION

Governor John Kitzhaber announced that he is pleased with the decision made today by the National Marine Fisheries Service (NMFS) not to list steelhead as an endangered species. Following a month delay of the decision, NMFS decided that steelhead in the Oregon Coast and Klamath Mountains evolutionarily significant units (ESU) warrant 'candidate species status' instead of the 'threatened' listing that was originally proposed. Steelhead in the Lower Columbia ESU were listed as threatened.

"Once again we have shown that the Endangered Species Act can work for states that are willing to take the lead in developing recovery plans for species in decline," said Kitzhaber. "This decision today affirms my belief that Oregonians are not only committed to recovery of salmon and steelhead throughout the state, but that we can make it happen."

Kitzhaber said that in the case of the Klamath Mountains ESU, which Oregon shares with California, the two states worked together to provide measures sufficient to recover steelhead across state boundaries. "It was vital that we work in partnership with California," said Kitzhaber. "Steelhead and other fish, unlike people, do not recognize boundaries drawn on maps."

Oregon has also been working on recovery strategies with the State of Washington on the Lower Columbia ESU, which includes area in both states. Although both governments, local communities and the private sector have worked hard to develop steelhead recovery measures for the Lower Columbia, a listing in the river was unavoidable due to low numbers of fish. However, both states will continue to perfect their recovery strategies for steelhead. At the same time, the states will determine how best to address the other declining stocks of chinook, chum, and steelhead that were proposed for listing two weeks ago.

Originally designed as a plan to save coastal coho, the Oregon Plan for Salmon and Watersheds was recently expanded to address declining steelhead populations. The original plan resulted in candidate species status for coho in the Oregon Coast ESU. Where coho was listed as threatened in the Klamath Mountain ESU, steelhead will not be listed.

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FOR IMMEDIATE RELEASE

March 12, 1998

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**GOVERNOR, NATIONAL MARINE FISHERIES SERVICE OFFICIALS
TO DISCUSS STEELHEAD**

Governor John Kitzhaber will join National Marine Fisheries Service Director Rolland Schmitten and Regional Director Will Stelle in a news conference to announce the decision on whether five populations of steelhead warrant listing under the Endangered Species Act. The news conference will be held Friday, March 13 at 10 a.m. at the Rogue District Office of the Oregon Department of Fish and Wildlife, 1495 East Gregory Road, Central Point.

The news conference will be followed by a tour of Cascade Ranch, a private ranch that features extensive stream restoration. For more information on the media tour, contact Lu Anthony, Little Butte Creek Watershed Council Coordinator, at (541) 826-2908.

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FOR IMMEDIATE RELEASE

March 12, 1998

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GOVERNOR SUBMITS NEW APPOINTMENTS

Governor John Kitzhaber has submitted several nominees to the state Senate to serve on various boards and commissions.

Among the individuals nominated were Eric Bloch of Portland to the Northwest Power Planning Council. Bloch has been nominated in place of Roy Hemmingway, who the governor nominated for the Power Planning Council in November, 1997 and is currently a candidate for Administrator of the Bonneville Power Administration. Governor Kitzhaber also nominated Gresham Police Chief Bernie Giusto to the Tri-Met Board of Directors.

The following names were submitted by the governor:

Board	First Name	Last Name	City
Board on Public Safety Standards and Training	Lynn Guenther	Hood River	
Board on Public Safety Standards and Training	Larry Hatch	Beaverton	
Building Codes Structures Board	James Coughlin	Astoria	
Building Codes Structures Board	Tricia Quigley	Coos Bay	
Coastal Salmon Restoration and Production Task Force	Dick Angstrom	Salem	
Coastal Salmon Restoration and Production Task Force	Alex Barkume	Hillsboro	
Coastal Salmon Restoration and Production Task Force	Dale Buck	Cloverdale	
Coastal Salmon Restoration and Production Task Force	James Denison	Toledo	
Coastal Salmon Restoration and Production Task Force	John McGhehey	Forest Grove	
Coastal Salmon Restoration and Production Task Force	Gregory Norton	Coos Bay	
Commission for the Blind	Ken Jernstedt	Hood River	
Commission on Asian Affairs	James Hanna	Portland	
Commission on Asian Affairs	Cynthia Mounts	Roseburg	
Commission on Asian Affairs	Janet Nishihara	Corvallis	
Commission on Hispanic Affairs	Francisca Johnson	Eugene	
Electrical and Elevator Board	Frank Regalado	Portland	
Human Resources Investment Council	Roger Bassett	Turner	

Human Resources Investment Council	Bill Bell	The Dalles
Human Resources Investment Council	Sam Brooks	Portland
Human Resources Investment Council	Bill Cardwell	Bend
Human Resources Investment Council	Bob Craft	Winston
Human Resources Investment Council	Irv Fletcher	Salem
Human Resources Investment Council	Gwyn Harvey	Beaverton
Human Resources Investment Council	Rick Henson	Portland
Human Resources Investment Council	Bill Hill	Sherwood
Human Resources Investment Council	Diane Lovell	Portland
Human Resources Investment Council	Eric Olson	Medford
Human Resources Investment Council	John Quiggle	Marylhurst
Human Resources Investment Council	Charlie Schuler	Salem
Human Resources Investment Council	Jeri Stark	Eugene
Oregon Board of Dentistry	Kris Hudson	Portland
Oregon Board of Dentistry	Jean Martin	Wilsonville
Oregon Board of Dentistry	Ellen Young	Astoria
Oregon Board of Maritime Pilots	Richard Lauer	Coos Bay
Oregon Government Standards and Practices Commission	Pam Folts	Corvallis
Oregon Government Standards and Practices Commission	Alice Schlenker	Lake Oswego
Oregon Government Standards and Practices Commission	John Schoon	Rickreall
Pacific Northwest Electric Power and Conservation Plan	Eric Bloch	Portland
State Apprenticeship and Training Council	Nicki Harrington	Pendleton
Tri-Met Board	Bernie Giusto	Gresham
Trustees of the State Library Board	Jim Edmunson	Eugene
Workers' Compensation Management- Labor Advisory Committee	Ken Allen	Salem
Workers' Compensation Management- Labor Advisory Committee	Ted Molinari	Dallas
Workers' Compensation Management- Labor Advisory Committee	Tim Pope	Portland
Workers' Compensation Management- Labor Advisory Committee	Joan Reese	Wilsonville
Workers' Compensation Management- Labor Advisory Committee	Bob Shiprack	Tualatin
Workers' Compensation Management- Labor Advisory Committee	Liz Shuler	Portland
Workers' Compensation Management- Labor Advisory Committee	Stephen Telfer	Portland
Workers' Compensation Management- Labor Advisory Committee	Lisa Trussell	Salem
Workers' Compensation Management- Labor Advisory Committee	Patrick West	Salem

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FOR IMMEDIATE RELEASE
FEBRUARY 27, 1998

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GOVERNOR ANNOUNCES APPOINTMENT TO COURT OF APPEALS

Governor John Kitzhaber today announced the appointment of Robert Douglas Wollheim to the Oregon Court of Appeals to fill the vacancy created yesterday when Kitzhaber elevated Judge Susan Leeson to the Oregon Supreme Court.

A graduate of Portland State University, Wollheim obtained his law degree from the Northwestern School of Law at Lewis and Clark College in 1983. Wollheim began his career as a clerk with the Oregon Court of Appeals, and has practiced with the firm of Welch, Brunn, Green & Wollheim since 1984. His practice is concentrated in the area of workers' compensation and appellate advocacy. A past member of the Campaign For Equal Justice, Wollheim is a member of the Oregon Trial Lawyers' Association and currently serves on the Multnomah County Legal Aid Board of Directors and the Willamette Valley Law Project. Wollheim was the 1997 recipient of the Award of Merit from the Multnomah Bar Association.

"Bob Wollheim draws upon both a wealth of experience arguing before the Court of Appeals and a commitment to principled community involvement," said Kitzhaber, "and his appointment reflects the Court's tradition of efficiency and legal excellence."

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FOR IMMEDIATE RELEASE
FEBRUARY 26, 1998

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GOVERNOR ANNOUNCES APPOINTMENT OF CIRCUIT COURT JUDGES

Governor Kitzhaber today announced the appointment of Martin Stone to the Coos County Circuit Court, Mary Ann Bearden to the Lane County Circuit Court, and Sidney Galton to the Multnomah County Circuit Court.

A native of Coos County, Martin E. Stone attended Willamette University, graduating with a BA in English in 1974; he attended law school at the University of Oregon and received his law degree in 1977. Stone has practiced with the firm of Stone Trew & Cyphers, located in Coquille, since 1978. In addition to his litigation and municipal practice, Stone has served as an arbitrator for various civil disputes, and is also involved in the Coquille Rotary Club, and the Coquille Chamber of Commerce. Stone is a past member of the Oregon State Bar Judicial Administration Committee, and the Oregon State Bar Litigation Committee.

Mary Ann Bearden received her undergraduate degree in English from Colorado State University in 1972, and received her law degree from the University of Oregon Law School in 1978. Bearden currently practices with the firm of Bearden & Weinstein in Eugene. Since 1994, she has served as a Municipal Court Associate Judge in Eugene. In addition to service on the Lane County Bar Board of Directors and the Eugene Joint Parks Committee, Bearden was awarded the 1995 President's Award from the Oregon Criminal Defense Lawyers Association.

A Portland native, Sidney A. Galton graduated from Stanford University in 1969 with a degree in political science; he received his law degree from the University of California, Berkeley, School of Law in 1972. Galton practiced with the firm of Galton, Popick & Scott from 1972 to 1981. Since 1982, Galton has served as an administrative law judge with the Worker's Compensation Board. A past member of the Oregon State Bar Board of Governors, the Portland Police Bureau Chief's Forum, and the Oregon Law Institute, Galton is a current member of Oregon State Bar's Judicial Administration Committee, the Multnomah Bar Association, and Oregon Women Lawyers. Galton is a past recipient of the President's Membership Service Award from the Oregon State Bar.

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FOR IMMEDIATE RELEASE
FEBRUARY 26, 1998

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GOVERNOR ANNOUNCES APPOINTMENT OF SUPREME COURT JUSTICE

Governor John Kitzhaber announced today that he has appointed Susan Margaret Leeson to the Oregon Supreme Court. Leeson will fill the vacant position created by the resignation of Justice Edward Fadeley.

Leeson has served as a judge with the Oregon Court of Appeals since 1993. Prior to her appellate appointment, she was a professor of political science and an associate professor of law at Willamette University in Salem.

She began her legal career as a law clerk to the Hon. Alfred T. Goodwin with the United States Ninth Circuit Court of Appeals. She then served as a Tom C. Clark Judicial Fellow with the United States Supreme Court. Leeson has written extensively on many legal issues relating to constitutional law and dispute resolution.

A past member of the Oregon Law Institute, Leeson has also served on the Oregon Criminal Justice Council and the Marion-Polk Local Government Boundary Commission.

"Susan Leeson is an extremely capable and knowledgeable lawyer," Kitzhaber said. "I am very pleased to be able to appoint such a talented jurist to this position."

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FOR IMMEDIATE RELEASE
FEBRUARY 25, 1998

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GOVERNOR APPOINTS ENVIRONMENTAL JUSTICE ADVISORY BOARD

Governor John Kitzhaber has appointed a group of 13 community leaders to evaluate steps by state agencies to ensure that environmental laws and regulations treat all Oregonians equitably.

"It is important that minority and low-income residents are involved in the development and implementation of the laws, policies, and regulations that affect them," said Kitzhaber.

An earlier citizen's task force suggested ways the state's natural resource agencies could address the concerns of minority and low-income communities. Under an executive order signed by Kitzhaber last August, these agencies must report annually to the board on their progress in implementing these recommendations. The first of these reports is due in less than six months.

Members of the Governor's Environmental Justice Advisory Board are as follows:

Maria Andrade, Attorney, Oregon Legal Services, Pendleton.

Richard B. Craig, Environmental Officer, Confederated Tribes of Warm Springs, Warm Springs.

James D. Hill, Tribal Attorney, Klamath Tribes of Oregon, Chiloquin.

Josiah Hill, III, President, Oregon Physicians for Social Responsibility., Portland.

Alan J. Hipolito, Director of Environmental Programs, Urban League of Portland, Portland.

Linda B. Lutz, Member, Oregon Environmental Council, Gresham.

Teresa A. Morse, Rancher, Enterprise.

Diane Schwartz, Trial Assistant, Squires & Lopez, Portland.

Sokhom Tauch, Executive Director, International Refugee Center of Oregon, Portland.

Angela Wilson, Co-Founder, Environmental Justice Action Group, Portland.

Terry Witt, Director, Oregonians for Food and Shelter, Salem.

Gayle S. Yamasaki, Director of Grant Development, Oregon Institute of Technology, Klamath Falls.

Executive Office Advisors

Beth Englander, Law Clerk, Eugene.

Robert W. Collin, Associate Professor of Environmental Studies, University of Oregon, Eugene.

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FOR IMMEDIATE RELEASE
FEBRUARY 17, 1998

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GOVERNOR APPOINTS TASK FORCE ON GROWTH

Governor John Kitzhaber has appointed a group of 13 Oregonians to conduct a statewide study of the effects of growth.

"State and local policy-makers need independent information about how growth is affecting Oregon and what we can do about it," said Governor Kitzhaber. "This group will provide the facts communities need to make decisions about development."

The task force will hold five meetings between March and October. Its report to the governor and the Legislature will identify how growth affects communities, examine who pays for, and who benefits from, development, and evaluate tools communities may use to address growth and development issues.

Kitzhaber stressed that the task force will not determine whether growth is good or bad, or recommend how a community should respond to development. "My charge to the task force is simple: give us impartial data that can inform local debate on this topic."

Members of the Governor's Task Force on Growth are as follows:

CHAIR, Gail Achterman, *attorney, Chair of 1000 Friends of Oregon Board*

Dorothy Anderson, *Eugene Water and Electric Board, League of Women Voters*

Clark Balfour, *attorney, Special Districts Association Board*

Mayor Helen Berg, *City of Corvallis*

Mike Burton, *METRO Executive Officer*

Commissioner Jodi Eagan, *Jefferson County*

Tom Gilleece, *Vice President, U. S. Bank; President of Hermiston Development Corporation*

Commissioner Judie Hammerstad, *Clackamas County, METRO Policy Advisory Committee Chair*

Greg Kantor, *Vice President of Public Affairs, Northwest Natural; 1000 Friends of Oregon Board; Livable Oregon Board*

Mayor Vera Katz, *City of Portland*

Craig Modahl, **Oregon Site Materials and Services Manager, Intel**

Vern Palmer, *Palmer Homes, President of Board of Oregon Building Industry Association*

Jeff Rogers, *attorney, organized Alternatives for Growth Conference (October 1997)*

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FOR IMMEDIATE RELEASE
FEBRUARY 12, 1998

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GOVERNOR SIGNS EXECUTIVE ORDER TO CUT AUTO USE BY STATE WORKERS

Governor John Kitzhaber today ordered state agencies in the Portland metro area to adopt workplace practices that reduce the use of automobiles by their employees.

"Traffic congestion is one of the biggest threats to Oregon's prosperity and quality of life," said Kitzhaber. "As a major employer, state government can ease the burden on our roads and highways by changing the way it does business in Multnomah, Washington and Clackamas counties."

"Even if we could afford new highways -- and we can't -- they won't solve the problem," said Kitzhaber. "Seattle and Los Angeles have already tried it and it didn't work."

Kitzhaber spoke at a transportation fair in Portland where he signed an executive order implementing the new policy. Specific changes required by the governor's order include:

- Requiring most state work sites with less than 50 people to join larger agencies in reducing single-driver commute trips by 10 percent.
- Allowing state employees to work a compressed schedule, telecommute, or use flextime.
- Ending most free parking for state workers in the tri-county area.
- Increasing the convenience of state services in order to reduce auto trips by the public.

Kitzhaber also directed the Department of Administrative Services to review existing policies and laws affecting the state workforce in order to end work place practices that encourage public employees to depend on the automobile.

"All of these changes will improve service to the public, lessen congestion, and reduce air pollution," said Kitzhaber. "They also give state workers and managers new choices about when you do your jobs and how you manage your employees."

Kitzhaber's executive order affects approximately 6,300 state workers at an estimated 135 work sites in the tri-county Portland area.

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FOR IMMEDIATE RELEASE
FEBRUARY 10, 1998

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GOVERNOR ANNOUNCES CHINA TRIP

Governor Kitzhaber will take his first trip as governor to the People's Republic of China this month, as the head of an 11-member trade delegation from Oregon. While there, Kitzhaber will meet with political and economic leaders and promote business opportunities for Oregon companies. The governor, who is leaving for Asia on Thursday, February 26, will focus on increasing the trade links between the two countries, especially in the agriculture and high tech industries. He will also meet with airline representatives to discuss a direct China route from Portland.

The trade mission's specific destinations in China are Beijing, Shanghai, Fuzhou (the state capital of Oregon's sister state, Fujian), Ghangzhou and Hong Kong. Following the China visit, the governor and the delegation will spend several days in Japan before heading home on Tuesday, March 10.

"There are clearly opportunities for Oregon to do business with China, and that's what this trip is about," said Kitzhaber. "Pacific Rim markets -- including China -- are a big part of our economy, and we want to maintain and expand that trading base."

The state's delegation to China includes representatives from agriculture, timber, technology, banking and food products companies. Port of Portland and state economic development staff will also accompany the governor.

A more detailed schedule of the governor's trip to China follows.

Thursday, February 26

- Depart for Narita, Japan

Friday, February 27

- Arrive Japan

Saturday, February 28

- Arrive Beijing
- Signing of grass seed agreement with China (will allow the Oregon grass seed industry to experiment with varieties of grass)

Sunday, March 1

- Cultural activities

Monday, March 2

- US Embassy briefing
- Meetings with key political contacts, including the Mayor of Beijing and China's vice-premier of Agriculture
- Reception at US Ambassador's residence with political and trade contacts

Tuesday, March 3

- Arrive Shanghai
- Briefing with US Consulate staff
- Meet with US state representative offices' staff
- Reception for Oregon companies in China

Wednesday, March 4

- Arrive Fuzhou
- Attend receptions for Oregon companies and Chinese trade contacts
- Meet with Fujian state government officials
- Attend sister-state banquet

Thursday, March 5

- Arrive Guangzhou
- Meet with China Southern Airlines officials regarding direct service to/from Portland
- Luncheon with China Southern Airlines officials

Friday, March 6

- Arrive Hong Kong
- Breakfast with American Chamber of Commerce
- Meeting with Chinese Chamber of Commerce
- Meet with trade contacts

Reception at Consul General's residence

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FOR IMMEDIATE RELEASE
FEBRUARY 9, 1997

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GOVERNOR ACCEPTS DELAY ON STEELHEAD DECISION

The National Marine Fisheries Service (NMFS) announced Monday its intent to defer listing decisions on steelhead stocks in Oregon, Washington, and California for several weeks. Decisions on three Evolutionarily Significant Units (ESUs) are pending in Oregon.

Oregon has developed a plan to recover steelhead, has funded that plan along the coast, and has put in place emergency fishing regulations. "A lot of credit goes to the people of Oregon, in particular those in southwest Oregon, who have agreed to do what it takes to recover steelhead," Kitzhaber said. "We believe we have a strategy in place on the coast that will lead to the recovery of steelhead."

The delay is being announced to give time for NMFS to resolve remaining issues with California. Oregon and California share one ESU, the Klamath Mountain Province. If California were to withdraw the measures it has proposed for the Klamath Mountain Province, then Oregon would face a threatened listing in the southwest part of the state.

"We're working closely with California because our fate is tied closely to theirs," Kitzhaber said.

The state recovery plan addresses other populations of steelhead in the state. The only other ESU ripe for decision this month, however, is the Lower Columbia ESU. NMFS has indicated that the state plan is not likely to be sufficient to avoid a listing in the Lower Columbia.

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FOR IMMEDIATE RELEASE
JANUARY 22, 1997

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GOVERNOR SUPPORTS ADMINISTRATION POSITION ON FOREST ROADS

Oregon Governor John Kitzhaber said today that he supports the Clinton Administration's efforts to improve the road system on National Forest lands. The Administration's proposal calls for significant increases in road funding as well as for extensive decommissioning of unused and inadequately constructed roads.

"I believe the time is long overdue to make the necessary investments in the nation's forest road system," Kitzhaber said. "Poorly constructed and maintained roads are a significant factor adversely affecting ecosystem health and threatening habitat for sensitive species," said Kitzhaber.

The governor also voiced support for exempting lands covered by the Northwest Forest Plan from a proposed 18-month moratorium on new road construction.

"The Forest Plan is a scientifically credible strategy that is regional in scope and widely supported. It was carefully crafted as a compromise for protecting threatened and endangered species throughout western Oregon and Washington, while at the same time providing a stable supply of timber to local communities. We would be acting in bad faith if we did not honor that agreement," Kitzhaber said.

The moratorium has been proposed to allow for extensive study about the future uses of roadless lands. "Even though I do not believe a moratorium is appropriate for lands in the Northwest Forest Plan, I do not think this precludes those lands from being included in the study the Forest Service is beginning," said Kitzhaber.

The President's Forest Plan was developed by a group of scientists during the early 1990s to address the virtual shutdown of timber harvest from western Oregon forests in order to address concerns about protection of the Northern Spotted Owl.

Kitzhaber, who does not believe the building moratorium has any practical effect in eastern Oregon forests because of his 11-point Eastside Forest Health Plan, also emphasized that there are a number of important ecosystem restoration efforts underway in Eastern Oregon. "I work to ensure that any new roadless area policy will allow active management to move forward in areas that have been severely impacted by forest health problems as well as by historic timber management and fire suppression policies."

Federal Forest Roads Policy (Word 6)

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FOR IMMEDIATE RELEASE
JANUARY 20, 1997

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STATE ENTERS CASE ON SALMON PLAN

The Oregon Department of Justice filed a brief today in support of summary judgment in the case brought against the state's coastal salmon recovery plan. The case, Oregon Natural Resources Council v. Daley, challenged the federal Department of Commerce's finding that Oregon's salmon recovery plan was sufficient to prevent the coastal coho salmon from needing to be listed as threatened or endangered.

"We believe Oregon's Salmon and Watershed Restoration Plan has brought far more resources to bear on salmon recovery than any federal listing could do under the Endangered Species Act," said Governor Kitzhaber. "I am looking forward to a court ruling that will validate Oregon's approach to species recovery."

The Oregon Coastal Coho Recovery Plan was developed to focus state, local and private efforts on recovery of diminishing coho populations on the Oregon coast. It relies on strengthened regulatory efforts in forestry protection, water quality, and salmon harvest, as well as on the voluntary habitat restoration activities undertaken largely by local watershed associations.

"The Oregon Plan continues a strong state regulatory effort with the habitat recovery being undertaken by thousands of volunteers up and down the Oregon coast," said Kitzhaber. "It is the largest state-led species recovery effort ever attempted in America. We believe that it holds the best hope for salmon recovery. The federal government was right in giving Oregon the chance to show it has a better way to bring back the coho."

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FOR IMMEDIATE RELEASE
JANUARY 7, 1997

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GOVERNOR APPOINTS HOUSING DIRECTOR

Governor John Kitzhaber today announced his appointment of State Representative Bob Repine of Grants Pass as the new Director of the Oregon Housing and Community Services Department.

"Bob's extensive experience makes him eminently qualified for this assignment," said the governor. "He is going to do a good job for Oregon's communities and for people and families with housing needs."

Repine, a Republican State Representative since 1988, has served on many legislative committees. He was chair of the Housing and Urban Development Committee and the Low Income Housing Committee. He was also co-chair of the Ways and Means Committee where he played a central role in helping the 1997 Legislative Assembly put together the final state budget. He is currently co-chair of the legislature's joint interim audit committee.

For more than 23 years Repine has managed his own construction company in Josephine County. From his Grants Pass home he has always been active in professional organizations, community affairs, volunteer service, and local government. He is past President of the Oregon State Homebuilder's Association at the county and state levels. He has been a local planning commissioner and on the board of numerous family and youth programs.

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FOR IMMEDIATE RELEASE
JANUARY 7, 1997

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**GOVERNOR APPOINTS COHEN AS
COLUMBIA RIVER COORDINATOR**

Governor John Kitzhaber announced today that he has appointed Joyce Cohen to help coordinate Oregon state water quality issues for the Columbia River Basin.

Cohen recently retired as one of two Oregon representatives to the Northwest Power Planning Council, which coordinates federal and state energy and salmon recovery policies for four states in the Pacific Northwest. She will assume her new position as the Governor's Columbia River Water Quality Coordinator later this month.

"I'm delighted to have someone of Joyce Cohen's caliber to help in Oregon's efforts to improve our management of the Columbia River," said Kitzhaber. "Few people understand the Columbia River's water, fish, and energy issues as well as Joyce."

Besides representing Oregon on the Northwest Power Planning Council from 1994 to 1997, Cohen was an Oregon state legislator from 1979 to 1994. As a legislator, she earned a reputation for achievement, hard work and consensus-building in the areas of environment, energy, and land use. Her legislative assignments included the Senate Energy and Environment Committee, the Senate Agriculture and Natural Resources Committee, and the State Energy Policy Review Committee. Cohen also chaired the Judiciary and Trade and Economic Development committees.

In her new position, Cohen will act as the Governor's liaison to state, federal, and tribal governments, as well as the U.S. Congress and the private sector, on issues related to water quality, wetlands, estuaries, regulatory streamlining, and the protection of the scenic qualities of the Columbia Gorge.

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FOR IMMEDIATE RELEASE
JANUARY 7, 1997

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GOVERNOR APPOINTS NEW OREGON TELECOMMUNICATIONS FORUM COUNCIL MEMBERSHIP

Governor John Kitzhaber announced today the new membership of the Oregon Telecommunications Forum Council (OTFC). The council will consist of 11 members, plus the governor, who chairs the council. There will be seven new members; four members of the original council will remain.

The OTFC was created in December 1995 to advise state government on telecommunications policy issues. Specifically, the OTFC develops telecommunications strategies for such issues as growth management, transportation, rural economic development, education and health care. The OTFC also works to ensure affordable access to telecommunications solutions for all Oregon communities.

The new membership is as follows:

Cathy Britain, La Grande, Director of RODEO-NET, a mental health telecommunications program.

Steve Caldwell, Portland, Vice President of Marketing, Transport Logic.

Pat Hickey, Portland, State Director for Public Policy, AT&T.

Joanne Hugi, Eugene, Director of the Office of University Computing, University of Oregon.

Larry Huss, Portland, Vice President -- Oregon, US West Communications.

Charles McHenry, Medford, Editor, Southern Oregon Magazine.

David Olson, Portland, Director of the Office of Cable Communications and Franchise Management, City of Portland.

The four current members of the OTFC who are remaining are as follows:

Jim Crowder, Portland, Vice President for Strategic Development, FirstPoint Communications.

Ben Doty, Newport, Telecommunications Manager, Central Lincoln PUD.

Joan Harding, Seaside, Distance Learning Coordinator, Jewell School.

Paula Manley, Beaverton, Executive Director, Tualatin Valley Community Access.

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FOR IMMEDIATE RELEASE
DECEMBER 30, 1997

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GOVERNOR EXPRESSES CONCERNS ABOUT UNION PACIFIC RAIL SERVICE PROBLEMS

Governor John Kitzhaber released a letter today that he sent to Richard K. Davidson, Chairman and Chief Executive Officer of the Union Pacific Corporation. In the letter, Gov. Kitzhaber admonishes Union Pacific not to forget Oregon when it comes to improving its greatly troubled service.

Rail car shortages have become chronic and Oregon forest products manufacturers have been particularly hard hit.

"I am writing to express my continuing concern with Union Pacific's service problems in Oregon," Gov. Kitzhaber wrote. "A transportation emergency still exists in the western part of the United States, and Oregon is no less affected now than it was two months ago."

A full copy of the letter is attached.

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FOR IMMEDIATE RELEASE
DECEMBER 18, 1997

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GOVERNOR PRESENTS STEELHEAD PLAN FOR FEDERAL REVIEW

Governor John Kitzhaber and representatives from Washington and California presented complementary steelhead restoration plans to National Marine Fisheries Service (NMFS) Regional Administrator Will Stelle today. The fisheries service must decide by February 9, 1998 whether five steelhead populations in the three states are endangered or threatened with extinction. NMFS and the states will work together to make the state plans the basis for steelhead restoration in the region.

"This region is committed to restoring fish populations, relying wherever we can on voluntary, grass roots action. We are anxious to continue our partnership with the federal government to achieve our restoration goals," said Governor Kitzhaber. "Oregonians are demonstrating how well this approach is working in our efforts to restore coastal coho. Today's three-state promise to bring back steelhead reaffirms the local resolve to create healthy, sustainable, productive watersheds throughout the region."

In February, NMFS will decide whether steelhead populations warrant listing in the lower Columbia region shared by Washington and Oregon, the Oregon Coast region, the Klamath Mountains Province shared by Oregon and California, and the Central Valley and Northern regions in California.

The three states have prepared restoration plans that give regional residents as much input as possible into restoration efforts. Oregon's steelhead plan takes the form of a first supplement to the Oregon Plan, now called the Oregon Plan for Salmon and Watersheds. Because Washington and California share several steelhead populations with Oregon, regional commitment to restoring steelhead is crucial to the viability of Oregon's steelhead effort.

"We will review these plans and information on stock status and work with the states for the benefit of Northwest salmon. We are highly supportive of this regional partnership," Will Stelle said.

The Oregon Plan for Salmon and Watersheds includes components focused on restoring coho salmon on the coast, improving water quality in streams throughout the state, and now restoring steelhead along the coast, and in the lower Columbia and upper Willamette rivers, and the Snake basin.

In April 1997, NMFS entered into an agreement with the State of Oregon to implement and strengthen the coastal coho restoration component of the Oregon Plan. Coho from Cape Blanco north to the Columbia River were not designated as

"threatened" or "endangered" species because of improved coho numbers in recent years and because the Oregon Plan contains important conservation actions that benefit coho. On the southern coast, the service listed coho salmon as "threatened" but agreed to support the harvest, hatchery, research and monitoring, and habitat restoration actions listed in the Oregon Plan.

The April decision made Oregon the first state to gain federal approval of a massive, locally-driven restoration effort.

The steelhead supplement to Oregon's plan extends most of the actions state, federal local government, watershed councils, industry and other partners are taking to restore coastal coho into steelhead habitat in Oregon. The supplement includes commitments from new partners in the steelhead regions -- including urban partners in the Willamette Valley -- and actions hydropower operators are agreeing to undertake.

The Oregon Plan for Salmon and Watersheds is the development of a watershed restoration strategy for all of Oregon that precludes the need for listings under the Endangered Species Act and the Clean Water Act.

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FOR IMMEDIATE RELEASE
DECEMBER 17, 1997

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TASK FORCE SAYS WILLAMETTE RIVER AT RISK Report Outlines Strategy for Action

The Willamette Basin Task Force presented its recommendations to Governor John Kitzhaber today at Champoeg State Park, concluding that the Willamette River and surrounding watershed are at risk unless coordinated action is taken. Appointed by Kitzhaber in June 1996, the 22-member task force produced over 100 recommendations, including the creation of a council to oversee efforts to restore water quality, wildlife and fish populations in and near the Willamette.

"The pressures of growth have begun again to threaten the Willamette, just as they did 30 years ago," said Kitzhaber. "But today, the threat is more complex. Today, the river is threatened by runoff from cities, farms and neighborhood lawns. We can't simply pass a law to clean up the Willamette -- we have to work together as a community."

Kitzhaber praised the work of task force members, who were drawn from agriculture, industry, local governments, academia and environmental groups. "This task force has produced a plan through consensus, not regulation. It's a great example of what needs to happen across the Willamette Valley if we're going to succeed in protecting this river," he said.

"The governor put the task force members in a room with our fingers taped together so we couldn't point at each other, and asked for an honest assessment and practical solutions. Our recommendations represent a blueprint that can help guide future action -- they are not a solution in and of themselves," said John Miller, a Salem resident and the task force chairperson.

Other recommendations in the task force report include increased monitoring of pollutants in and near the river, mandatory reporting of pesticide sales, review of new construction on Willamette flood plains, increased public education efforts to change behaviors and practices leading to the river's degradation. The report also recommends working with landowners to decrease polluted runoff into the river.

The governor will now ask state natural resource agencies to review the task force's work to determine what actions they can take to implement recommendations in the report. The report may generate proposals for the 1999 Oregon Legislature following an extensive review, and the task force is recommending that public hearings on the report be held throughout the Willamette Valley in coming months.

"The Willamette River has been a part of this valley for millennia," said Kitzhaber. "I know that Oregonians care about

the Willamette and about quality of life in this beautiful state. That's why I'm asking them to work with me and with each other to protect our river."

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FOR IMMEDIATE RELEASE
DECEMBER 4, 1997

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FEDERAL GRANT WILL HELP TEACH ABSTINENCE SKILLS TO OREGON CHILDREN

Oregon has received a federal grant of nearly a half million dollars to teach middle school students about abstinence, Governor John Kitzhaber announced today. The money, which comes from the federal Health Resources and Services Administration, will help fund the statewide program called "STARS"-- Students Today Aren't Ready for Sex. STARS is an abstinence-based teen pregnancy prevention program that uses high school mentors to teach middle school students the advantage of postponing sexual involvement.

"It's wonderful that the federal government has recognized the importance of the STARS message," said First Lady Sharon Kitzhaber, who has spearheaded the STARS program. "This will allow us to expand our efforts in more counties across the state, and help us teach more kids that postponing sex can give them a brighter future."

The grant money will help support the statewide implementation of STARS, which began as a demonstration project in Multnomah County in 1995. The addition of these funds will make STARS training available in 34 of Oregon's 36 counties by the end of 1998, reaching over 30,000 middle school students.

Oregon's grant, which totals \$460,076, is part of the Federal Abstinence Block Grant program. The grant will supplement STARS program funds already appropriated by the 1997 Legislature, and money donated from corporations and private foundations.

"About half of these new funds will go directly to local communities to implement STARS, which is Oregon's abstinence education program," says Dr. David Lane, STARS Program Director at the Oregon Health Division. "The rest of the money will be used for direct program costs, such as training the teen leaders."

The STARS program trains high school students to help sixth and seventh grade students identify pressures that lead them into sexual involvement and teaches them how to resist such pressures. The middle school students learn that health concerns, waiting until marriage, furthering their education, religious reasons and personal values are all important reasons for delaying sex. STARS is part of the Governor's Action Agenda to reduce teen pregnancy in Oregon, a comprehensive strategy designed to give children the skills and information they need to avoid pregnancy.

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FOR IMMEDIATE RELEASE
DECEMBER 2, 1997

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GOVERNOR ANNOUNCES 'RIGHT TO KNOW' TASK FORCE ON TOXIC SUBSTANCES

Governor Kitzhaber has appointed a task force to address the issue of "community right to know" laws, which govern the release of information about toxic substances to residents. The task force, which is made up of representatives from business, emergency services, the legislature, state and local governments, environmental groups and the general public, will review current reporting requirements for toxic substances and report their recommendations to the governor and legislature by January 1999.

"It is clear that Oregonians need to know about the kinds of toxic substances being used in their communities," said Governor Kitzhaber. "However, we need to balance that need with the effect on local businesses, as well as making sure that we are implementing these laws in the most effective way we can."

The Governor's Task Force on Community Right to Know will examine the current substance reporting requirements of federal, state and local governments. It will concentrate on determining if the current system is adequate, and if not, how toxic reporting requirements could be made more efficient and whether information provided to the public is adequate.

The task force members are as follows:

Sen. Jeannette Hamby, Hillsboro
Sen. Susan Castillo, Eugene
Rep. Lane Shetterly, Dallas
Rep. Mike Lehman, Coos Bay
John Ledger, Associated Oregon Industries, Salem
Jim Craven, American Electronic Association, Lake Oswego
Don Upson, Molecular Probes, Eugene
Mary O'Brien, Eugene Citizens for Public Accountability
Randy Tucker, OSPIRG, Portland
Andy Harris, M.D., Physicians for Social Responsibility, Salem
Greg DiLoreto, City of Gresham Environmental Services
Darrell Tedisch, City Fire Marshal, Albany
Jim Swinyard, Benton County Emergency Services, Corvallis
Cindy Savage, Portland

Mary Alice Ford, Portland

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FOR IMMEDIATE RELEASE
NOVEMBER 18, 1997

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**GOVERNOR APPOINTS DIANNE MIDDLE AS
DIRECTOR OF NEW DEPARTMENT OF PUBLIC SAFETY STANDARDS AND TRAINING**

Gov. John Kitzhaber announced today that he has appointed Dianne Middle as the director of the new Department of Public Safety Standards and Training. The Department was created during the 1997 legislative session as part of a reorganization of the former Board of Public Safety Standards and Training.

Middle has served on the Oregon Board of Parole and Post-Prison Supervision since 1994, and has chaired the board since 1996. Middle has also served as a Deputy District Attorney for Marion County from 1989 to 1996, an Assistant Attorney General at the Oregon Department of Justice from 1987 to 1989, Deputy District Attorney for Columbia County from 1985 to 1987 and Deputy District Attorney for Multnomah County from 1984 to 1985.

Before becoming an attorney, Middle served as a patrol officer and later a detective specializing in crimes against persons in Fort Collins, Colorado. In 1978, she moved to Oregon and served as a patrol officer and crime prevention officer in St. Helens, Oregon.

"I am pleased to be able to appoint someone with the breadth and depth of law enforcement experience that Dianne brings to the table," said Gov. Kitzhaber. "Her excellent public service has earned her the respect of the law enforcement community throughout Oregon, and that will be crucial running the Department."

"I am a firm believer that respect for our criminal justice system begins with the contacts citizens have with the men and women in the public safety professions," said Middle. This is an exciting opportunity for me to help shape the quality of their training and level of professionalism."

Middle will assume her duties in mid December.

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FOR IMMEDIATE RELEASE
NOVEMBER 6, 1997

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LEGISLATIVE LEADERSHIP, GOVERNOR CONCUR ON PLAN TO ADDRESS IMPLEMENTATION OF ASSISTED SUICIDE LAW

Legislators to Appoint Joint House/Senate Subcommittee

Governor John Kitzhaber and legislative leadership met today to discuss how to proceed with implementation of physician assisted suicide in the wake of Tuesday's reaffirmation of the law which was originally passed in 1994.

As a result of the meeting, Senate President Brady Adams and House Speaker Lynn Lundquist have decided to appoint a joint House/Senate subcommittee of the Judiciary Committee. The subcommittee will address the question of how best to implement the measure.

"Given the gravity of this issue, I am not comfortable with the use of a brief special session to address it," said House Speaker Lynn Lundquist. "I have confidence that a joint interim committee will be able to determine the best policy for implementation."

"The purpose of this committee is not to question the voters' decision," said Senate President Brady Adams, "but to create the best public policy possible for implementing the will of the people."

"We have a responsibility to implement this measure that Oregonians have overwhelmingly endorsed. I believe this is a prudent approach to achieve that objective," said Governor Kitzhaber. "I will work with this committee as will all the relevant state agencies to answer these important questions."

"We now can finally do what we should have done last session -- responsibly implement the voters' will," said House Democratic Leader Kitty Piercy.

"On matters of life and death and dignity, there is no room for partisan politics," said Senate Democratic Leader Cliff Trow. "We've made a good first step with this decision."

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FOR IMMEDIATE RELEASE
NOVEMBER 6, 1997

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DRAFT STEELHEAD RESTORATION PLAN OUT FOR PUBLIC REVIEW

Governor John Kitzhaber has released the first draft supplement to the Oregon Plan for public review. The supplement focuses on restoring steelhead runs on the Oregon coast and in the lower and upper Columbia River, and steelhead and spring chinook runs in the upper Willamette. Landowners, local officials and other interested parties are encouraged to provide comments on the draft supplement and add conservation actions they can contribute to the restoration effort.

The Governor's Office is hosting community briefings in all affected areas, starting with the lower Columbia and Willamette basins to encourage new partners to participate in the Oregon Plan.

Briefings will be held on the coast in early 1998 and in northeastern Oregon in the spring of 1998. In those areas, Oregonians are already involved in restoration. On the coast, the current restoration focus is on coho, which are listed as "threatened" south of Cape Blanco, and cutthroat, which are listed as "endangered" in the Umpqua River basin. In northeastern Oregon, the restoration focus is on steelhead, listed as "threatened," and chinook salmon, listed as "endangered."

"This unprecedented collaborative effort requires the continued strong support of and participation by all Oregonians as we go one step further in restoring our watersheds," Kitzhaber said. "Many Oregonians on the coast and in northeastern Oregon have fully committed themselves to restoration. We hope to encourage more residents in the Willamette Valley and lower Columbia to join the effort, and then we will revisit those parts of the state where restoration is well underway. In the meantime, we hope all of the Oregon Plan partners will send comments on the draft supplement."

The Oregon Plan is a statewide approach to natural resource management that relies on voluntary efforts by all Oregonians to create healthy watersheds. First focused on putting together actions to restore coho salmon on the Oregon coast, partners are now expanding the plan to include the restoration of steelhead on the coast and in the lower Columbia. The National Marine Fisheries Service (NMFS) will decide whether to list steelhead as "threatened" in those areas on February 9, 1998. The plan is also being expanded to include steelhead in the Snake River basin, where the species has been listed as "threatened," and in the Willamette Valley.

Future supplements to the Oregon Plan will focus on other aquatic species, with the ultimate goal being a plan to restore and maintain the health of all of Oregon's watersheds.

The draft supplement on steelhead is available on the World Wide Web at <http://www.oregon-plan.org>. Hard copies are also available at the sites listed below. Comments will be taken through November 24, 1997, and should be directed to:

Oregon Plan Steelhead Review
Capitol Building
Salem, Oregon 97310

Oregon Plan Draft Supplement on Steelhead, Public Viewing Sites

BENTON COUNTY

Benton County Board of Commissioners, Courthouse, 120 NW 4th, Corvallis
Benton County Extension, 1849 NW 9th St., Suite 8, Corvallis
Benton SWCD, tel: 541-757-4811, Corvallis
Dept. of Forestry, 24533 Alsea Hwy., Philomath
Mary's River Watershed Council, 305 SW C Street, Corvallis
Oregon Dept. of Fish & Wildlife, 7118 NE Vandenberg Ave., Corvallis

CLACKAMAS COUNTY

Canby Public Library, 292 N Holly Street, Canby
Clackamas County Board of Commissioners, Courthouse, 906 Main St., Oregon City
Clackamas County Extension, 200 Warner-Milne Road, Oregon City
Clackamas County Library, 16201 SE McLouglin Blvd., Oak Grove
Clackamas County SWCD, 256 Warner Milne Rd., Oregon City
Clackamas River Watershed Council, tel: 503-655-6143, Clackamas
Clackamas River Basin Council, 19142 SE Bakers Fry Rd., Boring
Dept. of Forestry, 14995 S. Hwy. 211, Molalla
Gladstone Public Library, 135 E. Dartmouth, Gladstone
Johnson Creek Watershed Council, 525 Logus St., Oregon City
Lake Oswego Public Library, 706 4th Street, Lake Oswego
Ledding Library, 10660 SE 21st Ave., Milwaukie
Oregon Dept. of Fish & Wildlife, 17330 SE Evelyn St., Clackamas
Oregon City Public Library, 362 Warner Milne Rd., Oregon City
Sandy Basin Watershed Council, tel: 503-668-8626, Sandy
Tualatin Public Library, 18880 SW Martinazzi, Tualatin
West Linn Public Library, 1595 Burns St., West Linn

CLATSOP COUNTY

Astoria Public Library, 450 Tenth Street, Astoria
Clatsop Coordinating Council, 750 Commercial St., Room 205, Astoria
Clatsop County Board of Commissioners, Courthouse, 749 Commercial, Astoria
Clatsop County Extension, 2050 Marine Drive, Astoria
Clatsop SWCD, tel: 503-325-4571, Astoria
DOF, tel: 503-325-5452, Astoria

DEQ, 17 N. Highway 101, Warrenton
Ecola Creek Steering Committee, tel: 503-436-1739, Cannon Beach
Lewis & Clark/Young's River Council, tel: 503-325-2349, Astoria
Necanicum Watershed Council, tel: 503-738-8188, Seaside
Nicolai-Wickiup Watershed Council, tel: 503-458-6881, Astoria
Oregon Dept. of Fish & Wildlife, tel: 503-338-0106, Astoria
Seaside Public Library, 60 N Roosevelt Blvd, Seaside
Skipanon Watershed Council, 523 Turlay Road, Warrenton

COLUMBIA COUNTY

Columbia County Board of Commissioners, Courthouse, St. Helens
Columbia County Extension, Courthouse, St. Helens
Columbia SWCD, 2514 Sykes Rd., St. Helens
L Columbia River Watershed Council, 2514 Sykes Road, St. Helens
U Nehalem Watershed Council, 16747 Timber Rd., Vernonia

COOS COUNTY

Bandon Public Library, Highway 101, City Hall, Bandon
Coos Bay Public Library, 525 West Anderson, Coos Bay
Coos County Commission, 2nd and Baxter, Coquille
Coos County Extension, 290 North Central, Coquille
Coos SWCD, 382 N Central, Coquille
Coos Watershed Association, tel: 541-888-5922, Coos Bay
Coquille Public Library, 105 N. Birch, Coquille
Coquille Watershed Association, 382 N. Central Blvd., Coquille
Elk-Sixes River Watershed Council, tel: 541-396-4391, Bandon
Flores Creek Watershed Council, tel: 541-348-9961, Langlois
Oregon Dept of Environmental Quality, 340 N. Front, Coos Bay
Oregon Dept. of Fish and Wildlife, 4475 Boat Basin Drive, Charleston
Oregon Department of Forestry, 300 Fifth St. Bay Park, Coos Bay
Ten Mile Basin Partnership, tel: 541-759-4325, Lakeside, OR 97449

CURRY COUNTY

Chetco Community Public Library, 405 Alder St., Brookings
Curry County Commission, 450 N. Ellensburg, Gold Beach
Curry County Extension, 29390 Ellensburg, Gold Beach
Curry County SWCD, Bet Gar Bldg., Ellensburg Ave., Suite J, Gold Beach
Curry Public Library District, 29775 Colvin, Gold Beach
Elk-Sixes River Watershed Council, tel: 541-247-2755, Gold Beach
Euchre Creek Watershed Council, tel: 541-247-2755, Gold Beach
Hunter Creek/Pistol River Council, tel: 541-247-2754, Gold Beach
L Rogue Watershed Council, tel: 541-247-2755, Gold Beach
Oregon Dept. of Fish & Wildlife, 22907 Airport Way, Gold Beach
Port Orford District Library, 555 West 20th, Port Orford
Port Orford Watershed Council, tel: 541-332-5023, Port Orford
South Coast Watershed Council, tel: 541-247-2755, Gold Beach
Winchuk Watershed Council, 11243 Winchuck River Road, Brookings

DOUGLAS COUNTY

Dept of Forestry, 2424 Wells Road, Elkton
Dept of Forestry, 2925 Longwood Drive, Reedsport
Dept of Forestry, 1758 NE Airport Road, Roseburg
Douglas County Commission, 1036 SE Douglas, Roseburg
Douglas County Extension, 1134 SE Douglas, Roseburg
Douglas County Library System, 1409 NE Diamond Lake Blvd., Roseburg
Douglas SWCD, 251 NE Garden Valley Blvd., Suite L, Roseburg
ODFW, 4192 N. Umpqua Highway, Roseburg
Reedsport Branch Library, 395 Winchester Ave., Reedsport
Umpqua Basin Watershed Council, tel: 541-673-8316, Roseburg
Umpqua SWCD, 680 Fir St., Room 112, Reedsport

HOOD RIVER COUNTY

Hood River Board of Commissioners, Courthouse, 309 State St., Hood River
Hood River Extension, 2990 Experiment Station Dr., Hood River
Hood River SWCD, 4169 Barrett Rd., Hood River
Hood River Watershed Council, 1990 Experiment Stn Dr, Hood River

JACKSON COUNTY

Applegate River Watershed Council, 2816 Upper Applegate Rd, Jacksonville
Dept of Forestry, 5268 Table Rock Road, Central Point
Evans Creek Watershed Council, tel: 541-541-855-5463, Gold Hill
Jackson County Commission, 101 S. Oakdale, Medford
Jackson County Extension, 569 Hanley Road, Central Point
Jackson County Library Services, 413 W. Main St., Medford
Jackson SWCD, 1119 Ellen Ave., Medford
L Butte Creek Watershed Council, 1094 Stevens Rd., Eagle Point
Oregon Dept. of Fish & Wildlife, 1495 East Gregory Rd., Central Point
Rogue Valley Council of Governments, 155 S. 2nd St., Central Point
U Rogue Watershed Council, tel: 541-878-3800, Shady Cove

JOSEPHINE COUNTY

Dept of Forestry, 5375 Monument Drive, Grants Pass
Illinois Valley SWCD, 202 South Redwood Highway, Cave Junction
Illinois Valley Watershed Council, tel: 541-592-3770, Cave Junction
Josephine County Commission, Courthouse, NW 6th and C, Grants Pass
Josephine County Extension, 1720 Redwood Ave., Suite F, Grants Pass
Josephine County Library System, 200 NW "C" St., Grants Pass
Josephine SWCD, 576 NE E St., Grants Pass
Williams Creek Watershed Council, tel: 800-767-8898, Williams

LANE COUNTY

Bureau of Land Management, Eugene District, 2890 Chad Dr., Eugene
Dept. of Environmental Quality, 1102 Lincoln, Suite 210, Eugene

Dept of Forestry, 87950 Territorial Highway, Veneta
Dept of Forestry, 3150 Main Street, Springfield
Dept of Forestry, 2625 Highway 101, Florence
East Lane SWCD, 55 D Oakway Center, Eugene
Eugene Public Library, 100 West 13th Ave., Eugene
Lane County Board of Commissioners, Courthouse, 125 E. 8th, Eugene
Lane County Extension, 950 W. 13th Ave., Eugene
McKenzie Watershed Council, 40240 Mohawk River Road, Marcola
McKenzie Watershed Council, tel: 541-687-4283, Springfield
Mohawk Watershed Planning Group, 28750 Fox Hollow Rd., Eugene
Oregon Dept. of Fish & Wildlife, 3150 E. Main St., Springfield
Siuslaw Public Library, 9th St., Florence
Siuslaw Watershed Council, tel: 541-268-3044, Mapleton
Springfield Public Library, 225 N. 5th Street, Springfield
W.A. Woodward Memorial Library, 40 S. 6th Street, Cottage Grove
WRD, Lane County Courthouse, Environmental Health Department Building, Eugene

LINCOLN COUNTY

Dept of Forestry, 763 NW Forestry Road, Toledo
Driftwood Library, 801 SW Highway 101, Suite 201, Lincoln City
Lincoln County Commission, 225 W. Olive, Newport
Lincoln County Extension, 29 SE 2nd Street, Newport
Lincoln SWCD, 344 SW 7th St., Suite A, Newport
Mid-Coast Watershed Council, 344 SW 7th St., Suite A, Newport
Newport Public Library, 35 NW Nye St., Newport
Oregon Dept. of Fish & Wildlife, 2040 SE Marine Science Drive, Newport

LINN COUNTY

Dept. of Forestry, 4690 Highway 20, Sweet Home
Dept. of Geology and Mineral Industries, 1536 SE Queen St., Albany
Linn County Board of Commissioners, Courthouse, 300 4th Ave. SW, Albany
Linn County Extension, 4th and Lyons, Albany
Linn SWCD, 33630 McFarland Rd., Tangent
South Santiam Watershed Council, 33630 McFarland Rd., Tangent

MARION COUNTY

City of Salem, 555 Liberty St. SE, Salem
Oregon Dept. of Fish & Wildlife, 4412 Silverton Rd. NE, Salem
Marion County Board of Commissioners, Courthouse, 100 High St. NE, Salem
Marion County Extension, 3180 Center St., NE, Room 1361, Salem
Marion SWCD, 3867 Wolverine St. NE, Suite 16, Salem
North Willamette Research & Extension, 15210 NE Miley Road, Aurora
Pringle Creek Watershed Council, Public Works, 555 Liberty St. SE, Salem
Salem Public Library, 585 Liberty SE, Salem
Silver Falls Library Dist., 410 S. Water Street, Silverton
Woodburn Public Library, 280 Garfield St., Woodburn

MULTNOMAH COUNTY

Cedar Mill Community Library, 12505 NW Cornell Rd., Portland
City of Portland, 1400 SW 5th Ave., Suite 702, Portland
Columbia Slough Watershed Council, 7040 NE 47th Ave., Portland
Dept. of Environmental Quality, 2020 SW Fourth, Suite 400, Portland
East Multnomah SWCD, 2115 SE Morrison St., Portland
Fairview Creek Watershed Plan Group, 11333 NE Morris St., Portland
Metro, 600 NE Grand, Portland
Multnomah County Board of Commissioners, Courthouse, 1021 SW 4th, Portland
Multnomah County Extension, 211 SE 80th Avenue, Portland
Multnomah County Library, 205 NE Russell, Portland
Tryon Creek Watershed Council, 19750 Boones Ferry Rd., Portland
Tryon Creek Partnership, 6039 SW Knights Bridge, Portland
West Multnomah SWCD, 2115 SE Morrison St., Portland

POLK COUNTY

Dallas Public Library, 950 Main St., Dallas
Monmouth Public Library, Monmouth
Polk County Board of Commissioners, Courthouse, 850 Main St., Dallas
Polk County Extension, 182 SW Academy, Suite 202, Dallas
Polk SWCD, 289 E Ellendale, Suite 504, Dallas
Rickreall Watershed Steering Committee, 850 Main St., Dallas

TILLAMOOK COUNTY

Dept of Forestry, 48300 Wilson River Highway, Tillamook
Dept of Forestry, 4907 E. Third Street, Tillamook
L Nehalem Watershed Council, tel: 503-368-6514, Manzanita
Nestucca Watershed Council, 6145 Signal St., Tillamook
Netarts Bay Watershed Council, tel: 503-229-5529, Netarts
Oregon Dept. of Fish and Wildlife, 4909 3rd St., Tillamook
Tillamook County Commission, 201 Laurel Avenue, Tillamook
Tillamook County Extension, 2204 Fourth St., Tillamook
Tillamook County Library, 210 Ivy Avenue, Tillamook
Tillamook County SWCD, 6415 Signal St., Tillamook
Tillamook Nestucca Watershed Council, 6415 Signal St., Tillamook

UMATILLA COUNTY

Adams Public Library, 190 Main, Adams
Hermiston Public Library, 235 E. Gladys Ave., Hermiston
Milton-Freewater Public Library, 815 S. Main, Milton-Freewater
Oregon Dept. of Fish & Wildlife, 73471 Mytinger Lane, Pendleton
Pendleton Public Library, 502 SW Dorion Ave., Pendleton
Umatilla Basin Watershed Council, tel: 541-278-1073, Pendleton
Umatilla County Board of Commissioners, Courthouse, 216 SW 4th St., Pendleton
Umatilla County Extension, 721 SE Third St., Suite 3, Pendleton
Umatilla County SWCD, 1229 SE 3rd, Pendleton
Walla Walla Watershed Council, tel: 541-938-6105, Milton Freewater

UNION COUNTY

Dept. of Forestry, 611 20th Street, La Grande
Elgin Public Library, 260 N. 10th, Elgin
Grande Ronde Model Watershed, 10901 Island Ave., La Grande
North Powder Library, tel: 541-898-2175, North Powder
Oregon Dept. of Fish & Wildlife, 107 20th, La Grande
Union County Board of Commissioners, 1106 K Ave., La Grande
Union County Extension, 10507 N. McAlister Rd., La Grande
Union County SWCD, 10507 N. McAlister Rd., Rm. 1, La Grande

WALLOWA COUNTY

Oregon Dept. of Fish & Wildlife, 65495 Alder Slope Rd., Enterprise
Wallowa County Board of Commissioners, Courthouse, 101 S. River, Enterprise
Wallowa County Extension, 668 NW 1st, Enterprise
Wallowa County Library, 207 NW Logan, Enterprise
Wallowa Public Library, 201 First, Wallowa
Wallowa County SWCD, 201 W North St., Rm 113, Enterprise

WASHINGTON COUNTY

Banks Watershed Council, PO Box 428, Banks, OR 97106
Beaverton City Library, 12500 SW Allen Blvd., Beaverton
Dept of Forestry, 801 Gales Creek Road, Forest Grove
Forest Grove City Library, 2114 Pacific Avenue, Forest Grove
Hillsboro Public Library, 775 SE 10th, Hillsboro
Tigard Public Library, 13125 SW Hall Blvd, Tigard
Tualatin Watershed Council, 1080 SW Baseline Bldg. BSTE B-2, Hillsboro
Washington Cty Board of Commissioners, Public Svcs Bldg, 155 N. 1st Ave., Hillsboro
Washington County Extension, 18640 NW Walker Rd., #1400, Beaverton
Washington County SWCD, 1080 SW Baseline Rd., Bldg. B, Suite B-2, Hillsboro
Wilsonville Public Library, 8200 SW Wilsonville Rd, Wilsonville
Water Resources Division, 111 NE Lincoln #220, Hillsboro

YAMHILL COUNTY

Yamhill County Board of Commissioners, Courthouse, 535 NE 5th, McMinnville
Yamhill County Extension, 2050 Lafayette Street, McMinnville
Yamhill SWCD, 2200 W. 2nd, McMinnville
Yamhill Watershed Council, 2200 W 2nd, McMinnville

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FOR IMMEDIATE RELEASE
OCTOBER 29, 1997

Contact:

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GOVERNOR'S STAFF MEMBER NAMED TO NATIONAL ENVIRONMENTAL JUSTICE PANEL

Governor Kitzhaber announced today that Annabelle Jaramillo, who works as the Citizens' Representative in the Governor's Office, has been named to the Environmental Protection Agency's National Environmental Justice Advisory Council (NEJAC). The council is charged with assisting federal government agencies in the development of environmental justice strategies.

"I am pleased to have an Oregonian like Annabelle represent the state on such important issues," said Kitzhaber. "Ensuring that minority and low-income communities are treated equally when it comes the environment is a priority of mine. Annabelle will be able to give federal agencies good advice on how we can all do that better."

Jaramillo's responsibilities in the Governor's Office include directing staff and volunteers to respond to citizen inquiries, complaints and requests. The recipient of bachelor's and master's degrees in biology from Portland State University, Jaramillo began her career as a research botanist at the US Forest Service. She has long been an advocate for Hispanic community issues at both the state and national levels.

Jaramillo has been honored before for her service to the state. In 1996, she was named Woman of the Year by National Image, Inc. She has also received the 1995 Western Region Government Hispanic Advocate of the Year by the US Hispanic Chamber of Commerce and was one of four 1994 Oregon Women of Achievement named by the Oregon Commission for Women.

Also serving on the NEJAC is Oregonian James Hill from the Klamath Tribe. He was appointed in 1996 and serves as the council's chair of the Indigenous Peoples Subcommittee.

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FOR IMMEDIATE RELEASE
OCTOBER 28, 1997

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SON BORN TO KITZHABERS

John and Sharon Kitzhaber announced today that their son, Logan, was born at approximately 2 a.m. this morning. Both mother and baby are in good condition.

"Sharon and I appreciate the good wishes that all Oregonians have shared with us in recent months," said Governor Kitzhaber.

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FOR IMMEDIATE RELEASE
OCTOBER 23, 1997

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ASTORIA STEELHEAD BRIEFING LOCATION CHANGED

The community briefing on the plan for steelhead restoration scheduled for October 30 in Astoria will not be held at the high school cafeteria as announced earlier. Instead, the briefing will be held at the Clatsop County Courthouse, Circuit Court Room, located at 749 Commercial in Astoria. The date and time for the meeting -- October 30 from 6:30 to 8:30 p.m. -- has not been changed.

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FOR IMMEDIATE RELEASE
AUGUST 1, 1997

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GOVERNOR ANNOUNCES BOARDS AND COMMISSION NOMINATIONS

Powell Re-nominated For Port of Portland, Hemmingway Nominated for Northwest Power Planning Council

Governor John Kitzhaber released his list of 62 nominees for various boards and commissions today.

Among nominations of note, Kitzhaber re-nominated Portland business person Mike Powell to the Port of Portland Commission. Powell was voted down in September with several senators missing.

Kitzhaber also nominated Roy Hemmingway to serve on the Northwest Power Planning Council, replacing Joyce Cohen. Hemmingway was one of the original members of the Power Planning Council from 1981 to 1986 and currently serves as the governor's Salmon and Energy Adviser.

"Joyce Cohen has served an excellent term and represented the interests of the Oregon people well," said Kitzhaber. "Roy Hemmingway will not only build on her work, but also brings a tremendous knowledge of the complex issues surrounding energy deregulation. Since I believe the solution to Columbia River salmon will be closely connected to energy deregulation, Roy can serve as a key to build consensus on these issues in the region."

Kitzhaber also re-nominated Don McClave, president of the Portland Chamber of Commerce to the Tri-Met Board and Pendleton attorney Henry Lorenzen to the Fish & Wildlife Commission.

Further, Kitzhaber nominated four out of five members of the first Oregon Board of Investigators (BOI). The BOI was created under HB 2383 and will establish a licensing and registration system for investigators. It consists of five members appointed by the governor -- three investigators, one law enforcement representative and one public member. The governor is still seeking a public member of the board.

The other nominees are listed below:

Advisory Council on Podiatry	Darrell Prins, Lincoln City
Advisory Council on Podiatry	Jill Tanner, Wilsonville
Board of Boiler Rules	Stephen Frantz, Portland

Port of Portland	Michael Powell, Portland
Building Codes Structures Board	James Griffith, Portland
Building Codes Structures Board	Richard Rogers, Salem
Children's Ombudsman	Gin Denison, Salem
Commission for Women	Kim Knifong Schmalz, Salem
Commission for Women	Trina Miller, Salem
Commission for Women	Jacqueline Taylor, Astoria
Commission on Asian Affairs	Hongsa Chanthavong, Portland
Commission on Asian Affairs	Jagdish Grewal, Boring
Commission on Asian Affairs	Ty Ho, Portland
Commission on Asian Affairs	Peter Leung, Corvallis
Commission on Black Affairs	Dennis Payne, Portland
Commission on Hispanic Affairs	Trinidad Ortiz, Madras
Dispute Resolution Commission	Martha Pagel, Salem
Environmental Quality Commission	Mark Reeve, Portland
Fair Dismissal Appeals Board	Joshua Thomas, Aloha
Governing Board of the Department of Geology and Mineral Industries	Arleen Barnett, Portland
Lane Transit District Board	Kirk Bailey, Eugene
Lane Transit District Board	Robert Bennett, Eugene
Lane Transit District Board	David Kleger, Eugene
Oregon Board of Investigators	Bill Anton, Oregon City
Oregon Board of Investigators	Lila Ashenbrenner-Sadri, Hillsboro
Oregon Board of Investigators	Bruce Daily, Roseburg
Oregon Board of Investigators	Calvin Krosch, Bend
Oregon Criminal Justice Commission	Tom Lininger, Eugene
Oregon Disabilities Commission	Gary Boley, Sandy
Oregon Disabilities Commission	Lynn Cameron, Burns
Oregon Disabilities Commission	Judith Cunio, Salem
Oregon Disabilities Commission	Ryan Deckert, Beaverton
Oregon Disabilities Commission	Gary Kazen, Monmouth
Oregon Disabilities Commission	Robert Stevens, Bend
Oregon Investment Council	Warren Rosenfeld, Portland
Oregon State Fair Commission	Larry Aamold, Beaverton
Oregon State Fair Commission	Murray Fretz, Mosier
Oregon State Fair Commission	Martin Gage, Salem
Oregon State Veterinary Medical Examining Board	Vera R.P. Rogers, Days Creek
Pacific Northwest Electric Power and Conservation Planning Council	Roy Hemmingway, Portland
State Board of Chiropractic Examiners	Richard McCarthy, Cottage Grove

State Board of Chiropractic Examiners	Janice Nelson, Eugene
State Board of Forestry	David Gilbert, La Grande
State Board of Higher Education	Herb Aschkenasy, Albany
State Board of Higher Education	James Lussier, Bend
State Board of Higher Education	Kathryn Van Patten, Eugene
State Board of Higher Education	James Willis, Salem
State Board of Psychologist Examiners	Caroline Hernandez, Medford
State Board of Psychologist Examiners	David Starr, La Grande
State Board of Tax Service Examiners	Joyce Funkhouser, Portland
Commission on Children and Families	Mike Greenfield, Salem
Commission on Children and Families	Jann Lane, Lake Oswego
Commission on Children and Families	Robert Lieberman, Grants Pass
Commission on Children and Families	Ellen Lowe, Portland
Commission on Children and Families	Laura Pryor, Condon
State Fish and Wildlife Commission	Henry Lorenzen, Pendleton
State Parks and Recreation Commission	John Blackwell, Portland
State Plumbing Board	Henry McDonald, Hermiston
Teacher Standards and Practices Commission	Jerry Colonna, Redmond
Teacher Standards and Practices Commission	Robert Goerke, Medford
Teacher Standards and Practices Commission	Paul Meyer, Portland
Tri-Met Board	Donald McClave, Portland

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FOR IMMEDIATE RELEASE
OCTOBER 21, 1997

Contact:

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GOVERNOR APPOINTS GROUP TO RESEARCH STATE TAX SYSTEM

Governor John Kitzhaber has appointed a group of eight Oregonians to make a detailed examination of the state's tax system. The group will examine issues such as distribution of the overall tax burden, the system's stability, and the incentives and disincentives in the tax system and how they match with the state's economic development goals.

"Our state's economy has changed radically over the last 15 years, our property tax system has changed, our school finance system has changed and we've made several incremental changes to our state's tax system," said Kitzhaber. "We need to take a comprehensive look at how we tax in Oregon and whether it is appropriate to make changes."

Kitzhaber stressed that the group was not discussing how to raise more money but rather arguing at how the money is raised. "While we may disagree about the wisdom of the two percent kicker, it would be difficult to argue that the current tax system is not bringing in an adequate level of revenue," said Kitzhaber. "So rather than an examination of the adequacy of the tax system, I am interested in knowing if we need to change our system in terms of fairness, stability and economic incentives."

Kitzhaber said he asked the group to meet over the next four months and analyze the state's tax system so that a larger group could use the information as the basis for proposing changes to the system. Those proposals would then be forwarded to the 1999 session of the Oregon Legislature for consideration.

The groups members are as follows:

- Chair: John Mitchell, Governor's Council of Economic Advisors; Chief Economist, U.S. Bank.
- Elizabeth Harchenko, Director, Department of Revenue.
- Duncan Wyse, Executive Director, Oregon Business Council.
- Gerald Kissler, Senior Vice Provost for Planning and Resources, University of Oregon.
- Bruce Weber, Program for Governmental Research and Education, Oregon State University.
- Gary Carlson, Executive Vice President, Associated Oregon Industries.
- Margaret Hallock, Labor Education & Research Center, University of Oregon
- Richard Munn, Former Director, Oregon Department of Revenue.

The group will be staffed by the Department of Administrative Services' Office of Economic Analysis, the Department

of Revenue's Revenue Research Section and the Progress Board. The group is expected to finish its work by April 15, 1998.

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FOR IMMEDIATE RELEASE
OCTOBER 20, 1997

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COMMUNITY BRIEFINGS TO BE HELD ON DRAFT STEELHEAD RESTORATION PLAN

Governor John Kitzhaber has announced a series of four community briefings on the first draft supplement to the Oregon Plan. The supplement focuses on restoring steelhead runs on the Oregon coast and in the lower Columbia River, and steelhead and spring chinook runs in the upper Willamette. Landowners, local officials and other interested parties are encouraged to attend the briefings, review the draft supplement and add to the supplement conservation actions they can contribute to the restoration effort.

The Oregon Plan is a statewide approach to natural resource management that relies on voluntary efforts by all Oregonians to create healthy watersheds. First focused on putting together actions to restore coho salmon on the Oregon coast, partners are now expanding the plan to include the restoration of steelhead on the coast and in the lower Columbia. The National Marine Fisheries Service (NMFS) will decide whether to list steelhead as "threatened" in those areas on February 9, 1998. Steelhead have been listed as "threatened" in the Snake River Basin.

"This unprecedented collaborative effort requires the continued strong support of and participation by all Oregonians as we go one step further in addressing threatened and endangered species," said Governor Kitzhaber. "With the Oregon Plan, we've developed a creative model to protect coastal coho and improve watershed health that emphasizes voluntary participation, flexibility and innovation. I'm hopeful that we can use this same locally-driven approach to recover steelhead."

The community briefings schedule is as follows:

Wednesday, Oct. 29 in Eugene: 6:30 to 8:30 p.m. at Harris Hall, Lane County Public Service Building, 125 E. 8th Ave.

Thursday, Oct. 30 in Astoria: 6:30 to 8:30 p.m. at Clatsop County Courthouse, Circuit Court Room, 749 Commercial.

Wednesday, Nov. 5 in Salem: 7 to 9 p.m. at Salem City Council Chambers, Salem Civic Center, 555 Liberty St. SE.

Thursday, Nov. 6 in Portland: 7 to 9 p.m. at Metro Council Chambers, 600 NE Grand St.

The community briefings will include a presentation on the draft steelhead supplement contents as well as opportunity for questions and comments.

Many of the state, federal and local partners who developed the coho restoration part of the Oregon Plan also worked on the steelhead supplement. The supplement expands the measures currently in place on the coast to the lower Columbia and upper Willamette. The supplement will also include measures hydropower operators are agreeing to undertake, and Washington is preparing a plan for their part of the lower Columbia.

This is the first supplement to the plan. Future supplements will focus and other aquatic species, with the ultimate goal being an aquatic conservation strategy for all of Oregon's watersheds.

Information on the Oregon Plan is now available on the World Wide Web at <http://www.das.state.or.us/salmon/>. Additional supplements to the Oregon Plan will be located at this site or a linked site. Call 503-378-8582 ext. 800 for the latest update on the Oregon Plan and supplement information.

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FOR IMMEDIATE RELEASE
OCTOBER 15, 1997

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GOVERNOR RECOMMENDS ELIMINATION OF PLANS FOR NEW HIGHWAY CONSTRUCTION

Governor John Kitzhaber today told the Oregon Transportation Commission that it should eliminate plans to spend up to \$500 million on new highway construction because of the Legislature's failure to pass a transportation package.

It makes no sense to design new roads, interchanges, and other facilities, no matter how badly they are needed, if we do not have the resources to maintain the roads we already have, Kitzhaber said. The Oregon Transportation Initiative identified maintenance and preservation as our highest priority. We need to do all we can to ensure our investment in the existing transportation system is protected and wisely managed.

The governor's recommendation affects 40 state transportation projects scheduled for construction in 2002 and 2003. The total cost of the work is estimated at up to \$500 million. A list of the affected projects is attached.

Kitzhaber made his recommendation in an attached letter to the Transportation Commission, which met today in Salem and Portland. The governor also said that if the Legislature does not approve a transportation bill in the next session, he will ask lawmakers to redirect funds set aside for new construction to preserving existing roads.

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[Governor's Letter to the Transportation Commission](#)
[Download Letter to the Transportation Commission \(Word 6.0 format only\)](#)

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FOR IMMEDIATE RELEASE
OCTOBER 8, 1997

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GOVERNOR RESPONDS TO CONGRESSMAN BOB SMITH'S FOREST HEALTH BILL

Governor John Kitzhaber submitted testimony yesterday on Bob Smith's proposed bill, "The Forest Recovery and Protection Act of 1997." The governor pointed to similarities in overarching goals, but expressed concerns with how the legislation proposes to achieve them.

"I was pleased to see that Chairman Smith and I continue to have common goals with respect to ecosystem health in the forests east of the Cascades and in the Intermountain West," Kitzhaber said. The governor described the overarching goal this way: "facilitate and provide incentives to enable the federal land management agencies to work with partners toward restoring the health of these ecosystems, consistent with good science, in a way that reduces the risk of catastrophic fire and can provide benefits to local communities."

In January the governor announced his 11-point strategy for restoring health in eastern Oregon ecosystems. "We have seen unprecedented support for our collaborative approach to addressing this critical environmental and economic issue," Kitzhaber said. "The 11-point strategy enjoys strong scientific and public support. We must take advantage of this broad policy agreement and move forward to restore the health of these forests, streams and watersheds."

"I feel stronger than ever about the importance of our making progress toward this goal. In eastern Oregon our forests continue to be well outside their historic condition. Decades of fire suppression, timber harvest and road building have left us with overstocked stands of young trees that are often the wrong species and are ripe for future insect outbreaks. In addition, these watersheds are plagued by degraded riparian habitat and the risk of wildlife. The current condition of many of our forests can not support the activities we once depended on them for, such as fiber for our communities, habitat for fish and wildlife, high-quality drinking water and recreation opportunities. It is now necessary for us to seek ways to invest in our forests to succeed at the long process of ecosystem restoration," Kitzhaber said in his written testimony.

The governor has been working for more than two years on an initiative to restore ecosystem health to eastern Oregon's forests. He has relied on input from a diverse panel of scientists as well as a citizen's advisory panel to shape the broad policy direction of his initiative. The U.S. Forest Service, through Chief Mike Dombeck and Region Six Forester Bob Williams, have embraced the strategy and asked the eastside foresters in Oregon to shape their program of operations to meet its intent. Dombeck spoke to the progress that is occurring on the ground, the range of restoration activities and the important and growing role of collaboration in both funding projects as well as building public support for them.

The governor praised Chairman Bob Smith for recognizing the need for additional funds in the legislation to finance needed treatments, but indicated concerns with its proposed sources and structure. He is particularly concerned that the new fund for the forest health treatments will be a revolving fund.

"Revolving funds are usually dependent on revenue-granting activities to keep the fund viable," Kitzhaber said. "Most of the needed treatments generate little if any revenue. We cannot fall back into the practice of heavy overstory removal to generate revenue, or the health of our forests will continue to decline." Instead, he offered to work with Congressman Smith and the Clinton Administration to identify and secure the funds necessary.

In addition, the governor registered concerns with the makeup of the proposed Scientific Advisory Panel, suggesting that the panel should be broadened from just foresters and forest scientists to include experts in aquatic ecology, hydrology, wildlife and fisheries.

Finally, Kitzhaber pointed to the need to restore confidence in the Forest Service.

"Having a group of respected foresters identify areas needing restoration does little to restore public confidence in our federal land managers if we do not have broad public acceptance for the type of management that will be applied to these prioritized areas," he said.

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FOR IMMEDIATE RELEASE

August 15, 1997

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GOVERNOR KITZHABER PLEDGES SUPPORT TO GRANTS PASS IRRIGATION DISTRICT

Gov. John Kitzhaber pledged his support today for the Grants Pass Irrigation District's (GPID) efforts to remove Savage Rapids Dam. The GPID Board voted August 5 to resolve the long-standing fish passage problems at the dam by removing the dam and installing electric pumps that would take water directly from the river. The Savage Rapids Dam spans the Rogue River above Grants Pass.

"The Irrigation District Board is to be commended for taking the fish passage problems at the dam seriously and for taking the steps necessary for resolving those problems," Kitzhaber said. "The controversy over this dam has gone on long enough, and the losers have been the salmon and steelhead of the Rogue. It is time to take action to make the GPID water withdrawal facilities safe for fish."

The governor offered his support to assist the GPID in the following ways:

- Seeking federal funds for removal of the dam and installation of the electric pumps.
- Identifying other sources of funds if needed to make up any shortfall of federal funds.
- Ensuring that GPID receives the water withdrawal permits from the state Water Resources Department to meet the District's patrons' needs.
- Working with the National Marine Fisheries Service to make sure that GPID is not cited for a "taking" of threatened coastal coho salmon under the federal Endangered Species Act.
- Talking to electric companies to ensure the GPID gets the lowest cost power for the electric pumps that will replace the dam.

The governor acknowledged the work of the Savage Rapids Dam Strategic

Task Force, the majority report of which had recommended retaining the dam with substantial modifications to aid fish passage. However, the governor recognized the desire of the GPID to seek the lowest cost alternative for its patrons -- dam removal -- which will also run the lowest risk of trouble under the Endangered Species Act.

"Obtaining the additional funds for dam retention was a real problem for the District," the governor said, "and even with the expensive fish passage improvements the dam would continue to kill fish, including threatened coastal coho. It is perfectly understandable that the GPID Board would want to choose the least cost alternative with the fewest problems for fish -- dam removal."

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FOR IMMEDIATE RELEASE

August 15, 1997

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GOVERNOR ISSUES FINAL VETOES

Governor John Kitzhaber issued his final vetoes of bills passed in the 1997 legislative session today, vetoing 26 bills. Of the 909 bills sent to Kitzhaber by legislators, the governor signed 868 and vetoed 43.

The following bills have been vetoed by Gov. Kitzhaber:

Changes in Oregon's Tax System

House Bill 2062

HB 2062 would have eliminated Oregon's tax on "intangible assets" for centrally-assessed utilities, airlines, railroads and telecommunications companies. The change would represent a shift of taxes to individual taxpayers. Further, the definition of "intangible assets" in the bill was too broad.

House Bill 3734

This bill would have reduced taxes for the timber industry by more than \$50 million per biennium and would have shifted the tax burden from timber companies to all other individual taxpayers.

Unfair to Certain Groups of Oregonians

House Bill 2222

This bill would have created criminal penalties for false statements by consumers in connection with an insurance claim but would have exempted insurance companies from criminal prosecution.

Unfairly Promotes Special Interests

Senate Bill 847

SB 847 would have retroactively reduced penalties for campaign reporting violations.

(more)

Threats to Health and Safety of Oregonians

House Bill 2454

This legislation would have eliminated the helmet requirement for motorcyclists over the age of 21.

House Bill 2585

HB 2585 would have cut funds available to the Boxing and Wrestling Commission. The Commission is responsible for enforcing health, safety and other regulations in the boxing and wrestling industries.

House Bill 2749

This bill would loosen restrictions on the release of records in child abuse cases. It could compromise investigations into child abuse and could result in records being released to suspected or actual abusers

House Bill 3310

This bill would have exempted a nursing home in Coos County from the requirement to demonstrate that the facility is needed. If built, it could result in state funds being drained away from effective senior citizen care programs to subsidize the nursing home.

Senate Bill 770

This bill would have weakened sentencing guidelines.

Senate Bill 966

This legislation would have shifted funds from Medicaid providers in high cost areas of the state to providers in areas where costs are lower.

Bills That Represent Bad Fiscal Policy

House Bill 2157

This legislation would have required the Department of Corrections to pay higher reimbursement rates for inmate medical care.

House Bill 2870

This legislation would have provided a \$4.8 million subsidy to the horse and dog racing industry.

Senate Bill 440

This bill would have made mail theft a state felony crime. While it represents good public safety policy, the legislature never appropriated the funds necessary to implement the law. Gov. Kitzhaber would have signed the bill into law had the legislature specifically appropriated funds to pay for both prosecution and incarceration costs.

(more)

Senate Bill 5523

These line items represent unnecessary or unwise spending:

- Section 3(a)(I) which provides \$100,000 for a children's advocate in the Office of Legislative Council. The enabling legislation for this position did not pass the Legislature.
- Section 9 which provides \$800,000 for the study of secondary lands. The enabling legislation for this program did not pass the Legislature.
- Section 3(a)(J) which provides \$900,000 to purchase a ship which would be used to create the Oregon Marine Academy.

Undermines Oregon's Democratic Processes

House Bill 2753

This bill would have pre-empted a local decision making process in favor of a single institution --Marist High School -- in Eugene.

Threats to Oregon's Land Use and Environmental Protections

Senate Bill 1

This legislation would have reduced the legal liability for loggers who harvest the wrong trees.

Senate Bill 379

This legislation would have allowed development in forest zones.

Senate Bill 470

This bill would have added new, unnecessary steps to local land use decision making.

Senate Bill 475

This bill would have added new, unnecessary steps in local land use decision making.

Other Bills

House Bill 2321

The governor vetoed the emergency clause of this bill, which will provide the Department of Justice adequate time to implement changes in the legal review process of state contracts mandated by the bill.

House Bill 2383

The governor vetoed the emergency clause of this bill. This will allow time to set up a process by which to appoint the board called for in the legislation.

(more)

House Bill 2948

HB 2948 would have created a costly and unnecessary office of administrative law hearings in state government

[House Bill 2920](#)

This bill was vetoed because companion legislation necessary to authorize the bill's increase in the fine for a charge of Minor in Possession of Alcohol failed to pass in the legislature.

[House Bill 3002](#)

HB 3002, which deals with the state's ability to enforce out-of-state restraining orders, also contained language that could have presented a legal problem.

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FOR IMMEDIATE RELEASE

August 14, 1997

Contact:

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GOVERNOR APPOINTS MEMBERS TO INTERIM WORKGROUP ON ECONOMIC DEVELOPMENT

Governor John Kitzhaber today appointed four members to serve on a 11-person workgroup on economic development in Oregon. The group, which will be chaired by Brett Wilcox, the Chair of the Economic Development Commission, will consider how best to implement the commission's strategic vision of an economic development effort focused on helping existing Oregon companies grow and be competitive in the national and international marketplace.

The commission articulated this vision in its 1995-97 biennial report entitled: "New Directions for Economic Development in Oregon." That report specifically calls on the Economic Development Department to shift its focus toward rural Oregon and toward aiding existing Oregon companies. The report also calls on the department to work in partnership with other state agencies -- such as the Oregon Department of Transportation and Department of Land Conservation and Development -- in helping communities develop.

The governor's appointees to the workgroup are:

- Katy Coba, Gov. Kitzhaber's Trade and Economic Development Adviser.
- Gretchen Pierce of Eugene, a former Economic Development Commissioner.
- Candace Bartow of Grants Pass, the chair of the regional strategies effort in Southern Oregon.
- Michael Sykes of St. Helens, an employee of the Port of St. Helens.

Other appointees to the workgroup are:

- Mike McArthur, Sherman County Judge, appointed by the Association of Oregon Counties.
- Mike Jordan, Canby City Administrator, appointed by the League of Oregon Cities.
- Jim Wilcox of the Dalles, a Realtor, appointed by the Senate President.
- Chuck Hoffman of Baker City, a doctor, appointed by the Speaker of the House.
- Senator John Lim of Gresham, representing the Oregon Senate.
- Rep. Ben Westlund of Tumalo, representing the Oregon House of Representatives.

The group will work for the next year and will issue its report to the governor and the Economic Development Commission by September, 1998.

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FOR IMMEDIATE RELEASE
AUGUST 8, 1997

GOVERNOR'S OFFICE: (503) 378-3111

GOVERNOR NAMES SEVEN POTENTIAL VETOES

Governor Kitzhaber announced seven more potential vetoes of bills passed by the 1997 Legislature, fulfilling the requirement to give notice five days before an actual veto. The governor said the majority of the bills he was listing for potential vetoes represented legislation with technical or legal problems.

After the adjournment of a legislative session, Article V, section 15b (4) of the Oregon Constitution requires the governor to publicly announce the possibility of a veto of a legislative measure at least five days before doing so. However, providing that notice does not require the governor to actually veto the bill.

The following list is advisory. The latest date for Governor Kitzhaber to give notification of a possible veto is August 10; he has until August 15 to actually veto measures from the 69th Legislative Assembly.

The following bills may be vetoed by the governor:

House Bill 2321

The governor gave notice that he may veto the emergency clause of this bill, which would provide the Department of Justice adequate time to implement changes in the legal review process of state contracts mandated by the bill.

House Bill 2383

This bill would establish a board to license private investigators.

House Bill 2749

This bill loosens restrictions on the release of records in child abuse cases. It could compromise investigations into child abuse and could result in records being released to suspected or actual abusers.

House Bill 2753

This bill would pre-empt a local decision making process in favor of a single institution --Marist High School -- in Eugene.

House Bill 2920

This bill has a potential legal problem; companion legislation necessary to authorize this bill's increase in the fine for a

charge of Minor in Possession of Alcohol failed to pass in the legislature.

[House Bill 3002](#)

HB 3002, which deals with the state's ability to enforce out-of-state restraining orders, also contains language that may present a legal problem.

[Senate Bill 1](#)

This legislation reduces the legal liability for loggers who harvest the wrong trees.

This list is available on the Governor's Office web site at www.governor.state.or.us. The web site also contains an [updated list of legislation](#) that has been signed or vetoed by the governor.

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FOR IMMEDIATE RELEASE
AUGUST 8, 1997

GOVERNOR'S OFFICE: (503) 378-3111

GOVERNOR ISSUES VETOES

Governor John Kitzhaber today vetoed several bills passed by the Oregon Legislative Assembly. Kitzhaber said the bills represented policies that were unfair to certain groups, detrimental to Oregonians' health and safety, were bad for the environment, weakened Oregon's educational system and undermined the democratic process.

"I do not take these actions lightly," said Kitzhaber. "But these bills represent a fundamental philosophical disagreement and I can't in good conscience sign them into law."

The legislature sent the governor 909 bills. As of today, Gov. Kitzhaber has vetoed 17 of them and signed 798 into law.

The vetoed bills are:

Unfair to Certain Groups of Oregonians

Senate Bill 1205

This legislation would have allowed employers to fire certain workers for activities such as collectively meeting to discuss wages and working conditions.

Senate Bill 266

This legislation would have reduced a plaintiff's ability to collect a jury award.

Senate Bill 541

SB 541 would have circumvented the prison siting process which began with the 1995 Legislature.

Threats to Health and Safety of Oregonians

Senate Bill 953

This legislation would have expanded truck inspections to include state vehicles and new trucks, thus diverting limited inspection resources from older, higher risk vehicles.

Weakens Oregon's Education System

Senate Bill 494

This bill would have weakened educational standards for home schooled children. In addition, it would allow unlicensed teachers to give tests to disabled children.

Senate Bill 1198

This bill would have required the Department of Education to implement the Oregon Media Literacy Project, but provides no funding.

Undermines Oregon's Democratic Processes

Senate Bill 485

SB 485 would have limited who can represent the governor and state agencies at the Legislature. In vetoing the bill, Gov. Kitzhaber committed to drafting an executive order to address how state agencies interact with the Legislature.

Threats to Oregon's Land Use and Environmental Protections

House Bill 3455

HB 3455 would have exempted large diesel trucks from clean air laws.

This list is also available on the Governor's Office web site at www.governor.state.or.us. Copies of veto messages for each of these bills is also available through the web site, as is an [updated list of legislation](#) that has been signed or vetoed by the governor.

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FOR IMMEDIATE RELEASE
AUGUST 1, 1997

GOVERNOR'S OFFICE: (503) 378-3111

GOVERNOR RELEASES ADDITIONAL LIST OF POTENTIAL VETOES

Gov. John Kitzhaber announced today a list of 13 potential vetoes from the recently ended legislative session.

After the adjournment of a legislative session, Article V, section 15b (4) of the Oregon Constitution requires the governor to publicly announce the possibility of a veto of a legislative measure at least five days before doing so. However, providing that notice does not require the governor to actually veto the bill.

The following list is advisory and may be partial. Some bills appearing on this list ultimately may not be vetoed. Notification on other measures not appearing on this list will be given at least five days before the end of the 30-day period established under the Oregon Constitution. The latest date for Governor Kitzhaber to give notification of a possible veto is August 10; he has until August 15 to actually veto measures from the 69th Legislative Assembly.

The following bills *may* be vetoed by the governor:

House Bill 2433

This bill would change the laws regarding police searches of cars.

House Bill 3009

This bill would allow Oregon-based Internet gambling in Oregon.

House Bill 5051

The governor may exercise his line-item veto authority on the following expenditures in this bill:

- Section 4(7) and 15(2) which provide \$167,000 for opening a trade office in Shanghai, People's Republic of China.

Senate Bill 390

This bill would change the process by which the State of Oregon bids for projects.

Senate Bill 470

This bill adds new steps in local land use decision making.

Senate Bill 475

This bill adds new steps in local land use decision making.

Senate Bill 588

This bill expands the definition of Farm Use on Exclusive Farm Use zones. The bill will have a significant fiscal impact which was not addressed by the legislature.

Senate Bill 770

This bill weakens sentencing guidelines.

Senate Bill 1144

This bill would automatically change Oregon's tax code to reflect any changes in the federal tax code.

Senate Bill 1198

This bill would require the Department of Education to implement the Oregon Media Literacy Project, but provides no funding.

Senate Bill 5523

The governor may exercise his line-item veto authority on the following expenditures in this bill:

- Section 3(a)(I) which provides \$100,000 for a children's advocate in the Office of Legislative Council. The enabling legislation for this position did not pass the Legislature.
- Section 9 which provides \$800,000 for the study of secondary lands. The enabling legislation for this program did not pass the Legislature.
- Section 3(a)(J) which provides \$900,000 to purchase a ship which would be used to create the Oregon Marine Academy.

This list is also available on the Governor's Office web site at www.governor.state.or.us. The web site also contains an [updated list of legislation](#) that has been signed or vetoed by the governor.

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FOR IMMEDIATE RELEASE
AUGUST 1, 1997

Contact:

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GOVERNOR SIGNS YOUTH SUICIDE PREVENTION BILL

Governor Kitzhaber signed a bill today that will help the state prevent suicides among Oregon youth. Senate Bill 1129 provides funding for a youth suicide prevention coordinator and implements one of the recommendations of the Governor's Task Force on Youth Suicide Prevention. Kitzhaber signed the bill into law at a ceremony in the Governor's Ceremonial Office.

"Suicide is the second-leading cause of death among youth aged ten to 24," said Kitzhaber. "Today, we are taking the first steps toward a coordinated approach to suicide prevention among Oregon's young people."

The youth suicide coordinator will help implement the Task Force's 25 recommendations presented to the governor last January. The recommendations are focused in the areas of education, mental health, law enforcement, increased training for mental health professionals and the development of education materials for suicide prevention.

In addition to helping implement these recommendations, the coordinator will help develop a statewide strategic plan to address youth suicide, improve outreach to youth who are at risk for suicide, provide technical assistance to state and local agencies and coordinate efforts to establish prevention and intervention strategies.

Senate Bill 1129 appropriates \$137,925 for 1997-99 for the position, supplies, office space and other costs. Recruitment for the youth suicide prevention coordinator, who will work out of the Oregon Health Division, will begin in a few months.

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FOR IMMEDIATE RELEASE
AUGUST 1, 1997

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GOVERNOR CREATES ENVIRONMENTAL JUSTICE CITIZEN ADVISORY BOARD

Governor John Kitzhaber today created by executive order the Oregon Environmental Justice Citizen Advisory Board. The 12-member board, which will be comprised of representatives from minority, low-income communities and environmental interests, will report to the governor on how the state can best enforce environmental justice.

Funding for the board will be provided through an environmental justice grant from the U.S. Environmental Protection Agency (EPA). The grant was secured with the help of state Sen. Avel Gordly.

The board will hear annual reports through 1999 from all state agencies that are connected with the issues of environmental justice. The board will then submit an annual report to the governor setting forth its view on agency progress on environmental justice.

The governor's executive order defines environmental justice as "the fair treatment and meaningful involvement of people of all colors, national origins, cultures, income levels, age, gender and educational level, in the development, implementation and enforcement of environmental laws, regulations and policies."

"Our commitment to achieving environmental justice in Oregon is strong, and we are eager to take the important first steps toward accomplishing that goal," said Governor Kitzhaber.

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FOR IMMEDIATE RELEASE

JULY 29, 1997

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GOVERNOR VETOES BALLOT TITLE OF ASSISTED SUICIDE REFERRAL

Governor John Kitzhaber announced his veto today of House Bill 3502, which would dictate the exact wording of the ballot title for the re-referral of Measure 16 -- the assisted suicide law that Oregonians approved in 1994.

"Ballot measure titles are perhaps the single most critical factor in informing voters about the substance of measures on which they will be voting. Because of this, it is extremely important the titles be drafted carefully to fairly reflect the substance and consequences of the measure," wrote Kitzhaber in his veto message.

Kitzhaber went on in the message to write: "I am vetoing HB 3502 because it is unnecessary and unfair. It is unfair because advocates from both sides of this very volatile issue were not included in the drafting process. It is unnecessary because Oregon statutes establish a well-defined and objective process for drafting ballot titles for initiatives and referrals."

[A copy of the veto message is attached.](#)

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FOR IMMEDIATE RELEASE
JULY 21, 1997

GOVERNOR'S OFFICE: (503) 378-3111

GOVERNOR ISSUES LIST OF POTENTIAL VETOES

Gov. John Kitzhaber announced today a list of 22 bills from the recently ended legislative session which he will consider for a veto.

After the adjournment of a legislative session, Article V, section 15b (4) of the Oregon Constitution requires the Governor to publicly announce the possibility of a veto of a legislative measure at least five days before doing so. However, providing that notice does not require the Governor to actually veto the bill.

The following list is advisory and may be partial. Some bills appearing on this list ultimately may not be vetoed. Notification on other measures not appearing on this list will be given at least five days before the end of the 30-day period established under the Oregon Constitution. The latest date for Governor Kitzhaber to give notification of a possible veto is August 10; he has until August 15 to actually veto measures from the 69th Legislative Assembly.

The following bills *may* be vetoed by the governor:

House Bill 2062

HB 2062 would eliminate Oregon's tax on "intangible assets" for utilities, airlines, railroads and telecommunications companies.

House Bill 2157

This legislation would require the Department of Corrections to pay higher reimbursement rates for inmate medical care.

House Bill 2222

This bill creates criminal penalties for false statements by consumers in connection with an insurance claim but exempts insurance companies from criminal prosecution.

House Bill 2454

This legislation would eliminate the helmet requirement for motorcyclists over the age of 21.

House Bill 2585

HB 2585 limits the funds available to the Boxing and Wrestling Commission.

House Bill 2870

This legislation would provide a \$4.8 million subsidy to the horse and dog racing industry.

House Bill 2948

HB 2948 would create an office of administrative law hearings in state government.

House Bill 3310

This bill would exempt a nursing home in Coos County from the requirement to demonstrate that the facility is needed.

House Bill 3455

HB 3455 would exempt large diesel trucks from clean air laws.

House Bill 3502

This bill dictates a ballot measure title and summary for a single measure on the November 1997 ballot, bypassing the established procedures of the Attorney General and the Oregon Supreme Court.

House Bill 3734

This bill would reduce taxes for the timber industry by \$50 million per biennium.

Senate Bill 266

This legislation reduces a plaintiff's ability to collect a jury award.

Senate Bill 379

This legislation would allow development in forest zones.

Senate Bill 440

SB 440 creates several new state crimes relating to the postal system.

Senate Bill 485

SB 485 would limit who can represent the Governor and state agencies at the Legislature.

Senate Bill 494

This bill would weaken educational standards for home schooled children. In addition, it would allow unlicensed teachers to give tests to disabled children.

Senate Bill 541

SB 541 circumvents the prison siting process which began with the 1995 Legislature.

Senate Bill 847

SB 847 would retroactively reduce penalties for campaign reporting violations.

Senate Bill 867

This bill expands the ability of school districts to self-insure.

Senate Bill 953

This legislation expands truck inspections to include state vehicles and new trucks.

Senate Bill 966

This legislation would shift funds from Medicaid providers in high cost areas of the state to providers in areas where costs are lower.

Senate Bill 1205

This legislation would allow certain workers to be fired for collectively meeting with their employer to discuss wages and working conditions.

This list is available on the Governor's Office web site at www.governor.state.or.us. The web site also contains an [updated list of legislation](#) that has been signed or vetoed by the governor.

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FOR IMMEDIATE RELEASE

JULY 17, 1997

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**GOVERNOR TO BE IN METROPOLITAN AREA
FOR TRANSPORTATION EVENTS**

Governor John Kitzhaber will travel to the Portland metropolitan area Friday, July 18 for two events related to transportation. Those events are:

News Conference

10:45 a.m.

Southwest Corner of Sunnyside Interchange
On Interstate 205, adjacent to the Monarch Hotel

Governor Kitzhaber will be joined by Clackamas County Commissioner Ed Lindquist to discuss the effect of inadequate transportation financing on the metropolitan area's ability to manage growth and prevent traffic congestion.

DIRECTIONS:

From I-205, go west on Sunnyside Road, left on SE 93rd Avenue, then left to the Monarch Hotel (road is located directly behind the Red Robin Restaurant).

A map is available by calling the governor's press office.

Transportation Advisors Meeting

Noon

Oregon Department of Transportation Region One Headquarters
123 NW Flanders

Gov. Kitzhaber will meet with members of the Regional Advisory Committee on Transportation for the Portland metropolitan area which helped put together the transportation financing package recently turned down by the Oregon Senate.

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FOR IMMEDIATE RELEASE
JULY 16, 1997

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GOVERNOR TO FOCUS ON TRANSPORTATION EVENTS

Governor John Kitzhaber will meet with members of the transportation advisory committee for the north coast and mid-Willamette Valley Thursday, July 17 from 9:15 to 9:45 a.m. The meeting will be held at the Willamette University Alumni Lounge, third floor of the Putnam Center, in **Salem**.

The advisory committee was one of five statewide that developed the recommendation for a transportation financing package that was turned down by the Oregon Senate in the final days of the legislative session.

In addition, Gov. Kitzhaber will join Rep. Lee Beyer and Transportation Commission member Susan Brody Thursday at 1 p.m. in **Eugene** at the Amtrak station, East 4th and Willamette, to discuss funding of high speed rail in the Willamette Valley and the continuing need for a transportation finance plan.

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FOR IMMEDIATE RELEASE

JULY 10, 1997

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OREGON RECEIVES FEDERAL GRANT TO TEST EARTHQUAKE BUILDING STANDARDS

Thanks to a million-dollar grant from the Federal Emergency Management Agency (FEMA) to the Oregon Department of Geology and Mineral Industries, Oregon State University will become a national test site for earthquake-resistant building standards, Governor John Kitzhaber announced today.

FEMA has awarded \$1 million to design and test new construction techniques to protect historic buildings against earthquake damage. The grant will be used to design the remodeling of OSU's historic Weatherford Hall, which no longer meets standards suitable for residence halls.

"Seismic rehabilitation of existing buildings is one of Oregon's major public safety issues," said Governor Kitzhaber. "We are extremely pleased to have Oregon State chosen for this study. Oregon needs to be better prepared for a potentially damaging earthquake."

While older brick buildings such as Weatherford Hall are beautiful, they may pose a serious danger to people during an earthquake, Kitzhaber said. "Oregon has many buildings like Weatherford Hall that need our attention," he said. "It's not a matter of if an earthquake will occur, but when. The FEMA grant is a step in the right direction."

With guidance from Senator Mark Hatfield, the OSU site was selected because it is a land grant university, and located in Western Oregon near the Cascadia Subduction Zone, which places it at greater risk for a major earthquake.

As a result of legislation passed in 1995, Kitzhaber appointed the Oregon Seismic Rehabilitation Task Force to study Oregon's preparedness for a major earthquake. Although the task force's action plan and findings were considered by the 1997 Oregon Legislature, no legislation was passed.

The FEMA grant will provide "seed" money for a public-private renovation project to remodel the OSU landmark to house the university's international programs, faculty and students. Evaluation and design work will begin this summer.

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FOR IMMEDIATE RELEASE
JULY 3, 1997

Contact:

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STATEMENT OF GOVERNOR JOHN KITZHABER
Signing of House Bill 3643, Recriminalizing Marijuana

I am announcing that I have signed House Bill 3643, which will recriminalize possession of less than one ounce of marijuana -- moving it from a violation to a class C misdemeanor punishable by a maximum of 30 days in jail and a \$1,000 fine.

I have taken this action after much deliberation and with a good deal of reluctance. On one hand, at a time when juvenile drug use is a growing problem, it is important to reinforce our message to young people that the possession of drugs is against the law. On the other hand, based on discussions with law enforcement officials, it is estimated that approximately 80 percent of the cases will continue to be treated as violations. Thus, while a major symbolic change in our law, I believe that the individual impact of this legislation will be marginal.

Furthermore, the fact that most cases under this new law will still be treated as violations rather than as misdemeanors, leads me to believe that this measure has less to do with the possession of marijuana as it does with expanding the powers of search and seizure. Indeed, HB 3643 will provide law enforcement with an additional tool that may have potential benefits in terms of prosecuting persons who are involved in other more serious criminal activity.

The value of the measure, then, lies not in the "message" it sends to juveniles, but rather in the way our law enforcement agencies will deal with certain juveniles. The provision dealing with the suspension of a driver's license, for example, is not insignificant, nor is the opportunity for diversion.

The difficult question raised by this legislation -- and by other measures such as SB 936 and HB 2433 -- is the delicate balance between the public safety of our society at large and the civil liberties of its individual citizens. I am willing to give this legislation the benefit of the doubt, but I will direct the Criminal Justice Commission to closely monitor how it is being implemented and what effect it is having.

If this measure proves effective in reducing marijuana use or, perhaps more importantly, the incidence of more serious juvenile crime, then it should remain a part of our law enforcement arsenal. If, however, the measure proves to be ineffective -- or if it is used for such purposes as harassment rather than for legitimate law enforcement objectives -- then it should be repealed and we should return to current law.

In any event, we must all remember that law enforcement is only one part of the equation for improving public safety. In the long run, we cannot be successful unless we are also willing to put our resources behind efforts to resolve the conditions that lead to drug use in the first place: poverty, illiteracy and the lack of family and community support.

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FOR IMMEDIATE RELEASE

June 13, 1997

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NEWS CONFERENCE

**GOVERNOR TO CALL FOR RENEWED PUSH ON
PERMANENT FUNDING FOR PARKS**

Governor John Kitzhaber will be joined by parks advocates on **Monday, June 16 at 1 p.m.** in the Governor's Ceremonial Office to promote passage of legislation that would provide stable, long-term funding for Oregon's parks.

Governor Kitzhaber believes the legislative leadership has not met its commitment to provide such a funding source for parks and that the parks system will remain at risk until such funding is provided.

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FOR IMMEDIATE RELEASE
JUNE 13, 1997

Contact:

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GOVERNOR CONGRATULATES CONGRESSWOMAN FURSE ON AMENDMENT THAT AIDS OREGON HEALTH PLAN

Governor John Kitzhaber thanked Congresswoman Elizabeth Furse today for her efforts to secure for Oregon a key amendment to federal legislation that governs the Oregon Health Plan. Furse's amendment to the Medicaid Reconciliation Bill allows states that operate demonstration projects under federal waivers to continue those projects at the request of the governor. The Oregon Health Plan has operated under a federal waiver since February 1994.

"Congresswoman Furse's actions are an enormous help in our mission to provide cost-effective health care to low-income Oregonians under the Oregon Health Plan," said Kitzhaber. "I appreciate her efforts to make sure we can continue with that work."

The amendment Furse passed would extend, subject to approval by the federal Secretary of Health and Human Services, what are called "Section 1115" waivers for another three years, allowing states like Oregon to implement innovative changes in their Medicaid programs. Oregon's current waiver is set to expire at the end of 1998. Currently, twelve states including Oregon operate their own Medicaid programs under section 1115 waivers.

The federal government will continue to require that states treat all eligible applicants for Medicaid and that the quality of care not deteriorate. The Oregon Health Plan currently covers 340,000 Oregonians.

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FOR IMMEDIATE RELEASE

JUNE 9, 1997

Contact:

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LANE AND JACKSON COUNTY PRISON SITES

Governor John Kitzhaber announced today that he is accepting the Corrections Facilities Siting Authority recommendations for prison sites in Lane and Jackson counties. The governor's decision means that a 1,600-bed medium and up to a 400-bed minimum security facility will be built on both the Milliron site in Junction City and on the Stimpson Gulch site in Medford. Construction on both sites is scheduled to begin in the spring of 2003.

"These two sites will serve the needs of Oregon's correctional system well," said Governor Kitzhaber. "I would like to thank the Facility Siting Authority, the local governments and the citizens who got involved and helped us through what are difficult and arduous decisions."

The governor's decision ends a 6-month selection process in both counties. In April, the Corrections Department recommended four sites in Jackson County and three in Lane County, and provided the Corrections Facility Siting Authority with a report on each site. The Siting Authority did an extensive review of each one and held a series of public hearings in each county. On May 23, they recommended Stimpson Gulch and Milliron to the governor.

The City of Medford had offered another site as an alternative to Stimpson Gulch to the state at no cost, but it was eliminated from the Siting Authority's recommendation list because of environmental and engineering concerns. The Whetstone Site in Jackson County had problems with electrical transmission lines, wetlands, standing water and the existence of a fifty-year-old dump site on the property.

The Jackson and Lane County prison sites are the last to be chosen in a series of seven planned correctional facilities. The state is constructing new prisons to deal with the expected influx of inmates due to convictions under 1994's Ballot Measure 11, which mandated longer prison terms for a number of crimes.

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FOR IMMEDIATE RELEASE
MAY 21, 1997

Contact:

Mac Prichard
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GOVERNOR'S OFFICE ANNOUNCES STUDENT INTERNSHIP OPPORTUNITY

Job Title: Legislative Intern

Salary Range: Volunteer

Start Date: June 2, 1997

End Date: August 1, 1997 (estimated)

The Office of the Governor is seeking an outstanding student for an eight-week internship in its legislative affairs section. This position is in Salem and reports to the Governor's Deputy Legislative Director.

Qualifications

- Strong interest in public policy, especially in the state legislature.
- Good organizational abilities, strong interpersonal skills, and careful attention to detail.
- Experience with Excel, Word, Schedule+, and MS Mail in a PC environment.
- Familiarity with office equipment, including copy and fax machines.

Duties

- Assist the Deputy Legislative Director in tracking the progress of bills enacted by the Legislature, coordinating review by the Governor's policy staff and state agency legislative coordinators, and forwarding recommendations for action to the Governor.
- Maintain files of all House and Senate bills.
- Help organize and staff bill-signing ceremonies for the Governor.
- Participate in the regular weekly meetings of the Governor's policy team, the thrice weekly meetings of the Governor's legislative team, and similar events with state legislative coordinators as appropriate.

Provide general administrative assistance to the legislative affairs section, including scheduling meetings and other support as appropriate.

To Apply

Send a resume and cover letter by May 30, 1997 to Mac Prichard, Deputy Legislative Director, #160 State Capitol, Salem, Oregon 97310. Questions? Call Mac at (503) 378-5540.

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FOR IMMEDIATE RELEASE

MAY 16, 1997

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GOVERNOR URGES OREGONIANS TO VOTE

Governor John Kitzhaber today called on Oregonians to cast their ballots in the Tuesday, May 20 election. Various statewide and local measures are being considered in the mail ballot election.

"It's especially important for Oregonians to vote in this election because of the new 'double-majority' rule that became law along with Measure 47," said Kitzhaber. The double majority rule states that no financial measure can pass without both a majority of yes votes and a majority of registered voters having cast ballots in a jurisdiction unless the election is a regular general election.

"I think this is an undemocratic law that causes essentially minority rule and I support its repeal," said Kitzhaber. Since the inception of the double majority rule, various jurisdictions have passed bond measures by sizable majorities only to see them invalidated because less than 50 percent of the voters in the jurisdiction did not vote.

"If you don't vote on local fundraising measures, you are voting no," said Kitzhaber. "Don't let the apathetic win. Get out and vote."

Those who have not yet mailed their ballots may call their local county elections office to find out where ballots can be dropped off.

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FOR IMMEDIATE RELEASE

MAY 15, 1997

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GOVERNOR SELECTS WILSONVILLE FOR WOMEN'S CORRECTIONAL FACILITY AND INTAKE CENTER

Governor John Kitzhaber announced today that he would accept the recommendations of his Correction Facility Siting Authority and selected the Dammasch site for a 1,100 bed women's correctional facility and intake center. The intake center will be the primary processing location for inmates entering the state's prison system.

"This has been a difficult and contentious process for everyone involved," said Kitzhaber. "But the Dammasch site will allow Oregonians to have an efficient correctional system in which the entire state will share in the burden of housing our inmates."

The site, formerly a mental hospital, was selected after a 10-month process. It was originally nominated by the siting authority in December, 1996. However, at the urging of local governments in the metropolitan area, Gov. Kitzhaber directed the siting authority to continue the process and examine other sites.

"There has been an exhaustive public process that has identified this site," said Kitzhaber. "I am confident that of the sites that were considered in the metropolitan area for this facility, this is the one that best fit all the criteria."

Kitzhaber said the Corrections Department would be working with members of the Wilsonville community to ensure that the facility would be built and operated with the community's concerns in mind. "I sympathize with those in the Wilsonville community who do not want a correctional facility in their area," said Kitzhaber. "But Oregonians have made it clear that we need to be tougher on criminals. This means building more prisons -- and every region of the state has to be able to accept the responsibility for this task."

The governor will receive recommendations from the siting authority later this month for facilities in Lane and Jackson counties.

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FOR IMMEDIATE RELEASE
MAY 7, 1997

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State Helps Women And Minorities Participate In Prison-Building

Governor Kitzhaber and the state Department of Corrections are working to ensure that women- and minority-owned businesses and emerging small businesses have a chance to take part in the construction of new prison facilities across the state. Two informational meetings were held in the Portland area March 10 and 13, both designed to let these businesses know about the opportunities available in prison construction.

"What we are trying to do is remove the barriers that often exist for businesses that are owned by women and minorities," said Governor Kitzhaber. "We will continue to work with the Department of Corrections to try and let contractors know what's available in the upcoming months as the state breaks ground on new prison facilities."

As a result of the meetings held earlier this spring, two companies are competing as subcontractors for work relating to the construction of a prison in Umatilla later this year: Synergy Consulting Inc., a woman-owned business, and Arrow Masonry Inc., a minority-owned business.

"This gives an opportunity for small businesses to find out what's available," said Christine Chin-Ryan of Synergy Consulting Inc. "It doesn't guarantee we'll get work but it does give us the ability to market ourselves to specific contractors."

"It gives me a tremendous sense of encouragement to know that there are people working to create contracting opportunities for minority and woman-owned businesses in Oregon's construction industry," said Arrow Weinberger, owner of Arrow Masonry Inc.

As other prison sites are planned and go into the construction phase, more informational meetings will be held. Companies interested in taking part should call Al Núñez, the governor's Minority/Women and Emerging Small Business Advocate, at (503) 373-1224.

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FOR IMMEDIATE RELEASE

MAY 7, 1997

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Governor Critical Of Republican Parks Approach

Governor John Kitzhaber released the following statement on the proposed park funding approach announced today by members of the Legislative Leadership:

"I believe the proposal on parks funding released today fails Oregonians. It will not keep parks open, it will not make them more affordable and will create no permanent, stable, long term funding for our parks system.

In fact, it threatens just the opposite. Under the provisions of this approach, more than 100 parks would be candidates for closure, many parks and open spaces would be auctioned off for private operation, fees and expenses would go up for average Oregonians seeking to use the parks and, after all this, the system would have the same financial instability that has driven it to the brink today.

Let's get back to basics: our parks and recreation system was created to preserve Oregon's special places and make them accessible for use by all Oregonians -- regardless of their income. Our parks system is a precious, priceless heritage. It is a cornerstone of Oregonians' quality of life.

But, under this scheme, the parks commission would be forced to sell off or close any park that did not meet the criteria set by legislative leadership -- including that they operate at no loss.

Well, that's not a public park system. It's a private park system.

The result would be the closing or privatization of virtually all of the parks in the current system, from Cape Blanco to Fort Astoria to Lake Owyhee. In those parks that were able to stay open, admission rates would increase, and in many cases, keep poorer Oregonians from entering.

Finally, the proposal from Republican leadership fails to deal with many of the problems the parks department is struggling with. Increasing costs like maintenance and operations are not covered by the bonding authority. Additionally, the desire of Oregonians to expand their parks and recreation system to meet increasing growth and demand is left completely unmet.

Oregonians deserve better than this. We need to face up to the simple issue that if we want to preserve the heritage of a quality, affordable park system, we need to find a long-term funding source. If we follow this

proposal, we will have a different park system in the coming years. It will be smaller, more expensive for Oregonians to use and littered with development. I am sure this is not what Oregonians want in a park system, and I will oppose it."

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FOR IMMEDIATE RELEASE
MAY 5, 1997

Contact:

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Governor Applauds Attorney General's Decision To Sue Tobacco Companies

Governor John Kitzhaber today expressed his strong support for Attorney General Hardy Myers' decision to file suit against six tobacco companies and related parties. "Attorney General Myers has taken a bold and appropriate step in joining this litigation. It will well serve the interest of Oregonians -- the interests of our children," said Kitzhaber.

The lawsuit will allege that tobacco companies have engaged in unlawful conduct by targeting children, including deceptive consumer practices and fraud. It will also seek to recover millions of dollars in state funds used to treat indigent Oregonians suffering from smoking related diseases.

"Smoking costs Oregonians a quarter of a billion dollars a year in medical expenses," said Kitzhaber. "Tobacco companies need to compensate states like Oregon which have picked up the cost of treating tobacco's victims."

"It's outrageous that these companies have been allowed to deliberately target youth and get them hooked on this highly addictive drug," continued Kitzhaber. "We should make sure they stop such unlawful practices and pay for damages caused by this conduct."

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FOR IMMEDIATE RELEASE
MAY 5, 1997

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Governor Appoints Forum To Address Willamette Valley Quality Of Life

Governor John Kitzhaber met today for the first time with the Willamette Valley Livability Forum, a group that will advise communities, businesses and agencies on innovative ways to deal with the region's rapid population growth and development. At the meeting, which was attended by over 100 people, the governor introduced 12 Willamette Valley residents of diverse backgrounds who will act as an advisory board to the Forum. The volunteer citizen board members come from local and regional government, academia and area businesses.

"People in nearly every Oregon community are affected by growth today, especially those in the Willamette Valley," Kitzhaber said. "We've created the Livability Forum to be a grassroots, collaborative process for advising me and all other Oregonians how we can manage growth creatively and preserve our quality of life."

While the Livability Forum has no regulatory powers, it will function as an educational and advisory tool for citizens and governments on growth-related issues like economic development, transportation and preservation of the environment. It includes up to 70 members from across the Willamette Valley region, including representatives from private industry, local government, interest groups and state agencies.

Monday's meeting included discussion of an immediate, 18-month work plan for the Livability Forum, which included identifying growth-related issues, a research agenda, securing additional funding and the development of a 50-year growth plan for the Willamette Valley.

"The Willamette Valley is not a collection of separate counties, cities and towns with separate lives and agendas," Kitzhaber said. "People here have a common environment and will share a collective future. That's why the mission of the Livability Forum is so important."

The Forum's 13 advisory board members, who were appointed at the Forum's creation in December 1996, are:

Governor John Kitzhaber, Forum Chair, Salem Susan Brody, Forum Vice Chair and Oregon Transportation Commissioner, Eugene Mike Burton, Metro Executive Officer, Portland Jon Carnahan, President of Linn-Benton Community College, Albany Randy Franke, Marion County Commissioner, Salem Dave Frohnmayer, President of the University of Oregon, Eugene Gregg Kantor, NW Natural Gas Director of Public Affairs, Portland Craig Lomnicki, Mayor of Milwaukie Catherine Mater, Vice President of Mater Engineering, Corvallis Chuck

McLaran, Mayor of Albany John Miller, Chair of the Willamette River Basin Task Force, Salem Mike Propes, Polk County Commissioner, Dallas Jean Tate, President of Metropolitan Affordable Housing Corporation, Eugene

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FOR IMMEDIATE RELEASE
MAY 1, 1997

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Christopher Burkett Photography Shown In Governor's Office

Governor John Kitzhaber announced that the Governor's Office will feature photography by Christopher Burkett from May 5 to June 6, 1997. This exhibit is part of the Art in the Governor's Office Program, an honors program of the Oregon Arts Commission and the Office of the Governor.

Christopher was born in Oregon in 1951, and grew up in the countryside outside of Corvallis. After high school, he had a brief stay at Oregon State University, and then traveled around the country. In 1971, he joined a Christian religious Order, where he remained until 1979. He left the Order in 1979 to pursue his photography, and was married to his wife, Ruth, in that same year. He now resides in Vernonia, Oregon.

Christopher learned the printing trade as a corollary to his photography, and to learn the offset printing process first hand and thus insure the best possible reproductions of his work. He ran large four-color printing presses for about nine years, and later operated computer-laser scanners, making four-color separations, for about five years. He now photographs primarily with an 8x10 view camera, with some work done in medium format.

In 1987, Christopher traveled and photographed for five months through the United States and Canada. In 1989, he again traveled and photographed for three months, as well as numerous shorter trips. In 1993, he finished renovating a building to use for his darkroom and work facilities, enabling him to produce prints 30"x40", or larger if need be. His work in the graphic arts field helped in the development of his advanced printing techniques, using multiple stage masking for Cibachrome printing.

In 1992, Henry Holt Company published the book, *Robert Frost Seasons*, which combines the poems of Robert Frost with photographs by Christopher Burkett.

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FOR IMMEDIATE RELEASE

APRIL 23, 1997

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GOVERNOR APPOINTS NEW REVENUE DEPARTMENT DIRECTOR

Governor John Kitzhaber today announced the appointment of Elizabeth Harchenko as the new Director of the Oregon Department of Revenue. She will begin work on May 12 as acting Director. Her appointment is subject to Senate confirmation. Elizabeth replaces Richard Munn who retired March 31 after serving 13 years in the post.

Harchenko is currently Special Counsel to Attorney General Hardy Myers. She has been with the Department of Justice since 1979, serving as a key advisor on tax policy, revenue, gaming, retirement and legislative issues. Her experience includes serving as Attorney-in-Charge of the Tax Section where she supervised the delivery of legal services to the Department of Revenue.

"Elizabeth brings both extensive experience and a high degree of professionalism to her work," said Kitzhaber. "I am pleased to have someone of her caliber take the helm at the Department of Revenue."

Harchenko is a graduate of Willamette University College of Law and a member of the Oregon State Bar. Her activities also include membership in the Oregon Women Lawyers, Willamette University College of Law Board of Visitors and Salem Rotary.

The Department's responsibilities include collecting state income taxes, corporate excise, inheritance and gift taxes, supervising the property tax system and assessing large industrial properties and Oregon forest and timberland.

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FOR IMMEDIATE RELEASE

APRIL 16, 1997

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JEAN THORNE TO JOIN EFFORTS TO IMPLEMENT OREGON SCHOOL IMPROVEMENT

Governor John Kitzhaber and State Superintendent of Public Instruction Norma Paulus announced the appointment of Jean Thorne to enhance efforts to implement the Oregon Educational Act for the 21st Century.

Thorne will assume a role recommended by the Governor's Task Force on School Improvement, which was asked to review strategies for implementing the Education Act. In its report, the Task Force called for establishment of a team of private and public sector staff to help implement Oregon's vision of school improvement.

"The Task Force believed that implementation of the Educational Act cannot be accomplished by the Oregon Department of Education alone," said Keith Thompson, Vice President and Oregon Site Manager of Intel, who chaired the Task Force. "It requires leadership and participation from a much wider range of stakeholders including the Department, the Oregon State System of Higher Education, the community colleges, local school districts and employers. I believe that direct participation of the Governor's Office in this effort will provide the strong base of involvement from all parties," Thompson said.

"Educators, the Governor's Office and the business community are working closely together to raise standards in all schools," said Superintendent Paulus. "The result will be a seamless K-16 school system in Oregon. I am thrilled the governor is willing to commit his time, energy and staff to assist us in this massive effort. Jean Thorne will be a great asset to us all," Paulus said.

As Oregon's Medicaid director from 1987-1995, Thorne was responsible for leading the implementation of Medicaid reform under the Oregon Health Plan. She also served as Acting Director of the Oregon Department of Human Resources and has held a number of other positions in state government since 1976. Thorne is currently serving on Governor Kitzhaber's staff as his federal policy adviser.

Thorne will lead the work of the team charged with assuring the success of the Certificates of Initial and Advanced Mastery.

Major priorities of this effort will include investing in preparation and continuing education of teachers, involving parents and communities in supporting Oregon students as they work toward the higher standards, and building partnerships between schools, businesses and communities.

"Jean brings a proven track record of leading statewide reform," Gov. Kitzhaber said. "She as the organizational skills and the ability to engage the variety of players needed for successful implementation of the Educational Act. Her experience with implementation of the Oregon Health Plan will provide a strong basis for helping to organize similar efforts in our educational system," Kitzhaber said.

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FOR IMMEDIATE RELEASE

APRIL 14, 1997

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Governor To Visit Public-Private Program To Promote Computer Donations For Schools

Governor Kitzhaber will meet with students, teachers, business executives and school officials involved with a unique public-private program that lets businesses donate used computers and other high-tech equipment to schools. The program, called "StRUT" (Students Recycling Used Technology), began at Forest Grove High School when Intel Corporation donated used equipment for classroom use. It is now available to many high schools across the state.

The StRUT program is planning on holding a "Donate Your Computer for Schools" campaign on April 25-26. Governor Kitzhaber will meet with Gervais School District students who are receiving computers from Salem's Eoff Electronics Company at the Willamette Education Service District building, 3400 Portland Road NE, at 1:15 p.m. on Tuesday, April 15.

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FOR IMMEDIATE RELEASE

APRIL 2, 1997

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Governor's Budget Plan Helps Schools, Returns Surplus Revenue and Cuts Spending Responsibly

In a briefing to the media, Governor John Kitzhaber provided details of his compromise budget plan and how he plans to fund an additional \$200 million for Oregon's schools. His revised budget plan, which has the backing of House and Senate Democrats, cuts \$150 million from his original budget proposed in December, 1996.

"I have said all along that schools cannot be funded by decimating the state's universities, closing libraries and parks, ignoring the educational needs of pre-kindergarten children and keeping sick Oregonians from getting health care," said Kitzhaber. "What I am talking about today is a budget that both supports K-12 education and invests in the other areas that help keep Oregon a wonderful place to live."

The budget cuts Kitzhaber outlined fall mainly in the budget of the Department of Corrections, where approximately \$87 million in savings can be found, mostly from a delay in construction on planned prisons and from a reduction in the inmate forecast.

Examples of other cuts include:

- \$4.1 million from improving access to Community Colleges.
- \$7 million from the proposed Oregon Health Plan Expansion.
- \$5 million from the Employee Compensation Package.
- \$5 million from the Department of Economic Development.

"What I and my Democratic colleagues want is a budget that freezes tuition at our universities and colleges, expands Head Start to give young children a chance at success, expands the Oregon Health plan as voters have mandated and provides more money for our schools," said Kitzhaber. "I think we've come up with a reasonable and prudent compromise, and I call on all legislators to support it."

The compromise budget uses approximately two-thirds of the corporate and personal kicker to fund education, while still returning the average kicker refund of about \$200 to middle income Oregonians. Currently, the entire kicker revenue available to state government is about \$444 million; the compromise budget would use \$290 million of that for schools. In addition, Kitzhaber has said K-12 education should have the first call on any additional revenue that results from the May revenue forecast.

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FOR IMMEDIATE RELEASE
MARCH 31, 1997

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Governor Announces Campaign to Prevent Teen Pregnancy

Governor John Kitzhaber unveiled the 1997 Oregon Action Agenda today, a comprehensive, statewide campaign to reduce teen pregnancy across the state. The announcement was made at North Salem High School, where the governor was joined by local teen pregnancy prevention experts, high school students and his wife Sharon.

"Teen pregnancy costs to Oregon are both personal and financial," said Kitzhaber. "There is a cost to teen parents and their children, who often experience diminished lives. There is also a cost borne by all of us, because teenage pregnancy costs the state \$200 million each year. That's money that could be spent on improving the lives of children in other ways -- on early education, protective care, prevention of domestic violence and health care."

The Oregon Action Agenda '97 was developed by a broad-based coalition and is built upon years of teen pregnancy prevention efforts throughout the state. The action agenda focuses on prevention strategies that include public education, decision-making skills and self-esteem, improved sex education curriculum, family planning services and STARS (Students Today Aren't Ready for Sex), an abstinence-based curriculum for middle-school age children.

An additional \$2 million was provided for in the Governor's budget to enhance current state and local teen pregnancy prevention programs. The Action Agenda will also help coordinate these efforts and deliver services more efficiently at both the state and local levels.

In Oregon, the pregnancy rate for females aged 10-17 was 18.9 per 1000 for the years 1990-95. The current benchmark for the year 2000 is 15.0 per 1000. In 1995, 8,283 Oregon teens became pregnant -- the equivalent of one out of every 25 women under the age of 20.

Kitzhaber stressed that improving communication between local and state governments and the public and private sectors was key to succeeding at teen pregnancy prevention.

"In developing the Oregon Action Agenda, we relied upon the expertise and knowledge of people at the local level -- people who interact with teenagers on a daily basis and who know what works and what doesn't work," he said. "All of us recognize that by working together we have a better chance to improve the lives of Oregon's kids."

Teen pregnancy costs Oregonians about \$200 million each year. It has been estimated that cutting the teen pregnancy

rate in half could save the state approximately \$85 million yearly.

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FOR IMMEDIATE RELEASE
FEBRUARY 13, 1997

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Governor, Sharon Kitzhaber to Kick Off Teen Pregnancy Prevention Campaign

Governor Kitzhaber will be joined by his wife Sharon to kick off a year-long teen pregnancy prevention campaign on Monday, March 31 at 1 p.m. at North Salem High School, 765 14th Street NE. Unveiled at the kickoff will be the 1997 Oregon Action Agenda, a comprehensive state and local plan for preventing teenage pregnancy.

Also speaking at the kickoff news conference will be Kirsten Collins, Marion County Pregnancy Prevention Specialist, local teen leaders and Sue Cameron, Tillamook County Commissioner and teen pregnancy prevention advocate.

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FOR IMMEDIATE RELEASE
MARCH 25, 1997

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Governor Signs Oregon Salmon Plan Legislation

Flanked by a bipartisan group of legislators, Governor John Kitzhaber signed the legislation enacting and funding the Oregon Coastal Salmon Restoration Plan Tuesday, paving the way for a large scale, voluntary public-private partnership designed to help save coastal salmon from extinction.

The three bills the governor signed were HB 5042, appropriating state money to implement the plan, HB 3700, which allows the state to collect money from anglers and the timber and aggregate industries to partially finance the recovery effort and SB 924, which allows legislative, scientific and stakeholder oversight of the plan.

"This is an historic day for the state," said Kitzhaber during a bill signing ceremony in his office. "Today, we are putting in place a plan that is cooperative and bi-partisan in the best Oregon tradition. I want to commend all the people who worked so hard to overcome their differences and who are responsible for crafting this plan: legislators, the timber, agriculture, ranching and fishing industries, environmentalists and concerned coastal residents."

"Within our grasp is the opportunity to set and follow our own course for recovering failing salmon runs," said House Speaker Lynn Lundquist. "This is a proud and historic day for all Oregonians."

Kitzhaber has requested that the Oregon plan be used as a recovery effort under the Endangered Species Act if the federal government decides to list the coho, a decision which is expected by April 25. Half the cost of the \$30 million plan, including a \$13 million voluntary contribution from the timber industry collected through increased timber harvest tax revenues, is contingent upon a "no list" decision in the north and central coastal region. If approved, the plan will be implemented in partnership with the Legislature, the National Marine Fisheries Service and Oregonians.

Part of the funding for the Oregon salmon plan will be used to fund the governor's Healthy Streams Partnership, a public-private program designed to improve water quality in streams across the state.

"Our goal is to return large numbers of coastal salmon to rivers and streams, and I firmly believe we can achieve that goal," said Kitzhaber.

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FOR IMMEDIATE RELEASE

March 18, 1997

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**GOVERNOR TO DISCUSS SCHOOL BUDGET
WITH SALEM-KEIZER OFFICIALS**

Kitzhaber Also to Visit Advanced Physical Science Class

Governor John Kitzhaber will meet with Salem-Keizer School District Superintendent Homer Kearns and district senior staff to discuss his new budget proposal Thursday, March 20 from 10:30 to 11 a.m. in the library computer lab of the Judson Middle School, 4512 Jones Road, SE. Kitzhaber recently suggested a budget compromise that would increase funding to Oregon schools by another \$110 million.

Kitzhaber will also visit an advanced physical science class from 10 to 10:30 a.m. in room 112.

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FOR IMMEDIATE RELEASE
MARCH 14, 1997

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GOVERNOR PROPOSES COMPROMISE BUDGET PLAN

Plan Returns Portion of Kicker, Raises Additional \$200 Million for Schools, Targets Cut

In a speech to the Portland City Club today, Governor John Kitzhaber proposed a budget compromise that would give an additional \$200 million to Oregon schools and return a portion of the two percent kicker revenues to Oregonians. To help make the compromise possible, Kitzhaber said he would work with legislative leadership to find savings in his proposed budget.

"This compromise respects the Republicans' interest in returning a portion of the kicker revenues and finding cuts in my budget," said Kitzhaber. "It also allows us to pass a school funding budget that shields most school districts around the state from teacher layoffs and larger class sizes. I don't believe, that with our economy as strong as it is, that there is any excuse for doing less for schools."

Under Kitzhaber's plan, both the kicker revenue for corporations and individuals would be allocated to K-12 education, while earmarking a portion of those rebates to be returned to Oregon businesses and individuals. For example, on the individual kicker, all eligible Oregonians would receive a rebate up to the amount due to the average Oregon taxpayer. This means that those Oregonians who most need it will revive their full rebate.

"If there is a willingness to sign onto this compromise, I will go over every state budget line by line to find a way to make it work," Kitzhaber said.

Kitzhaber said that crafting a compromise that protects K-12 education and does not decimate other crucial services and programs was his bottom line.

"We cannot fund K-12 schools at the expense of pre-kindergartners and college students," he said. "And we cannot fund education in general at the expense of the rest of the vital services our state provides. I am not willing to sign up for any budget that does that."

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FOR IMMEDIATE RELEASE

March 6, 1997

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STATEMENT OF GOVERNOR JOHN KITZHABER ON THE PROPOSED REPUBLICAN BUDGET

I am pleased that the Republican leadership has developed their budget outline. It means we can begin the process of working toward a budget agreement.

I have, however, some concerns.

First, I am not convinced that there are enough resources provided to our schools under this plan. I have not yet seen the specific information about how this affects individual school districts. I'm concerned that, with Oregon's economy healthier than it has ever been, we are considering a school budget that may still mean layoffs, larger class sizes and no investment in technology.

Second, it's hard to characterize this as a balanced budget when there remain \$86 million in unspecified cuts. Those kinds of cuts are easy to put on paper, but harder to actually find.

Third, Oregonians voted for a real expansion of the Oregon Health Plan -- not a token one. My proposal provides health care for working, tax-paying Oregonians who cannot afford it on their own. This budget proposal does not keep faith with what Oregonians voted for.

We have started a new phase in the budget process. I will work with both my Republican and Democratic colleagues to find a budget we can all support and do so in a fashion that will make Oregonians proud.

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FOR IMMEDIATE RELEASE
MARCH 4, 1997

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GOVERNOR RELEASES RECOMMENDATIONS TO ADDRESS DANGEROUS DEBRIS AVALANCHES

Governor John Kitzhaber released recommendations and proposals today to help prevent and respond to debris valance slides. Such slides have killed five Oregonians during the last winter.

The Governor's Debris Avalanche Action Plan sets forth specific recommendations and actions to be taken by the State and local governments to reduce the occurrence of these slides and reduce the risk to the public when these slides do occur.

"I firmly believe we can do a better job preventing these slides and protecting Oregonians from their effect," said Kitzhaber. "I will work to see that the recommendations I make today are implemented so that we are better prepared next winter."

Specifically, Kitzhaber proposed the following actions to be taken by state government:

Oregon Department of Forestry

- Recommend that the Board of Forestry require written plans for all harvest and road building activities on high risk sites. Written plans would delineate measures to be used to mitigate the risk of debris flows. Ensure that financial resources are available for identification of high risk sites.
- Recommend that the Board of Forestry require notice to landowners downslope and within a certain distance of harvest or road building operations on high risk sites.
- Defer clearcuts and road building in areas with a high risk of debris flows that threaten human lives until appropriate statutory and administrative changes have been made.

Oregon Department of Transportation (ODOT)

- Assess state highways for public safety hazards from debris avalanches and mudflows.
- Coordinate with the Oregon Department of Forestry (ODF) when timber harvest or road construction is planned above and within a certain distance of a state highway. The system will provide for timely input and recommendations from ODOT to ODF regarding forest road building and timber harvest.
- Increase road patrols during heavy precipitation periods.

Oregon Building Codes Division, Department of Consumer and Business Services

- Adopt appropriate portions of the uniform building code and examine ways in which structural, drainage and landscaping codes could be modified to reduce risk from landslides and to reduce factors that may contribute to landslides in developed areas. Appropriate focus should be on foundation standards, slope stabilization, and diversion barriers.

Oregon Department of Land Conservation and Development

- Review Goal Seven to determine whether it effectively addresses landslides and other natural hazards.
- Develop and distribute model local land use regulations that would restrict development in canyons and on debris avalanche fans.

Oregon Emergency Management Division

- Make the Governor's Interagency Hazard Mitigation Team (IHMT) a permanent body. Direct the team to establish regular meeting dates and revisit its recommendations relating to landslides.
- Recommend that local governments prepare debris avalanche action plans using the state hazard mitigation plan as a guide. The state will help identify federal funding for counties to help pay for this work. Encourage coordination with the Oregon Department of Geology and Mineral Industries (DOGAMI) for assessing geologic hazards.
- During intense storm events, act as lead agency in coordinating among appropriate state agencies on risk from landslides in both rural and urban areas.
- Coordinate with DOGAMI and the National Weather Service on an improved warning system. Consolidate weather, hazard, and situation information and make it accessible by all agencies in a timely manner.

Oregon State University and ODF

- Undertake hazard mapping designed to inform local governments, landowners and homeowners of the presence of factors that may contribute to debris flow avalanches. Among these could be precipitation, lithology, landform, land use classification, and slope.

DOGAMI

- Develop a coordinated public education campaign. Ensure that financial resources are available for an effective campaign.

Governor's Office

- Support legislation requiring full disclosure of known landslide history and available information on risk during all property transactions
- Support a thorough discussion of ways to lessen the inherent conflict between resource use of steep hazardous ground and residential or other developed uses.

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FOR IMMEDIATE RELEASE
FEBRUARY 27, 1997

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GOVERNOR PROPOSES ADDITIONAL FORECAST REVENUE FOR SCHOOLS

Governor John Kitzhaber today proposed investing some \$150 million in new forecast revenue in K-12 education throughout the state -- raising the state contribution for schools from his proposed \$3.959 billion to \$4.109 billion. The March revenue forecast, released today, estimates an additional \$89 million in new revenue in the 1997-99 biennium and increases the 1995-97 "kicker" proceeds by \$61 million to \$444 million.

"When I put my budget proposal together in December, I did so on the best available information about our financial resources. Even under that budget, K-12 school funding was not adequate and many districts faced the prospect of teacher layoffs, larger class sizes, deferred capital investments. With this new forecast, however, we can begin to give our children the resources they need.

"With a strong economy and the income tax revenue it generates, there is no reason we should be looking at teacher layoffs and increasing class sizes," said Kitzhaber. "It is irresponsible to forgo more than \$400 million in revenue while our schools are suffering. I continue to believe that we should invest the proceeds of a strong economy in Oregon's future. The best way to do that is give our kids a world class education."

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FOR IMMEDIATE RELEASE
FEBRUARY 26, 1997

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Governor Lauds Speaker, Timber Industry On Salmon Plan Financing Proposal

Governor John Kitzhaber released the following statement today regarding a proposal forwarded by House Speaker Lynn Lundquist and the Oregon Forest Industry Council to provide financing for the Oregon Salmon Restoration Plan:

"I congratulate the Speaker and forest landowners on taking leadership by proposing an increase in the harvest tax to help finance the Oregon Salmon Restoration Plan. Very few industries on the West Coast have taken the extraordinary action of volunteering to be taxed to restore salmon. This is a tremendous example of foresight and leadership and an exciting step forward for the salmon plan."

The salmon problem has been a long time in the making and will be a long time in repairing. And there are many parties who have contributed to the problem -- including agriculture, individuals, municipalities and other industries. I am hopeful that the bold step taken by the forest industry is followed by others. I am heartened by the fact that groups such as the Restoration and Enhancement Board, which is made up of the sports angling and commercial fishing industries, are willing to contribute \$1 million.

Again, I congratulate Speaker Lundquist on his leadership and forest landowners for their commitment."

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FOR IMMEDIATE RELEASE
FEBRUARY 21, 1997

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LEGISLATURE TO REVIEW COHO SALMON PLAN

Governor Kitzhaber announced today that he will provide a second draft of the Oregon Salmon Restoration Plan to members of the Oregon Legislature for their review and consideration. The plan, which will be submitted to the National Marine Fisheries Service (NMFS) in final form in early March, is a collaborative effort designed to rebuild Oregon's coastal salmon stocks and preclude the need for a listing under the federal Endangered Species Act.

The House and Senate Water Policy Committees, headed by Rep. Ken Messerle and Sen. Veral Tarno, will hold hearings on the salmon plan February 24, 25, 26 and March 1.

"I am pleased to be working with Oregon legislators to finalize the Oregon Salmon Restoration Plan," said Kitzhaber. "It shows a recognition that we will only be able to save this species if our efforts are collaborative. Working together makes our case with the federal government that much stronger."

"We are dedicated to working together with the governor and our Democrat colleagues to come up with an Oregon Plan to save our salmon," said Senate President Brady Adams. "This issue has the highest priority."

"I am personally committed to building an Oregon plan for coho restoration that brings everyone into the process. The strength of the Oregon plan will be its reliance on partnerships. As elected officials we will craft the plan, but it will take long-term commitment from all Oregonians to achieve real success," said House Speaker Lynn Lundquist.

Based on public comment and NMFS feedback, a number of changes have been made to the plan since the release of the first draft last August. The most significant are:

- Establishing an independent science team to monitor the plan's progress on a yearly basis; Strengthening of private landowner commitments to habitat enhancement along key stream areas;
- Federal and state governments, private landowners, watershed councils, Soil and Water
- Conservation Districts and the Cooperative Extension Service and other Oregonians will work together to restore and monitor fish populations and habitat;
- Changes in the numbers of salmon to be harvested, based on spawning goals;
- Use of computer modeling to predict production expectations and the long term risk of species extinction;
- Federal agencies will work closely with local watershed councils and Soil and
- Water Conservation Districts to implement the plan, including providing some on-the-ground staff and funding;

A heightened involvement of local governments in plan design and implementation.

A listing decision on Oregon's coho salmon is expected by April 25. If NMFS accepts the Oregon Salmon Restoration Plan and decides not to list the coastal coho, the plan will be expanded later in the year to include steelhead and areas of the Columbia River.

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FOR IMMEDIATE RELEASE
FEBRUARY 14, 1997

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GOVERNOR APPOINTS VERNE DUNCAN TO SENATE DISTRICT 12 SEAT

Governor John Kitzhaber announced today that he has appointed Verne Duncan of Milwaukie to the vacant Oregon Senate seat in Clackamas County's District 12. Duncan replaces former senator Bill Kennemer, who left to take a seat on the Clackamas County Board of Commissioners.

"I am pleased to be able to appoint someone of Verne Duncan's caliber to the Oregon Senate," said Kitzhaber. "His experience as an educator, as an elected official and as an active member of his community will be valuable to his constituents and to the state as a whole."

Duncan has had a long career as an educator, teaching elementary, secondary, undergraduate and graduate level students. He served in the Idaho House of Representatives from 1962 to 1965 and was elected Oregon State Superintendent of Public Instruction four times, serving from 1974 to 1986. Duncan currently serves as a professor emeritus at the University of Portland.

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FOR IMMEDIATE RELEASE
FEBRUARY 13, 1997

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An Ounce of Prevention: Expanding the Oregon Health Plan

by John Kitzhaber, M.D.
Governor of Oregon

In 1989, Oregon embarked on a health care experiment called the Oregon Health Plan. Developed by a coalition of Oregon businesses, health care providers and consumers, it was designed to provide health care to Oregonians who couldn't afford health insurance. Along the way, the plan met with skepticism and criticism from many sides, and had to overcome strong opposition from the federal government. However, time has proved the skeptics wrong. In the past eight years, the Oregon Health Plan has become recognized as one of the most innovative reforms of health care in the world.

Today the Oregon Health Plan provides primary, preventive health care to more Oregonians than ever before. Many of them have jobs that do not provide health benefits, and although they are working, they cannot afford to purchase private insurance. Before the Oregon Health Plan, they would have gotten medical treatment from hospital emergency rooms, and only when very ill. Today, they can see a doctor when they need to.

Since the implementation of the Oregon Health Plan in 1990, the number of uninsured Oregonians has dropped from 18 to 11 percent. The uninsured rate for children has dropped from 21 percent to 8 percent. Hospital charity care -- the costs of which were previously shifted to businesses and consumers in the form of higher insurance rates -- is down 30 percent.

The plan enjoys the support of hospitals, doctors, non-profit organizations, labor, social service providers -- and most importantly, Oregon voters. In November, voters passed a ballot measure that levies 30 cents on a pack of cigarettes in order to maintain and expand the Oregon Health Plan. Voters did so despite an \$8 million campaign by the tobacco industry against the ballot measure.

Despite the support of voters, the expansion of the Oregon Health Plan is today in jeopardy -- not from the tobacco industry, but from the Oregon Legislature.

Some legislators have said they want to replace the state's general fund support for the Health Plan with cigarette tax money, and keep the plan at the same level, not expand it. That's a legislative bait-and-switch, and it's not fair to Oregon voters. I believe Oregonians should get what they asked for last November, and that the Oregon Health Plan should be expanded to provide more uninsured working Oregonians access to basic health care.

The Oregon Health Plan provides benefits to all of us. It helps keep health care costs down by providing primary care to people who otherwise would end up in hospital emergency rooms, much sicker than they need to be. It has helped thousands of Oregonians get off welfare and into a job. And, the Health Plan provides essential medical care to many rural Oregonians. For example, twenty percent of Josephine County residents get health care through the Oregon Health Plan.

Most importantly, the Oregon Health Plan has helped the state reduce the numbers of uninsured people living here, from 17 percent to 11 percent. But more than one out of ten Oregonians living without health insurance is still too many. The cigarette tax provides us with the opportunity to cover more men, women and children -- if we are able to use the resources the cigarette tax provides.

The Oregon Health Plan is no longer an experiment, but a nationally recognized, groundbreaking plan that has become a model for the country. In a time when one million Americans every year lose their medical coverage, Oregon is turning the tide and providing basic health care to more and more citizens. But unless we as Oregonians get involved, the Oregon Health Plan may not continue to be a success. Let your legislator know you care about the Oregon Health Plan. Tell them you want to use Oregon's cigarette tax money to expand access to health care through the Oregon Health Plan.

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FOR IMMEDIATE RELEASE
FEBRUARY 13, 1997

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GOVERNOR ANNOUNCES HEALTH PLAN EXPANSION

Expanded Coverage Under the Oregon Health Plan Made Possible by Voter-Approved Tobacco Tax

Governor John Kitzhaber announced plans for expansion of the Oregon Health Plan today, approximately three months after Oregon voters approved an increase in tobacco taxes for that purpose. The expansion will focus on making health care affordable for working Oregonians -- especially families with young children.

"The Oregon Health Plan has been a success at helping Oregonians get access to basic health care," said Kitzhaber, who pioneered the plan when he was President of the Oregon Senate. "Over the last three years, more than 300,000 Oregonians have gained access to health care under it. With the expansion, we will be able to offer health care to another 43,000 Oregonians."

The plan for the expansion is the result of months of work by the Oregon Health Council, the group that helped formulate the original plan. Kitzhaber asked the group to reconvene in September, 1996 and formulate expansion of the plan. The chair of the council, Alan Yordy, detailed their recommendations for expansion today:

- Provide a sliding fee subsidy for working Oregonians who make less than 150 percent of the federal poverty level. The federal poverty level for a family of four in Oregon is approximately \$14,000. This sliding fee would enable them to buy currently offered health insurance products in the private market place. Generally, these Oregonians make too much money to be eligible for Medicaid, but not enough to be able to afford insurance.
- Expand current Medicaid coverage under the plan to include pregnant women and children under six years of age living in families with incomes under 185 percent of the federal poverty level.
- Include uninsured full-time college students who are eligible for Pell Grants in the Medicaid portion of the plan.

Kitzhaber noted that the expansion of the plan would have great benefits for rural Oregon. "The highest concentration of uninsured Oregonians, generally more than 15 percent, is in our rural areas of southern, central and eastern Oregon. We expect to see those percentages fall as we expand access using the tobacco tax proceeds."

Kitzhaber closed by promising to "work hard to see that Oregon voters get what they expected when they voted to increase their taxes -- a reasonable, well thought out expansion of health care coverage to deserving Oregonians."

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FOR IMMEDIATE RELEASE
JANUARY 24, 1997

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GOVERNOR OUTLINES PROCESS FOR FILLING VACANT STATE SENATE SEAT

Governor Kitzhaber announced the process for filling a vacant Clackamas County state Senate seat today. The Clackamas County Board of Commissioners has indicated to the governor that they will not choose any of the candidates put forward last month by the Clackamas County Republican Central Committee.

The authority of the Clackamas County Commission to appoint a senator to fill the vacancy expires at 5:00 p.m. on February 4.

The law governing appointments to the state Senate by the governor opens the process to any Republican 21 years of age or older who has resided in the district for a year or more. Applicants must also be registered to vote in the senate district and must have been registered as Republicans as of July 9, 1996.

Interested residents of Senate District 12 who meet the requirements for appointment should call the Governor's Office of Executive Appointments at (503) 378-3123 to receive an application. Applications will be accepted between Monday, January 27 and Monday, February 7 at 5:00 p.m. No applications will be accepted after that date.

Governor Kitzhaber has until February 14 at 5:00 p.m. to announce his appointment.

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FOR IMMEDIATE RELEASE
JANUARY 23, 1997

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DISASTER ASSISTANCE AVAILABLE FOR OREGON COUNTIES HIT HARD BY FLOODS

Responding to Governor John Kitzhaber's request, President Clinton has made disaster assistance available for victims of last month's flooding in Southern Oregon. The President announced today that residents in Jackson, Josephine and Klamath counties are eligible for individual assistance (help to individuals), while Jackson, Josephine and Lake counties will receive federal aid to help rebuild public infrastructure.

The aid includes grants and loans for temporary housing, repairing and replacing homes and other property and serious needs and expenses that resulted from flooding but are not covered by other assistance programs.

Governor Kitzhaber, who declared states of emergency in those Oregon counties and requested federal assistance from the President, was pleased that the aid will be forthcoming to residents and local and state government. "Having traveled in the southern part of this state following December's flood, I can attest to the great needs of many Oregonians for assistance to help them get back on their feet," he said. "I am pleased that the President and the federal government have been so responsive to our needs."

Flood victims in Jackson, Josephine and Klamath counties who may be eligible for assistance should call the toll-free registration line at **1-800-462-9029 (TTY 1-800-462-7585)**.

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FOR IMMEDIATE RELEASE
JANUARY 22, 1997

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GOVERNOR INITIATES OUTSIDE REVIEW OF POLICE BOARD

Governor Kitzhaber has asked for an outside review of the Board of Public Safety Standards and Training after alleged anti-Semitic comments and harassment of a former corrections officer and an instructor. The review will be conducted by an impartial consultant outside state government, who will report to the state's Department of Administrative Services.

The governor said the seriousness of the allegations prompted the unusual step of an external examination. "These are very serious allegations, and taken together, represent a potential pattern that cannot be allowed in state government," he said.

Details of the review, including its duration and specific focus will be finalized by next week. The governor will determine what actions need to be taken following the completion of the review.

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FOR IMMEDIATE RELEASE
JANUARY 20, 1997

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GOVERNOR REQUESTS PRESIDENTIAL DISASTER DECLARATION FOR THREE OREGON COUNTIES

Governor John Kitzhaber today asked President Clinton for a major disaster declaration for three counties in southern Oregon as a result of the late December floods. The governor asked that Jackson, Josephine and Lake counties be declared for infrastructure assistance to help in rebuilding and repairing damaged public facilities. The governor also asked the President for Human Services assistance to help residents in Jackson, Josephine and Klamath counties. Initial damage assessments for all counties hit by the Christmas Week Storm are estimated to be about \$77 million so far.

"For the second winter in a row, Oregon has been hit with very destructive winter storms with hundreds of damaged homes and businesses and severe damage to cities and counties state-wide," Kitzhaber said. "It is our hope the President will act quickly on our request, even though it closely follows a request for the first storm in November." That storm resulted in a federal declaration for infrastructure assistance to rebuild and restore damaged public facilities in Douglas, Coos and Lane Counties.

Kitzhaber praised the efforts of local volunteers throughout the state who come to the aid of their communities and neighbors during the recent storms. "Once again Oregonians have proved that they care for each other and feel deeply about the survival of the hometowns and counties. They are always on the front line when others need help."

Myra Thompson Lee, Director of Oregon Emergency Management, said that recovery and mitigation efforts are going forward in the expectation that the newest declaration will be granted. Federal representatives for the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) are already on hand and are assisting counties and cities, and home and business owners to begin the recovery effort.

Abby Kershaw, acting State Coordinating Officer of the Disaster Field Office in Salem, said that state inspectors are teamed with federal and local representatives as they visit the many damaged areas. Most of the preliminary damage assessment work is expected to be completed within the next two weeks. As assessments are completed, the governor may request that additional Oregon counties be declared.

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FOR IMMEDIATE RELEASE
JANUARY 13, 1997

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GOVERNOR CALLS FOR PRESERVING OREGON'S QUALITY OF LIFE IN STATE OF STATE SPEECH

Kitzhaber Opens Legislative Session Asking for Bipartisan Approach to Schools, Transportation and Natural Resources

Governor John Kitzhaber, delivering his second State of the State speech at the opening ceremonies for the 69th Oregon Legislative Assembly, called upon legislators and Oregonians to take bold action to help keep Oregon's quality of life. Specifically, he proposed changes in the management of education, transportation and natural resources.

"Oregon is a special place. That's why we came here. That's why we stay here," said Kitzhaber. "We need to be bold, innovative and creative if we are going to address the problems that are slowly eroding the quality of life we cherish in this state."

The governor made a number of recommendations in the management of the state's K-12 education system to accompany his call for greater funding of the system. Citing the fact that the state now pays for the vast majority of K-12 education, Kitzhaber called for exploring a statewide salary schedule for teachers. The salary schedule would help create greater state control over the single largest expense of the K-12 system.

Further, Kitzhaber called for creating a system of incentive-based pay for teachers and administrators, removal of barriers to the hiring of instructional assistants and increased certification of teachers and administrators. "I believe these changes will help us create accountability in our school system and will help us improve the quality of education our kids receive."

Kitzhaber also called for changes in the financing and management of the state's transportation system in order to maintain the system and prevent congestion. Among the changes he proposed are: greater local control over planning of transportation improvements, the creation of a fund specifically targeted at the modernization of roads and highways and greater environmental controls on the building of new roads. The governor also cited the need to broaden transportation funding away from merely fuel taxes to include a small monthly fee charged to households, and the creation of a fee based on actual miles driven.

In the natural resource area, Kitzhaber renewed his call for increased work restoring Oregon's rivers and streams and aiding threatened salmon, steelhead and trout. He also asked Oregonians and members of the legislature to work with

him in finding a way to fund the state's park system.

Kitzhaber closed his State of the State address by asking for bipartisan support for the agenda he outlined. "This is not a Democratic agenda. This is not a Republican agenda. This is an Oregon agenda," said Kitzhaber.

A full text of the speech is available by calling the governor's office at 378-3111, or by accessing the governor's web page at www.governor.state.or.us

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[The State of the State Speech Text](#)

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FOR IMMEDIATE RELEASE
JANUARY 10, 1997

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STATE, GRAND RONDE REACH HISTORIC AGREEMENT TO LIMIT GAMING, CREATE COMMUNITY BENEFIT FUND

Governor John Kitzhaber and Kathryn Harrison, Tribal Chair of the Confederated Tribes of Grand Ronde, signed an historic compact today that will limit the tribe to one casino and establish a community benefit fund equal to six percent of the casino's net revenues. Kitzhaber hailed the agreement as setting a new standard of cooperation between the state and tribal governments.

"This compact allows us to accomplish one of our main objectives with regards to tribal gaming in Oregon," Kitzhaber said. Kitzhaber also noted that this is the first time any tribal government in Oregon has agreed with the state to limit its right to expand beyond one casino. "The state and the tribe have agreed that they will operate only one casino. This is an important step toward ensuring that there is not a proliferation of tribal casinos throughout the state."

"Spirit Mountain Casino is a tool for the Grand Ronde Tribe to help it achieve self-sufficiency and reduce the need for taxpayer-funded programs, such as welfare," said Tribal Chair Kathryn Harrison. "During our struggle for Restoration, we said, 'We're fighting for our rightful place among the family of Indian nations. There won't be any surprises from us; we're open and above board; we won't embarrass you. By helping ourselves, we'll be helping the whole community.' Today, this historic agreement both recognizes the importance of our struggle for self-sufficiency and allows us to continue to make good on our word that we'll help the entire community."

The compact also breaks new ground in establishing a public investment fund, to be known as the Spirit Mountain Community Fund, equal to six percent of the Spirit Mountain Casino's annual net revenue. The fund would be approximately \$1.6 million for 1997, based on approximately \$26 million net revenues for 1996. The fund would be administered by an eight person board of trustees appointed jointly by the tribe and the governor.

The fund would be used to support projects and programs in education, health, public safety, the arts and environmental activities in communities in 11 northwest Oregon counties. Those counties are: Polk, Yamhill, Tillamook, Marion, Washington, Multnomah, Clackamas, Lane, Linn, Benton and Lincoln.

"I believe this is an important recognition on the part of the Grand Ronde that the Spirit Mountain Casino is a major institution in its community and has a role to play in promoting the health and prosperity of the larger community," said Kitzhaber.

In addition, the compact also allows the tribe to offer a wider variety of gaming and makes permanent the Oregon State Police's role in working with the Grand Ronde Gaming Commission in ensuring safety and integrity of games at the casino.

Copies of the complete compact are available by contacting the Governor's Office of Legal Counsel at (503) 378-3111.

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FOR IMMEDIATE RELEASE
JANUARY 9, 1997

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SALMON RESTORATION PLAN COMMENTS AVAILABLE TO PUBLIC

Comments on a proposed coastal salmon restoration plan from a scientific peer review panel, federal agencies, industry and conservation organizations as well as members of the public have been received and compiled by Governor Kitzhaber and are now being made available at various public locations:

- Tillamook Library, 210 Ivy Avenue, Tillamook
- Hatfield Marine Science Center, 2030 Marine Science Drive, Newport
- Coos Bay Library, 525 Anderson, Coos Bay
- Ore. Dept. of Fish and Wildlife SW Region Office, 4192 N. Umpqua Hwy., Roseburg
- The Nature of Oregon Information Center, 800 NE Oregon, Suite 177, Portland
- Rogue Valley Council of Governments, 155 South 2nd St., Central Point
- Oregon State Library, Reference on 2nd floor, Capitol Mall, Salem

In addition, the comments will be available on the governor's home page at: www.governor.state.or.us

The Governor's Coastal Salmon Restoration Initiative is focused on preserving and restoring native coastal salmon populations and preventing the need for a federal threatened or endangered listing of coho salmon under the Endangered Species Act. A draft plan originally proposed in the fall was the subject of a series of community briefings in September and October.

Comments received from those briefings have been added to subsequent comments received from a scientific peer review panel, federal agencies, along with industry and conservation groups. All comments have been considered as the plan is currently being revised and improved.

A final draft plan will be submitted to the National Marine Fisheries Service (NMFS) in late February or early March with a final listing decision on coho salmon by NMFS due April 25.

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FOR IMMEDIATE RELEASE
JANUARY 2, 1997

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GOVERNOR TO TOUR GORGE, SOUTHERN OREGON

Governor John Kitzhaber will visit slide damaged sections of Interstate 84 and flood damaged areas in southern Oregon on Friday, January 3.

The governor will be in the Cascade Locks area (milepost 41 on I-84) at approximately 9:30 a.m. to view slide damage. For the exact location, contact Ron Scheele at (503) 731-8263. After viewing the slide area, the governor will visit the Oregon Department of Transportation's maintenance shops in Cascade Locks to congratulate highway workers for their efforts in reopening the interstate.

Weather conditions permitting, the governor will also visit Ashland to view flood damage and meet with city and county officials. Governor Kitzhaber is tentatively scheduled to attend a meeting with city and county officials in the council chambers of Ashland City Hall (20 East Main Street) at 2:30 p.m. The governor will then tour flood damage in downtown Ashland.

Broadcast pool footage of the governor's flight to southern Oregon will be available from KGW TV. Contact Tom Fuller at (503) 585-2172.

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FOR IMMEDIATE RELEASE
DECEMBER 23, 1996

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THREE OREGON COUNTIES WILL GET FEDERAL FLOOD AID

Three counties hard hit by last month's flooding and bad weather will get federal disaster assistance, the Federal Emergency Management Agency (FEMA) announced today.

Governor Kitzhaber requested the aid for Coos, Douglas and Lane counties following a severe storm in November. The storm caused damage to public infrastructure and private property from high winds, flooding and landslides. Today, FEMA Director James Lee Witt announced that President Clinton had approved a disaster declaration for the three counties for damage that occurred between November 17 and December 11.

"Oregon has been hard hit by bad weather and flooding in recent years. I'm pleased that the federal government has recognized our need for assistance," said Kitzhaber. The declaration is the third issued for Oregon by the federal government in 1996.

The disaster declaration means local governments will be able to apply for federal funds to cover 75 percent of the cost of debris removal, emergency services and restoration of public property. Local disaster relief offices will be set up and opened by FEMA in January to assist local officials and citizens with claims for damage assistance.

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FOR IMMEDIATE RELEASE
DECEMBER 12, 1996

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STATEMENT OF PRINCIPLES FOR RESTRUCTURING THE ELECTRIC UTILITY INDUSTRY

Oregonians have benefited from electricity prices that are among the lowest in the nation. Nonetheless, the technological and market forces that are revamping the electric utility industry nationally will change the industry in Oregon as well. Legislation will very likely be introduced in the 1997 session to open the retail market for electricity to competition among electricity suppliers. If crafted with care, the move to the new competitive environment can benefit all consumers in the state without diminishing our environmental quality.

The overriding objectives of any comprehensive restructuring should be the following:

- **Achieve efficiencies in producing, delivering and using electricity to yield reductions in costs.**
- **Ensure the benefits of competition are shared by all electricity consumers.**
- **Protect Oregon's environmental quality.**
- **Maintain the reliability, safety and quality of electric service.**
- **Preserve the benefits of our low-cost resources for Oregon customers.**

Any efforts to restructure the electric industry in Oregon must adhere to the following principles:

Principle 1. All Oregonians must have the option to choose their electricity supplier and be provided the information necessary to make an informed choice.

While some customers may have opportunities to choose among electricity suppliers sooner than others, eventually the option to choose must be accorded to all customers. In order to benefit from a competitive market, customers will need reliable information about suppliers' prices and services as well as information on their sources of power supply and the environmental impacts of those sources. With good information, customers can make choices that are best for them.

Principle 2. All Oregonians must have access to basic electricity service at a reasonable price.

Some customers, particularly large-volume purchasers, will be more attractive to electricity suppliers than others, especially in the early stages of developing full-scale competition. Other customers could be left without a choice of supplier, or with only a choice that comes at a premium cost for basic service. Some regulation must be established to ensure everyone has the opportunity to receive basic electric service at a reasonable price. If individual customers,

whether businesses or households, wish to join together to take advantage of price discounts or special service options that would not otherwise be available to them in a competitive market, they should be able to do so, regardless of utility boundaries.

Principle 3. The competitive power sales market in Oregon must be a fair one.

Without an open market, Oregon consumers will not reap the full benefits of competition -- lower prices and a wider choice of services. In creating a fair and open market where electricity providers compete on equal footing, Oregon's utilities at a minimum should restructure their organizations to create independent business lines for power generation, sales, transmission and distribution. They should also set separate prices for power, delivery of power and any other electricity services they provide. Access to distribution lines must be priced to reflect solely the cost of delivering the power across those lines. Owners of distribution lines should be financially indifferent to who owns the power resources supplied to customers over their lines. Finally, any regulation of electric service or electricity suppliers established to achieve such aims as environmental protection, fair pricing, reliable service or consumer protection should apply equally to all electricity suppliers competing in the market.

Principle 4. Electricity service to Oregonians must remain reliable and safe.

The move to a more open and competitive power sales market should not jeopardize the dependable flow of power to Oregon homes and businesses. Therefore, the responsibility for planning, operating and maintaining the Northwest transmission system should reside with an independent, federally-regulated entity as many have proposed. For the distribution system, the owners of local distribution lines in Oregon should remain responsible for the safe and reliable delivery of power to retail customers and continue to be subject to regulation or local board oversight. If customers prefer to buy less reliable service because it is cheaper, they should be allowed to do so if that option does not reduce the reliability of service to other customers.

Principle 5. Conserving energy and developing renewable resources are essential in protecting Oregon's environment and sustaining a healthy economy and must continue to be adequately funded.

We have made great strides in achieving conservation and developing renewable resources -- in large part because of programs funded and run by the electric utilities. However, in an open market where electricity providers compete for sales, the pressure to cut costs and keep prices low will diminish their efforts. We must ensure sufficient funding to sustain a significant level of activity for conservation and renewable resources. The sources of funding and mechanisms for collecting funds should be appropriate for a competitive market and not create inequities among energy providers. At the same time, the responsibility for the design and delivery of conservation and renewable resource programs should reside with entities whose goal is to ensure their success.

Principle 6. Low-income Oregonians must have access to competitive markets, and the energy support services currently available to them must be maintained or enhanced.

Competitive markets could create an environment in which suppliers would charge premium prices to low-income customers for basic services, provide them less than adequate services or choose not to serve them at all. Before the move to competition is fully introduced, it must be ensured that low-income customers will not be redlined, but will receive an adequate supply of electricity at a reasonable price.

In addition, sufficient funding must be ensured to continue energy assistance and weatherization services for low-income households

Principle 7. Utilities should have a fair and reasonable opportunity to recover costs of previous commitments.

Under the current regulatory system, utilities have incurred costs because of their obligation to meet the electricity loads of all customers in their service territories. In a competitive market, some of those costs may be unrecoverable. Any policies which allow for recovery of stranded costs should provide incentives to utilities to reduce those costs, allow for an equitable sharing of those costs and not discourage competition.

Principle 8. Regulation must continue for products and services for which there is no effective competition.

For the transmission and distribution systems, which will remain natural monopolies, oversight and regulation must continue in order to ensure safe, efficient and reliable power delivery. For energy sales, oversight will be necessary to steer the course to effective competition and to protect consumers during the transition to a fully open market. Regulations will be needed to ensure utilities pass on any lower costs to consumers, to ensure new competitors are not unduly disadvantaged by existing utilities and to create a climate that encourages suppliers to compete for residential and small business sales.

Principle 9. Customers must be protected from any unfair or unscrupulous practices of their electric service providers.

In a free market, some suppliers may seek to gain competitive advantage by engaging in unethical practices. Consumer protection regulations should be established to prevent abuses, and every supplier competing in the open market should be registered by the state. In addition, suitable forums should be established where customers can air their concerns and receive prompt resolution of their complaints.

Principle 10. The restructuring of the electric utility industry must not unduly burden local governments.

Some Oregon cities rely heavily on the franchise fees paid by electric utilities to fund essential services. Without alternative sources of revenue, those cities face the loss of millions of dollars if customers choose power suppliers who are not required to pay such franchise fees. Before the shift to a competitive market, there must be in place new or revised sources of revenue for those cities.

Principle 11. Any exemptions to utilities from open access mandates must be balanced with restrictions on marketing outside their service territories and continuation of public purposes funding.

Any legislation should recognize that customer-owned utilities have local boards that are responsible to the citizen customers in their territory. However, if a utility is exempted from providing customer choice, it must not disrupt the competitive market by selling power or marketing energy services to retail customers outside its service territory. Further, it must share in the obligation to fund conservation, renewable resources, low-income programs and other public purposes.

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FOR IMMEDIATE RELEASE
DECEMBER 12, 1996

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GOVERNOR RECOMMENDS THREE OREGON HIGH SCHOOLS FOR PRESIDENTIAL INAUGURAL PARADE

Two Marching Band Units and a Dance Team will be Considered

Governor John Kitzhaber has forwarded the names of three Oregon high school programs to be considered by the Presidential Inaugural Committee for inclusion in the Inaugural Parade in Washington, D.C. on January 20. The Inaugural Committee asked the Governor for recommendations of marching bands, drill teams and other school programs appropriate for a parade.

The programs recommended by the Governor's Office are the marching band units from Grants Pass High School and Sprague High School in Salem and the dance and drill team from Philomath High School. Grants Pass and Sprague High Schools were identified by the Oregon Band Directors' Association as having outstanding band programs. Philomath High School's dance and drill team has won the Class 3A Large State Championship for the past two years.

"It's a pleasure to recommend such wonderful school programs for inclusion in the 53rd Inaugural Parade," said Kitzhaber. "My hope is that these schools, if chosen, decide to attend and are able to have a fun and educational experience in the nation's capital."

The Inaugural Committee will consider up to three entrants from each state and pick 20 to 25 parade participants from among those entrants. Parade participants will be announced in late December.

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FOR IMMEDIATE RELEASE
DECEMBER 11, 1996

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GOVERNOR ACTS ON PRISON RECOMMENDATIONS

Kitzhaber Accepts some Sites; Allows Communities to Propose Alternatives

Governor John Kitzhaber released his decision on new prison sites in Oregon today, approving four sites for the construction of new correctional facilities and asking the Corrections Facilities Siting Authority to do more work on three others.

Kitzhaber approved sites in Madras and Umatilla for the construction of new men's medium security prisons, and sites in Lakeview and Oakridge for two new work camps. The governor did not accept a proposed work camp site in Mitchell. Kitzhaber also did not accept proposed sites in Eugene, Medford and Wilsonville and instead issued executive orders creating a new 120-day process for consideration of alternative sites that have been proposed by the communities and any other appropriate sites in those areas.

"I believe that the sites proposed in the Eugene, Medford and Wilsonville areas are buildable and workable," said Kitzhaber, "but these prisons will be with us for a long time and I believe it is prudent to take the extra time to evaluate alternative sites. However, I want to make it clear that the question is not whether we will build prisons in or near Medford, Eugene and Portland, but where we will build in those areas."

Kitzhaber made it clear that the three previously recommended sites -- located at the former Dammasch Hospital in Wilsonville, at Roseburg Resources in Medford and at Meadow View in Eugene -- will be reconsidered along with any other alternatives. Kitzhaber added that he felt strongly that the Portland metropolitan area needed to share in the burden of the corrections system because the area produces more than 40 percent of the system's inmates. The women's facility and intake center also will operate most cost effectively in the metro area.

"While I am not accepting the recommended sites in these three areas, I will instruct the Department of Corrections to include the previous sites in the next round of nominations," said Kitzhaber. "The sites that were selected and ranked by the Authority last month meet the criteria the state outlined for new prison facilities."

To review additional sites, the governor will issue new executive orders for a women's prison and intake center to be located in either Clackamas, Multnomah or Washington counties, and two men's medium security prisons to be located in Jackson and Lane counties. The process will again follow the expedited siting law (ORS 421.611 through .630) and

the criteria adopted in administrative rule by the Department of Corrections.

The process will take approximately 120 days and will begin January 6, 1997 for the women's prison and intake center, and February 3 for the two men's medium security prison complexes in Jackson and Lane counties. The process for the women's prison and intake center will begin first because it is the facility most urgently needed in the corrections system.

"We want to work with communities to make sure we're making good decisions for everyone on where these prisons will be built, while at the same time fulfilling the mandate given to the state by the passage of Ballot Measure 11 in 1994," said Kitzhaber.

In addition to the prisons and work camps, the governor accepted the recommendations of the Siting Authority that expansions take place at three existing correctional facilities: Powder River Correctional Institution in Baker County, Shutter Creek Correctional Institution in Coos County and South Fork Forest Camp in Tillamook County.

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FOR IMMEDIATE RELEASE
DECEMBER 9, 1996

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GOVERNOR ASKS FOR NATIONAL DISASTER DECLARATION FOR THREE COUNTIES

Governor Kitzhaber will ask President Clinton to declare three flood-stricken Oregon counties federal disaster areas following a severe storm on November 17 and 18. The storm adversely affected Coos, Douglas and Lane counties, causing extensive damage to public infrastructure such as roads, bridges, drainages systems and culverts.

Kitzhaber will ask the President to make federal financial assistance available through the Federal Emergency Management agencies. If approved, such assistance will enable counties to repair and rebuild public facilities severely damaged by winds and flooding. Preliminary damage estimates indicate the potential cost of the storm could be \$3.4 million in the three affected counties.

"Once again, Oregon was hard hit by another storm that caused wind and flood damage," said Kitzhaber. "These three counties, in particular, need help to rebuild infrastructure -- especially transportation infrastructure -- so the local economy is not hurt."

The governor has also requested that the Small Business Administration declare Coos and Douglas counties disaster areas as a result of the storm, which would make low-interest loans available for qualified and uninsured individuals, families and businesses.

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FOR IMMEDIATE RELEASE
DECEMBER 4, 1996

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GOVERNOR CREATES COUNCIL ON DOMESTIC VIOLENCE

Governor John Kitzhaber signed an executive order today creating the Governor's Council on Domestic Violence. The Council will be charged with assessing statewide needs regarding domestic violence, develop goals to meet those needs and implementing strategies to prevent and reduce domestic violence.

The governor created the Council to implement the work of the Oregon Domestic Violence Council created in 1994, but the funding of which recently expired. That council developed a framework for state-wide response to domestic violence, as well as protocols for law enforcement, the judiciary, the educational system, local advocacy groups and health professionals.

Kitzhaber said this research must be put into action if Oregon is to respond effectively to domestic violence, "The effects of domestic violence are widespread, and failure to respond adequately to it threatens to impede Oregon's progress toward safe, livable communities."

The Council will consist of 11 members, including the chair, all appointed by the governor. It will issue a report to the governor by May 1, 1997 detailing its progress.

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FOR IMMEDIATE RELEASE
DECEMBER 4, 1996

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**GOVERNOR APPOINTS ACTING ADMINISTRATOR OF
OREGON HEALTH PLAN**

Governor John Kitzhaber announced today the appointment of Barney Speight as Acting Administrator of the Oregon Health Plan, effective December 9. Final appointment is subject to confirmation by the Senate in January.

Speight brings over 18 years of management experience in health care policy, delivery and finance in Oregon as well as on the national level. Speight most recently served as Vice President of Corporate Relations for The Benchmark Group, a Blue Cross/Blue Shield affiliate. Professional and community affiliations have included the Portland Metro Division of the American Heart Association, American Association of Health Plans and Oregon Association of Hospitals and Health Systems.

Kitzhaber praised Speight for his leadership in Oregon's health care industry: "Oregon is fortunate to have an individual with Barney's expertise, credibility and commitment join the leadership ranks of government. I know he will be a valuable contributor to the work ahead."

A photograph of Barney Speight is available for download on the Oregon Health Plan Administrator's web site: "www.das.state.or.us/ohpa/ohpa.htm"

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FOR IMMEDIATE RELEASE
DECEMBER 2, 1996

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GOVERNOR PROPOSES BUDGET TO INVEST IN OREGON'S FUTURE

Governor John Kitzhaber called on Oregonians to invest in the future of their state today as he announced his budget for 1997-99. The governor released his plans at a news conference today in Salem.

"We must make the investments today in basic institutions such as schools, roads and parks so that we can preserve our livability and opportunity for the future," said Kitzhaber in presenting the budget. "For the last six years, Oregon has been disinvesting: college is more expensive, parks are threatened with closure, school class sizes are getting bigger and salmon are disappearing. I think it's time to start rebuilding Oregon."

Key to the governor's plans is retaining extra revenue generated by Oregon's excellent economy and reinvesting it in schools -- from pre-kindergarten to K-12 through community colleges and the state system of higher education. The so-called "kicker" revenue would help offset the anticipated \$459 million loss to school funding caused by the passage of Ballot Measure 47. "When we are laying off teachers and pushing tuition through the roof, I think it's tough to argue that our state is really running a surplus," said Kitzhaber.

The kicker revenue will also be used to freeze tuition for resident undergraduates at Oregon state system colleges and universities, beef-up graduate engineering in the Portland-Metropolitan area, help retain faculty in the higher education system and expand the Head Start program to 50 percent of those eligible.

In transportation, Governor Kitzhaber committed to work with the legislature in coming up with a funding plan for Oregon's roads. The state advisory committee of the Oregon Transportation Initiative recommended after a year's study that Oregon's roads need approximately \$391 million more per biennium to keep up with maintenance, preservation and modernization.

Governor Kitzhaber also applauded efforts by both Republican and Democratic legislators to provide long term funding for the state's parks system. The governor proposed in his budget a \$30 million per biennium fund for state parks and a \$30 million per biennium fund for salmon and trout recovery which is part of his Healthy Streams Partnership.

"I believe there is strong bipartisan consensus on providing for our parks, for improving water quality and for restoration of endangered salmon and trout species. This is part of Oregon's heritage and I am confident that we can gain support for these important programs."

Other features of the Governor's Investment Budget include:

- Expanding the Oregon Health Plan to assist tens of thousands of working Oregonians who can't currently afford health insurance.
- Redirecting state economic development aid to rural communities.
- Expanding JOBS, the state's welfare to work program that has reduced welfare roles for the last four years.
- Adding 65 new uniformed troopers to the Oregon State Police.
- Building two new prisons required by Ballot Measure 11.
- Development of a coordinated statewide juvenile crime prevention strategy.

"We have a challenge to meet in Measure 47 and I have proposed a budget, which, through the use of the state's increased revenues, will be able to meet that challenge as it relates to schools," said Kitzhaber. "But this budget must also reverse the trend of disinvestment in our state. Tomorrow's Oregonians are relying on us today. In an era of unprecedented prosperity, we cannot let them down."

The governor's budget is described in greater detail in the Budget in Brief, which is available for free by calling (503) 378-3106. A copy of the complete budget, which is approximately 600 pages, is available by calling the same number. Requests may also be e-mailed to: oregon.info@state.or.us The Budget in Brief is also available on the governor's web page: www.governor.state.or.us

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[Governor's 1997-99 Budget in Brief](#)

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FOR IMMEDIATE RELEASE
NOVEMBER 27, 1996

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GOVERNOR TO RELEASE BUDGET DECEMBER 2

Governor John Kitzhaber will release his proposed 1997-99 budget on Monday, December 2 at 11 a.m. in Room 50 of the State Capitol Building. Copies of the budget and the budget in brief will be available in the Governor's Office at 9 a.m.

Jon Yunker, the Director of the Department of Administrative Services, will be available with other budget analysts beginning at 1 p.m., also in Room 50. Governor Kitzhaber will be available for individual interviews from 1:30 to 2:30 p.m. Interviews can be scheduled with the governor's press office.

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FOR IMMEDIATE RELEASE
NOVEMBER 25, 1996

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Governor Orders Flags At Half Staff In Honor Of Air Force Reservists

Governor John Kitzhaber ordered flags at state buildings flown at half staff in honor of eight Oregonians and two Washingtonians presumed dead in the crash of their U.S. Air Force Reserve C-130 off the coast of Northern California. Bodies of two of the 10 have been recovered.

"This is a tragic loss," said Kitzhaber. "On behalf of all Oregonians, I extend my personal condolences to the families and friends of these brave airmen."

The crew was part of the U.S. Air Force Reserve's 304th Rescue Squadron. The Squadron has participated in search in rescue missions in Oregon and Washington such as searching for survivors in the aftermath of the 1980 eruption of Mount St. Helens and in the 1986 rescue of Oregon Episcopal School climbers lost in a blizzard on Mount Hood.

Flags will be flown at half staff through sunset, Wednesday, November 27.

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FOR IMMEDIATE RELEASE
NOVEMBER 18, 1996

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GOVERNOR ANNOUNCES AGREEMENT DESIGNED TO CLEAN UP OREGON STREAMS

Governor John Kitzhaber announced today that environmentalists, ranchers, farmers and government agencies have agreed to work together on water quality problems in Oregon. The "Healthy Streams Partnership," which was signed in Salem today by representatives of industry, government and environmental organizations, is designed to restore streams suffering from pollution in rural areas, including the effects of farming and grazing.

"I am very pleased to have been able to sit at the table with all partners to this agreement and come to a workable solution," said Kitzhaber. "Today, we are signing a document that will provide a framework for restoring water quality in streams across the state."

The Healthy Streams Partnership will develop water-friendly agricultural practices for farmers using Oregon's existing water quality laws. Should the health of individual streams not improve, the state Department of Agriculture has the authority to investigate and apply sanctions to landowners. However, Kitzhaber hopes that this can be avoided through the partnership agreement.

Funding for research and restoration efforts under Healthy Streams Partnership will be included in the governor's budget, which will be submitted to the Legislature in early December. Kitzhaber will ask for \$5.8 million for staffing and \$20 to \$35 million for overall watershed enhancement efforts, including existing stream enhancement efforts undertaken by local watershed councils.

Parties to the agreement were pleased that they would be working together.

"This is a framework and a starting point," said Fred Otley, head of the Oregon Cattlemen's Association. "We're excited about how it's going to help the land and the water."

"Here in Oregon, we have one of the last great opportunities to have clean water and thriving fish runs in the face of a rapidly growing population," said Geoff Pampush, the head of Oregon Trout.

Kitzhaber noted that if the state failed to improve the health of many streams, the U.S. Environmental Protection Agency would assume responsibility for water quality management in Oregon.

"Clearly, this is a problem that we would prefer to solve here in Oregon, with all stakeholders involved, rather than have

to respond to federal regulations," he said. "And we have to remember, this is a problem that we all have a stake in, whether we live in cities, small towns or in the country. It's going to take all of us working together to solve it."

[Healthy Streams Agreement - Full Text](#)

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FOR IMMEDIATE RELEASE
NOVEMBER 12, 1996

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KITZHABER, LOCAL GOVERNMENTS CREATE GROUP TO CONSIDER MEASURE 47 IMPLEMENTATION

Governor John Kitzhaber and members of the local government community announced today the formation of a group that will propose legislation on how best to implement Ballot Measure 47. The Ballot Measure requires that local governments prioritize funding of public safety, and this group will examine what exactly constitutes "public safety" services.

The group will also examine three other questions which must be addressed to implement Ballot Measure 47. They are:

First, how will local governments distribute the revenue loss from Measure 47 among taxing districts? The group will determine the method local governments should use to decide how losses from Ballot Measure 47 are distributed, and the timing needed in the statutes so budgets can be adopted.

Second, how will local governments deal with levies outside the Measure 47 limit? The group will address how ballot statements are to be written, how elections are certified and how any challenge to a levy would be carried out.

Third, how will fees and charges be handled under the measure? The group will address what legal standards need to be adopted regarding fees and charges.

Members of the group include Multnomah County Commissioner Gary Hansen, Lincoln County Commissioner and incoming president of the Association of Oregon Counties Don Lindley, Lake Oswego Mayor Alice Schlenker and Baker City Mayor and incoming president of the League of Oregon Cities Larry Griffith. Lindley and Griffith will co-chair the group. Members representing special districts throughout Oregon will also be named to the group as well as private citizens.

Kitzhaber said he hoped the group would have draft legislation by the beginning of the 1997 legislative session.

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FOR IMMEDIATE RELEASE
OCTOBER 25, 1996

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GOVERNOR SUPPORTS EXTENDING DEADLINE FOR COASTAL COHO LISTING

Governor John Kitzhaber said today that he welcomed the National Marine Fisheries Service's (NMFS) decision to extend by six months its deadline for listing Oregon coastal coho stocks as a threatened species. NMFS announced today that because of areas of scientific disagreement it was invoking a six month extension of the listing deadline.

"The additional time will allow us to ensure that our Coastal Salmon Restoration Initiative is well-grounded scientifically," Kitzhaber said.

Oregon is preparing the Restoration Initiative for submission to NMFS as a strategy to help recover coastal coho. "We are currently undertaking a scientific peer review of the draft Coastal Salmon Restoration Initiative plan, and NMFS' decision will mean that we can incorporate the findings of that review in our final plan," Kitzhaber said. "I just want to make it clear that we are not undertaking this initiative as a way to prevent a listing -- but as a method we think will work best to help coho salmon recover on Oregon's coastal streams."

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FOR IMMEDIATE RELEASE
OCTOBER 24, 1996

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**GOVERNOR ANNOUNCES LEGISLATIVE MEMBERS
ADDED TO TRANSPORTATION FINANCE COMMITTEE**

Governor John Kitzhaber announced today the appointment of a bi-partisan legislative group to assist him in developing transportation finance alternatives. The group will work with the finance subcommittee of the Oregon Transportation Initiative, which is chaired by Fred Miller.

The legislators are: Sen. Ken Baker, Sen. Cliff Trow, Rep. John Watt and Rep. Lonnie Roberts. In addition to appointing these members, the governor intends to continue his work with Rep. Montgomery's transportation committee as well as other legislative committees that are operating in the interim in order to develop a bipartisan transportation solution for Oregon.

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FOR IMMEDIATE RELEASE
OCTOBER 15, 1996

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EXECUTIVE ORDER NO. EO - 96 - 38

AFFIRMATIVE ACTION: REVIEW AND RENEWAL

WHEREAS the State of Oregon has long recognized the need to eliminate the effects of past and present societal discrimination based on race, religion, national origin, age, sex, marital status, and physical or mental disabilities in which it has played a passive or active role,

WHEREAS past Governors and legislatures have pronounced policies aimed at remedying these historical wrongs,

WHEREAS the increasing diversity of Oregon's population demands that we renew and extend these efforts in order to maintain our economic viability and provide a high quality of life for all our citizens,

WHEREAS past programs involving quotas and strict numerical goals based on race or gender have not only created resentment, but have contributed to the impression of unequal opportunity for some Americans,

WHEREAS in the ensuing debate, the original purpose of prohibiting race and gender discrimination has become lost,

WHEREAS the United States Supreme Court has applied a strict scrutiny analysis to many local government programs designed to remedy past instances of societal discrimination,

WHEREAS states are now required to document specific instances of societal discrimination within geographic areas and in sectors of the workforce before implementing programs designed to affirm equal opportunity,

WHEREAS the Court has recently extended this analysis to invalidate federal programs aimed at assisting racial minorities,

WHEREAS it is fair to say that a wholesale assault on governmental actions to rectify past racial discrimination is under way at the federal level,

WHEREAS the State of Oregon remains committed to the principle of ethnic and gender equity and will continue to implement non-discrimination and affirmative action policies where applicable,

WHEREAS the need to provide greater opportunity for Oregon's ethnic and racial minorities is well documented,

WHEREAS certain of our racial minorities continue to experience a quality of life far below the societal norm, as evidenced by rates of infant-mortality, unemployment, and incarceration noticeably above state and national averages, and by life-expectancy and high school graduation rates noticeably below state and national averages,

WHEREAS these conditions will only worsen unless all our citizens are assured of a bona fide stake in Oregon's economic opportunity,

WHEREAS affirming our commitment to equal opportunity is a courageous investment we must make to provide that stake,

WHEREAS policies which affirm equal opportunity address other areas of long term concern to Oregonians, such as

Safety: Police forces which reflect the societal composition of the communities they serve help make Oregon a safer place for all citizens by providing a very real and personal example to members of minority groups of their stake in the state's safety efforts.

Education: If Oregon's children are to remain our greatest resource, the makeup of the teaching profession should reflect the societal composition of the students themselves, as teachers often serve as the role models at risk children so desperately need.

Vulnerable Citizens: If citizens from groups which have historically experienced discrimination are employed at all levels of the Oregon workforce, the State of Oregon will be better able to meet the needs of its vulnerable population in two ways. First, such employment implies a definition of "equal opportunity" that will consider every factor necessary to determine which applicants can best serve the policies and progress of the state. Second, vulnerable citizens who are contributing members of the workforce can become a bridge of opportunity for other citizens, similarly situated, who may lack the resources to attain the stability and quality of life most Oregonians take for granted;

WHEREAS new constitutional requirements may represent an obstacle to proponents of affirmative action, they in fact offer an opportunity to strengthen, from both a legal and public policy perspective, our policies and strategies for affirming equal opportunity,

WHEREAS new programs based on and designed in response to specific, documented instances of discrimination will withstand the emotional criticisms which have compelled other states to abandon the notion of affirming opportunity, and will provide a sound basis for similar programs in the future,

WHEREAS a recent study conducted by the City of Portland shows that many Oregonians remain burdened by a history of unequal opportunity,

WHEREAS these very citizens can offer gifts of diversity which reach beyond the traditional measures of merit,

WHEREAS to deny those gifts a place in the rich fabric of this state and this nation will only reinforce societal stereotypes and will ultimately harm us all, since in a very real sense, a de facto system of racial preference already exists for large segments of the majority population,

WHEREAS these issues are not new, nor will they be easily resolved,

WHEREAS if the idea of individual opportunity, so vital to the spirit of the nation, is to retain any meaning at all, it must find expression in a system which considers social as well as educational and qualitative factors,

WHEREAS restructured programs to affirm equal opportunity will accomplish what "affirmative action" has been accused of undermining, namely, leveling the playing field of economic opportunity for all Oregonians,

WHEREAS our history, our Constitution, and our commitment to human progress demand no less,

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED THAT:

1) All state agency directors and administrators of major divisions or institutions shall report to me the status and results of their affirmative action policies and programs. The reports shall be delivered to my Affirmative Action Director by February 1, 1997. The reports shall provide:

- a. The goals of each policy or program.
- b. The date it was last reviewed.
- c. A summary of its success or lack thereof.
- d. Any plans to change programs or policies to improve results.

2) All supervisory managers in all agencies shall have their affirmative action efforts and results evaluated as part of the evaluation of their job performance.

3) The departments of Transportation and Corrections shall work with my Advocate for Minority, Women, and Emerging Small Business and my Affirmative Action Director to increase minority and women representation in the construction activities of this state. They shall gather together key representatives of construction companies, the banking industry, and other key players in the economy to formulate a plan of voluntary efforts. The recent disparity study in the Portland area, transportation improvements, and the unprecedented expansion of prison construction now underway afford ideal opportunities to achieve fair and equal participation in our state's construction industries. My Advocate for Minority, Women, and Emerging Small Business shall direct and coordinate this effort for the state.

4) All state agency directors and administrators of major divisions or institutions shall report to me the status and results of their efforts to improve outreach efforts and increase contracting participation by non-traditional businesses. The reports shall be delivered to my Advocate for Minority, Women, and Emerging Small Business by September 1, 1997.

The reports shall provide:

- a. A summary of the efforts employed to assist minority, women, and emerging small businesses to qualify for contract opportunities generally.
- b. A summary of the efforts employed to increase the share of contract business for the agency that is provided by minority, women, and emerging small businesses and the results of those efforts.
- c. Any plans to change programs or policies to improve results.

Done this 15th day of October, 1996, at Salem, Oregon.

John A. Kitzhaber, M.D.

GOVERNOR

ATTEST:

Phil Keisling

SECRETARY OF STATE

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FOR IMMEDIATE RELEASE
OCTOBER 8, 1996

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GOVERNOR KITZHABER ACCEPTS HEALTH COUNCIL RECOMMENDATION AND DISCUSSES BALLOT MEASURES

Governor Kitzhaber accepted today the recommendation of the Oregon Health Council on the use of revenues from the proposed tobacco tax to expand access under the Oregon Health Plan. The Council advised the governor that access currently available through the Plan should be preserved, and that the priorities for expansion should be:

- First, young children and pregnant women up to 185% of federal poverty level, using federal funds already available without need of additional waivers;
- Second, all children up to 200% of federal poverty level;
- Third, adults up to 200% of federal poverty level;

The Council also recommended that the expansion target Oregonians without health coverage, and that participants should share in the cost of their coverage on an ability to pay basis. Subsidies would decline as income increases, and employment-based coverage would be used where available.

In presenting these recommendations to Governor Kitzhaber, Council Chair Alan Yordy noted that work done in preparing estimates for the Voter's Pamphlet shows that Ballot Measure 35 could increase Medicaid costs by \$35 million, and Ballot Measure 39 by \$17 million.

The governor accepted the Council's recommendations, and noted that he finds cause for concern in the estimated impact of Ballot Measures 35 and 39. "I want to take this opportunity to reaffirm my commitment to further expanding access to care for Oregonians currently without coverage and in need of basic, effective health care," Kitzhaber said.

Kitzhaber called for the defeat of Ballot Measures 35 and 39 on grounds that each would have a negative impact on efforts to extend access to health care. Kitzhaber stated that these measures would divert resources away from Oregon's commitment to investing wisely in access to health care and could increase costs substantially for employers and employees.

Governor Kitzhaber also urged the passage of Ballot Measure 44 as an effective means of generating revenue earmarked for making Oregon Health Plan coverage available to more lower-income working families who cannot afford health coverage on their own.

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FOR IMMEDIATE RELEASE
OCTOBER 7, 1996

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GOVERNOR TO EXTEND STATE OF EMERGENCY DUE TO CONTINUED FIRE DANGER

Upon recommendation from state fire officials, Governor John Kitzhaber announced today that he is extending the Declared State of Emergency due to the ongoing threat of wild fires. Representatives from the State Police, Oregon Emergency Management, the State Fire Marshal and the Oregon Department of Forestry concluded late last week that Oregon is still facing fire danger levels classified as High or Extreme and made the recommendation to Kitzhaber.

"This has been one of the worst fire seasons in recent years, and although it's October, weather forecasts and ground conditions indicate that we're not out of danger yet," Kitzhaber said.

The latest weekly fire protection briefing from the Department of Forestry cited special concern for the Fuel Moisture Levels classified as Extreme in eastern Oregon, and High in western Oregon. The briefing noted that dry weather conditions the last week of September produced a dry fuel bed in most areas, and the moisture recovery from that week's rainfall was sporadic and had quickly dried.

The Department of Forestry's briefing also noted that although weather forecasts showed a moderate wetting trend due to fog and showers for western Oregon, eastern Oregon conditions would likely remain static.

"Our fire fighting capabilities are still at full strength, and until Oregon receives significant relief from the weather, I think it's important to stay on alert and prevent any further potential property loss from wild fires," the governor said.

Kitzhaber also urged hunters and outdoor recreationalists to continue to exercise good fire safety judgment.

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FOR IMMEDIATE RELEASE
OCTOBER 1, 1996

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GOVERNOR OUTLINES PRIORITIES FOR ELECTION, UPCOMING LEGISLATIVE SESSION

Kitzhaber Calls Five-Point Program "Choosing Oregon's Future"

In a major policy speech before a convention of the Associated Oregon Industries, Governor John Kitzhaber today outlined his priorities for the coming election and for the 1997 legislative session which begins in January. Labeling his agenda "Choosing Oregon's Future," Kitzhaber stressed that Oregonians had pivotal choices in the upcoming elections and legislative session that affect education, transportation, the environment, public safety and health care.

"Oregonians are responsible for choosing the future of our state," said Kitzhaber. "I will argue vigorously for investments that help build our schools, roads and highways; investments that help bring health care to the poor and hope to at-risk youth; and investments that help restore our environment."

Kitzhaber said his immediate concern and attention would be focused on three priority ballot measures which could have long terms impacts on Oregon's quality of life: Ballot Measure 47, the property tax measure; Ballot Measure 44 which would help expand the Oregon Health Plan by increasing tobacco taxes and Ballot Measure 32, which would reaffirm the funding package for rural roads and light rail.

Kitzhaber repeated his opposition to Ballot Measure 47, saying it was a choice to continue to increase class sizes in the state's public schools and to increase the cost of higher education. "I believe this choice will ultimately give us poorer schools, not better ones. At a time when post-secondary education is increasingly important to a good job, and when we are trying to improve academic standards in our K-12 system, we can't afford this step backwards."

Kitzhaber also stressed his support for ballot measures 44 and 32. He said that the tobacco tax would help extend the Oregon Health Plan to more than 400,000 working men and women and their families who cannot afford health care. "This is a fair way to pay for extending this coverage and will help reduce the cost shift of uncompensated care onto Oregon's businesses," said Kitzhaber. With regards to measure 32, Kitzhaber stressed that the transportation and transit projects were "investments in our future prosperity and livability."

Kitzhaber laid out details of his agenda for the 1997 legislative session. One of his top priorities, he said, would be to review the law which automatically returns surplus personal and corporate income tax. "This law has a good intent -- to see that the state doesn't build up a big surplus," said Kitzhaber. "But the effect has been that Oregon is unable to invest

the proceeds of a good economy in the very things that help build the economy in the first place: quality transportation and education."

Kitzhaber said he would seek to have the expected surplus for the current biennium invested in the continuum of education ranging from pre-school to K-12 and beyond to post secondary education.

With regards to the other portions of his agenda, Kitzhaber said he would seek legislative support for increased funding for road maintenance, funding of coastal coho and stream restoration efforts, funding of juvenile crime prevention efforts and cost saving reforms to Ballot Measure 17, the prison work program.

"Choosing the future means making a set of choices that invests in the very things that have created the prosperity and quality of life that make Oregon special," said Kitzhaber. "I am confident Oregonians will make the choices necessary to keep our state a special place."

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[Governor Kitzhaber's Speech](#)

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FOR IMMEDIATE RELEASE
SEPTEMBER 27, 1996

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KITZHABER SAYS HATFIELD BILL SIGNIFICANTLY ALTERS OREGON NATURAL RESOURCE MANAGEMENT

Oregon Governor John Kitzhaber today warned that legislation introduced this week in the U.S. Senate could alter the state's ability to manage natural resources in much of Eastern Oregon.

Senator Hatfield is sponsoring the Senate bill, known as S. 2102. It addresses tribal rights to natural resources off the Warm Springs Reservation and nullifies the Warm Springs Treaty of 1865.

In a letter sent to Senator Hatfield today, the Governor wrote, "S. 2102 will effectively destroy 12 years of work on a negotiated settlement of Warm Springs water rights. Under the bill, the Tribe can potentially lay claim to major water reservations from the Deschutes, John Day, Hood, Clackamas, and possibly other rivers."

Kitzhaber went on to say, "Clearly, the Treaty of 1865 was not a proud moment in our nation's history and I make no attempt to defend it. However, this is an issue with huge ramifications for land management in Oregon. It deserves a thoughtful and open dialogue between all the affected parties. I stand ready to work with you and with the Tribe to seek a mutually acceptable solution to correct past injustices."

Kitzhaber said that he strongly opposes passage of S. 2102 without further dialogue about its effects on natural resource management in Oregon.

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[Governor Kitzhaber's Letter to Senator Hatfield](#)

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FOR IMMEDIATE RELEASE
SEPTEMBER 12, 1996

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COMMUNITY BRIEFINGS SCHEDULED FOR DRAFT COASTAL SALMON RESTORATION PLAN

Governor Kitzhaber has announced a series of eight community briefings on a comprehensive and historic plan to restore populations of coastal salmon in Oregon. The public is invited and encouraged to attend the meeting in their local area.

The Governor's Coastal Salmon Restoration Initiative is focused on preserving and restoring native coastal salmon populations and preventing the need for a federal threatened or endangered listing of coho salmon under the Endangered Species Act. The draft plan, to be explained at each of the community briefings, is the culmination of several months effort by local, state, and federal agencies and groups.

A final version of the plan is expected to be submitted to the National Marine Fisheries Service (NMFS), which will decide whether or not to list coho salmon as threatened or endangered. It is the governor's hope that the specific actions and measures detailed in the plan will successfully restore populations of coastal salmon. Never before has such a wide scale effort taken place to achieve restoration of a species without a federal endangered species listing.

The community briefing schedule is as follows:

- Monday, September 23: Astoria, 7:00 p.m. at Astoria High School cafeteria, 1001 West Marine Drive
- Tuesday, September 24: Tillamook, 7:30 p.m. at City Hall, 710 Laurel
- Thursday, September 26: Newport, 7:00 p.m. at Hatfield Marine Science Center
- Monday, September 30: Coos Bay, 7:00 p.m. at City Library, 525 Anderson
- Tuesday, October 1: Grants Pass, 2:00 p.m. at Community Services Building, 317 NW "B" Street
- Thursday, October 3: Gold Beach, 7:00 p.m. at City Hall, 510 S. Ellensburg (Hwy. 101)
- Monday, October 7: Roseburg, 7:00 p.m. at Douglas County Church Annex, 1134 SE Douglas
- Thursday, October 17: Portland, 2:00 p.m. at Oregon Department of Fish and Wildlife, 2501 SW First Avenue

The community briefings will include a presentation of the draft plan contents as well as opportunities for questions and comments.

In addition, copies of the draft plan are now available for public access at several locations along the coast and in the

Rogue and Umpqua Basins. Single copies are available at most public libraries in the area as well as county commission offices, mayors' offices, OSU Extension offices, soil and water conservation district offices, State Forestry offices, DEQ regional offices, Oregon Department of Fish and Wildlife district offices, and Oregon State Parks planning offices. An internet version of the draft plan is also available and is located on the Governor's home page at:

[/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor.html](#)

Government agencies, organizations, and interested individuals who helped prepare the Coastal Salmon Restoration Initiative Plan hope this unprecedented scientific effort and commitment to action will offer federal officials an alternative to an Endangered Species Act listing for coho.

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Direct Link to [Coastal Salmon Restoration Initiative Draft Plan](#)

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FOR IMMEDIATE RELEASE
AUGUST 28, 1996

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GOVERNOR KITZHABER TO STAY IN OREGON

Governor Cites Fire Concerns in Canceling Convention Appearance

Governor John Kitzhaber announced today that concerns about wildfires in the state would prevent him from traveling to Chicago to deliver an address to the Democratic National Convention. Kitzhaber was asked late last week to deliver a five minute speech on the environment to the delegates.

"The convention offered a great opportunity to talk about the environmental progress we are making in Oregon," Kitzhaber said.

"However, the fire situation has not improved significantly and I believe my first priority must be to assure that we are prepared to protect the lives and property of Oregonians."

Kitzhaber called up more than 600 members of the Oregon National Guard Tuesday to help fight fires. Oregon remains under a state of emergency due to the imminent threat of wildfires. Currently, more than 300,000 acres have been burned this season.

Kitzhaber is considering touring various fires and reviewing training of National Guard Members on Thursday.

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FOR IMMEDIATE RELEASE
AUGUST 15, 1996

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GOVERNOR TO VISIT WARM SPRINGS FIRE

Kitzhaber to Meet With Tribal Officials

Governor John Kitzhaber will travel to Warm Springs today to meet with tribal officials as well as officials from Jefferson County to discuss their needs in the light of the now 65,000 acre Simnasho fire.

Kitzhaber will meet with the officials at approximately 1:30 p.m. in Warm Springs (the exact location will not be known till noon.) Kitzhaber will be accompanied by Superintendent of State Police LeRon Howland, Director of Oregon Emergency Management Myra Lee, State Fire Marshall Robert Panuccio.

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FOR IMMEDIATE RELEASE
AUGUST 15, 1996

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EIGHT OREGON COUNTIES ELIGIBLE FOR EMERGENCY FARM ASSISTANCE

Farmers and ranchers in Wasco County and seven neighboring counties may be eligible for federal low-interest emergency loans to pay for losses stemming from severe cold temperatures last March. U.S. Secretary of Agriculture Dan Glickman announced the disaster assistance following a request by Governor John Kitzhaber last spring. During the late March cold snap, tree fruit orchards were particularly affected.

Under the declaration, Wasco County has been named a "primary disaster area". Also eligible are Clackamas, Gilliam, Hood River, Jefferson, Marion, Sherman and Wheeler counties.

Farmers and ranchers in all eight counties have eight months to apply for the loans to help cover part of their actual losses. To be eligible, they must have suffered at least a 30 percent loss of normal production in a single enterprise, be able to repay the loan and any other loans, be unable to obtain credit elsewhere, have adequate security, and have multi-peril crop insurance, if available. Local Farm Service Agency offices in each of the counties (Hood River County is combined with the Wasco County FSA office) can provide affected farmers and ranchers with further information.

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FOR IMMEDIATE RELEASE
AUGUST 13, 1996

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GOVERNOR TO TOUR WHEELER POINT FIRE/CITY OF SPRAY

Gov. Kitzhaber to Meet With Local Officials About Relief Needs

With more than 116,000 acres burning and the state under an emergency declaration, Governor John Kitzhaber will fly to the Wheeler County town of Spray today to meet with city and county officials about relief needs. The Wheeler Point Fire, burning on approximately 20,000 acres North of Spray, has destroyed some structures and remains a threat to the town.

Kitzhaber declared a state of emergency for the entire state Monday afternoon in response to wildfires in nine counties. Weather and forest conditions suggest that there is a likelihood of more fires.

Kitzhaber, Superintendent of State Police LeRon Howland and Oregon Emergency Management Division Director Myra Lee will meet with Wheeler County and City of Spray officials at approximately 3:15 today at the Spray Elementary School.

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FOR IMMEDIATE RELEASE
AUGUST 12, 1996

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GOVERNOR DECLARES STATE OF EMERGENCY

Governor John Kitzhaber declared a state of emergency today for all of Oregon due to the imminent threat of wildfire. The declaration will allow public safety agencies, including the Oregon National Guard, to move swiftly and efficiently in battling fires currently burning. All state resources will be coordinated by the Department of State Police through its Office of Emergency Management.

As of 11:00 a.m. Monday, fires were burning in nine counties, covering approximately 116,000 acres of state, federal and private land. Five of those fires required a declaration of the Conflagration Act, which allows the state to provide firefighters and equipment from other areas to assist local firefighting crews.

Gov. Kitzhaber noted in the emergency declaration that the ongoing potential for thunderstorms with lightning strikes and predominantly dry and hot weather patterns will continue in the near future. Because of these conditions, the emergency declaration will remain in effect until the threat is significantly relieved or the fire season ends.

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FOR IMMEDIATE RELEASE
AUGUST 7, 1996

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Governor Kitzhaber's Statement On DMV Records On The Internet

Governor John Kitzhaber made the following statement regarding the DMV records available of the Internet:

"I share Oregonians' concern and frustration about the unprecedented access to motor vehicle registration information through the Internet.

All of the information available is public information and the law provides DMV no choice but to provide it to Mr. Nabil.

Clearly, however, instant access to this information to every Internet subscriber in the world is different than going down to the DMV office, requesting information and paying a fee for it.

I am concerned that this ease of access to people's addresses could be abused and could present a threat to an individual's safety.

I will investigate in the next legislative session whether and how we can change the public records law to deal with new technology and the instant access it creates.

Until that time, I can only request that Mr. Nabil remove the list from the Internet."

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FOR IMMEDIATE RELEASE

JULY 31, 1996

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Governor Rejects Resignation Of Oregon Transportation Commissioner Stuart Foster

Foster To Remain On Commission At Governor's Request

Governor John Kitzhaber said today that he would not accept the resignation of Stuart E. Foster from the Oregon Transportation Commission. Foster, a partner in a Medford law firm, offered his resignation Tuesday, July 30 because of a perceived conflict of interest.

"I spoke with Stuart and I am satisfied that there is no significant conflict," said Kitzhaber. "I have the utmost confidence in Stuart's ability and talent. After speaking with him, he has agreed to stay on the commission."

"I strongly believe that Oregonians are well served by people of Stuart's caliber," continued Kitzhaber. "I work very hard to find Oregonians who are community leaders to serve on our many boards and commissions. Because they are involved in their communities, these leaders will occasionally encounter minor conflicts between their public and private roles. We have to be aware of these conflicts, but they shouldn't automatically disqualify leaders like Stuart Foster from serving."

Kitzhaber nominated Foster who began serving his term in September, 1995.

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FOR IMMEDIATE RELEASE
JULY 31, 1996

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Governor Blasts Smith Campaign Ploy

Governor John Kitzhaber today criticized U.S. Senate candidate Gordon Smith for suggesting a special session of the Oregon Legislature to address education.

"This is an unfortunate campaign ploy that plays on the hopes and fears of Oregon students and teachers," said Kitzhaber of Smith's idea to appropriate \$32 million to schools. Smith called the funds a budget surplus.

"This money isn't surplus and Gordon Smith knows it," said Kitzhaber. "Oregon is facing a deficit of \$300 million or more in the next biennium. Spending this money now would just make that deficit worse. That's why Gordon Smith can't even convince members of his own party that this is a good idea. They'll be around to deal with the budget deficit. Gordon Smith won't."

"This doesn't mean there isn't a real issue to address with school funding. But the time and place to address it is in the next legislative session in the context of the 1997-99 budget," said Kitzhaber.

Kitzhaber asked Smith to demonstrate his leadership for schools by joining him in opposing Ballot Measure 47 which calls for the cutting and capping of property tax assessments. The initiative would significantly affect school finance all around the state.

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FOR IMMEDIATE RELEASE

JULY 30, 1996

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GOVERNOR ANNOUNCES GOALS FOR OREGON'S TRANSPORTATION SYSTEM

Governor John Kitzhaber unveiled his goals for Oregon's transportation system today, including immediate actions to make the system more efficient and to preserve the state's livability and economic growth.

Kitzhaber's goals were developed from the work of five regional committees and one statewide committee that looked at varying transportation needs in different communities and came up with recommendations for improvement. There are five general principles Kitzhaber wants to apply to the construction of new roads and infrastructure and to the management of the state's current transportation system.

These goals are:

- making the system more efficient to make the most of existing resources;
- maintaining a basic level of mobility for every Oregonian;
- ensuring transportation projects work to preserve a community's quality of life and its potential for economic growth;
- developing a regional system for making transportation decisions that includes cooperation between the state, cities and counties; and
- addressing the transportation funding gap that currently exists at all levels of government.

"Our transportation system is one of our greatest assets, and the report by the State Advisory Committee has made it clear how we can better manage it," said Kitzhaber. "I want to make sure we spend our dollars wisely and that we consider the impacts that transportation projects have on our communities and neighborhoods, both in terms of quality of life and economic opportunity."

Kitzhaber asked his statewide committee to participate in four working groups to follow through on the State Advisory Committee recommendations and to develop potential legislation for the 1997 Oregon Legislature. The working groups will help develop consensus for a statewide package designed to address the state's transportation needs during the next legislative session.

The working groups will recommend a base system of transportation and efficiency measures to ensure continuous improvements in maintenance and prevention criteria for ensuring that transportation improvements are tied to livability

and options for increasing transportation funding.

Kitzhaber also outlined a number of immediate actions the state can take in the short term to improve transportation. These include improving maintenance and preservation efficiencies by one percent a year, controlling access to high-volume roads in order to reduce congestion caused by local traffic and managing congestion through the use of "intelligent transportation systems" (such as reader boards).

Kitzhaber stressed that even with efficiency measures, the gap between the cost of maintaining Oregon's road system and the amount of money available for that purpose continues to grow.

"It's clear that we must get agreement on what our transportation priorities are before we decide what we need to spend on those priorities," Kitzhaber said. "However, with the kind of population and economic growth that the state has been experiencing for the past several years, I believe new investments in transportation infrastructure are critical if we are to maintain livability and create jobs."

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FOR IMMEDIATE RELEASE
JULY 8, 1996

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GOVERNOR ANNOUNCES TASK FORCES TO INCREASE ACCESS AND QUALITY IN HIGHER EDUCATION

Governor John Kitzhaber announced today that he has appointed two groups charged with improving Oregon's higher education system.

Kitzhaber has appointed members to the Governor's Task Force on College Access and to the Governor's Task Force on Education and the Economy. They are part of Kitzhaber's overall strategy for improving Oregon's postsecondary education system, which he outlined in a speech at the University of Oregon on May 30.

The College Access task force will focus on creating the capacity for increasing numbers of students in Oregon's postsecondary institutions, and assure that the opportunity for a postsecondary education is available and accessible.

"If our high school graduates are unable to attend a college or university because there isn't room or because of fiscal, geographic or cultural barriers, then no matter how well prepared they are, we cannot possibly produce a high-quality workforce for the 21st Century," said Kitzhaber.

The Education and the Economy task force will develop a strategic plan for linking Oregon's colleges and universities to the requirements of Oregon's employers, thereby helping Oregonians get better jobs and improving the regional economy.

"While it's important to ensure access and affordability, we can't stop there," Kitzhaber said. "We also need to make sure we're giving our graduates the kind of training and education they need -- and that Oregon employers are seeking."

Both task forces will deliver preliminary reports to Kitzhaber and the Legislature in time for the 1997 legislative session and final recommendations in the fall of 1997.

Task force members appointed by Kitzhaber are:

Governor's Task Force on College Access

Robert Bailey, President, Orchard View Farms, The Dalles (Chair)
George Richardson Jr., Manager of Federal and Local Government Affairs, Northwest Natural Gas, Portland
Steven Koblick, President, Reed College, Portland
James Lussier, President/CEO, St. Charles Medical Center, Bend

Gail McAllister, ranch owner, Burns
Richard Alexander, President/CEO, Viking Industries, Portland
April Waddy, student, Oregon State University, Corvallis
Melissa Watson, student, Portland Community College, Portland
Cory Curtis, student, Lewis & Clark College, Portland
David Mesirov, Director, Portland Public Schools Evening School, Portland
Chuck Brummel, President/CEO, Security Bank, Coos Bay

Governor's Task Force on Education and the Economy

John Lee, Regional Vice President, Providence Health System, Portland (Chair)
Gretchen Pierce, President, Holt & Associates, Eugene
Don Van Luvanee, President/CEO, Electro Scientific Industries, Portland
Barbara Karmel, President, The Reed Company, Portland
Randy Papé, President/CEO, The Papé Group, Eugene
Tom Imeson, Vice President, Pacificorp, Portland
Paul Bragdon, President, Oregon Graduate Institute, Portland
John Byrne, Retired President, Oregon State University, Corvallis
George Passadore, Executive Vice President, Wells Fargo & Company, Portland
Bill Williams, President/CEO, Bear Creek Corporation, Medford
Marilyn Beem, President, ORCOM, Bend
Sam Brooks, President, S. Brooks Associates, Portland
James Rivera, Director of Contracts, Advanced Data Concepts, Portland
Ann Rupe, Owner/Manager, Lane Title Insurance & Escrow Corporation, Ontario

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FOR IMMEDIATE RELEASE
JUNE 20, 1996

Contact: Bob Applegate
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**STATEMENT OF GOVERNOR JOHN KITZHABER RELATING TO
THE CHURCH ARSON FIRE IN PORTLAND**

"I am deeply troubled by this violent and hateful act. Arson is unacceptable. Arson against a place of worship is intolerable. Arson against members of our African American community -- or any community -- must be unanimously decried by Oregonians.

I have directed arson investigators from the State Police to lend all assistance necessary to the Portland Police Bureau and the Portland Fire Bureau in solving this crime. Today, I call on all Oregonians to help apprehend the people who committed this arson.

This arson is a blow to all Oregonians' sense of community. I ask Oregonians to help the members of the Immanuel Free Methodist Church congregation in restoring their church and in so doing, helping heal this terrible wound."

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FOR IMMEDIATE RELEASE

JUNE 13, 1996

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GOVERNOR ANNOUNCES EFFORT TO IMPROVE WILLAMETTE WATER QUALITY

Governor John Kitzhaber announced the formation of a task force today that will focus on the long-term health of the Willamette River. Kitzhaber charged the Willamette River Water Quality Task Force with examining potential water quality problems and devising recommendations on how these problems can be solved.

For years, the turnaround of the Willamette River was a great success story for Oregon and the entire country," Kitzhaber said. "In the 1960s and 1970s, Oregonians worked together to clean up a damaged river, dramatically reducing pollution. However, our recreational and industrial use of the river has increased, and it is clear we must now plan to prevent a return of the kind of degradation that can damage the river's health and water quality.

The task force members represent a wide variety of interests and areas, all with a stake in maintaining the water quality of the Willamette. After meeting as a group and gathering public comment for approximately a year and a half, they will deliver a final report on recommendations to the governor at the end of 1997.

Increased growth in the Willamette Valley -- Oregon's largest river basin -- has put more and more pressure on the river and its resources. While water quality remains fair, recent studies have pointed to environmental problems stemming from increased use.

Salem resident John Miller of Wildwood Inc. will chair the task force. Other members are:

Bill Chambers, Corvallis -- Stahlbush Island Farms

Dr. Loisa Silva M.D., Salem

Bill Gaffi, Hillsboro -- Unified Sewage Agency, Association of Clean Water Agencies

Stan Gregory, Corvallis -- Professor, Oregon State University

Mike Houck, Portland -- Wetlands Conservation Organization, Audubon Society

Mel Jackson, Eugene -- Professor, University of Oregon

Gayle Killiam, Portland -- Oregon Environmental Council

Dean Marriott, Portland -- City of Portland, Bureau of Environmental Services

Catherine Mater, Corvallis -- Mater Engineering

Frank Mauldin, Salem -- City of Salem

Jack McGowan -- SOLV Executive Director
Frank Morse, Tangent -- Morse Brothers Aggregate
John Nelson, Corvallis -- City of Corvallis
Terry Smith, Eugene -- City of Eugene
Barte Starker, Albany -- Starker Forest Products
J.B. Summers, Stayton -- Norpac Foods
Sara Vickerman, Portland -- Defenders of Wildlife
Bill Wessinger, Portland -- former Chair, Environmental Quality Commission

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FOR IMMEDIATE RELEASE

JUNE 4, 1996

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GOVERNOR SUPPORTS MORE PUBLIC COMMENT ON DESTRUCTION OF CHEMICAL WEAPONS

Governor John Kitzhaber announced today that he supports extending the public comment period on permits for the disposal of chemical weapons at the Umatilla Army Depot. The governor said his support for an extension came after DEQ Director Langdon Marsh recommended that the Environmental Quality Commission ask for more time to consider information on alternative technology and other matters related to permits for the eastern Oregon site.

Before an incinerator can be operated at the Umatilla Depot, the Environmental Quality Commission must first approve a permit regulating air quality and hazardous waste management at the site.

"The health and safety of Oregonians needs to take precedence in this situation," Kitzhaber said. "The Commission should take the time it needs to be certain that questions regarding the permits are answered to their satisfaction."

Marsh's recommendations came in a May 31 letter, and were drafted in response to health and safety questions raised by the governor earlier in the month. In his letter, Marsh said the public comment period would be extended through November 15, 1996, the date of a scheduled Environmental Quality Commission meeting. This timeline will enable the Commission to study carefully incineration alternatives, assess the risks of the alternatives and review the construction plan for the facility. A report on alternatives to incineration will be released by the National Academy of Sciences in August of this year.

The federal government has approved the construction of nine incineration facilities for destruction of chemical weapons. Two have been completed, one at Johnson Atoll in the South Pacific and the other in Tooele, Utah. The Tooele facility, which may be similar to the Umatilla facility, will proceed with trial burning of chemical agent this summer.

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FOR IMMEDIATE RELEASE

MAY 29, 1996

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GOVERNORS ANNOUNCE SALMON CONSERVATION INITIATIVES

Sitka Agreements on Conservation Fund, Community Forums, Columbia River

The Governors of Alaska, Oregon and Washington today announced five initiatives to protect and enhance coastwide stocks of wild Pacific salmon. The initiatives stem from the "Principles of Cooperation" agreed to at a meeting of Govs. Tony Knowles, D-Alaska, Mike Lowry, D-Washington and John Kitzhaber, D-Oregon. W. Ron Allen, chairman of the Jamestown S'Klallam tribe also participated in the May 20 summit in the Southeast Alaska fishing port of Sitka.

I am confident that these actions will help us move toward intelligently and cooperatively managing our Pacific salmon resource," said Kitzhaber. "I want to reiterate my thanks to Govs. Knowles and Lowry for their leadership in putting the future of salmon first.

"The Sitka Principles recognize the importance of salmon to our people, the importance of habitat to the salmon, and the importance of an open, science-based process to manage this shared resource," Gov. Knowles said. "These initiatives address the need for stable funding, improved communications and specific actions to address problems on the Columbia River. At a time when some point only to disagreements over fishery management issues, these are concerns we can all agree need to be addressed. I believe this agreement can constitute a base from which we form a coastwide consensus to protect the salmon upon which we all depend."

The five Sitka Initiatives include:

Creation of the Pacific Salmon Fund - Dramatic actions are needed to restore and rebuild wild salmon populations in the Pacific northwest. While many organizations and programs are focusing on this problem, there is an inadequate and inconsistent source of funding to ensure success of this effort. The governors called on Congress to create a Pacific Salmon Fund to ensure stable funding for wild salmon restoration, enhancement and management. The fund will be administered to encourage partnership between public and private entities, including the states, Pacific Northwest Indian tribes, conservation groups and others.

Improved Communications - While salmon roam thousands of miles in their annual migration, crossing international boundaries at will, distance and political boundaries have hindered communications between people who share a common interest in this resource. This lack of communication leads to lack of understanding and unnecessary conflict. The governors called on their staffs to improve communications and understanding of concerns and actions being taken to address issues dealing with salmon management and conservation.

Designation of the Hanford Reach as a wild and scenic river - The Hanford Reach is the last free-flowing segment of the Columbia River and an important spawning habitat for far-north migrating chinook salmon. The 50 mile stretch has been protected from development because it is adjacent to the Hanford Nuclear reservation. The governors called for designation of the Hanford Reach under the Wild and Scenic Rivers Act to continue protection of the best remaining spawning habitat in the Columbia River basin, habitat that produces 80 percent of the river's wild, fall chinook.

Review of the effectiveness of Mitchell Act hatcheries - Enacted in the 1930's, the Mitchell Act called for the construction of hatcheries to mitigate the impacts of federal hydroelectric facilities on the Columbia River. Since then concerns have been raised over the impacts of hatchery fish on wild salmon survival, a failure to mitigate losses to upper river subsistence fisheries, and annual appropriation battles. The governors called for a formal review of the Mitchell Act operations to ensure they reflect current fishery management practices, and full and stable funding to implement the review's recommendations.

Restoration and protection of Columbia basin up-river salmon runs - Designation of Snake River chinook and sockeye salmon as endangered species is evidence of the dramatic decline of up-river returns to the Columbia River basin. Successful recovery of these runs will require coordinated actions affecting harvest, hatchery operations, habitat protection, and hydropower operations. While various approaches have been proposed to address this problem, the governors support an adaptive concept in support of the recovery of Columbia Basin salmon stocks.

Now formalized, the five Sitka Initiatives will be forwarded to the appropriate authorities, including Congress.

Governors office contacts:

Bob King, Alaska, 907-465-3995

Jordan Dey, Washington, 360-753-6790

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FOR IMMEDIATE RELEASE
MAY 20, 1996

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**STATEMENT BY GOVERNOR JOHN KITZHABER
REGARDING UNITED STATES SUPREME COURT DECISION
IN ROMER V. EVANS**

I applaud the United States Supreme Court for putting a halt to discrimination against our gay and lesbian citizens.

Today's decision is precisely what we sought in filing a 'friend of the court' brief -- that Oregonians, all Oregonians, enjoy equal protection under the law.

It is clear now that we are not talking about 'special rights' for a certain class of citizens. The Court found there is nothing special about equal protection. It means what it says.

Oregonians should take this opportunity presented to us today and bring to an end the attempts to divide our state and its citizens. Our collective efforts can and should be focused on solving our common problems.

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FOR IMMEDIATE RELEASE
MAY 1, 1996

Contact: Bob Applegate
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GOVERNOR NAMES GROUPS TO ADDRESS EDUCATION FUNDING

Governor John Kitzhaber named two groups today to deliver recommendations to him to help address long and short-term education funding issues. Over the next three years, the first group will address the financial requirements for Oregon's K-12 system to meet the standards of the Oregon Education Act for the 21st Century. The second will examine the feasibility of a local funding option for school districts and make recommendations to the governor in the fall.

The first group will establish the financial relationship between what the state is spending on primary and secondary education and what the dollars are actually purchasing. "I want this group to ask the question: 'What do we want to buy with our educational dollar and what will it cost?'" said Kitzhaber.

"I believe it is the responsibility of the state to ensure that kids have access to the education they need to master the skills we have identified in the Education Act for the 21st Century," said Kitzhaber. "The real challenge is to determine exactly how much it costs to achieve this outcome."

Kitzhaber said he will chair the committee that will include the following members: state Superintendent of Public Instruction Norma Paulus, Fred Meyer Chief Financial Officer Ken Thrasher and Dr. Alan Bates.

Kitzhaber has asked the second group to report to him on the feasibility of creating a local funding option for local school districts that wanted to supplement existing funding. Kitzhaber laid out several principles to which a local option would have to adhere to gain his support, including that the option could not replace the state's obligation to provide every Oregon school child with a quality education and that the option must be defined and limited.

Further, Kitzhaber said he would not support a local option until the middle of the next biennium when all school districts will be funded at a statewide average level of per-student expenditures. "The adoption of a local option cannot set us back on the road to inequitable school funding," said Kitzhaber.

The group will be chaired by former state Rep. Tony Van Vliet. Also on the committee are Sho Dozono of Azumano Travel in Portland, former State Sen. Delna Jones of Aloha, Director of the Port of Portland Mike Thorne, Jan Oliver of Eugene, Sue Densmore of Medford, Chris Hudson of Portland and Elida Sifuentes of Woodburn.

Kitzhaber also reiterated his pledge to work with districts such as the Portland Public School District in the near-term to ensure that they would be able to use funds generated by local governments and the private sector to pay for education without having those funds counted against what the state is obligated to contribute.

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FOR IMMEDIATE RELEASE
APRIL 19, 1996

Contact: Bob Applegate
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GOVERNOR APPOINTS YOUTH SUICIDE PREVENTION TASK FORCE

Governor John Kitzhaber announced today the formation of a youth suicide task force. The task force will develop an Oregon-specific strategy for how to prevent suicide among youth ages ten to 24.

"The number of Oregon youth who commit suicide has increased six-fold in the past 30 years," Kitzhaber said. "Oregon Health Division statistics show that suicide was the number two killer of 10 to 19 year-olds in our state last year. Every time such a tragedy occurs, we lose the potential of a life cut short," he added.

The task force will identify and evaluate effective suicide prevention programs, recommend strategies to educate and involve the public and private sectors in suicide prevention, coordinate existing resources to support local suicide prevention efforts for at-risk youth, and recommend prevention measures for other demographic groups.

Kitzhaber has directed the task force to begin working immediately to provide a preliminary report by October 1, 1996. A final report of findings and recommendations will be presented to the governor and the legislature by January 1, 1997.

Laura Jeibmann, Executive Director of Metro Crisis Intervention Service in Portland will chair the group. Other members are:

Michael Acquines, Klamath County Children and Youth Services Commission
Kate Brown, State Representative
Linda Erwin, M.D., Trauma Physician, Emanuel Hospital, Portland
Len Hannon, State Senator
Charles Hinkle, Attorney, Stoel Rives, Portland
Sandra Jenkins, Ph. D., Portland
Jack Kennedy, Deputy Director, Ecumenical Ministries of Oregon
Linda Ludwig, Parent, Fossil
Judy Miller, Oregon Department of Education
Michael Poth, Captain, Corvallis Police
Bill Prows, US West Communications
Marianne Straumfjord, Corvallis

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FOR IMMEDIATE RELEASE
APRIL 19, 1996

Contact: Bob Applegate
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GOVERNOR MOURNS PASSING OF SENATOR BILL MCCOY

Governor John Kitzhaber released this statement today regarding his colleague Senator Bill McCoy, who died in Portland at 10:55 a.m. today.

"Senator McCoy's passing is a great loss to the State of Oregon and to me personally. I had the pleasure of working with Bill throughout my career as a legislator and as Governor, and knew him to be respected by everyone he worked with in the Capitol. Both Senator McCoy and his late wife Gladys served as exemplary role models for their community through their public service and commitment to their constituents.

"Senator McCoy was known for his long service and hard work on behalf of his constituents in North and Northeast Portland. He understood the issues important to working families and worked to preserve civil rights for all Oregonians. He also represented the Oregon Legislature on a national level through his work with the National Conference of State Legislatures.

"I have directed all flags at state buildings be flown at half-staff in honor of Senator McCoy and his years of service to Oregon. All of our thoughts and prayers go out to Senator McCoy's family during this difficult time and to all of the people whose lives he touched."

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FOR IMMEDIATE RELEASE
APRIL 19, 1996

Contact: Bob Applegate
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GOVERNOR'S SALMONBERRY RAILROAD PANEL INVITES TESTIMONY

The Salmonberry Railroad panel appointed by Governor Kitzhaber will be taking public testimony during April and May in Portland and Tillamook. The panel was commissioned to review the long-term viability of the railroad and the state's role in managing it. After concluding its work in mid-May, the panel will present recommendations for action to the governor.

The Salmonberry Railroad panel hearing times and sites are as follows:

Portland
Monday, April 22, 6:30 p.m.
Two World Trade Center
Plaza Conference Room
121 SW Salmon

Tillamook
Thursday, May 9, 6:30 p.m.
Department of Forestry
4907 East Third Street

Those submitting written testimony should send it to: The Salmonberry Panel, c/o Richard Forester, 1211 SW Fifth Avenue, Suite 2121, Portland, Oregon 97204, or fax it to (503) 241-0914. Written testimony will be accepted through Friday, May 10.

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FOR IMMEDIATE RELEASE
APRIL 18, 1996

Contact: Bob Applegate
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GOVERNOR LAYS OUT LONG AND SHORT-TERM EDUCATION FINANCE PROPOSALS

In a speech before the Portland Rotary Club today, Governor John Kitzhaber unveiled a plan to provide equitable, stable funding for primary and secondary public education throughout Oregon.

The key to the governor's proposal is a multi-year process to establish the financial relationship between what the state is spending on primary and secondary education and what the dollars are actually purchasing. "In all my years as a legislator and now as governor, we have always asked the question: 'How much should we spend on education?' That is not the right question. We have to ask instead: 'What do we want to buy, and what does that cost?'"

Kitzhaber said in his speech that the Education Act for the 21st Century provides the baseline for what we want to buy: an education sufficient to allow students meet rigorous standards known as the Certificates of Mastery.

"I believe it is the responsibility of the state to ensure that kids have access to the education they need to master the skills we have identified in the Education Act for the 21st Century," said Kitzhaber. "The real challenge is to determine exactly how much it costs to achieve this outcome."

Until that time, Kitzhaber endorsed creating a local funding option so that districts which wanted to fund education above and beyond what the state can currently afford would be able to do so. "I want to be clear that a local option is not a long-term answer to school funding," said Kitzhaber, "but it can help re-connect local citizens with their school districts and help them tailor education in individual communities, above and beyond what the state funds." Kitzhaber noted that a local funding plan may require legislative action and could not be implemented until after the 1997 session of the Oregon Legislature.

Kitzhaber also said he would work with districts such as the Portland Public School District in the near-term to ensure that they would be able to use funds generated by local governments and the private sector to pay for education without having those funds counted against what the state is obligated to contribute.

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FOR IMMEDIATE RELEASE

April 12, 1996

Contact: Bob Applegate

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**GOVERNOR WILL SUPPORT FEDERAL BILL
TO PROTECT OPAL CREEK**

Governor John Kitzhaber announced today that he will support a congressional bill sponsored by Oregon Senator Mark Hatfield that will protect the Opal Creek and part of the Santiam River watershed.

"The watershed of the Little North Fork of the Santiam and the Opal Creek area stand as symbols of the great natural heritage of this state," said Kitzhaber. "I support this bill because the issue needs to be resolved for Oregonians, and it needs to be resolved in a way that protects the integrity of the watershed and the old growth forest, maintains recreational opportunities and provides for economic stability and employment opportunities for people who depend on the forest for a living."

The bill includes no land currently allocated for timber harvest in the Willamette National Forest. The governor praised Senator Hatfield for working with the state's economic development department to develop a stable economic base for the timber communities surrounding the proposed protected area.

"The potential of any new community development efforts for Mill City, Idanha, Gates, Mehama and Detroit is dependent to some extent on investments in infrastructure. I will work with Senator Hatfield to procure funding for infrastructure improvements, and to address the long-term needs of these communities," Kitzhaber said.

Kitzhaber said any strategy for protecting the Opal Creek/Little North Fork area had to meet three objectives: preservation of existing recreational opportunities, preservation of unfragmented old growth ecosystems and protection of the watershed, which supplies 17 percent of the City of Salem's drinking water.

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FOR IMMEDIATE RELEASE

April 5, 1996

Contact: Bob Applegate

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GOVERNOR APPOINTS OREGON TILLAMOOK RAIL PANEL

Governor John Kitzhaber announced today the appointment of a panel to review the operation and the environmental impact of the Oregon Tillamook Railroad that runs along the Salmonberry River. The February floods caused considerable damage to the railroad, which serves Tillamook County. State agencies have worked with repair crews to minimize damage to winter steelhead, which are currently spawning in the river.

Governor Kitzhaber said the panel would conduct a full examination of potential long-term reconstruction, operation, and maintenance needs and costs; compatibility of railroad reconstruction and operation with stream and fishery protection objectives; alternatives available to meet local transportation and shipping needs; and impacts on shipping costs.

The members of the panel are:

Bryan Johnston, Chair - State Representative

John Hampton - Tillamook Lumber Co.

Harold Schild - Creamery Assn.

Tim Josi - State Representative

Geoff Pampush - Oregon Trout

Dick Schenkle - Retired RR Transportation Engineer

Toni Hatfield - Rockaway City Council

Willa Nelson - Pacific Rivers Council

"I am asking this bright group of individuals to find common ground. We are fortunate to have Rep. Bryan Johnston willing to serve as chair," Kitzhaber said.

"I want to ensure that the time is taken to properly assess all alternatives from both resource protection and regional transportation perspectives," said Kitzhaber. "I am seeking a solution that meets both the economic needs of Tillamook and the needs of the fishery resource."

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FOR IMMEDIATE RELEASE

April 4, 1996

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GOVERNOR REMINDS OREGONIANS OF DISASTER RELIEF DEADLINE

Governor John Kitzhaber reminded Oregonians today that the deadline for the Federal Emergency Management Agency (FEMA) to accept applications for state/federal disaster assistance is April 11. Anyone who has experienced losses from the high winds, severe storms and flooding, which President Clinton declared a major disaster on February 9, is urged to apply for help.

The registration number is 1-800-462-9029, and is staffed from 8 a.m. to 6 p.m. Monday through Saturday.

Kitzhaber said it was important for those who suffered damage to register their claims with FEMA, "There may well be some citizens out there who are entitled to relief and either don't know it, or haven't requested it yet. We don't want anyone who may be entitled to miss the deadline," Kitzhaber said.

To date, almost 11,000 people have applied for disaster assistance. More than \$11.5 million has already been allocated for minor home repairs and assistance. The Small Business Administration has approved \$23 million to home owners and businesses through its long-term loan program.

Despite the closing of the application period on April 11, those already registered for state/federal disaster assistance and who are seeking additional help may continue to call the FEMA Helpline at 1-800-525-0321, Monday through Saturday, 8 a.m. to 6 p.m.

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FOR IMMEDIATE RELEASE

April 3, 1996

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**GOVERNOR ASKS FOR REPORT ON WHETHER TO EXTEND
COMMENT PERIOD ON UMATILLA ARMY DEPOT DISPOSAL PLAN**

Governor John Kitzhaber announced today that he has asked Department of Environmental Quality (DEQ) Director Langdon Marsh to study whether to extend the public comment period for permits needed build a chemical weapons incinerator proposed for the Umatilla Army Depot.

Governor Kitzhaber asked Marsh for a recommendation by no late than June 1 as to whether the permitting process should be extended. The public comment period for the draft hazardous waste and air quality permits opens April 5 and is scheduled to close June 17, 1996.

Comments are being solicited by the Department of Environmental Quality and the Environmental Quality Commission (EQC) on the draft permits, on the risk assessment, and on the findings that the Commission must make before the hazardous waste permit can be issued. The public comment period will include several public meetings and hearings, as well as the opportunity to submit written comments

"Before we close that comment period, I want to be sure that we have access to all information which can be practically provided," said Kitzhaber. "We need to continue to move ahead with this project unless and until someone can demonstrate that there is a better way to destroy the weapons on-site. Leaving them there or moving them are not options -- both are far too dangerous."

Specifically, Governor Kitzhaber asked Marsh to:

- Ensure that all information about alternative technologies which might be utilized at Umatilla in lieu of incineration has been provided to the EQC to assist in making the findings they are required by statute to make before the hazardous waste permit is issued.
- Advise whether a report on alternatives scheduled for release by the Army in October, 1996 may contain information which might affect the options for disposal of agent and weapons at Umatilla.
- Provide the most current information possible about the status of all nine incineration facilities either built or proposed to be built to destroy the chemical weapons and nerve agent - how are they performing, where are they in the permitting and/or construction process, trial burns, etc.

- Advise if any congressional action has been taken or is pending which would change Federal law to, among other things, reduce the number of incinerators proposed or to allow movement of agent and/or weapons from one state to another, or to substitute other technologies as alternatives to incineration.

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FOR IMMEDIATE RELEASE

April 3, 1996

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GOVERNOR APPOINTS ADVISORY PANEL TO REVIEW EASTSIDE FOREST HEALTH

Governor John Kitzhaber announced today that he is appointing a nine-member panel to promote the environmental health of forests and water in Eastern Oregon. The Eastside Forest Advisory Panel will advise the governor on ways to promote healthy forests and watersheds while at the same time reducing the risk of catastrophic fire and providing wood to communities.

Eastern Oregonians appointed to the panel are Dave Cash, editor of the Pendleton East Oregonian; Rep. Chuck Norris from Hermiston; Donald Sampson, Chair of the Confederated Tribes of the Umatilla; Galen Williams of Lostine; Tanya Wolf of Bend; Pat Wortman, Wallowa County Commissioner; Wayne Ludeman of Weyerhaeuser Corporation; Paul Dewey of Bend and Paul Oester of the OSU Extension Office in LaGrande.

Kitzhaber has asked the panel to report to him at least twice a year on practices and projects in Eastern Oregon by public and private landowners that are successful at promoting forest and aquatic health. The governor also wants the panel to provide him with recommendations on how federal, state and local government agencies can better assist in restoration efforts.

A year ago, Kitzhaber asked a group of 10 Northwest scientists to address issues relating to ecosystem and community health in Eastern Oregon. The result of the scientists' work, the Blue Mountain Forest Health Report, concluded that active management is desirable to improve the long-term health of Oregon forests and watersheds and to reduce the risk of fire.

The governor announced the panel today at a discussion about eastside forest health in Pendleton.

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FOR IMMEDIATE RELEASE

April 1, 1996

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GOVERNOR RELEASES REPORT ON DMV COMPUTER AND ODOT MANAGEMENT PRACTICES

At a news conference in Salem today, Governor John Kitzhaber released a report he commissioned to review management practices at the Oregon Department of Transportation (ODOT) and its Driver and Motor Vehicle (DMV) Services Branch. The report addresses problems which lead to delays and cost overruns in the implementation of a new computer system.

In his news conference, Gov. Kitzhaber stressed three findings:

- After initial glitches, the computer system is currently working.
- The nine remaining software releases planned for the system should be reexamined to see whether they will deliver value for the general public.
- Both ODOT and DMV management must improve their cooperation and communication. A failure to communicate between ODOT and its DMV branch was one of the main reasons, according to the report, for the cost overruns and project delays.

"I will recommend to the Oregon Transportation Commission, ODOT and DMV that they focus on those parts of the computer system that will deliver the greatest improvement in service to the general public," said Kitzhaber. "After those are successfully implemented, then we should consider whether we want to make the investment it will take to add all the functions that this computer system was originally planned to have."

"Oregonians deserve better service and a computer system that works," said Kitzhaber. "I'm convinced that we are getting there and that the men and women who work at DMV are trying their best to improve service and get a computer system on line that works."

Finally, Kitzhaber said the new director being recruited for ODOT should focus their immediate attention on improving ODOT communication and cooperation with the DMV branch. "I firmly believe that had there been a better working relationship between the people who ran ODOT and the DMV branch it oversaw, many of the problems encountered in this project could have been better anticipated and hence avoided."

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FOR IMMEDIATE RELEASE

March 22, 1996

Contact: Bob Applegate

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GOVERNOR ANNOUNCES STEPS TO AID SALMON BERRY RIVER

Oregon Governor John Kitzhaber announced today a series of steps to help control erosion and sedimentation damage on the Salmonberry River and address issues regarding the operation of the Oregon Tillamook Railroad. Recent floods have damaged the railroad and have threatened native steelhead runs.

"I want to ensure that the restoration and reclamation activities don't cause more damage than the flood, and that the time is taken to properly assess all alternatives from both resource protection and regional transportation perspectives," said Kitzhaber. "I am seeking a solution that meets both the economic needs of Tillamook and the needs of the fishery resource."

After working with officials from the railroad, environmental groups, State Representative Tim Josi, State Senator Joan Dukes and state agencies, Kitzhaber ordered the following short term actions which focus on protecting the stream and fishery resources from additional sedimentation due to exposed and unstable banks, slopes, and slides:

- Completing the instream work necessary to stabilize banks and slopes and to control erosion by Oregon Department of Fish and Wildlife's (ODFW) recommended April 1 instream work cutoff date. All such work will be coordinated with ODFW, Department of Environmental Quality and Division of State Lands.
- Requiring use of sediment fencing, straw bales, sediment traps and catch basins, water bars, hydroseeding with mulching and fiber netting erosion control blankets where appropriate to control runoff and erosion from future rain storms.
- Requiring diversion of small streams and drainage ditches away from active work locations when working at tributary crossings or in areas where ditches are carrying flowing water.
- Requiring placement of large boulders and large root wads with long trunks attached as part of the instream restoration to enhance fish habitat, with such work to be coordinated with ODFW. Other interested parties (e.g. Oregon Trout) will also be invited to participate in habitat restoration and enhancement projects.
- Temporary trackage will be allowed to be completed for access to and removal of equipment, and to use in resource stabilization and protection activities.

Over the long term, Gov. Kitzhaber wants to ensure that the railroad will be viable both economically and environmentally. Toward this end, further long-term railroad operation related repairs will be suspended until May 15,

1996, while short-term resource protection related activities will continue.

Between April 1 and May 15, a full examination will be conducted of potential long-term reconstruction, operation, and maintenance needs and costs; compatibility of railroad reconstruction and operation with stream and fishery protection objectives; alternatives available to meet local transportation and shipping needs; and impacts on shipping costs.

This examination will necessarily involve local officials, businesses, interest groups, citizens, and state, local, and federal agencies. The Governor will form a panel to review the issues, assess alternatives, solicit public input, and make recommendations on how to best meet the various needs.

While these issues are being examined, the Governor will direct Oregon Department of Transportation to facilitate an early opening of a restricted lane on Highway 6 to assist local shippers impacted by the rail line closure to meet critical shipping needs.

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FOR IMMEDIATE RELEASE

March 20, 1996

Contact: Bob Applegate

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GOVERNOR FUNDS SALMON PROJECTS

Governor John Kitzhaber announced today that funding would be available for local watershed councils on the southern Oregon coast and for rearing Columbia River hatchery salmon, which were due to be released March 19 because of federal Mitchell Act budget reductions.

The \$231,000 for watershed councils will fund 14 watershed council coordinators in Coos, Curry, Douglas, Jackson and Josephine counties. These coordinators are key to the success of the governor's initiative to restore coastal salmon stocks.

"Local involvement and voluntary measures are vital to the salmon restoration initiative. Grassroots efforts under the leadership of watershed councils are important for developing and implementing habitat protection plans and maintaining local communication," Kitzhaber said. "This funding will help local communities have full involvement in planning for salmon restoration."

Funding for the Columbia River hatchery fish will be shared by the National Marine Fisheries Service, the Washington Department of Fisheries and the Oregon Department of Fish and Wildlife (ODFW). The funding will allow ODFW to continue rearing nine million fall Chinook until their scheduled Columbia River releases in April and May.

On February 5, ODFW released eight million fall Chinook as a result of Mitchell Act reductions, prior to Governor Kitzhaber providing \$65,000 in February to keep 13 million salmon from being released early and provide time to find additional funding.

The new funds will not prevent the planned closure of Gnat Creek or Klaskanine hatcheries or the Stayton rearing ponds as a result of the Mitchell Act budget reductions. Budget cuts in 1997 will reduce Oregon's Columbia River salmon rearing potential by 21 million salmon, or 58 percent.

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FOR IMMEDIATE RELEASE

March 15, 1996

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GOVERNOR APPLAUDS ADMINISTRATION AGREEMENT ON OREGON WELFARE REFORM WAIVERS

Governor John Kitzhaber announced today that the state has reached an agreement with the U.S. Department of Health and Human Services (DHHS) to grant waivers necessary to implement innovative welfare reform initiatives enacted by the 1995 Legislature.

Kitzhaber applauded the granting of the waivers as another step in implementing the Oregon Option. The Oregon Option is an agreement between Oregon and the federal government to give the state flexibility in how it implements a variety of health and human service programs in exchange for specified outcomes.

The agreement was signed in early December, 1994 by Vice-President Al Gore, then-Governor Barbara Roberts and Governor-elect Kitzhaber.

"Oregon has clearly demonstrated its ability to fulfill its commitment to achieve specified outcomes," Kitzhaber said. "We have reduced our welfare rolls two years in a row by moving people from welfare to work and anticipate another 15 percent reduction over the next two years under the Oregon Option. These waivers are key to making this happen and the Administration's commitment demonstrates their willingness to be a partner in carrying out these cutting-edge reforms."

Governor Kitzhaber also applauded Oregon's Senate delegation, especially Sen. Mark Hatfield, who has consistently worked to ensure that these waivers were granted. "I am deeply appreciative of Sen. Hatfield's efforts," Kitzhaber said. "I am proud of the bi-partisan cooperation shown by both Sen. Hatfield and Sen. Ron Wyden in obtaining these waivers for Oregon."

Under the waivers, Oregon will be granted flexibility in implementing DHHS programs such as Aid to Families with Dependent Children (AFDC) and JOBS. In return, the State of Oregon commits to achieve specific outcomes such as reduction in welfare rolls and a reduction in the number of children living in poverty.

"We remain committed to moving people from dependence and into the workforce," Kitzhaber said. "Our agreement today advances our ability to do this and deliver the services Oregonians need in a cost-effective manner."

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FOR IMMEDIATE RELEASE

March 8, 1996

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GOVERNOR PROVIDES NOTICE OF POTENTIAL VETOES

Governor John Kitzhaber provided notice today that he may veto two pieces of legislation passed by the Oregon Legislature during February's special session. Under Article 5, Section 15 of the Oregon Constitution, the governor must provide at least five working days' notice before he can veto a bill. He is not required to veto bills for which he has given notice.

The governor said he is considering a veto of two bills: Senate Bill 1167, which would have affected the workers' compensation package passed by the 1995 legislature, and Senate Bill 1160, which would have suspended the ability of local governments to apply a real estate transfer tax.

"While Senate Bill 1167 attempts to fix one of the unanticipated consequences of last session's legislation, it was drafted without a broad-based discussion that should have included everyone affected by the change," said Kitzhaber. "I strongly believe that any changes to our system should come from a collaborative working relationship between management and labor, and not from behind closed doors." Kitzhaber is currently in the process of appointing a joint management-labor committee to oversee changes to the workers' compensation system in Oregon.

Kitzhaber vetoed a bill similar to SB 1160 following the 1995 session because it crippled local government's ability to address growth pressures by taking away their ability to tax the transfer of real estate. He said he is considering a veto of the second real estate transfer tax bill for similar reasons.

"Should I veto this bill, it should not be misconstrued as advocacy for a real estate transfer tax," he said. "However, in an era of increased local control, I don't believe that we can take away one of the tools local communities use to deal with a number of issues, including growth. If we are to change the way a real estate transfer tax is applied in this state, there should be some discussion about a larger strategy between all levels of government, businesses and citizens."

Kitzhaber has until Friday, March 15 to veto the bills.

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FOR IMMEDIATE RELEASE

February 26, 1996

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GOVERNOR ANNOUNCES LINE ITEM VETO

Governor John Kitzhaber announced today that he will veto the emergency clause portions of HB 3479 and HB 3480, the light rail funding package passed by the Oregon Legislature in special session earlier this month. The line item vetoes will not affect the portion of the bill which provides state funds for Portland's planned South-North light rail line.

The veto is necessary because the Oregon Constitution prohibits the use of an emergency clause in acts regulating taxation. An emergency clause allows legislation to take effect immediately upon the Governor's signature. Without the emergency clauses, HB 3479 and HB 3480 will become law 90 days after the end of the legislature's adjournment.

"This line item veto allows us to fix a minor problem in the light rail funding package," said Kitzhaber. "It in no way affects the outcome of the bills -- funding light rail and the rural transportation package -- both of which have broad bi-partisan support from members of the legislature."

Under the Oregon Constitution, the Governor is required to give at least five days notice of a possible veto when the legislature is not in session. The Governor has 30 working days to sign or veto legislation following the legislature's adjournment.

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FOR IMMEDIATE RELEASE

February 23, 1996

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GOVERNOR ANNOUNCES TRANSPORTATION INITIATIVE

ODOT

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Governor John Kitzhaber officially launched his Transportation Initiative today, in an effort to address unprecedented demands on Oregon's transportation infrastructure and the growing threat to the livability and economic health of communities statewide. As part of the initiative, Kitzhaber is appointing citizens throughout the state to serve on five regional advisory committees and one statewide transportation committee.

The committees will develop short and long-term solutions to transportation problems engendered by state's rapid growth. Following a four-month statewide public outreach effort, the committees will present recommendations for action to the governor, the Oregon Transportation Commission and legislative leadership by mid-1996.

"We must ensure that our transportation system supports Oregon's vision for a high standard of livability as well as economic opportunity," Kitzhaber said. "Working with people in local communities will allow the state to develop regional and statewide solutions to our transportation problems."

Portland attorney and former Oregon governor Neil Goldschmidt will head the statewide advisory committee. Goldschmidt also served as US Secretary of Transportation in the Carter Administration. Portland General Corp. CEO Ken Harrison will head the Portland Metro advisory committee; Pendleton Grain Growers CEO Ed Balsiger will head the Eastern Oregon advisory committee; Rocking C Ranch owner Carol Whipple will head the Southern Oregon advisory committee; Brooks Resources President Mike Hollern will head the Central Oregon advisory committee; and Norpac, Inc. President Emeritus Art Christiansen will head the Northwestern Oregon advisory committee.

There are eight to 10 members on each regional advisory committee, and 12 to 15 members on the statewide advisory committee. In the next few months, there will be four to five meetings in the five geographical regions, plus seven to eight meetings of the statewide committee.

In addition to short-term recommendations, the committees are expected to develop a long-term action agenda that helps identify new, more economical approaches to managing and financing transportation and other infrastructure systems and related services.

The committees will follow a four-step path in developing recommendations for transportation and growth management:

1. Identify the issues and problems that are most critical to community and regional livability and economic opportunity;
2. Focus on transportation needs related to those issues, and put the spotlight on key gaps in the ability to meet those needs;
3. Examine what more can be done, in the absence of new resources, to close the gaps found; and
4. If resources are needed, identify equitable funding options that maintain a close link between benefits and cost responsibility.

The first regional advisory committee meetings begin the week of March 11-15. The public is welcome to attend.

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FOR IMMEDIATE RELEASE

February 20, 1996

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OREGON, WASHINGTON TO FUND FEDERAL SALMON OBLIGATION

Washington Governor Mike Lowry and Oregon Governor John Kitzhaber announced today that they will use state dollars to cover a federal shortfall in hatchery funding. The unprecedented action will keep 29 million fish from certain death following premature release into rivers and streams.

"Recent flooding in the Northwest has meant the loss of fish from both hatchery and natural stocks," said Kitzhaber. "It makes no sense to release the remaining fish into turbid, silt-filled waters now, knowing they will also be killed. Both Oregon and Washington must do everything that can be done to prevent this from happening."

The funding will not be enough to avoid closing a rearing pond and five hatcheries located in the two states, once this year's fish are released. These hatcheries are operated by Oregon and Washington under contract with the National Marine Fisheries Service as a part of the Mitchell Act program, which was passed by congress in 1938 to mitigate the effects of fish losses caused by Columbia River dams.

Funding under the Mitchell Act program was cut by nearly 20 percent last year, and similar cuts may continue in future federal budgets.

Governor Lowry expressed disappointment in the congressional decision not to fund the hatcheries. "The cuts in funding come at a time when salmon stocks are in serious trouble and the United States is having a hard time meeting our Pacific Salmon Treaty obligations. It is almost as if one hand doesn't know what the other hand is doing," Lowry said.

The National Marine Fisheries Service put both states on notice six months ago that Coastal Coho could be listed under the Endangered Species Act this summer. Oregon and Washington are trying to develop strategies to recover coastal salmon stocks prior to a listing under the Act.

Governor Lowry is seeking help from the Washington State Legislature to keep the young salmon from being prematurely released. His request for \$813,000 has been included in the Senate's 1995-97 supplemental budget proposal, but is not part of the House version. The fate of Lowry's funding request will likely be determined through a legislative

conference committee over the next couple of weeks.

With the Oregon Legislature not in session, finding funding in Oregon is more difficult. Kitzhaber said he intends to write a check for \$65,000 from the state's Strategic Reserve Fund to continue rearing the fish until March 15, allowing time to seek additional funds from other sources. Kitzhaber has also asked hatchery managers from the private sector to contribute their time and expertise, and is looking into using prison labor to keep the hatcheries open.

Without additional funding, the Washington hatcheries slated to close in March are: Grays River, Elochoman and Fallert Creek. The hatcheries that will close in Oregon are: the Klatskanie, Gnat Creek and the Stayton Rearing Pond.

Both governors regard short and long-term funding of the Mitchell Act program as an important federal obligation to the Northwest and to Canada in fulfillment of the Pacific Salmon Treaty. They will seek help from Northwest states, tribes, congress and the Clinton Administration to find a permanent solution to adequate funding for hatcheries and fish screening under the Mitchell Act program. "We will not be able to rebuild the fishery resources of the Columbia River Basin without adequate long-term Mitchell Act funding," Kitzhaber said.

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FOR IMMEDIATE RELEASE

February 16, 1996

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FLOOD CLEANUP WITH FISH IN MIND

A Message from Governor Kitzhaber

The February 1996 flood has tested the spirit of many Oregonians. We will remember this as a time of volunteerism and cooperation. During the emergency effort, neighbors and friends pulled together in unprecedented ways and numbers throughout the state.

As we clean up and dry out, I'd like for everyone to be aware of a tremendous opportunity to actually help our fisheries and make a difference to the future of our salmon. Since the 1964 flood we have learned that some cleanup efforts damaged our stream systems. We have an opportunity as we clean up to improve fish habitat and fish passage and to avoid future road and culvert problems.

Here are some specific things we can do:

- **Large Woody Debris**

Leave large woody debris in streams where it poses no threat to structures such as bridges or houses. This debris actually creates pools which provide important fish habitat.

- **Heavy Equipment in Streams**

Avoid using bulldozers in streams or removing dirt from the banks. Stream straightening can lead to further losses of stream banks and leave us vulnerable to more flooding. Reconstruction decisions should be made after looking at the long term effects both to the stream and adjacent lands, and in the context of the whole river system.

- **Culverts**

Before replacing culverts, consider why the culvert gave way in the first place. Is it too small? Can fish passage be improved?

- **Debris Placement**

As you clean up from debris flows onto roads and developed areas, take care where the material is dumped. Placing additional unstable debris along the stream or in the flood plain can damage important habitat and increases the potential

for damage in the future.

I have asked my natural resource agencies to work with Oregonians and provide information and technical assistance to help flood cleanup with fish in mind. The following agencies have some specific information for cleanup efforts:

- The Department of Forestry has guidance for landowners who are considering road repairs after the flood. Please contact your Forest Practices forester for more information and assistance.
- The Division of State Lands has developed information about things you need to know before doing any work in the stream channel and the flood plain. Contact the Resource Coordinator for more information and assistance.
- The Department of Fish and Wildlife has field staff that can assist in identifying restoration efforts that are protective of aquatic resources. Contact the District Fisheries Biologist for assistance.
- The Department of Environmental Quality has staff that can assist you in identifying debris disposal sites for slide debris and flood damaged materials.

Thank you for your attention to these fish and habitat concerns as you clean up from this disaster.

The cooperative effort on the part of all Oregonians is greatly appreciated. As we work our way out of the flood damage, we are offered a unique opportunity to protect and even enhance our natural resources. What we do now will help to protect the next generation of Oregonians.

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February 12, 1996

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Governor Returns to Work

Diagnosis Means Full Recovery Expected in a Week

Governor John Kitzhaber returned to work today after three days of rest due to illness. Kitzhaber spent last Thursday night in Salem Hospital after he checked himself in around 6 p.m. because of chest pain. He was released from the hospital Friday morning after cardiac problems were ruled out.

The results of tests performed in the hospital reveal that Kitzhaber is suffering from an inflammation of the lower portion of his left lung. This condition, known as pleurisy, can produce severe chest pain which can mimic a heart attack. With rest and some minor interruptions of his schedule, Kitzhaber is expected to make a full recovery within a week.

"I'm glad to be back in my office today," said Kitzhaber. "There are a number of pressing issues to be dealt with -- including the beginning of clean-up and recovery from last week's damaging floods. I feel much better today and expect to be back in the saddle completely by next week."

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

February 5, 1996

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GOVERNOR CALLS FOR PRIMARY & GENERAL ELECTION TO REPLACE WYDEN

Governor John Kitzhaber announced today that he has selected May 21, 1996, the same date as the normal primary election, for the general election date to replace Third District Congressman Ron Wyden. Because the election date will be more than 80 days after Wyden vacates his seat, Secretary of State Phil Kiesling will call a primary election for the seat and has announced that that election will be held April 2 and will be vote by mail.

Filing deadline for major party candidates will be February 2, and March 21 for minor parties and independent candidates.

Kitzhaber said there were two principle reasons for selecting the two-election process. "The first," he said, "is that Oregonians should be afforded the chance to vote for their representatives whenever practical." While the two-election process is more complex, Kitzhaber said he did not believe it was so complex as to be worth forgoing a primary.

Kitzhaber also said the two-election process offered a greater possibility of electing the same person for both filling the vacancy and filling the seat for the full 1997-99 term. If that were to be the case, the new Third District Representative would have greater seniority in the House of Representatives than other members of what is expected to be a large 1997 Freshman Congressional Class. "This seniority will mean greater clout for Oregon and amounts to a head start to our new Third District Member of Congress."

Special Election Timeline US Representative Vacancy

Two Elections

- Special Primary Election, April 2
 - Special Election, May 21 (polling place election held on same day as regular biennial primary election)
-

Date & Event

- **Feb. 6 (Tues)** Governor issues writ declaring special election day.

Secretary of State generates random alphabet order for candidates' names on special primary election ballot.

- **Feb. 12 (Mon)** Deadline for major political party candidates to file candidacy papers for special primary election.
- **Feb. 13 (Tues)** Secretary of State certifies special primary election ballot to county elections officials.
- **Feb. 17 (Sat)** Special primary election ballots mailed to longterm absent voters, overseas and military (paper ballot).
- **Mar. 12 (Tues)** Last day to register to vote in special primary election. Last day to change party affiliation for special primary election.
- **Mar. 18 (Mon)** Special primary election ballots mailed.
- **Mar. 21 (Thurs)** Deadline for minor party and independent candidates to file certificates of nomination for special election.
- **April 2 (Tues)** Special Primary Election Day.
- **April 3 (Wed)** Deadline for county elections officials to forward out-of-county special primary election ballots to appropriate county elections office.

- **April 5 (Fri)** County clerks file abstract of votes for special primary election with Secretary of State no later than noon.

Secretary of State certifies results of special primary election and issues proclamation no later than 5 p.m.

Secretary of State certifies special election ballot to county elections officials.

- **April 30 (Tues)** Last day to register to vote in special election.
- **May 21 (Tues)** Special Election Day (polling place election held on same day as regular biennial primary election).
- **June 10 (Mon)** County clerks file abstract of votes for special election with Secretary of State.
- **June 11 (Tues)** Secretary of State certifies results of special election and issues proclamation.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

February 2, 1996

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FEDERAL BUDGET CUTS FORCE EARLY RELEASE OF SALMON FINGERLINGS

Nearly eight million salmon fingerlings will be released prematurely from Bonneville Hatchery February 5 into the Columbia River. The releases are forced by federal budget cuts to hatcheries operated under contract by the Oregon Department of Fish and Wildlife.

The eight million fingerlings are only a portion of the nearly 21 million fingerlings Oregon hatchery managers will have to release early because of budget cuts to the federal Mitchell Act hatchery system. Additional releases will occur at Bonneville Hatchery and at Big Creek Hatchery, near Astoria, on February 15.

Without federal assistance, the State of Oregon does not have the fund to continue raising and feeding these fish, according to the Oregon Department of Fish and Wildlife and Governor John Kitzhaber's office.

Oregon's governor expressed disappointment on the eve of the releases, "We have worked with federal officials to get full hatchery program funding. We have sought compromise. We have looked at other alternative to early release. Time and money have simply run out," said Kitzhaber.

"Oregon is committed to restoring our salmon, but doing so requires the federal government to maintain its commitment as well. Forced, premature release of millions of young salmon sets back our effort and wastes previous investments," he said.

Mitchell Act funding compensates the Northwest for loss of fish habitat associated with the operation of some Columbia River dams and other federal water projects. Oregon and Washington fishery managers estimate that nearly \$11 million of income in the fishery industry will be lost as a result of hatchery program cuts in both states. In all, up to 39 million young Chinook could be released early in Oregon and Washington.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

January 25, 1995

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GOVERNOR OUTLINES STANDARDS

FOR LAND TRANSFER TO TRIBES

Governor John Kitzhaber outlined today the strict land management and environmental standards necessary to gain his support for the transfer of land to Oregon tribes. Kitzhaber, who has been evaluating a proposal by the Coquille Indian Tribe to receive over 59,000 acres of federal forest land in Coos County, said he will insist that any proposal involving the transfer of federal land meet requirements to protect the interests of the state, local citizens and the environment.

"I am particularly concerned about traditional public access to the land," and "protection of rights that adjacent landowners have come to expect," Kitzhaber said in a January 25 letter to Oregon Senator Mark Hatfield concerning the proposed transfer.

The Coquille Tribe's proposal involves land currently managed by the federal Bureau of Land Management. The tribe's proposal involves transferring land to the Bureau of Indian Affairs, which will manage it in trust for the tribe. The land would be designated an "adaptive management area" by the tribe under a forest management strategy put together by a diverse group of scientists. Adaptive management areas are areas where innovative management techniques can be used to meet both environmental and timber harvest goals.

"I am impressed with the tribe's proposed forest management strategy, and I do support their efforts to obtain economic self-sufficiency," said Kitzhaber. "However, my support for this proposal is dependent upon the ability of the State of Oregon and the tribe to agree on an enforceable agreement that preserves existing state interests in the areas of public

access, landowner rights and environmental protection," he added.

Two Oregon tribes have received transfers of federal land into trust status in recent years. The Siletz Tribe received 3,628 acres and the Grande Ronde Tribe received 9,811 acres. In addition, a number of other tribes have recently forwarded land transfer proposals.

Kitzhaber wrote in his letter that he had two general concerns, which he believed could only be addressed by the U.S. Congress. The first is the size of the transfer, an issue the Governor believes should be decided by Congress, not the state. Second, Kitzhaber pointed out that there are a number of other tribes in Oregon interested in acquiring lands. He believes that the federal government should review the cumulative impact of these proposed transfers and their effect on both state and national interests.

Kitzhaber noted that there was opposition to the proposal from many residents of the South Coast. "A great deal of care and caution would be needed in crafting the necessary legal framework under which a transfer could take place," he said.

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JANUARY 25, 1996

KITZ RADIO

GOVERNOR BLASTS "SCARE-TACTIC" RADIO AD

Calls on Opponents to Stick to the Facts

Oregon Governor John Kitzhaber criticized radio advertising produced and purchased by opponents of the Partnership for Community Corrections as being "a blatant scare tactic with utter disregard for the facts."

The ad incorrectly states the number of inmates that will be affected by the plan and implies that there will be no jail space to house them.

"The ad is a complete fabrication," said Governor Kitzhaber. "The Partnership for Community Corrections will affect about 1,500 offenders and under the plan, we are building a jail cell for every one of them. No one will be let out of prison because of this plan. No one will be put out on the street because of this plan. The opponents are simply not sticking to the facts."

The Legislature will convene February 1 to consider funding for local jail construction needed to implement the Partnership. The Partnership was put together over the last year and has been endorsed by local law enforcement associations including the Association of Chiefs of Police, the District Attorneys Association and the Oregon Sheriff's Association.

"This Partnership is tough on criminals and takes the step to start preventing crime in the long term," said Kitzhaber. "This is a plan the Legislature should approve. It gives us the tools and the jail space needed to be tough on these criminals."

The Partnership has also been endorsed by the League of Oregon Cities and the Association of Oregon Counties.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

January 24, 1995

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GOVERNOR KITZHABER ESTABLISHES

JUVENILE CRIME PREVENTION TASK FORCE

Governor John Kitzhaber announced today the formation of the Governor's Task Force on Juvenile Crime Prevention. The 15-member task force will be headed by Oregon Attorney General Ted Kulongoski and involve local governments, families, churches, schools, community organizations, businesses and interested individuals in developing and implementing effective strategies for juvenile crime prevention.

Kitzhaber noted that the task force will identify ways the state can assist local communities in effectively preventing juvenile crime at the local level. "These crimes being committed by kids are occurring at the local level and the task force will find ways the state can act as a partner -- not as a director -- with local communities to help them with their crime prevention efforts," Kitzhaber said.

Kitzhaber also said that the task force is part of his overall public safety strategy for Oregon that combines punishment with crime prevention. "Certainly we must punish the most violent offenders, but we can't have an effective public safety system in Oregon until we can prevent crimes from occurring in the first place. To not focus on preventing crime is to accept the necessity of victims, and I don't believe that's what Oregonians want," he added.

The task force will coordinate its work with local Commissions on Children and Families and with local

Public Safety Coordinating Councils, established under the Partnership for Community Corrections (also known as Senate Bill 1145). Coordination of efforts in this area will allow for the development of a comprehensive juvenile crime prevention strategy for individual Oregon communities and the state as a whole.

The task force will also review and assess the implementation and effectiveness of Senate Bill 1, which passed the 1995 Legislature and enacted fundamental changes in the state's juvenile justice system into law.

Other task force members are:

State Representative Peter Courtney, State Senator Shirley Stull, University of Oregon Professor Hill Walker, Erma Vasquez (Oregon Youth Authority), Chief Pam Roskowski (Corvallis Police Dept.), Washington County Sheriff Jim Spinden, Jonathan Ater (Commission on Children and Families), Columbia County Juvenile Dept. Director Stan Mendenhall, Judge Roxanne Osborne (Klamath Falls), Gilliam County Commissioner Laura Pryor, Paul Lorenzini (Citizen's Crime Commission), St. Mary's Home for Boys Director Emma Dennis, Self Enhancement Inc. Director Tony Hobson and Lorenzo Poe.

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FOR IMMEDIATE RELEASE

January 11, 1996

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GOVERNOR ANNOUNCES FUNDING, LEGISLATION NECESSARY FOR COMMUNITY CORRECTIONS PLAN

Proposal Endorsed by Local Governments and Major Law Enforcement Organizations

Governor John Kitzhaber announced today that he will request \$94.2 million in financing from the Oregon legislature to implement Senate Bill 1145, the Partnership for Community Corrections. Kitzhaber will request the funding during a special legislative session he has scheduled for Thursday, February 1.

Joined by representatives of local government and local law enforcement, Kitzhaber detailed where and how the \$94.2 million would be spent. The funding will primarily provide for the construction of approximately 1,486 jail beds in 21 different projects. When completed, the projects will serve 33 of Oregon's 36 counties.

The new county jail space will be used to implement the Partnership for Community Corrections, an innovative approach to community corrections created over the last year by state and local officials. Under the new approach, local law enforcement will be given responsibility for managing offenders sentenced to 12 months or less, and the state correctional system will be responsible for offenders sentenced to more than 12 months. In addition, the state has committed to provide operational funding to the counties to manage these offenders.

"This partnership is based on three principles," said Governor Kitzhaber, "local control, accountability and crime prevention. The partnership will give local communities greater control in how they manage offenders, will hold those offenders accountable and will begin the job of creating a community-based plan for crime prevention."

Kitzhaber stressed that the partnership was necessary to begin the job of actually reducing the incidence of crime in the long run, rather than merely assuring that it was punished after the fact.

"We have built thousands of state prison beds in Oregon over the last decade," said Kitzhaber. "Ironically, Oregonians feel no safer. What we need in this state is a public safety system -- not just a prison system. This is what the Partnership for Community Corrections will help create and I'm convinced that's why the leadership of local government and local law enforcement in Oregon strongly support this effort."

A list of the projects to be funded under the legislation is attached.

Highlights of the Governor's Legislation Construction Phase of the Partnership for Community Corrections

- Authorizes the allocation of \$94.2 million dollars in Certificate of Participation (COP) financing for each county corrections facility built to punish and incarcerate offenders sentenced to less than one year.
- Allows counties to rent beds from the Oregon Department of Corrections, or other jurisdictions, until local facilities and programs are in place for offenders affected by the Partnership for Community Corrections.
- Provides flexibility for the Oregon Department of Corrections to negotiate timelines with counties for the acceptance of these offenders.
- Provides flexibility for the Oregon Department of Corrections to approve changes to already approved projects (as requested by a county).
- Allows two or more counties to enter into a cooperative agreement to form a service district to construct and operate a regional corrections facility.
- Implements policies for cost-effective management of out of state prisoners.

SENATE BILL 1145 A PARTNERSHIP FOR COMMUNITY CORRECTIONS

Q. *Why is Senate Bill 1145 necessary?*

A. With the passage of Ballot Measure 11 in 1994, the focus of the state corrections system continues to shift to the long-term incarceration of violent criminals. The state has committed to building 4,700 new prison beds before the year 2000 to incarcerate these criminals.

Despite this increase, Measure 11 means state and local officials must be more efficient in managing and rehabilitating criminals. That's what Senate Bill 1145 enables.

Currently, counties send many parole, probation and post-prison supervision violators out of the county and into the state prison system. However, the average length of stay for these offenders is only four-and-one-half months.

Because their prison terms are so short, these offenders generally will not benefit from state prison rehabilitation and treatment programs -- they are not in prison long enough to complete them. Under Senate Bill 1145, they will stay in local communities where they can be managed by local officials and participate in programs that are most effective in reducing future criminal conduct -- instead of putting them on a bus and being cycled through a system not designed to handle them.

Q. *What does Senate Bill 1145 do?*

A. Senate Bill 1145 creates a new direction in Oregon public safety policy. Under SB 1145, local communities will have more resources as well as more control of local corrections activities. It puts offenders sentenced to less than one year (more than 90 percent of whom have committed property, drug or other crimes -- not violent crimes against people) under county supervision. SB 1145 also builds new jail beds, strengthens community corrections programs, creates a strong emphasis on crime prevention and establishes a mechanism to coordinate local public safety policies. Specifically, Senate Bill 1145:

Adds approximately \$29 million in additional state funds to the \$99 million budgeted for community corrections so local communities can build jails and work release centers, and expand drug and alcohol treatment programs. Of the \$29 million, \$5 million will leverage \$59 million in "certificates of participation" to finance local construction needs.

Creates Public Safety Coordinating Councils in each county to coordinate local public safety policies and activities. In

addition, the councils must develop a plan to prevent crime -- not just react to it after it happens.

Adds accountability to the criminal justice system. More than half of the offenders affected by SB 1145 have not committed a new crime, but have violated their parole, probation or post-prison supervision. Revocation is a local decision that sends offenders to state institutions. Under current law, almost 90 percent of the people revoked to prison have had two or fewer local sanctions before they are returned to prison. SB 1145 keeps these offenders at the county level, creating more incentive to better manage and control those offenders. Counties will be given more resources to sanction those offenders with hard beds and with effective programs to target the very problems that landed them in prison in the first place.

Q. *Who supports Senate Bill 1145?*

A. Senate Bill 1145 passed the 1995 legislature by a strong margin (73 yes to 12 no). Senate Bill 1145 has been endorsed by the the Oregon District Attorneys Association, the Oregon Association Chiefs of Police, the Association of Oregon Counties and the League of Oregon Cities. The Oregon State Sheriffs' Association meets this week and is expected to adopt a resolution supporting SB 1145.

Q. *Why do we need a special legislative session?*

A. As part of the law passed in June 1995, the legislative assembly needs to approve a budget bill to authorize state funding for construction of local jails, work release centers and alcohol and drug treatment facilities. To prepare for the special session, the state and counties have been working together to refine local construction proposals. The state will bring a funding proposal to the legislature for approval in a brief special session tentatively scheduled for early February 1996.

Q. *When does Senate Bill 1145 go into effect?*

A. Senate Bill 1145 became law upon signature by Governor Kitzhaber in June 1995. The provisions of the law transferring supervision of offenders sentenced to less than one year goes into effect on January 1, 1997. Governor Kitzhaber has promised the state will accept offenders subject to SB 1145 if local facilities are not built and ready to accept them in that timeframe.

Q. *Is the \$59 million planned for construction of local facilities enough?*

A. Governor Kitzhaber has acknowledged that the \$59 million appropriated by the legislature is not sufficient to fund construction of new local facilities needed for SB 1145 offenders. A selection committee, composed of local government officials, is reviewing funding applications and will determine the exact amount necessary to build facilities to manage SB 1145 offenders. Governor Kitzhaber will request full funding from the legislature in the special session.

Q. *How does SB 1145 fit in with creating a strong local public safety system?*

A. Senate Bill 1145 is a first step toward the vision of a local public safety system which has a full range of sanctions backed by local jail beds. As Oregon's sheriffs have testified, this is essential to making community programs work. It also provides the first round of state investments in local public safety programs, and provides resources that can be used to manage the entire local offenders population.

**SB 1145 CONSTRUCTION PROPOSALS
RECOMMENDATION**

COUNTY	GOVERNOR'S RECOMMENDATIONS	TYPE AND CAPACITY	
Baker	\$155,000	Work Center	8

Clackamas	\$0	Jail	93
Clatsop	\$673,260	Work Center	14
Columbia	\$761,420	Work Center	12
		Alcohol/Drug Treatment Center	4
Coos	\$3,142,360	Jail	49
Curry	\$200,000	Work Center	16
Deschutes, Crook, Jefferson, Harney	\$2,396,898	Work Center	80
Douglas	\$2,035,799	Work Center	36
Gilliam, Hood River, Morrow, Sherman, Wasco, Wheeler (NORCOR)	\$3,300,000	Jail	40
Grant	\$122,452	Jail	2
Jackson, Josephine	\$5,500,000	Jail	85
Lane	\$9,221,774	Jail	92
		Work Center	40
Linn, Benton	\$5,731,656	Jail	84
Malheur	\$872,466	Work Center	23
Marion	\$6,962,318	Jail	128
Multnomah	\$42,620,000	Jail	330
		Alcohol/Drug Treatment Center	150
Tillamook	\$685,833	Work Center	12
Umatilla	\$959,006	Work Center	28
Union, Wallowa	\$371,000	Jail	20
Washington	\$6,758,376	Jail/Work Center	76
Yamhill, Polk	\$1,702,920	Work Center	64
TOTAL	\$ 94,172,538	TOTAL BEDS	1486

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FOR IMMEDIATE RELEASE

January 11, 1996

Contact: Bob Applegate

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Leslie Carlson

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**GOVERNOR KITZHABER ANNOUNCES GRANTS
UNDER FEDERAL VIOLENCE AGAINST WOMEN ACT**

Governor John Kitzhaber announced today the awarding of approximately \$380,000 of federal grant money to domestic violence shelters and services, law enforcement and prosecutors. The funding was made part of the 1994 Crime Bill in an amendment sponsored by Oregon Congressman Ron Wyden.

"This funding is crucial to helping stop the cycle of violence and abuse women face in their own homes," said Kitzhaber.

The funding will be distributed as follows:

VICTIMS SERVICES

\$190,024 will go directly to victims services in seven regions in the state. This portion will be dedicated to existing domestic and sexual violence programs. The funds will be used in any or all of the following manners:

- Shelters for victims of domestic violence.
- Out-of-shelter services, such as case management, crisis teams and support to localities without shelters.

Advocates for victims within the legal system, including both criminal and civil cases.

Specifically, the following organizations will receive:

Region 1: Tillamook, Clatsop and Columbia Counties -- \$9,083 Tillamook Women's Crisis Service, Clatsop Women's Resource Center, Columbia Women's Resource Center.

Region 2: Multnomah, Clackamas and Washington Counties -- \$53,890

Bradley-Angle House, Community Advocates, Domestic Violence Resource Center, Portland Women's Crisis Line, Raphael House, YWCA Women's Resource Center, Volunteers of America Family Shelter, Salvation Army West

Women's and Children's Shelter, Clackamas Women's Services, Council for Prostitution Alternatives, Oregon Latina Association.

Region 3: Marion, Yamhill, Polk, Lincoln, Benton and Linn Counties -- \$28,048

Canyon Crisis Center (Mill City), Center Against Rape and Domestic Violence (Corvallis), Henderson House (McMinnville), Mid Valley Women's Crisis Service (Salem), SABLE House (Polk County), Women's Violence Intervention Program (Lincoln County).

Region 4: Coos and Lane County -- \$20,694

Womenspace (Eugene), Sexual Assault Support Service (Eugene), Suislaw Area Women's Center (Florence).

Region 5: Klamath County -- \$31,259

Klamath Crisis Center

Region 6: Wasco County -- \$25,976

Haven From Domestic Violence

Region 7: Malheur, Umatilla, Wallowa and Baker Counties -- \$21,074

Project Dove (Ontario), Shelter from the Storm (La Grande), Domestic Violence Services (Pendleton), Safe Harbor (Enterprise), May Day Inc. (Baker City).

PROSECUTION

This money is to be dedicated to victims advocacy and safety within the prosecution system. A total of \$95,012 was awarded to the following agencies to develop a victim assistance office within the District Attorney's Office or hire a Victims' Advocate:

Clackamas Co. DA - \$6000
Coos Co. DA - \$10,000 (partial funding)
Curry Co. DA - \$14,435
Deschutes Co. DA - \$15,000 (partial funding)
Harney Co. DA - \$5,000
Josephine Co. DA - \$19,986
Malheur Co. DA - \$10,000
Marion Co. DA - \$15,000 (partial funding)

LAW ENFORCEMENT

\$95,012 was also awarded to the following law enforcement agencies to train officers in handling domestic violence cases. The funding may also be used to create a victim advocacy office or hire a victim advocate to work within the law enforcement agency. The following agencies received an award:

Baker Co. - \$3500
Clatsop Co. - \$10,000 (partial funding)
Coquille Indian Tribe - \$5000 (partial funding)
Florence Police Dept. - \$16,000 (partial funding)
Lane Co. Sheriff's Office - \$20,000
Medford Police Dept. - \$10,000 (partial funding)
Washington Co. Sheriff's Office - \$20,000
Yamhill Co. Sheriff's Office - \$11,000 (partial funding)

Each of these grants is for a six month duration that will end in July 1996. At that time the 1996 Violence Against Women Act funds will begin and will operate for the full fiscal year of 1996.

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FOR IMMEDIATE RELEASE

January 9, 1996

Contact: Bob Applegate

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TASK FORCE ON SAVAGE RAPIDS DAM APPOINTED

Governor John Kitzhaber and Senator Brady Adams announced joint appointments today to a task force that will make recommendations on the future of the Savage Rapids Dam outside Grants Pass. A list of the task force members is attached.

During its 1995 session, the Oregon Legislature passed SB 1006, which called for the appointment of the Savage Rapids Dam Strategic Task Force by the Governor, Senate President and Speaker of the House. SB 1006 gives the task force the responsibility to make recommendations on how to improve fish passage, water distribution and efficiency at the dam and within the Grants Pass Irrigation District, which owns and operates the dam. The task force will study fish passage at the dam as well as alternatives for water distribution to the district. A Technical Advisory Committee to the task force, as well as a chair for the task force will be named at a later date.

Built in 1921, the Savage Rapids Dam is located on the Rogue River, upstream from Grants Pass, on the Jackson-Josephine county line. It delivers water to the members of the irrigation district, who irrigate about 7,750 acres.

Savage Rapids Dam has been the subject of controversy for many years. The Oregon Water Resources Commission has required the Grants Pass Irrigation District to address issues related to the passage of adult and juvenile salmon and steelhead, and the amount of water withdrawn from the Rogue River. In 1994, the Water Resources Commission ordered the district to implement its plan to remove the dam and substitute electric pumping stations for the water-powered pumps by 2001. The district is required to file annual progress reports with the commission, detailing its efforts to comply with the commission's order.

The task force will make its report to the Governor and the Legislature. Until the task force completes its work, the requirement from the Water Resources Commission to remove the Savage Rapids Dam may not be carried out.

For further information, please contact: Doug Parrow, Water Resources Department, (503) 378-8455; Roy Hemmingway, Governor's Office, (503) 378-8582, or, Senator Brady Adams, (503) 986-1950 or (541) 479-3351.

SAVAGE RAPIDS DAM TASK FORCE

- Mayor Gordon Anderson, City of Grants Pass
- Mr. Dennis Becklin, ECS, Grants Pass
- Commissioner Fred Borngasser, Josephine County, Grants Pass
- Mr. Gordon Burns, Grants Pass
- Mr. Al Cook, Water Resources Dept., Grants Pass
- Mr. Mike Evenson, Oregon Dept. of Fish & Wildlife, Central Point

- Mr. Don Greenwood, Three Rivers Council, Grants Pass
- Commissioner Terry Hanscam, Curry County, Gold Beach
- Mayor Dennis Hitch, City of Rogue River
- Mr. Bob Hunter, Water Watch/Ferris & Hunter, Medford
- Commissioner Sue Kupillas, Jackson County, Medford
- Mr. Tom McMurray, Grants Pass Irrigation District
- Mr. Bernie Moore, Rogue Flyfishers, Medford
- Mr. Bob Rafolovich, Rogue Wilderness, Inc., Merlin
- Mr. Emerson Roller, Grants Pass
- Mayor Marlyn Schafer, City of Gold Beach
- Mr. Dale Smith, Grants Pass
- Mr. Lyle Woodcock, Cattlemen's Association/Farm Bureau, Grants Pass

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FOR IMMEDIATE RELEASE
December 29, 1995, 1995

Contact: Bob Applegate
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Leslie Carlson
(503) 378-6307

GOVERNOR DECLARES

STATE OF EMERGENCY IN LANE COUNTY

Governor John Kitzhaber declared a state of emergency in Lane County today, saying that a levy below Dexter Dam was near failure due to recent heavy rainfall. The levy protects approximately 30-40 homes from the Willamette River.

"Because of the imminent danger, I have asked the Oregon National Guard to assess the situation and begin repairing the levy to eliminate the potential for a breach," said Kitzhaber. "The Guard will coordinate with the Army Corps of Engineers and Lane County, which will also participate in the repair operation. I have personally asked the Corps to provide supplemental assistance to the county and the state, which they have agreed to do."

Kitzhaber noted that while the levy has been "seriously weakened" in recent weeks by erosion from high releases of water through Dexter Dam by the Corps of Engineers, it has also suffered from a lack of maintenance over the years. The levy was built by the Corps of Engineers in the 1950s. There are many similar levies on waterways across the state.

"Clearly, this brings to light the larger issue of maintaining levies like this one in an era of diminishing resources," he said. "This emergency declaration is an unusual circumstance, because a threat of breach is imminent, and we must protect the security of citizens below Dexter Dam. However, I believe counties and property owners across Oregon need to work together to develop long-term maintenance plans for levies such as this one so we can avoid emergencies like this."

The Corps has had to release more water through Dexter Dam due to the region's heavy rains, which have eroded a portion of the levy near Pleasant Hill. The emergency repair plan being undertaken by the National Guard, the county and the Army Corps of Engineers is directed at fixing a particular portion of the levy crown.

EXECUTIVE ORDER NO. EO-95-21

DETERMINATION OF A STATE OF EMERGENCY

IN LANE COUNTY DUE TO IMMINENT THREAT OF A FAILING LEVY

Pursuant to ORS 401.055, I find that conditions threaten the levy in Lane County near Pleasant Hill below Dexter Dam. It is failing due to erosion and high releases of water by the U.S. Corps of Engineers to offset high inflows from heavy rains over the past several weeks. The levy crown is considered to be seriously weakened and in danger of imminent breach.

Insufficient maintenance, heavy releases from the Dexter Dam, and continuing rain may have contributed to additional damages to the levy system. Immediate repair of the levy and reconstruction of the levy crown is vital to the security, well-being, and health of the citizens in the affected area.

IT IS ORDERED AND DIRECTED:

The Oregon Department of State Police, Emergency Management Division shall, within the appropriate state and federal regulations, coordinate agencies of the State of Oregon and The Federal Government, specifically the Corps of Engineers, and the Oregon National Guard to provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the imminent threat which is a direct result of existing conditions.

This declaration is specifically limited to the affected area related to the identified levy in Lane County.

This order was made by verbal proclamation at 9:25 p.m. the 28th day of December 1995, and signed this 29th day of December 1995.

John A. Kitzhaber, Governor

ATTEST:

Phil Keisling, Secretary of State

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GOVERNOR WILLING TO DISCUSS LAND TRANSFER AND EXCHANGE PROPOSALS

December 29, 1995

Emphasizing the need for strict environmental protections, Governor John Kitzhaber announced today his willingness to discuss the possible transfer of federal lands to state management. Among the conditions the Governor cited for any transfer were the need for an amendment to the Oregon Constitution governing management of the land, high standards for restoring populations of endangered or threatened species, and a prohibition on setting a minimum timber harvest level.

"If the state has a chance to acquire these resources and manage them as a legacy for future generations, I am open to exploring that possibility," said Kitzhaber. The Governor noted that Oregon has sold off much of its public lands over the last century and now has a much smaller base of state-owned lands than most western states.

"There are a number of transfer and exchange proposals for federal lands currently being debated, and I believe we have an obligation to determine whether they have merit," said Kitzhaber. Earlier this year, the Governor appointed a working group to study the possible transfer of federal lands to the state.

The Governor outlined his conditions for a transfer in a letter to Curry County Commissioner Rocky McVay, Chair of the Association of O & C Counties. The Association of O & C Counties had originally proposed that the state request transfer of some 2.3 million acres of federal land currently managed by the Bureau of Land Management. The lands comprise a checkerboard pattern over much of Western Oregon and were reacquired by the Federal government from the Oregon and California Railroad.

The lands, which are currently managed under the Northwest Forest Plan, have a projected harvest of 211 million board feet per year. Historic harvest levels from the lands have exceeded 1 billion board feet per year. As a result, many Western Oregon counties have seen sharp declines in their federal timber receipts as a result of reduced timber harvests.

The Governor made clear in his letter to McVay that he would not generally support transfer of lands that were in protected status, such as wilderness, wild and scenic river corridors, key watersheds and Late Successional Reserves. The final category was created under the Northwest Forest Plan and encompasses millions of acres of Oregon timberland with the goal of restoring the land to old growth forest.

"Any transfer must satisfy the public interest, benefit present and future generations of Oregonians, and provide sufficient ecosystem protection to assure healthy populations of species," said Kitzhaber.

Kitzhaber said that consideration of transfer options must take place in a full and open public process. "I would like to involve key representatives from the counties, the environmental community, the scientific community, industry and state and federal agencies in these discussions," he said.

JOHN A. KITZHABER

Governor

December 22, 1995

Commissioner Rocky McVay
Curry County
P O Box 746
Gold Beach OR 97444

Dear Commissioner McVay:

I reviewed the proposal put forward by the Association of O&C Counties to transfer O&C lands to state ownership, and I apologize for the delay in formulating a position. I recognize the importance of this issue to the O&C counties as well as to other state interests, and believe that it deserves careful and serious consideration.

I have watched timber harvest levels on federal lands decline markedly over the last few years as federal land managers redesign their land management goals and strategies to protect and enhance habitat for threatened and endangered species. I have been concerned that the drop in federal timber revenues has posed a particular hardship on O&C counties.

As you are aware, I asked that a working group be convened to examine the issues and implications of such a major land transfer. I believe the group was balanced in its makeup, reflecting industry, local government, state agency, and environmental concerns. After several months of study and discussion, the group found that it was impossible to take a position on the proposed transfer without making significant assumptions as to how the lands would be managed.

Based on what I have learned to date and findings of the working group, I believe that it could be in the state's interest to manage some of the O&C, public domain, or Coos Bay Wagon Road lands under certain conditions. In particular, it could be in Oregon's interest to manage lands that 1) are adjacent to existing state lands; 2) have significant acreages allocated to "matrix" management (available for timber harvest) under the federal plan; or 3) meet other specific objectives such as expansion of the state park system, the need to channel growth away from prime farm land, or the opportunity to achieve land management efficiencies and apply creative management strategies. I do not generally support state management of federal wilderness, wild and scenic rivers, research natural areas, key watersheds, late successional reserves, or other lands that did not meet the above criteria.

There are various mechanisms that might accomplish the state's goals in addition to transfer of title. We should consider transfer of management authorities and land exchanges similar to the Umpqua basin pilot project.

Regardless of the mechanism, I believe the state could manage some federal lands creatively -- at lower cost -- while maintaining a high level of species and ecosystem protection. State management of these lands would enable the demonstration of the principles and promise of forest and watershed management in areas with an intricate mixture of public and private land. It would also allow the application of the principles of adaptive management while adhering to the objectives of the Northwest Forest Plan. Oregon could be a laboratory for finding creative ways of managing forests and watersheds under multiple owners to meet multiple environmental and commodity goals. We could also provide lessons in ecosystem management of interest to a broader audience.

While I believe it could be in the state's interest to manage these lands, under certain conditions, I believe the conditions are too important to be left to chance. I would ask that consideration of this transfer be guided by the following principle: **It must satisfy the public interest, benefit present and future generations of Oregonians, and provide sufficient ecosystem protection to assure healthy populations of species.** To ensure that this principle is met, I

propose stipulations in the following areas:

1. A Constitutional amendment would lay out the state's responsibilities toward this land, including the following:
 - a. Principles of good stewardship and resource protection would guide the management of the land.
 - b. The harvest level would be guided by the principles of good stewardship, the need to protect and enhance non-timber resources, the scientific understanding of resource protection at the time, and the goal of providing resources for present and future generations of Oregonians. Minimum harvest levels could not be set in statute.
 - c. Although these lands could be exchanged, they could not be made available for sale.
2. Management of the land and its resources would complement federal land management efforts to ensure protection of fish and wildlife and sound management of forest resources.
3. The level of species protection on these lands must assure healthy populations, appropriate levels of habitat protection, and reflect the best science available.
4. The state would make a long-term commitment of the resources necessary to properly manage the land at the time of accepting the land.
5. The state would not subsidize administration, protection and management of these lands; all state expenses would be covered before disbursements could be made to local governments or other beneficiaries.
6. A citizen management authority would assure that the broad public interest is represented in the management of these lands.

I see the transfer of land or management responsibility as an enormous opportunity for Oregon, but only if we are committed to maintaining very high environmental standards, and condition the transfer on achieving them. I also believe that any transfer or exchange of public lands must have ample opportunity for public review, and would not support a transfer or exchange made without an open, public process.

I am willing to open a dialogue on these options with the Clinton Administration and would like to involve key representatives from the counties, the environmental community, the scientific community and state and federal agencies in these discussions. I would be happy to discuss this with you and other O&C county representatives at your convenience.

Sincerely,

John A. Kitzhaber, M.D.

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FOR IMMEDIATE RELEASE

October 24, 1995, 1995

Contact: Bob Applegate

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LOTTERY REVENUES EXPECTED TO FALL
GOVERNOR MOVES TO SHIELD EDUCATION FROM IMPACT

**Kitzhaber Also Announces Task Force on Gaming
to be Headed by Attorney General Kulongoski**

Governor John Kitzhaber announced today that revenues from Oregon's lottery are expected to be down sharply -- some \$78.4 million from the estimate issued at the close of the 1995 Legislative Assembly. Kitzhaber said he would ask legislators to pass a bill in the planned February special session that would ensure K-12 and higher education would not lose any proportion of their lottery funding.

In addition, Kitzhaber announced that he is appointing a task force, to be headed by Attorney General Ted Kulongoski, which will study gambling in Oregon. Specifically, Kitzhaber has charged the task force with examining public policy, revenue and regulatory issues related to gambling in the state.

The task force will also have a special subcommittee to address issues currently facing the Oregon Lottery. The subcommittee will be chaired by Jon Yunker, Director of the Department of Administrative Services.

"Oregon should have a clear and strong public policy on the extent and regulation of gambling in our state," said Kitzhaber. "I am concerned by our increasing reliance on gambling proceeds to fund state government and what that will mean to both our financial stability and the sense of community involvement that has allowed us to succeed as a state."

The task force will issue a final report with findings and recommendations by June 1, 1996. The special subcommittee on Oregon Lottery revenue issues will issue its report by January 15, 1996.

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FOR IMMEDIATE RELEASE
Friday November 3, 1995, 1995

Contact: Bob Applegate
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Governor Kitzhaber will discuss his trip to Japan, Korea and Taiwan.

MONDAY, NOVEMBER 6

Media Availability

12:45 p.m.

Gate D-11, Portland International Airport

Governor Kitzhaber will discuss his trip to Japan, Korea and Taiwan.

The Governor is traveling to Asia to meet with cultural and business leaders from three of the state's major trading partners to promote Oregon's industries and products, and to enhance business and tourism ties. This is Kitzhaber's first official international trip.

Governor Kitzhaber will be on his trade mission to Asia from November 6-19.

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FOR IMMEDIATE RELEASE

October 24, 1995, 1995

Contact: Bob Applegate

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GOVERNOR'S MISSION TO ASIA WILL STRESS TRADE AND CULTURAL TIES

Governor John Kitzhaber's first international trip, scheduled for November 6 to 19, 1995, will promote Oregon's cultural, trade, tourism and investment relationships in Japan, Korea and Taiwan. During the trip, the Governor will seek to accomplish a number of specific goals, which include the expansion of Oregon's marine and air connections, additional investment and trade opportunities for Oregon businesses and promotion of the state's value-added food processing and wood products industries.

"I am pleased to be able to meet with cultural and business leaders from three of our major trading partners to promote Oregon's quality industries and products, and to talk about the state as a destination for new business and tourism," said Kitzhaber.

In Japan, the Governor's schedule includes meetings with the Japan External Trade Organization (JETRO), which is working closely with state government and Oregon trade associations to promote the export of high value-added wood and other products. The Governor will also meet with U.S. Embassy agricultural trade officials and with representatives of Tokyo's Tsukiji fish market to discuss new export and business opportunities for Oregon's fishing industry.

During his visit to Korea, the Governor will talk with members of the Korea-United States Economic Council (KUSEC), and will meet with representatives of Korean steamship and airline companies to discuss expansion of transportation connections. In Taiwan, the Governor will meet with steamship company representatives as well as the Import-Export Association of Taipei.

The Governor will also visit Oregon's sister states of Toyama, Japan and Chollanam-do, Korea.

Accompanying the Governor on his trip are State Senator John Lim, Chair of the Senate Trade and Economic Development Committee; Art Christiansen, Chair of the Governor's Food Processing Advisory Council; Junki Yoshida, a leader in the state's food processing industry and newly appointed Port of Portland Commissioner; Al Baker, Vice President of NORPAC Foods and President of the Pacific Northwest International Trade Association; Mike Thorne, Executive Director of the Port of Portland; Bruce Andrews, Director of the Oregon Department of Agriculture; Bill Scott, Director of the Oregon Economic Development Department; and Katy Coba, Special Assistant to the Governor for International Affairs.

A detailed schedule of the Governor's meetings will be released as the trip is finalized.

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FOR IMMEDIATE RELEASE
OCTOBER 2, 1995, 1995

Contact: Bob Applegate
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**GOVERNOR KITZHABER, INTERIOR SECRETARY BABBITT
ANNOUNCE APPROVAL OF HABITAT CONSERVATION
PLAN FOR ELLIOTT STATE FOREST**

Oregon Governor John Kitzhaber and US Secretary of the Interior Bruce Babbitt tomorrow will jointly announce the approval of a habitat conservation plan under the Federal Endangered Species Act for Oregon's Elliott State Forest in Coos and Douglas Counties.

Secretary Babbitt will meet with Governor Kitzhaber in Salem and attend a signing of the implementation agreement for the habitat conservation plan in the Governor's Ceremonial Office at 11 a.m. on Tuesday, October 3. The implementation agreement will be signed by agency officials involved in the approval process.

As part of the habitat conservation planning process, the Interior Department's US Fish and Wildlife Service will issue an incidental take permit to the Oregon Department of Forestry. Under the terms of the permit, the state will be able to "take" threatened northern spotted owls and marbled murrelets and their habitats during timber harvest operations. Through the habitat conservation plan, the state will mitigate for the loss of owls and murrelets by managing and enhancing habitat for these species and conducting continuing research and studies.

Under the Endangered Species Act, the "taking" of a listed threatened or endangered species -- killing, harming, or harassing a species, or altering habitat -- is prohibited without special authorization from the US Fish and Wildlife Service. Through a habitat conservation plan negotiated with the Service, however, an applicant may be issued a permit to "take" a listed species if the taking is part of a larger conservation plan that will not jeopardize the continued existence of the species and is incidental to otherwise legal land use activities.

"This habitat conservation agreement is a winner for the timber industry, fish and wildlife, local communities, and the state of Oregon," says Secretary Babbitt. "This Administration is fully committed to providing a viable timber economy while protecting fish and wildlife and the environment. On behalf of President Clinton, I am proud to be part of the state of Oregon's habitat conservation plan -- a model of forest management for future generations."

"This historic agreement exemplifies the importance of the state and federal governments working together to find a creative way to enable harvesting of timber while assuring that fish and wildlife habitats are protected," says Governor Kitzhaber.

The State Land Board, which consists of the Governor, Secretary of State, and State Treasurer, manages Common School Land, including most of the Elliott State Forest. Forest operations on these lands are handled by the Department of Forestry under a management agreement with the Land Board.

"Oregon continues to be a leader in helping to find solutions to difficult problems. This is an important step in the evolution of the state's forest planning process," says Secretary of State Phil Keisling.

"This approach to forest management is a creative and sensible approach. This is a landmark day for the state of Oregon," says Treasurer Jim Hill.

State Forester Jim Brown says, "The Department of Forestry's philosophy on this has been to get out in front and be a leader in finding innovative and creative ways to provide revenue for the Common School Fund and counties while providing habitat for fish and wildlife."

Brown notes that this application is the first in the nation from a state agency, and it is the first habitat conservation plan to comprehensively address the marbled murrelet.

The Department of Forestry, with the assistance of other state agencies and experts, began working on the Elliott State Forest long-range management plan almost three years ago. The plan was contingent, however, upon the approval of the incidental take permit application and habitat conservation plan. Timber harvest from the Elliott has slowed significantly since 1990 when healthy populations of northern spotted owls and marbled murrelets were discovered throughout the forest. The 93,000-acre Elliott is a second growth forest, not the classic old growth where these species are normally thought to occur.

The Elliott long-range management plan has received strong endorsement from a wide range of interests, including the timber industry and environmental community. A key part of the plan was an extensive public involvement process that included several public meetings and solicitation of public comment.

The incidental take permit and habitat conservation plan will be in effect for 60 years for the northern spotted owl and six years for the marbled murrelet. The commitment for habitat improvement activities will be in effect for 60 years.

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September 20, 1995

PROPOSED FUNDING CUTS THREATEN

OREGON HEALTH PLAN

Governor John Kitzhaber said Wednesday that proposed Medicaid block grants up for congressional action this week could cost the state up to \$230 million in Oregon Health Plan funding in the next two years, thus threatening the continuation of the program which serves 130,000 Oregonians.

The governor said he based this estimate on an initial evaluation of the proposal received Tuesday.

The bill before the US House Commerce Committee is part of a cost-cutting proposal intended to reduce national Medicaid costs by \$182 billion over the next seven years. The committee is expected to take action by Friday.

"Oregon has a remarkable record of success on health care and welfare reform -- two issues on which Congress has made little progress," Kitzhaber said. "As we read the bill, Congress will severely punish Oregon for stepping up to the plate." Kitzhaber noted that the Oregon Health Plan is a contributor to Oregon's declining welfare caseloads.

In a letter to Oregon's congressional delegation, Kitzhaber estimates that Oregon will lose more than \$2.6 billion over the seven year time frame.

Oregon's Health Plan benefits all Oregonians as it reduces the cost-shifting of free services to insurance companies and private-pay patients, and reduces the need for charity care by hospitals. "During the Medicaid expansion's first 12 months, Oregon hospitals reported a 30 percent decline in charity care," Kitzhaber said.

Kitzhaber said Oregon is not trying to derail Congress's efforts to bring Medicaid spending under control. Instead, he said the state is asking that if federal fiscal year 1994 is used as the base year for figuring future growth and caps, then allowances should be made for states that have produced results in demonstration projects.

"With these spending cuts, it is unlikely that the Oregon Health Plan could survive," said Jean Thorne, state Medicaid director. "We entered into a partnership with the federal government for a five-year demonstration project and we are about to be more severely penalized than those states who have not pursued reform. This proposal penalizes Oregon for its ground-breaking work by retroactively allowing the state only the Medicaid increase nationally, which doesn't reflect the Oregon Health Plan's one-time startup cost in 1995," she added.

Approximately 130,000 people -- working Oregonians and their families -- whose incomes fall below the federal poverty level have been added to the Oregon Health Plan in 1995 as the state has pioneered a five year demonstration project. National and state policy makers will gain reliable data to help understand who benefits from such services, whether tax dollars can be saved and how to operate large public health care systems successfully.

The proposed bill as drafted would result in as much as a 15 percent immediate cut from Oregon's total Medicaid services. This could translate to a loss of health coverage for most of the working poor now covered by the Oregon Health Plan.

Oregon's record of reducing welfare caseloads results partly from the Oregon Health Plan. As welfare recipients transition into the work force, the Health Plan provides needed medical coverage for dependents. For many low-income families, without coverage by the Oregon Health Plan their only access to health care would be to return to welfare.

Kitzhaber said "We must not forget what we have accomplished in Oregon and what Congress could not. I'm dedicated to doing what it takes to preserve our health plan and the services it provides to Oregonians."

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September 19, 1995

GOVERNOR KITZHABER ANNOUNCES OPPOSITION

TO CONGRESSIONAL ENVIRONMENTAL POLICY CHANGES

Flanked by business and environmental leaders from around the state, Governor John Kitzhaber announced his opposition to a number of environmental policy changes proposed by the current Congress in a news conference today. The Governor called the news conference to draw attention to pending congressional action that could impact Oregon's ability to protect wetlands, clean up toxic spills, protect water quality and continue cleaning up the Hanford Nuclear Reservation.

"Congress is considering actions that could permanently alter our ability to clean our air, to clean our water, to protect our forests and protect the diversity of wildlife in this state," said Kitzhaber. "These are not simple fine-tuning proposals. They are not budget-motivated savings. These proposals are specifically designed to weaken our environmental laws and make it more difficult to enforce the ones that remain."

Kitzhaber cited several examples of congressional changes that would hurt Oregonians quality of life. A proposed \$1.3 million dollar cut in funding for the National Marine Fisheries Service budget could close as many as six fish hatcheries in the Columbia River Basin; other cuts would mean the loss of \$4 million for wastewater treatment and \$27.1 million in funds dedicated to keeping drinking water safe. Another proposal would reduce funding for the Land and Water Conservation fund by one-quarter to one-half -- money that has been used to partially finance almost every park in Oregon.

The worst effect of these changes, Kitzhaber said, was the long-term weakening of hard-won environmental protections.

"Congress has set up a virtual environmental exemption bazaar, granting special interest after special interest exemption from the very environmental regulations that were established to protect the public interest," he said. Kitzhaber said he would work with other governors as well as travel to Washington D.C. to try and affect changes in environmental policy.

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September 14, 1995

GOVERNOR SETS GENERAL ELECTION DATE --
CALLS FOR PRIMARY ELECTION

Governor John Kitzhaber announced today that he intended to call a general election to be held January 30, 1996 to replace Senator Bob Packwood. Because the date is more than 80 days after the October 1 resignation date of Sen. Packwood, state laws mandate that a primary election be used to select Republican and Democratic nominees. Secretary of State Phil Keisling simultaneously announced December 5 as the primary election date. In addition, Keisling announced that both elections would be mail ballot elections.

"This was a difficult decision which pitted the speed by which we could have a new senator in office against providing the greatest number of Oregonians with access to the electoral process," said Kitzhaber. "I gave serious consideration to the party nomination process. The strongest argument in favor of the party nomination process is that it would have resulted in a new senator in a shorter period of time. However, because of the date of Sen. Packwood's resignation, a replacement would not have been possible in time to meaningfully participate in the crucial budget votes which will happen over the next two months."

"I believe either process would give Oregonians a good choice for representation in the US Senate. But, ultimately, I believe that in this instance, with as much as three years remaining in Sen. Packwood's term, the value of giving Oregonians the chance to vote in the primary election outweighs the 45 to 60 days we would save by not having a primary."

Kitzhaber said that the primary-general election scenario would have two disadvantages, both unavoidable. "First, we will be without Senate representation for four months. Fortunately, approximately six weeks of that will likely be during a congressional recess. Second, members of our

congressional delegation will be campaigning in Oregon during a critical budget debate. I call upon those members not to forget that all Oregonians expect them to continue to represent us to the best of their ability in Washington, D.C."

Kitzhaber also noted that the process could have been accelerated and made less expensive if Sen. Packwood had immediately announced that his resignation would be effective before September 18. "Because of election timelines, it would have allowed a primary to be held November 7 in conjunction with already scheduled elections in all counties. This could have saved the people of Oregon up to \$500,000," said Kitzhaber.

In choosing a vote by mail election, Secretary of State Phil Keisling said "Fourteen years of experience proves how vote-by-mail opens the process to the greatest number of Oregonians. We have a unique opportunity with this special election to reaffirm one of democracy's most basic principles: that government is best which is governed by the most."

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Governor John A. Kitzhaber

NEWS RELEASE

August 21, 1995

FOR IMMEDIATE RELEASE

Contact: Bob Applegate

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Jon Coney

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Governor Kitzhaber Appears on World Wide Web

Governor John Kitzhaber Monday entered the Internet's information super highway with a personalized page on the World Wide Web. The Governor's web page will provide web users with current news and information from the Kitzhaber Administration and offer a link to other Oregon government home pages on the Web.

The internet address for Governor Kitzhaber's web page is:

/FS-
BRONZE.ARCl/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor.html

Governor Kitzhaber's web page will provide users with access to the Governor's latest news releases, speeches, texts of radio stories and the Governor's weekly public schedule. A personal message from the Governor as well as his photograph and biography are posted on the page.

The Governor's website is donated and maintained by NetVision of Salem. The computer site is provided by the Oregon Department of Agriculture.

NetVision is owned by Werner Brandt and Jon Hazen of Salem.

Brandt and Hazen may be contacted by email at:

netvision@oregonlink.com

In addition to their work for the Governor's Office, NetVision volunteer efforts include maintaining a comprehensive community guide to the City of Salem.

The Salem HomePage Internet address is:

<http://www.oregonlink.com/~salem/>

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FOR IMMEDIATE RELEASE

AUGUST 3, 1995

Contact: Bob Applegate

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GOVERNOR ANNOUNCES COMPROMISE ON
LIGHT RAIL FUNDING

In a demonstration of renewed bi-partisanship, Governor John Kitzhaber announced today that a compromise on light rail funding had been reached with Republican leadership in the House of Representatives. The compromise provides for the state's share of funding for the Portland metropolitan area South/North light rail line and an equal amount of funding for rural transportation needs.

"I am very pleased to have been able to work with Republicans and Democrats in the House to bring this issue to closure," said Kitzhaber. "I believe a good bill was developed during the last days of the Legislature's special session, a bill that provides lottery money for much-needed expansion of projects that help manage growth and reduce congestion throughout the state."

The compromise package in Senate Bill 1156 includes revisions to four bills that Kitzhaber had earlier vetoed, dealing with animal feed lots, local pesticide regulations, cardlock gas stations and timber regulations.

The changes are consistent with the issues outlined in Kitzhaber's previously-released veto messages. Two bills that the Governor had vetoed, dealing with deterring coastal cormorants from eating hatchery-released salmon smolts and noise pollution regulations for shooting ranges, are included in the bill.

Two new issues were added to the compromise. Changes to systems development charges mean that local government charges are limited in order to provide an incentive for higher density development and reduced auto traffic along the light rail line. A regional problem-solving bill -- which the Governor introduced during the 1995 regular legislative session -- brings landowners, cities, counties and state agencies together to discuss land use problems and reach common solutions.

"The importance of this compromise to the future of transportation planning and growth management in Oregon cannot be understated," Kitzhaber said. "This is a win for the entire state."

SB 1156 passed in the House of Representatives late Thursday night and was expected to pass the Senate shortly thereafter.

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JOHN A. KITZHABER
Governor

SB 1156 Compromise Package

á \$375 million to fund the state's portion of the South/North light rail line in the Portland metropolitan area

á \$375 million for rural transportation needs outside the Portland metro area

Governor's required amendments to vetoed bills:

SB 889 Confined Animal Feeding Operations

Original bill would have required a \$250 deposit to make a second complaint against a dairy after one complaint was found to have no merit. It also set

civil penalties if a complaint against a dairy operation is unfounded.

Under SB 1156, the fine for repeated complaints was reduced to \$100, and the civil penalty provisions are eliminated.

HB 2612 Local Pesticide Regulation

Original bill would have stripped local governments of the ability to adopt their own rules relating to pesticide use.

SB 1156 adds a provision that requires the Department of Agriculture to review and approve requests from local government to implement more stringent pesticide regulations.

SB 927 Cardlock Gas Stations

Original bill would have allowed broad changes to the law regulating the dispensing of gasoline at unattended service stations.

SB 1156 will allow for a more narrow operation of cardlock stations where the nearest retail gas facility is seven miles away, a change from the current 10-mile standard.

SB 160 Forest Practices Act Revisions

Original bill would have made Board of Forestry rules subject to court challenge and would have limited the state's ability to regulate forest practices when those regulations were deemed to reduce the value of forest property by 10 percent or more.

SB 1156 would sunset these provisions after two years to allow evaluation by the Governor and Legislature before a permanent policy is placed in statute.

HB 3112 Shooting Ranges

SB 1156 bill grants shooting range owners immunity from civil or criminal liability based upon noise pollution allegations. The owner of the range must comply with the noise control laws that existed at the time of construction.

SB 707 Cormorant Control

SB 1156 appropriates \$50,000 to pay individuals to deter cormorants in estuaries and bays and deter from eating hatchery-released salmon smolts. Covers the coast between Cape Falcon and Cascade Head.

Additions to SB 1156:

System Development Charges

Local governments apply systems development charges on developers to pay for the increased costs of higher density. In SB 1156, these charges are limited in order to provide an incentive for transit-oriented development along the light rail line. This will assist in getting higher density development and reduce auto traffic.

Regional Problem-Solving

This sets up a pilot project that brings landowners, cities, counties and state agencies together to discuss land use problems in a given region.

The goals of the statewide land use planning program remain the same, but the process for reaching these goals can be implemented differently at the local level following agreement among all parties, including appropriate state agencies and LCDC.

This problem-solving process was introduced by the Governor during the 1995 regular legislative session.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

July 25, 1995

Contact: Bob Applegate

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GOVERNOR CALLS SPECIAL LEGISLATIVE SESSION
TO DECIDE ON FUNDING FOR LIGHT RAIL

Governor John Kitzhaber announced today that he has signed a proclamation calling for a special session of the Oregon Legislature, fulfilling his pledge to give legislators the opportunity to vote on the south-north light rail project. The special session begins on Friday, July 28.

"Light rail is of tremendous significance not just to Portland, but to Oregon as a whole," Kitzhaber said. "Good transportation planning for the metro region means that money can be saved for transportation projects around Oregon -- including rural areas."

Kitzhaber stressed that by calling the session, he was making good on a commitment made in June to the legislative leadership.

"Many members of the Legislature were unwilling to adjourn last month without some assurance that light rail would be dealt with. The Speaker of the House and the President of the Senate requested a special session for the light rail project. I made a firm commitment to them and to other

Republican legislators who felt that a project this important deserved a vote of the full Legislature," Kitzhaber said.

Kitzhaber said that the south-north light rail project deserves a open debate in the Legislature and a clear vote on its merits.

"In spite of the so-called Rule of 18, a solid majority of legislators in the House and Senate support light rail, and the project has strong support among Oregonians as well," he said. "We cannot allow a minority of 18 House members to kill this project without a vote. To do so would be to set a precedent that would undermine our democratic process."

An independent poll by Moore Information released today shows that a majority of registered voters statewide support light rail. Sixty-one percent of those surveyed said they approved of the plan to build the south-north light rail line, while 73 percent approve of light rail in general.

During the special session, the Legislature will determine whether to appropriate \$375 million from lottery funds to pay for the state's share of the project, which will leverage \$750 million in funding from the federal government. \$375 million will come from a property tax levy approved by 65 percent of voters in Clackamas, Washington and Multnomah counties last November.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

July 21, 1995

Contact: Bob Applegate

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GOVERNOR ANNOUNCES VETOES

Governor John Kitzhaber announced today that he has vetoed 52 bills passed by the 1995 Oregon Legislature. Today was the final deadline for the Governor to issue vetoes.

"I do not take my power to veto legislation lightly. I am using my veto because Oregonians do not want to undermine our tradition of reasonable environmental and land use protections, and they do not want laws that endanger their health and safety," Kitzhaber said. "In addition, I cannot in good conscience sign legislation into law that is unconstitutional and cannot be enforced."

Kitzhaber noted that many of the bills came to his desk because of the considerable effort of citizens, legislators and constituent groups. "A lot of people worked very hard to get to get their bills through the legislative session. My veto is not a denunciation of anyone's efforts -- it is simply reflective of my desire to sign into law policies that are good for all Oregonians. Further, had there been more time, I believe we could have reached compromise on some of these bills."

The Governor said that his veto of the vote by mail bill, SB 319, was not indicative of a lack of support for mail balloting. "I have supported the concept of vote by mail in the past, and I continue to do so. However, I believe that the best way to achieve vote by mail is to move in a deliberate manner. For this reason, I am open to working with the Secretary of State in the months ahead to develop legislation that will allow us to move gradually towards a vote by mail system."

Kitzhaber vetoed six bills prior to today's deadline. They were:

- HB 2118, relating to rulemaking, vetoed on May 25;
- HB 2895, relating to motor vehicle pollution control system inspection program, vetoed on June 7;
- SB 54, relating to relating to use of water of the state, vetoed on May 31;
- SB 252, relating to taxation, vetoed June 7;
- SB 329, relating to taxation, vetoed June 9;
- SB 600, relating to impacts of regulation on private real property, vetoed July 13.

The following bills are vetoed as of today:

House Bills:

- HB 2338, relating to synthetic opiates;
- HB 2438, relating to compensation of elected public officials;
- HB 2471, relating to water conservation;
- HB 2578, relating to motor carriers;
- HB 2612, relating to pesticides;
- HB 2754, relating to in-stream water rights;
- HB 2779, relating to enterprise zones;
- HB 2784, relating to firearms;
- HB 2861, relating to audits;
- HB 2902, relating to Department of Human Resources; prescribing an effective date;
- HB 3091, relating to ground water applications;
- HB 3112, relating to exemption from liability for noise pollution from shooting range; declaring an emergency;
- HB 3114, relating to employment agency licensing; declaring an emergency;
- HB 3124, relating to state agency coordination with land use planning;

--HB 3222, relating to local government; prescribing an effective date;
--HB 3340, relating to alternative medicine;
--HB 3348, relating to destination resorts;
--HB 3353, relating to uses allowed on rural lands;
--HB 3356, relating to marginal lands regulation;
--HB 3365, relating to compensation of state employees;
--HB 3384, relating to regulating cable television services; declaring an emergency;
--HB 3411, relating to racing facility activities; declaring an emergency;
--HB 3448, relating to Portland metropolitan area air quality maintenance plan;
--HB 3461, relating to the cultivation of shellfish; appropriating money;
--HB 5035, relating to lottery funds; declaring an emergency (line-item veto).

Senate Bills:

--SB 107, relating to judicial review; prescribing an effective date;
--SB 124, relating to motor carriers; prescribing an effective date;
--SB 160, relating to the Oregon Forest Practices Act;
--SB 238, relating to medical professions;
--SB 319, relating to elections by mail;
--SB 400, relating to audit duties of the Secretary of State;
--SB 467, relating to merger of school districts; declaring an emergency;
--SB 536, relating to voters pamphlets;
--SB 562, relating to retirement;
--SB 567, relating to administrative proceedings;
--SB 706, relating to electrical installations;
--SB 707, relating to protection of juvenile salmonids; appropriating money; declaring an emergency;
--SB 769, relating to state employee benefits;
--SB 889, relating to investigation of confined animal feeding operation;
--SB 927, relating to Class 1 flammable liquids;
--SB 950, relating to exempt rigid plastic containers;
--SB 964, relating to activities in exclusive farm zones;
--SB 1005, relating to water resources; declaring an emergency;
--SB 1083, relating to land use appeals;
--SB 1120, relating to obscenity;
--SB 1155, relating to repeal of employer mandate.

The following bills were on Kitzhaber's intent to veto list but were

not vetoed:

--HB 2689, relating to termination of parental rights;

--HB 3239, relating to common school grazing lands; declaring an emergency;

--SB 245, relating to decisions on land use applications by local governments;

--SB 696, relating to investment of state funds;

--SB 918, relating to psychology.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

July 17, 1995

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GOVERNOR KITZHABER SIGNS GROUNDBREAKING
PARENTAL RESPONSIBILITY ACTS

Governor John Kitzhaber signed national groundbreaking legislation today, House Bills 2883 and 2884, which will establish a state parental responsibility law. Kitzhaber was joined at the signing ceremony by bill sponsors Reps. Bryan Johnston (D-Salem) and Mike Lehman (D-Coos Bay). Also at the ceremony was Silverton, Oregon Mayor Ken Hector who was involved in adopting the local parental responsibility ordinance which formed the basis of the state law.

"Juvenile crime is the fast rising element of criminal behavior," said Kitzhaber. "It can only be addressed if we create two levels of accountability that are now lacking. First, we have to ensure that people -- especially young people -- receive sure, swift and appropriate sanctions when they commit a crime. Second, we need to create a level of accountability in the community for facing crime head-on. This is not a problem that can be shifted around. These bills tackle this second problem by creating a new level of accountability among parents for their children's behavior."

"I believe it is time to recognize that parents have a responsibility to raise their children in an appropriate manner and be accountable for their children up to a certain age," said Rep. Lehman. His statement was echoed by Rep. Johnston who said: "We want to reach these children before they are uncontrollable, before they can be tried as adults and before they become involved in what would be considered adult crimes."

The two bills would:

- Create an infraction of "Failure to Supervise a Child";
- Provide for restitution to victims not to exceed the amount of \$2,500;
- Apply to only children under 15;
- Create a series of sanctions, growing progressively severe;
- Creates a "probation contract" with parents when the child enters the juvenile court system, and,
- Allows charges to be dropped if the parent or legal guardian shows that reasonable efforts were made to supervise the child.

"I firmly believe this law will help us bring juvenile crime under control and get to kids and their parents early enough so that they children do not become mired in a life of crime," said Kitzhaber.

More details are available about the acts on the enclosed fact sheet.

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JOHN A. KITZHABER
Governor

WHAT THE PARENTAL RESPONSIBILITY ACT DOES:

1. Creates the infraction of "failure to supervise a child". Parents are

guilty of this offense if their child violates the juvenile code, violates a local curfew, or fails to attend school as required by law.

2. Applies only to children under 15.

3. If a child under 15 commits a criminal offense:

--On the first offense, the parent will receive a written notice of warning.

--On the second offense, the fine may be suspended in lieu of parent effectiveness training classes.

--On the third offense, the parent may be ordered to pay a fine up to \$1,000

4. Provides for restitution to victims not exceeding the amount of \$2,500.

5. When a child enters the juvenile court system, the act gives the court discretion to require a parent or legal guardian to enter in a probation contract with the court containing terms to which the parent or guardian must adhere as a condition of the child's probation.

--Requires the court to work with the parent to devise a supervision plan.

--Failure to fulfill the contract can result in a fine of up to \$1,000.

Does not apply to foster parents.

6. Charges will be dropped if the parent or legal guardian shows that he or she made reasonable efforts to supervise the child.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

July 13, 1995

Contact: Bob Applegate

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GOVERNOR KITZHABER VETOES SO CALLED
ECO-TAKE BILL -- SB 600

Calls Bill Significant Threat to Oregon's Quality of Life

At a news conference overlooking Portland's Washington Park Rose Garden today, Governor John Kitzhaber issued his sixth veto -- vetoing Senate Bill 600, the so-called Ecotake Act. Kitzhaber described the legislation as the single greatest threat to Oregon's environmental heritage and quality of life to come out of the 1995 legislative session.

The legislation would require private landowners to be compensated if the value of their land was reduced by more than 10 percent by government regulation. "The effect of the bill will be to make it impossible to implement any law or rule which protects Oregon's environment. In short, we would be trading narrow private interests at the expense of protecting our common heritage of a beautiful Oregon."

"No one disputes the need for a stable regulatory climate in which the

private sector can make long-term investments," Kitzhaber said. "No one argues with the need to balance private interests with public interests. But SB 600 is not the way to achieve these objectives," Kitzhaber added.

As an example of the kind of regulation which would have been prohibitively expensive to enact, Kitzhaber drew attention to the view from the Rose Garden of Mount Hood -- a view that is protected by City of Portland Regulation as part of its "viewshed" regulations. "We can all enjoy this view because it has been protected. No building can be built so as to obstruct it. There is no doubt that comes at a private cost. But the public benefit is overwhelming -- and it is overwhelmingly supported by Oregonians."

Kitzhaber was joined at the news conference by members of Oregon's Native American Tribes, members of the state's business community and representatives of various environmental organizations.

"This is not a matter of environmentalist versus landowner. I am vetoing SB 600 today because it would make it impossible to continue to move forward together as a state in preserving and protecting the natural heritage of our state that we all hold so dear. Those who believe Oregonians are willing to walk away from 30 years of thoughtful and successful environmental protection are simply wrong."

Kitzhaber said he would announce Friday the impending veto of other bills he considered to be bad for Oregon's environment. He closed the news conference by stressing that he was "willing to work with anyone to help make Oregon's environmental laws work better, but would not preside over their outright repeal."

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JOHN A. KITZHABER
Governor

July 13, 1995

The Honorable Gordon Smith
President of the Senate
State Capitol 233
Salem, Oregon 97310

Dear President Smith:

I am returning herewith enrolled SB 600, unsigned and disapproved.

Senate Bill 600 deals with an issue of profound importance to every Oregonian. The issue is not "compensation," "regulation," "certification," or any of the other abstract terms used in this complex bill. The issue that I refer to is Oregon's quality of life. If SB 600 were to take effect, that quality of life would decline -- abruptly and dramatically.

Senate Bill 600 is a prescription for paralysis. Its complexity and potential for litigation would paralyze state agencies and local governments. Its requirements for appraisals and handling of claims would be difficult and costly to administer. This bill would make it impossible for the state of Oregon and its cities and counties to adopt and administer laws and programs that protect Oregon's quality of life.

By looking at our past, we can see how SB 600 might affect our future. For example, if a bill like this had been in effect in 1973, we almost surely would have no statewide program for land use planning. Our lawmakers would have taken one look at the complexities and costs of compensation and the potential for litigation and quickly abandoned the idea of land use planning in Oregon.

In fact, if a law requiring compensation had been in place during the past three decades, most of Oregon's laws and programs for protecting our quality of life would never have come into being. We wouldn't have a Willamette River Greenway. We wouldn't have a Forest Practices Act. We wouldn't have a program to protect Oregon's scenic waterways. And we wouldn't have a strong state program to protect the coastal beaches and other unique resources that we enjoy today.

Senate Bill 600 would pit landowners and developers against the communities in which they live. It would have us adopt the "zero-sum game" as our model for managing land and resources. But SB 600 fails to recognize that

regulations also create value. It fails to recognize that much of the value in private property derives from laws that protect our lands and resources.

Senate Bill 600 suggests that every Oregonian can have all the benefits of living in a great state -- productive farmland, lush forests, clean water, and scenic rivers -- but bear none of the costs of caring for those resources. It suggests that if there are any costs for such care, "the government" will pay them. What that really means is that taxpayers -- you and I and our friends and families -- will pay. In its attempt to deal with one kind of "taking," SB 600 would create another. It would take public funds away from schools, police, and roads and give it to private landowners and developers.

Oregon today is widely acclaimed as a state with an outstanding quality of life, and rightfully so: this is indeed a wonderful place to live. But our high quality of life did not just happen. Rather it is the product of decisions made over several decades -- decisions to adopt strong environmental and land use laws. Those laws are the tools of stewardship.

If we are to maintain the quality of life that we cherish, then we must continue to apply and refine those tools.

In this time of rapid growth and increasing competition for land and resources, we need laws to help us build communities, not divide them. But this bill would divide Oregonians and thwart our efforts to build the future that we want. For those reasons, I have vetoed Senate Bill 600.

Sincerely,

John A. Kitzhaber

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JOHN A. KITZHABER

Governor

Senate Bill 600, On Compensation for "Ecotakes":

A Summary of Key Provisions

Senate Bill 600 requires state agencies and local governments to pay

landowners for certain costs resulting from environmental regulations defined as "ecotakes." The bill's requirements for such compensation apply only to regulations adopted after March 31, 1995.

The bill applies mainly to regulations involving natural resources covered by Statewide Planning Goal 5 -- open space, scenic areas, natural areas, wildlife habitats, wetlands, etc. The bill does not apply to regulations pertaining to most other goals, including Goal 3 (on agricultural lands), Goal 4 (on forest lands), and those dealing with coastal resources. It also does not apply to state and local regulations adopted in response to federal requirements.

SB 600 requires "regulating entities" (state and local agencies) to evaluate proposals for new environmental regulations to determine whether they are "ecotakes." For those that are, the agencies must publish notices advising property owners about the proposals and about the owners' rights to be compensated. After a regulation is enacted, owners of real property who feel they have suffered compensable losses may file claims for compensation.

A land owner may claim compensation if regulations cause a "loss in value" of at least \$10,000 or 10 percent of the market value of real property. Loss in value is measured through an appraisal comparing the value of a property before the regulation was applied to its value afterward. Compensation is paid in the form of tax credits. A successful claimant may receive payment for three costs:

1. the "compensable loss" of value in real property (the loss in value minus \$10,000 or 10 percent of the value of the property, whichever is less);
2. any fee paid to the regulating entity for filing a claim;
3. any costs for appraisals and attorney fees awarded by an arbitrator.

Claims for compensation are filed with the regulating entity. They must be filed within four years of the "ecotake's" enactment. An agency can respond to such a claim by exempting the claimant's property from the regulation, paying the amount claimed, or paying some lesser amount. A claimant must accept the agency's offer or enter into arbitration within 21 days.

SB 600 also requires compensation for exactions related to environmental regulations if the exactions are not "roughly proportional" to the problems they are intended to mitigate. Exactions include requirements to dedicate land, restrictions on use of property, and other conditions attached to permits.

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JOHN A. KITZHABER

Governor

NEWS RELEASE

FOR IMMEDIATE RELEASE

June 30, 1995

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GOVERNOR SIGNS LANDMARK COMMUNITY
CORRECTIONS LEGISLATION

Governor John Kitzhaber signed four pieces of legislation overhauling Oregon's criminal justice system today. SB 1145, SB 1, HB 2704 and HB 3349 became law in a ceremony attended by law enforcement officials, legislators, county commissioners and judges from around the state.

"Being tough on crime is not enough -- we have to be tough and smart if we want to prevent crime in the future," said Kitzhaber. "To truly make our communities safer, we need a comprehensive, integrated criminal justice system that maximizes our resources and gives local communities the tools they need to fight crime."

SB 1145, the Community Corrections Act, provides for a coordinated state/local criminal justice system. The state takes responsibility for offenders sentenced to 12 months or more, while counties will manage those convicted of lesser crimes.

"This gives local communities a say in the sanction, punishment and treatment of offenders," said Kitzhaber.

SB 1 creates a new department to deal with juvenile offenders. The Oregon Youth Authority will oversee maximum security facilities, "youth accountability" camps emphasizing a tough physical regimen, and minimum security residential facilities. The legislation also provides for tougher sentencing guidelines to make young offenders more accountable.

HB 2704 creates a new commission to oversee long-term planning of the criminal justice system statewide. The Criminal Justice Commission will work with local public safety bodies to coordinate on implementation of community corrections and crime prevention. HB 3349 allows the state to fully implement Ballot Measure 11, which was passed by voters last November.

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June 20, 1995

GOVERNOR KITZHABER ANNOUNCES LIGHT RAIL
SPECIAL SESSION DATE

Kitzhaber targets July 28, 1995 for Special Session

Governor John Kitzhaber announced today that he would call a special session of the Legislature for July 28, 1995 to address the issue of state funding for North/South Light Rail in the Portland Metropolitan area. Kitzhaber said it was his intention to focus exclusively on the light rail funding issue.

"We will get the legislature to vote on light rail funding -- and I am confident we will get it passed," said Kitzhaber. "I have this confidence because of a growing knowledge and acceptance that this is not just a metro area project. Light rail is an Oregon project. It benefits us all."

Kitzhaber added that he believes light rail will help save transportation money that can then be invested in rural Oregon -- where there are also great transportation needs. He also said that the project will help keep the metro area ahead of the growth curve.

Kitzhaber called on legislators to "match the commitment of the the people of the metropolitan region who have voted in overwhelming numbers to support light rail. It is the responsibility of our legislators to match the vision of the voters of this region."

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JUNE 19, 1995

GOVERNOR KITZHABER ANNOUNCES

FUNDING FOR JUVENILE CRIME PREVENTION PROGRAMS

Governor John Kitzhaber today announced the allocation of \$170,000 in federal funds to two juvenile crime prevention programs in Portland. The money comes from Oregon's share of the Edward Byrne Memorial Grant Funds, which are part of the President Clinton's crime package.

The first program receiving the Byrne Grant money is the House of Umoja in Portland. The House of Umoja is a successful program targeting at-risk youth and provides gang-affected youth with an alternative to gang involvement. The House of Umoja will receive \$70,000 to fund beds for eight additional youths.

The second program receiving the Byrne Grant funds is the Crime Reduction Emphasizing Awareness Through Education Program (CREATE). CREATE is an education program providing junior high and high school students a structure linking school, family and community. This program is run by the Oregon State Police and will receive \$100,000.

"These programs are about teaching kids valuable life skills -- skills no one else may ever show them," Kitzhaber said. "They target kids who are at-risk before it's too late and before they've become involved in serious crime," he added.

The \$170,000 being allocated to these two programs comes on top of the more than \$5 million in Byrne Grant funds Kitzhaber has already allocated to 59 statewide programs dealing with juvenile and adult corrections, domestic violence, drug abuse prevention and treatment and local law enforcement improvements.

Kitzhaber also announced he will convene a three-day crime prevention forum in September. Kitzhaber said the forum will include leaders from around the state who work with at-risk youth as well as businesspeople and law enforcement officials. The forum will focus on creating a statewide strategy of juvenile crime prevention.

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Budget Veto Press Statement
April 27, 1995

Governor Kitzhaber announced on April 27 that he would veto the budget proposed by the legislative leadership. His statement is as follows:

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GOOD MORNING AND THANK YOU FOR COMING.

I AM ANNOUNCING TODAY THAT I WILL VETO HOUSE BILL 5021 THE K THROUGH 12 FUNDING BILL. I DO NOT TAKE THIS ACTION BECAUSE WE ARE SPENDING TOO MUCH ON SCHOOLS. CLEARLY WE ARE NOT. I AM FORCED TO VETO THIS BUDGET NOT BECAUSE IT'S TOO MUCH FOR EDUCATION, BUT BECAUSE IT'S MORE MONEY THAN WE CAN AFFORD TO CUT FROM OTHER EQUALLY DESERVING OREGONIANS. IT IS SIMPLY TOO HIGH A PRICE TO PAY.

WHEN TAKEN BY ITSELF, SPENDING ANOTHER \$100 MILLION ON SCHOOLS IS UNQUESTIONABLY A GOOD IDEA. BUT TO APPROVE THIS BILL WOULD BE TO APPROVE THE REST OF THE BUDGET WHICH PAYS FOR IT -- A SERIES OF HORRIBLE BUDGET CHOICES THAT PITS KIDS AGAINST KIDS, SCHOOLS AGAINST ACCESS TO HEALTH CARE AND TEACHER PAY AGAINST STATE EMPLOYEES SALARIES. THIS IS NOT A BUDGET THAT IS GOOD FOR OREGONIANS.

LET ME BE CLEAR ABOUT THIS. THIS IS A DEBATE ABOUT KIDS -- BUT NOT JUST ABOUT KIDS IN SCHOOL. THIS IS ABOUT CHILDREN'S LIVES: THEIR COMMUNITIES, THEIR HEALTH AND THEIR FUTURES.

IT'S ABOUT KIDS WHO CAN'T FIND JOBS IN RURAL OREGON. IT'S ABOUT HERMISTON HAVING THE FUNDS TO BUILD THE INFRASTRUCTURE THAT WILL BRING IN WALMART WITH 400 NEW JOBS.

IT'S ABOUT KIDS BEING SAFE IN THEIR NEIGHBORHOODS AND COMMUNITIES. IT'S ABOUT TELLING A PRISON GUARD WORKING OVERTIME TO WATCH OVER CRIMINALS THAT WE ARE GOING TO CUT HIS PAY IN JULY.

AND IT'S ABOUT KEEPING OUR CHILDREN HEALTHY. IT'S ABOUT A 12-YEAR OLD GIRL WHO WON'T BE ABLE TO GET TREATMENT FOR STREP THROAT UNTIL IT DEVELOPS INTO PNEUMONIA -- BECAUSE SHE HAS TO WAIT THIRTY DAYS FOR ELIGIBILITY.

LET'S BE HONEST HERE. THIS BUDGET RAISES TAXES AND CUT SERVICES. WE HAVE THE RESPONSIBILITY TO LOOK AT NOT JUST WHAT WE ARE PAYING FOR, BUT ALSO AT WHAT WE ARE CUTTING. AND THIS BUDGET CUTS SERVICES THAT ARE IMPORTANT TO THE LIVES AND WELL-BEING OF ALL OUR CITIZENS.

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Governor John Kitzhaber

Eugene Rotary

January 7, 2003

Thank you very much. It is good to be with you and I thank you for the opportunity to wrap up my speaking schedule as governor here in Eugene where I grew up.

I would like to talk to you about two things today. First, I want to discuss our current recession and, in particular, Ballot Measure 28 on which Oregonians will be voting in a special election just three weeks from today. Second, I would like to share with you some thoughts on the challenge of governance in this new century.

Let's start with Ballot Measure 28. For the first six and a half years of my administration, I was fortunate to preside over one of the most remarkable periods of economic growth in Oregon's history. I end my term in office presiding over the worst recession since 1982.

This past year has been a very difficult time for all of us. Thousands of Oregonians have been directly affected by the recession – losing their jobs, seeing their retirement savings decline, missing opportunities for themselves and their families. The economy continues to struggle – in Oregon and around the nation – and we appear on the verge of going to war with Iraq.

This is clearly a time for Oregonians to pull together – to help sustain each other and the larger Oregon community that we all share. And yet we find ourselves demoralized by the recession and divided over what to do about it – which brings me to the question of Ballot Measure 28.

I certainly appreciate the sacrifices that Oregonians have had to make over the past year. Faced with a \$2 billion revenue shortfall, your state government has made the same kind of difficult decisions, already cutting over \$700 million from the budget and currently implementing another \$200 million in reductions. These cuts will significantly reduce public services and will affect real people in very real ways.

Given this situation, it is tempting to dismiss Ballot Measure 28 as nothing more than a tax increase during a recession. Indeed, the ballot title adopted by the legislature was intentionally written to give Oregon voters just that impression – that the measure is only about taxes and has nothing to do with state services or with how we respond as a community to the challenges we currently face.

But to me Ballot Measure 28 represents an investment in Oregon's future – in our schools, in our workforce and in our public safety. It represents a commitment to continue caring for the vulnerable among us – the poor, the frail and the elderly. In short, Ballot Measure 28 is about who we are. It is about our values.

This measure should not be lightly dismissed as simply a discussion about a temporary income tax surcharge – although its opponents would have you believe so.

This is a question of the services that these revenues support and whether we believe that they are fundamentally important to who we are – to our perception of the Oregon community – whether these values are just as important in the hard times as in the good. I believe that they are.

First, Ballot Measure 28 represents an investment in our economy – a view shared by many business leaders throughout Oregon. In fact, that was the conclusion reached just last month when more than thirteen hundred leaders of business and industry from all over Oregon gathered in Portland at a Leadership Summit, called by Governor-Elect Ted Kulongoski and Senator Ron Wyden. They came to discuss Oregon's future.

In their final report, the business leaders recommended that the state of Oregon spend more on K-12 education, not less, in order to build a world-class system that prepares our young people for college. They recommended strengthening Oregon's investment in engineering programs and computer science programs, enabling our institutions of higher learning to produce the kind of highly skilled workers that we'll need as we progress through the 21st century.

They urged upgrading our investment in roads, highways, bridges, and other aspects of Oregon's infrastructure. In short, these business leaders stressed that a growing economy relies on high quality public services.

The people who attended the summit are real-world managers and CEOs—pragmatic, hard-nosed, hands-on business leaders. They are the people on whom Oregon's economy relies, the people who create jobs and prosperity. When talking about business, we should listen to them and heed their advice.

The key to economic recovery, they stressed, lies in better education, better infrastructure, better social services—the kinds of things that make a society livable and attractive. They also placed strong emphasis on the need to reform Oregon's system of financing these important programs, in order to guarantee adequate, stable funding through good times and bad.

The fact is that we cannot expect to recover our prosperity or our competitiveness if we let our system of education slide into mediocrity. We cannot expect to attract new investors to Oregon by letting our corrections system unravel, or by stripping our law enforcement agencies of their effectiveness. We cannot expect new businesses to relocate in Oregon if we allow our infrastructure to crumble and fray around the edges, or if we ignore the needs of the less fortunate and the vulnerable.

Given the stakes involved, this is a modest tax increase that, on average, will cost Oregonians \$9.50 per month – and sixty percent of taxpayers will pay less than that. I appreciate that this small temporary increase will be a sacrifice for some – but for many it represents an affordable and important investment in our Oregon community.

Rural Oregon, in particular, is vulnerable to further state budget reductions. In many rural communities, public employees constitute a significant part of the local payroll. In Umatilla County, for example, there are public school districts, a community college, and a state correctional institute. The failure of Ballot Measure 28 will impact all of these institutions with more layoffs, increased unemployment and further stress on the local economy – not to mention the loss of educational and public safety services.

Let me emphasize that Ballot Measure 28 is not the solution to our problems. The next legislature still needs to address the larger issue of creating a state financing system that is more stable and less reliant on the income tax. But, in the short term, the measure will help avoid more damage to vital public services. It will also reduce the political pressure to finance these services with accounting tricks and borrowing against the future – tactics used extensively by the last legislature and over my consistent opposition.

Over twenty years ago, under Governor Vic Atiyeh, Oregonians pulled together to help maintain important state services during our last recession by passing a temporary income tax surcharge. Measure 28 offers us the opportunity to pull together again.

Nobody is going to do this for us. This is our state and our future. To me this campaign is less about budget cuts and taxes as it is about what we want Oregon to be. It is about who we are as a people and as a community. It is about pulling together to meet a common challenge.

The passage of Ballot Measure 28 will help a lot of people. Some of them are your neighbors. Others you may never know. But they are all Oregonians. So before you make up your mind, take some time to understand the consequences

of this decision, give it some thought – and I hope you will conclude that this is an important investment for Oregon.

Regardless of what happens on January 28, however – whether this measure passes or fails – what has happened to Oregon over the past year calls into question the effectiveness of our governance structure itself, which is the second thing I want to discuss with you today.

I have always believed that our political system, and the governmental structure through which it acts, should serve as a vehicle by which citizens – acting collectively as a community – can secure the economic, social and environmental resources necessary for a good quality of life. This requires, first and foremost, that we recognize the interdependence between our economic, environmental and social needs – and that we find a balance between these often-competing values.

Furthermore, to accomplish this objective, the collective actions of the members of the community must be sustained over time. In other words, they must be sustainable – by which I mean that the use, development and protection of these resources must be managed in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to do the same.

Imagine, if you will, three overlapping circles – one representing our economic needs, one representing our environmental needs and one representing our social needs. The area where the three circles overlap is the area of sustainability – the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements – these threads, which together weave the fabric of sustainability – are things we hold in common. They represent the common set of desires and aspirations that add value and quality to our lives. They are things we all want, regardless of where we live or what we do. They transcend political philosophy and party registration.

Achieving these elements of a good quality of life depends, to a large extent, on the ability of individuals to act together as a community and on a political system and governance structure, which facilitates this kind of collective action on behalf of a shared goal. In other words, a healthy, functioning community is necessary in order for the members of the community to secure their individual desires and aspirations.

If we recognize the interdependence of the economic, social and environmental aspects of a good quality of life – and that recognition is reflected in the way in which we seek to secure them – our sense of community will be strengthened and our chances of success increased. If, on the other hand, we view economic, environmental and social needs as separate, competing entities – mutually exclusive values, if you will – we create a politics of scarcity – a zero-sum situation in which there must always be a winner and a loser. And this zero-sum situation creates conflict and division that undermines our sense of community.

Unfortunately, this appears to be exactly what is happening today. Increasingly we see a politics of scarcity and conflict that creates winners and losers. Our political system, and the governance structure through which it acts, contributes to this problem by creating a sense of separateness rather than a sense of community.

Citizens are becoming alienated from their government – seeing it as something separate and apart from themselves. They view it with distrust, cynicism and outright hostility. This attitude is reflected in widespread apathy and low voter turnout. Politics in general, and politicians in particular, are viewed with disdain. Money and special interests have moved in to fill the vacuum left by a disengaged and disenchanting electorate. The result is a state fragmented by ideology and partisanship, unable to take effective action on any front and without any sense of community or common purpose.

That, I think, is an accurate description of where we are today in Oregon. The failure to resolve our budget crisis over five special sessions, the rancor and partisan gridlock, the use of borrowing and accounting schemes to push much of the problem into the future and a tax referral designed to fail by the very legislators who drafted its ballot title – these are all symptoms of a much deeper problem.

Dee Hock – founder and former CEO of VISA – describes this problem in his thought-provoking book *The Birth of the Chaordic Age*, as a massive institutional failure in both the public and private sectors. I simply call it a failure in governance – apparent inability of our public institutions to deal in a timely and effective manner with the problems confronting us as a nation and as a society. This is not so much a comment on the people who serve in public office as it is on the structure and organization in which they operate.

If you think about it, the primary tools of government – which have not changed much in well over a century – are law and regulation, enforcement and resource allocation. With these tools government does many things very well. It provides infrastructure that fosters private sector investment and economic activity – everything from railroads to highways to water and sewer systems to telecommunications. It enforces laws and incarcerates those who break them. It provides for the national defense and establishes health and safety regulations.

As our economic, social and environmental problems become increasingly complex, however, the limitations of this governance structure are becoming increasingly apparent. A system based on regulation and enforcement is designed to manage, rather than resolve, conflict between competing interests and therefore lacks the capacity to bring people together to actually solve problems. This is particularly true when the problems are complex and when the solutions require the participation of many people.

Let me use the issue of water quality to illustrate my point. In the 1970's the Willamette River had become polluted and then-Governor Tom McCall undertook an effort to clean it up. Thirty years ago, the water quality problem was caused primarily by point source pollution – discharge from pipes going into the river from paper mills, municipal sewage plants and other easily identifiable sources. Point source pollution lends itself to the traditional tools of government: regulation and enforcement. With these tools, McCall's effort to clean up the Willamette River was successful.

Today the water quality in the Willamette is again degraded. But today, the main source of the problem is “non-point” source pollution – in other words, runoff – not just from farms and fields, but from lawns, rooftops streets and highways. It is affected by what people put on their lawns and gardens in urban and suburban Oregon. It is affected by whether or not people wash their cars in their driveways and, if they do, whether they use biodegradable products.

Reducing non-point source pollution requires a long-term commitment to change behavior -- by hundreds of thousands of people living in the watershed – most of them living in the city. You cannot achieve that through regulation and enforcement. You cannot legislate a solution. You can only achieve it through a place-based consensus process in which people share a common stake in the problem and gain some ownership in the solution.

We are not talking about compelled behavior here. We are talking about people joining together because they care and want to make a difference. The local watershed councils – which lie at the heart of the Oregon Plan for Salmon and Watersheds – provide an example of this kind of place-based problem solving.

I submit to you that effectively addressing the issues of education, at-risk children and public safety will also require more than simply relying on the traditional tools of law, regulation, enforcement and resource allocation. Why? Because this system fosters no spirit of responsibility beyond narrow self interest. Furthermore, simply relying on “government” as we know it to solve these problems removes from the individual any sense of obligation to learn about the needs of their community. And the fact is that nowhere does our current political structure offer a place where people can come together to balance the needs of the larger community.

I am not suggesting that we start a revolution here – although Thomas Jefferson did say that “a little rebellion now and then is a good thing and as necessary in the political world as storms in the physical.” Or, as the late western writer Edward Abbey wrote: “Society is like a stew. If you don't stir it up from time to time the scum floats to the top.”

But if not a revolution, I am suggesting that there is, at the very least, a gap in our system of governance – a gap that must be filled if we hope to successfully meet the challenges that confront us. As our economic, social and environmental problems become increasingly complex, and as the consequences of failing to effectively address them become increasingly serious – we must have the wisdom and the courage to critically evaluate our current governance structure and the tools on which it has traditionally relied.

After serving 22 years in public office in Oregon – eight as President of the Senate and the last eight as governor – I am increasingly convinced that successfully addressing issues such as education, public safety, environmental stewardship and at-risk youth requires far more than just action by the legislature or the governor. It requires engaging citizens in a way that builds community and interdependence rather than conflict and separateness.

We are not talking about compelled behavior here. We are talking about involving citizens directly in the problem solving process – not just in a hearing room in Salem or through a political action committee – but in their community, in the place where they live. Where they have a tangible stake in the problem and can feel some ownership in the solution.

I believe that creating the place and the opportunity and the tools for this to occur is one of the central public policy challenges of the 21st century. And as a private citizen – just six days from now – I look forward to working with all of you to make sure this happens – at least here in Oregon.

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Governor John Kitzhaber

Remarks to Gov. Bob Straub Memorial Service

December 18, 2002

Bob Straub was one of us. He cared about the people, loved a good joke, he loved to laugh. And he loved Oregon.

In my time here this afternoon, I would like to share with you two brief stories about Bob and a short reading -- all of which offer insights into who he was, what he gave us and why we love him.

Bob had a wonderful sense of perspective about things -- about what was really important. For example, while serving as governor, he regularly got into his car and drove home for lunch every day.

After eating his lunch, Bob usually lay down for a short nap -- a good policy for a governor, and I say that as a doctor. If I had a governor for a patient, this is what I would recommend.

After his nap, Bob would get into his car again and drive back to the Capitol.

Once a week, he held what today we call a "press availability," during which he met reporters for some good old-fashioned give-and-take. The trouble was that Bob's staff usually scheduled these events immediately after his nap, which meant that he often faced the press without any forewarning of what they might ask.

More than once, the reporters caught him totally cold on some late-breaking issue or crisis, simply because the governor hadn't yet received a briefing. And when this happened, he handled himself with a grace and humility that can serve as an example to all of us. It did not diminish him in anyone's eyes when he simply confessed -- as he did -- that he didn't know about something. He always promised to get to the bottom of the matter -- and he always did.

But he never rescheduled his naps.

I never saw Bob Straub flustered. He had a remarkable ability to draw on his deep reservoir of humor at just the right time and in just the right way. I witnessed this side of Bob on one of the first occasions that I met him when he was running for reelection in 1978 -- at the same time I was making my first run for the Legislature.

He was campaigning in Roseburg where one of the burning issues of the day involved the Mount Nebo goats. Mount Nebo is a big hill just west of I-5 and just south of the Roseburg exit. Mount Nebo was the home to a roving band of feral goats and the local media used them to forecast the weather. They would look out at Mount Nebo and if the goats were on top the weather was going to be fair. If they migrated down the slope, rain was coming.

The issue involved the fact that the goats enjoyed crossing the southbound lane of I-5 to graze on the grass in the median creating a potential traffic problem. Some genius on Bob's re-election campaign came up with the idea of building a fence around the mountain to keep the goats off the freeway. So, when the fence was finished -- timed, of course, for maximum political impact -- Bob arrived amidst much fanfare and media attention -- to dedicate his goat fence.

As he was delivering his stirring remarks about the fence and its monumental contribution to public safety, a goat

appeared and then another and wandered thoughtfully across the freeway and into the grass in the median. Bob looked up from his notes and -- without missing a beat -- said, "Looks like rain."

Bob Straub did not stop giving of himself when he left office. He and Pat worked hard on behalf of people with disabilities and they contributed their time and energy to an array of charities and good causes. They gave a beautiful piece of property that they owned for a city part in Salem.

They never stopped advocating for the least powerful and least influential among us -- for the poor and the infirm, for the handicapped and the disabled. Both in and out of office, Governor Bob Straub served as an example of what it means to be an Oregonian -- a man who cared about the land, his fellow human beings and the future of his state.

I am proud to have known him and honored to have followed in his footsteps.

I want to close my remarks today with a brief reading which, to me, describes Bob -- his enthusiasm for life, his wonder and his heart. This is from *Wind in the Willows* by Kenneth Grahame and is the passage describing the adventures of the Mole as he emerged from his burrow into the bright spring sunlight.

He thought his happiness was complete when, as he meandered aimlessly along, suddenly he stood by the edge of a full-fed river. Never in his life had he seen a river before - this sleek, sinuous, full-bodied animal, chasing and chuckling, gripping things with a gurgle and leaving them with a laugh, to fling itself on fresh playmates that shook themselves free, and were caught and held again. All was a-shake and a-shiver - glints and gleams and sparkles, rustle and swirl, chatter and bubble. The Mole was bewitched, entranced, fascinated. By the side of the river he trotted as one trots, when very small, by the side of a man who holds one spellbound by exciting stories; and when tired at last, he sat on the bank, while the river still chattered on to him, a babbling procession of the best stories in the world, sent from the heart of the earth to be told at last to the insatiable sea."

Thank you Bob -- for all you gave us, for the legacy and the memories and for that part of you which lies always in our hearts.

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Governor John Kitzhaber

American College of Physicians

Eugene, Oregon

November 15, 2002

I would like to talk to you today about leadership – in particular, about the desperate need for physician leadership in changing the health care system in which we practice. Why should you care? You should care because our current system is unsustainable -- both financially and in terms of the health of the nation. Furthermore, it has brought about a widespread demoralization among physicians and a loss of our sense of mission.

And that is going to continue unless we are able to motivate physicians to reengage in the debate over the future of our health care system; to embrace a medical activism that is driven not by money -- but by a commitment to healing and by an outrage at a system that has become obsessed with the delivery of health care as an economic commodity at the expense of the pursuit of health as a social value.

I appreciate the difficulty in motivating this kind of activism in a profession that feels frustrated and disempowered by the "business" of medicine; and by an oppressive regulatory environment in which idealism has been stifled and primary care physicians, in particular, are asking themselves: "How much is my work worth? Does anybody care?"

Yet, that is precisely the task I shall undertake today. Over the past 24 years I have had the great good fortune to have practiced emergency medicine and to have served both in the legislature and as a governor.

My perspective on the health care system – and on leadership -- have been influenced by these experiences and I have come to appreciate, in a very personal way, the central leadership role that physicians must assume if we are to reclaim the American health care system and restore the mission to medicine.

The role of a leader, in my view, is to challenge people – not to please them or to make them comfortable. The role of leadership is not so much about solving problems for people as it is about helping to identify problems and motivating people to engage in finding solutions themselves.

Leadership requires that you be willing to take risks and that you be willing to lose. Indeed, one of the central problems with American politics today is that for many there is no issue or principle for which they are willing to lose an election.

You have an opportunity to change that -- if you are willing to provide the leadership necessary to challenge the very underpinnings of the system we know today.

Some of my conclusions -- and some of the proposals I will offer today -- are controversial and will cut against the grain of conventional political thinking, especially in our nation's capitol. But, to a large extent, it is conventional political thinking that has led to our current sorry state of affairs.

So I will consider my talk today to have been a success if you leave here at least a little bit unsettled; willing to rethink some of the aspects of our current system which most of us have come to take for granted; and willing to entertain the possibility of becoming a key part of a coalition committed to properly framing the looming debate over the future of the U.S. health care system.

And what are some of the things we take for granted? Let me give you just four examples today to illustrate my point:

cost shifting, Medicare and Medicaid, implicit subsidies and getting a health benefit from our health care.

Let's start with the problem of cost shifting, adverse selection and what I call "disproportionate sacrifice." Adverse selection is the widespread practice in the insurance industry of trying to avoid those individuals who cannot afford to pay while competing for those who can. Disproportionate sacrifice is the fact that some providers see more poor people than others. At the root of these problems lies the fact that we have no explicit public policy to finance care for the poor. That is, we lack of a true safety net.

Consider the fact that both public and private health care financing programs operate in the same undifferentiated competitive economic market system. For the poor to gain access in such a system they must have a way to pay for their care. But many citizens cannot afford to pay and often the reimbursement available for those who are eligible for public programs is well below that offered through private insurance.

In such a system -- with no clearly delineated responsibility concerning either who pays for the health care needs of the poor -- or who provides that care -- the market is left to make this determination. But economic markets are designed to turn a profit, not to foster social responsibility. As a consequence, nobody competes for the poor resulting in adverse selection and cost shifting.

The ability to cost shift serves as the pressure valve in the system. It also reduces accountability. Here is how it works. As we all know health care in America is not free. There is a cost associated with it - a growing cost - and most people rely on some "third party" to help cover that cost. The major third party payers in today's health care system are government (Medicare and Medicaid) and businesses (employment based coverage). Between these public and private arms of our health care financing system is a "coverage gap" representing those without any health insurance coverage.

The people in the gap have no payment source and many of them do not get primary or preventive care at all - or at best get it sporadically. When they get sick enough many use the emergency room and the costs incurred by those in the gap are shifted to the third party payers through incremental increases in their premiums or their bills.

Thus, we have historically achieved a form of "universal access" through implicit subsidies -- paid by government and employers -- to cover the cost of caring for the poor. However, because both third party payers face very real fiscal limits, this arrangement only works when costs are relatively low. Thus, when costs rise beyond a certain point, third party payers respond by trying to shift cost and economic risk somewhere else in the system. The operative word here is shift.

States -- which have the primary responsibility to care for the poor -- shift cost in two ways. First, they change income eligibility to reduce the number of people covered by Medicaid. This shifts cost to individuals who have no way to absorb it and amounts to implicit rationing. States also cut reimbursement rates that shifts cost to providers and shows up as uncompensated care. At some point, providers stop seeing -- or try to avoid seeing -- Medicaid patients which constitutes another form of implicit rationing.

Employers use essentially the same cost-shifting strategies -- dropping people from coverage and reducing provider reimbursement rates through discounted managed care contracts.

The result is a growing number of people in the coverage gap - many of whom will eventually use the emergency room to access the health care system, repeating the cycle. In short, our current system manages increases in cost by reducing access -- by saying "no" to coverage.

This cost shifting dynamic -- and the competitive environment in which it exists -- results in huge inequities in the amount of cost borne by different providers. That is, some providers care for more poor people than others. This "disproportional sacrifice" may be a matter of choice -- some providers have a stronger sense of "mission" than others -- or it may be the result of "geographic selection" based on where a given hospital or medical practice is located physically.

A market system with no one explicitly responsible for paying for the health care for the poor -- and with reimbursement in government sponsored programs less than that offered by commercial insurance -- encourages selection and increases

the “disproportionate sacrifice.”

This situation creates division and conflict among providers. Physicians are pitted against each other and against the hospitals. There is no sense of community and no sense of common purpose. No one has the capacity or the designated responsibility to fill the gaps in the system and what gets left out are those things that providers do not get paid for or for which they gain no competitive advantage.

Next is the problem posed by Medicare and Medicaid which have been accepted parts of the health care landscape for the past 37 years. Prior efforts to reform the system have taken place around these two programs with no serious challenge to the basic premises on which they are built. But unless we are willing to take this head on, we will severely restrict our options for both financing and structural change and almost certainly guarantee failure and a continuation of the status quo. Let us explore why.

In 1965 poverty among the elderly was twice that of the general population and older Americans faced a very real financial barrier in terms of timely access to health care. Medicare was enacted to address this problem. It is an entitlement program that begins at retirement, regardless of the financial means of the retiree and it is financed with a payroll tax imposed on all those who are working. Medicare provides coverage for acute care but not for prescription drugs or for long term care.

While all of this made sense in 1965, the world has changed dramatically since then -- Medicare has not. As a consequence, the policies that underlie this program are impossible to justify given the realities of today.

First, Medicare represents a huge intergenerational transfer of resources from the young to the old, from people who are working to people who are retired. Whereas 40 years ago the elderly represented one of the poorest segments of our society, today they represent one of the richest segments. Because Medicare is not means tested, however, retirees are entitled to publicly financed health care paid for, in part, by workers, many of whom cannot afford health care for themselves and their families.

Second, as health care costs continue to rise -- and as the number of retirees increases relative to the number of workers -- the funding stream for Medicare will become unsustainable.

Finally, while Medicare covers acute care (much of which is spent, often futilely, in the last few months of life) it covers neither prescription drugs -- the mainstay of managing chronic conditions -- nor long term care, both of which are necessary for older citizens to remain mobile, active and independent.

Medicaid, also enacted in 1965, was created to improve financial access to health care for certain categories of poor citizens. These categories, established by congress, include poor families with dependent children who are on welfare; the blind and disabled; the frail elderly in need of long-term care; and certain categories of pregnant women.

States, which administer the program, receive federal matching dollars up to a three-to-one ratio for each state dollar invested. The matching dollars, however, come with a host of federal regulations pertaining to benefit levels and eligibility. What limited flexibility states have to manage the cost of Medicaid -- short of simply dropping optional services like prescription drugs -- lies in determining the income eligibility level for the program and in setting provider reimbursement rates.

Medicaid -- like Medicare -- was enacted nearly 40 years ago and also reflects policies that are difficult to justify today. First, while Medicare provides an entitlement to publicly financed health care for all citizens over the age of 65, there is no such entitlement for the poor. Eligibility for Medicaid is based on “category,” not on financial need and thus many poor citizens are ineligible even though they may be deeply impoverished. In other words, our system makes a distinction between the “deserving poor” -- those who fit into a category; and the “undeserving poor” -- those who don’t. As a consequence, we lack a true safety net.

Second, inflexible federal regulations surrounding eligibility and benefit design force states into one-size-fits-all benefit packages and all-or-nothing eligibility decisions. When costs increase states have only two management tools available: (1) changing income eligibility requirements, and (2) cutting provider reimbursement rates. As we have seen, both

actions simply shift cost to individuals and providers creating further barriers to access.

The third problem involves the enormous implicit subsidies that help finance health care for some citizens at the expense of other citizens. The two most egregious implicit subsidies are found in Medicare and in the deductibility of health care costs from taxable income.

Since Medicare is not means tested, many financially secure retirees enjoy publicly subsidized health care. Furthermore, because Medicare is financed primarily by those who are working, we are confronted by the fact that poor working families without health insurance subsidize health care for wealthy retirees.

Furthermore, the current federal tax code also contains an implicit subsidy by which an employer can deduct -- from taxable income tax -- contributions made to cover employee health care costs. In addition, this contribution is not counted as part of the employee's taxable income -- amounting to a public subsidy for those with employment-based health insurance coverage. Yet all those paying income taxes contribute to this subsidy -- including those without workplace-based coverage who cannot afford health insurance for themselves and their families.

The fourth problem revolves around the question of what benefit we are actually getting for the dollars we spend on health care. The key word here is "benefit".

Today, a health care benefit is generally viewed as just another economic commodity. That is, something that is "covered" or paid for (usually by someone else). In terms of collective bargaining, for example, a benefit is viewed as an economic commodity ? just like wages, vacation time, or retirement.

To reform the health care system, however, we must take a broader view by putting "benefits" in the context of what we are trying to achieve -- that is, in the context of the objective of the health care system. I would argue that the objective of the health care system is health, rather than simply giving people access to health care. In other words, health care is a means to an end not an end in itself and has no intrinsic value outside its relationship to health - except as an economic commodity.

If we can agree that a health care benefit is "beneficial" only to the extent that it actually has value in terms of producing health then there is a lot we are spending money on now which would not qualify as a benefit. Let me offer two examples.

The first example involves prescription drugs which constitute the single fastest growing part of the health care budget. Although physicians can control the utilization of these drugs through what they prescribe, they are influenced by the massive direct advertising efforts of the pharmaceutical industry which create a market demand for a particular brand name with no clinical context in terms of other less expensive drugs which might be just as effective -- or even more effective.

A case in point: recently a young, member of my staff had some wrist pain and went to see his doctor. His doctor gave him a sample of Celebrex and a prescription for the same - to fill if the sample helped his wrist.

Now there is no evidence whatsoever to suggest that Celebrex (at \$75 per month) is any more effective than across the counter ibuprofen (at \$7 per month) in an otherwise healthy caucasian male with no history of gastrointestinal problems. But the difference here is \$68 dollars -- which did not provide a meaningful health benefit but contributed to the escalation in health care cost.

To return to our collective bargaining example, that \$68 is not worth bargaining your wages away for if you are an employee -- and it is not worth paying for if you are an employer.

This example illustrates the fact that different physicians may treat the same disease or injury in very different ways in terms of the utilization of resources, yet these variations may have no clear relationship to improved clinical outcomes.

Another example of the wide variation in physician practice patterns and utilization rates can be found in what is known as the "age adjusted per capita cost" in Medicare, or AAPCC. This represents the average amount spent each year per

Medicare beneficiary on a county-by-county basis. For example, the AAPCC in Dade County, Florida is \$834 while in Hennepin, County, Minnesota it is \$552. In the Bronx, New York, the AAPCC is \$811 while in Multnomah County, Oregon it is just over \$550. Yet, these huge variations in resource utilization are not correlated with improved outcomes. That is, seniors in Minnesota are just as healthy as seniors in Florida, but seniors in Florida are receiving nearly twice as much health care.

Now, I submit that any debate over the future of the U.S. health care system which sidesteps these issues, is not a serious debate at all – but one driven by polls and politics rather than by substance and purpose. Without taking these issues head on, the debate will almost certainly end in failure, resulting in a continuation of the status quo. And who could possibly defend the status quo?

To bring this point home, suppose we wanted to explicitly adopt the policy reflected by our current system and, to do so, we introduce it as a bill in the upcoming session of congress. Let's call it the HEALTH CARE EQUITY AND EMPOWERMENT ACT OF 2003. It might read something like this:

Preamble

There shall be no explicit policy objective adopted to guide the allocation of public health care resources.

Section I

(1) categories shall be established to differentiate between the "deserving poor" and the "undeserving poor."

(a) the "deserving poor" shall include women who are pregnant, families with dependent children, and those who are blind or disabled. Citizens in these categories shall be provided with publicly financed health care.

(b) the "undeserving poor" shall include poor women without children who are not pregnant and poor men. These citizens shall be denied publicly financed health care.

Section II

(1) all those who are over 65 years old shall be entitled to publicly financed health care, regardless of their income.

(2) employed citizens under the age of 65, regardless of whether they can afford health care for themselves and their families, shall be required to pay a portion of their taxes to purchase health care for wealthy citizens over the age of 65.

Section III

(1) all those with employment-based health insurance shall receive a public subsidy to help cover the cost.

(2) all citizens, including those who cannot afford health insurance, shall be required to subsidize the health care of those with employment-based coverage.

Section IV

(1) the criteria of financial need and ability to pay shall not be used to determine eligibility for a public subsidy.

(2) the relative effectiveness of various medical interventions in producing health shall not be considered in deciding which services will be paid for by public resources.

I doubt that anyone in this room – let alone in the United States Congress – could openly support the policy embraced by the HEALTH CARE EQUITY AND EMPOWERMENT ACT OF 2003. Yet these are exactly the policies that underlie the U.S. health care system. And these are exactly the policies that must be challenged if health care reform is to be driven by substance rather than by the polls.

So, in the interest of precipitating such a challenge – in the interest of goring a few sacred cows -- let me suggest four steps we might consider taking. These proposals – which are drawn, in part, from the Oregon Health Assessment Project – are intended to be provocative. But as the late American novelist Edward Abby used to say: “Society is like a stew. If you don't stir it up now and again, the scum floats to the top.”

First, let's explicitly segment the health care market to create three tiers: a safety net for those who do not have the ability to pay for their own care; a community-rated managed care tier; and a more self-directed and individually underwritten tier.

“We can't do that!” You say. We don't believe in different tiers in the American health care system. Well, guess what?

We've all endorsed multiple tiers for almost forty years. First, you've got poor people who aren't eligible for Medicaid. That's one tier. Then you have Medicaid for the deserving poor – and Medicare. That's two more tiers. And then you have a tier for those with employment-based coverage and another for people who can afford just about anything they want. We've got lots of tiers. I am simply saying let's be honest about it. Let's establish the tiers explicitly and base them on a policy we're willing to defend.

The safety net, in some respects, may be the most important tier because cost shifting, adverse selection and disproportionate sacrifice are all about how not to take care of the poor. So the safety net needs to be separate and distinct from the competitive economic market environment in which the other two tiers will continue to operate. Why? Because the safety net will not be a competitive model but rather a community-based model in which health care is viewed, not as an economic commodity, but rather as a means to achieve an important common social value – health.

All providers in a given community will participate in the safety net on an equal basis. That is, the cost and risk of providing this care will be shared equitably to reduce the problem of “disproportionate sacrifice”.

A solid evidence-based benefit will be offered under the safety net, choice of providers will more limited than in the other two tiers and care will be vigorously managed. This tier will also be explicitly financed with all members of society sharing in the cost – a point I will return to in a moment.

Segmenting the health care market will also give individuals both more choice and more responsibility. The community-based structure of the safety net will move away from our current centralized and paternalistic system to one that puts more resources and responsibility in the hands of the community. Both the community-rated tier and the individually underwritten tier will give individuals progressively more choice, responsibility and financial risk.

Next we will eliminate Medicare and Medicaid as we know them today and redesign our system for the poor and the elderly – who, by the way, are not necessarily the same.

First, we will eliminate categorical eligibility and make all citizens eligible for safety net -- including those currently on Medicare. And while all citizens will contribute to financing the safety net, those with more disposable income can choose to enroll in either the community-rated managed care tier or the individually underwritten tier.

Next, we will take the resources currently going to finance Medicare and redirect them. Why? First, because the financing scheme that supports Medicare today, is not sustainable. Second, because – contrary to the policy implicit in the program – people do not automatically become impoverished on the day they turn 65. Many retirees are perfectly capable of contributing more to the cost of their own health care and our policy should reflect that.

So some of these resources will be redirected to support the safety net. Since Medicare is financed through a payroll tax, redirecting some of this revenue will give the safety net the broad and equitable base of support it needs.

Second, an evidence-based supplemental benefit for seniors will be created and financed with the remainder of the resources from the payroll tax and by beneficiary premiums on a sliding scale based on ability to pay. Unlike the current Medicare benefit, this supplemental benefit will be specifically designed to address the needs of an aging population – including prescription drugs and long-term care.

Our next step will be to make the public subsidies in the current system explicit and, again, to base them on a defensible policy. Since we have already made the subsidy in Medicare explicit and redirected it to support the safety net and a supplemental benefit for seniors, we are left with the tax subsidy. We will make this subsidy explicit as well and then limit it to the cost of the basic package offered through the safety net.

Finally, we will establish a well-financed, publicly funded center which -- working closely with providers and relying on peer-reviewed research -- will develop an impressive body of best practices based on scientific evidence. This research will form the basis for both the safety net benefit and the supplemental benefit for the elderly. Efforts will be made to use this information throughout the health care system and physicians who practice in accordance with this evidence-based medicine will receive some indemnification for medical liability.

Now, if we make a committed effort to take just these four steps, it will – at the very least -- force the national debate to focus on the real underlying problems with our health care system. To force such a debate, however, will require the active participation of at least four key constituencies: physicians, the business community, organized labor, and the AARP.

Without this critical mass the political establishment in our nation's capitol is simply not going to take this on and we will see a continuation of the hollow, partisan debate that leads only to the next election, and not to a meaningful resolution of this pressing problem.

Let's be clear. The real challenge facing the United States congress is not passing a prescription drug benefit for those on Medicare. The challenge is to ask – and answer -- questions like:

- Why do these drugs cost so much in the first place?
- What health benefit are we getting for this enormous expenditure?
- Why has the congress has never demanded an accounting of why we should be paying so much more for Medicare in Florida and New York than in Oregon and Minnesota?

Our challenge is not to pass a “Bill of Rights” for people who are already enrolled in managed care plans.

- Our challenge is to ensure a floor of basic primary and preventive care for all Americans – including the over 40 million Americans who have no health insurance coverage at all.
- Our challenge is to base eligibility for a public subsidy on financial need, not on categories.
- Our challenge is to make the public subsidies in the system explicit and to base them on a policy we are willing to defend.

I want to make it clear that both Medicare and Medicaid have been enormously important programs which have benefited millions of Americans. It is not my purpose to precipitate political warfare between the young and the old, between those who are working and those who are retired, or between the rich and the poor. I would submit to you that the current system has already created such a conflict.

What I am proposing is that we end it – that we simply have the courage to view Medicare and Medicaid through the lens of the 21st Century and to openly acknowledge that these programs reflect a set of realities that no longer exists. I believe that by doing so we can actually improve care for the elderly and care for the young. We can maintain the health of our workforce and the health of our retired population. These are not mutually exclusive propositions – but the current arrangement forces us to view them that way.

To paraphrase G.K Chesterson – it isn't that we can't see the solution; it's that we can't see the problem. Having the honesty and the courage to call into question the basic inequities and contradictions in our current health care system – the things that we are not willing to openly defend – that is the challenge of medical leadership today.

Is it going to be easy? Absolutely not. It is going to be difficult; it is going to be uncomfortable; and its going to require that those of us in the medical profession start leading instead of just reacting. I appreciate that leadership is often seen as dangerous work. And it is. Leadership involves change. And change puts you in conflict with others. It means standing up and pushing back.

But even with all of its downsides, I submit to you that leadership beats simply accepting the status quo. It is far better than keeping our heads down and allowing ourselves to become victims. Because we are not victims. To be a victim is to acknowledge that there is nothing we can do to change our circumstances.

And I simply refuse to accept that. It is contrary to my entire life experience. After 24 often frustrating years in the political process, nothing -- absolutely nothing -- has happened to shake my faith in the ability of individuals, acting

from conviction and principle, to change the world in which we live.

And I can think of no organization better positioned than yours to reengage the medical profession in the coming debate over the American health care system -- not as apologists for the status quo, but as architects of a new future. As William Jennings Bryan pointed out: "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

I am committed to carrying this fight forward. I am here today to ask for your help.

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Governor John Kitzhaber

Oregon Drug Conference

Portland, Oregon

October 11-12, 2002

Welcome to Oregon. And thank you to all of our international guests and faculty for making the journey to our great state and for each and every one of you for helping to make this conference such a success.

I would particularly like to thank the AARP and Bill Novelli for the support they have given to this conference – and my good friend Dan Fox, President of the Milbank Memorial Fund for the support of the Fund in making this gathering a reality.

Like many of you, I have been laboring in the vineyard of health policy for a long time. I cannot shake the feeling that we are on the verge of a day of reckoning in the U.S. health care system. Increasing costs and a struggling economy are exposing some of the worst fundamental flaws in our system – are beginning to force us to think seriously about the values that should guide it.

Will we continue as a nation to chase the dream of a fountain of youth by spending billions on more and more esoteric health care research? – or will we begin to use some of our considerable resources to better evaluate the benefit we receive from the services that are available today? Will we continue to allow the coverage differential between rich and poor to widen? – or will we find ways to make those services that are truly important to improving health more equitably available?

It is good to know that others have been leading the way in developing the research base required for us to better know what really works in our health care system and what does not. The Cochrane Collaboration is a great illustration of what is possible, and our efforts to bring logic to our drug purchases here in Oregon would have been much more difficult if they had not already begun the kind of research that gives us the best information for making these decisions.

From my short exposure to the collaboration's work, it is clear to me that we need both more of the analysis it does, and here in the U.S., we need to do more to support the kind of infrastructure that makes their work possible.

But I am getting ahead of myself. Let's look at the problem posed by the escalating cost of prescription drugs ? and why we should care. We should care, quite simply, because our current health care system responds to increased costs from any cause by reducing access. Let's take a moment to examine this dynamic.

As we all know health care in America is not free. There is a cost associated with it ? a growing cost ? and most people rely on some "third party" to help cover that cost. The major third party payers in today's health care system are government (Medicare and Medicaid) and businesses (employment based coverage). Between these public and private arms of our health care financing system is a "coverage cap" representing those without any health insurance coverage.

The people in the gap have no payment source and many of them do not get primary or preventive care at all ? or at best get it sporadically. When they get sick enough many use the emergency room and the costs incurred by those in the gap are shifted to the third party payers through incremental increases in their premiums or their bills.

Thus, we have historically achieved a form of "universal access" through implicit subsidies -- paid by government and employers -- to cover the cost of caring for the poor. However, because both third party payers face very real fiscal

limits, this arrangement only works when costs are relatively low. Thus, when costs rise beyond a certain point, third party payers respond by trying to shift cost and economic risk somewhere else in the system.

The operative word here is shift. The public sector does it by reducing income eligibility levels to reduce the number of people covered and by cutting provider reimbursement rates. The private sector does it by dropping people from coverage and by increasing out of pocket expenses for employees. The result is a growing number of people in the coverage gap ? many of whom will eventually use the emergency room to access the health care system, repeating the cycle.

In short, our current system manages increases in cost by reducing access. And since prescription drugs constitute one of the fastest growing cost in the health care system, they contribute to the access problem being experienced by an growing number of Americans. Let's take a moment and look at the magnitude of the cost increases we are talking about.

In the Oregon Health Plan for example the cost of prescription drugs increased by over 60% between the 1999-2001 biennium and the 2001-2003 biennium. We are seeing similar trends in the private sector as well. For example, until recently, prescription drugs were the major reason for private insurance premium increase. And in the commercial insurance available to high risk patients through Oregon's Medical Insurance Pool, drug costs now exceed physician costs and will soon exceed hospital costs. Cost increases of this magnitude are clearly unsustainable.

These dramatic increases are behind the politically popular effort by both parties to add a prescription drug benefit to Medicare. But, in my view, this debate is largely a hollow one because instead of simply asking how to finance this huge cost increase, we should be asking "why do these drugs cost so much in the first place?" and "what are we getting in terms of health?"

Let's start with the question of "Why?" The dramatic cost increase in prescription drugs can be traced to the 1997 decision by the Food and Drug Administration to repeal the ban on direct consumer advertising by the drug companies. As a consequence, the advertising budgets for the major pharmaceutical companies increased astronomically.

Last year for example, Merck, spent \$160 million dollars to advertise Vioxx ? which is \$35 million more than PepsiCo spent advertising Pepsi and \$14 million dollars more than Anheuser-Busch spent promoting Budweiser. In fact every one of today's seven most heavily advertised drugs is promoted by an advertising budget, each of which exceeds \$125 million dollars ? more than Nike's annual budget for promoting its athletic shoes.

Consumers – and physicians, to some extent -- are being seduced by this massive direct advertising unleashed by the pharmaceutical companies because it creates a market demand without a clinical context. That is, the advertising creates a market demand for a particular brand name drug without regard to the fact that there may be other less expensive drugs available which are equally or more effective.

At the same time physicians ? when confronted by patients who want a particular drug they've seen advertised on television ? have little objective research information on which to base their clinical decisions. In fact, the "research" they get is often marketing research produced by the drug companies and brought to them by their friendly pharmaceutical representatives -- who fill their cupboards with samples and take their staff out to NBA games.

But there is no questioning the fact that heavy direct to consumer advertising – coupled with little objective information by which to compare these new drugs with other drugs designed to treat the same condition – is an effective combination for the pharmaceutical industry. Annual cost increases for prescription drugs which were running 10-11% per year between 1995 and 1997 ? jumped to 13.4% in 1998; 16.9% in 1999; and 17.4% in 2000.

And this brings us to the question of what are we getting in terms of health. If we were getting a health benefit commensurate with this enormous increase in cost it might be justified -- but the fact is that we are not. And the key work here is "benefit". Today, "benefit" has become a word we use to generally mean something of economic value. That is, something that is "covered" or paid for (usually by someone else). In terms of collective bargaining, for example, a benefit is viewed as an economic commodity ? just like wages, vacation time, or retirement.

If we hope to control the rising cost of health care without sacrificing quality or access, we need to view a benefit as more than just an economic commodity. We need to place “benefits” in the context of what we are trying to achieve – that is, in the context of the objective of the health care system.

I would argue that the objective of the health care system is health, rather than simply giving people access to health care. In other words, health care is a means to an end not an end in itself and has no intrinsic value outside its relationship to health ? except as an economic commodity.

If we can agree that a health care benefit is “beneficial” only to the extent that it actually has value in terms of producing health then there is a lot we are spending money on now which would not qualify as a benefit. Let me give you an example.

Recently, a young, otherwise healthy member of my staff had some wrist pain and went to see his doctor. His doctor gave him a sample of Celebrex and a prescription for the same ? to fill if the sample helped his wrist.

Now there is no evidence, whatsoever to suggest that Celebrex (at \$75 per month) is any more effective than Ibuprofen (at \$7 per month) in an otherwise healthy Caucasian male with no history of gastrointestinal problems. The difference here is \$68 dollars -- which did not provide a meaningful health benefit but contributed to the escalation in health care cost.

Getting at this problem requires at least two things. First, we need good objective evidence-based analysis of the relative clinical effectiveness of prescription drugs. Second, physicians must use this information to guide their prescription writing practices and purchasers must use it to guide what they pay for.

Let’s start with the need for good objective evidence-based analysis of prescription drugs. To address this problem, the 2001 Oregon legislature passed SB 819, creating the “Practitioner-Managed Prescription Drug Program” which establishes a formulary for Medicaid (the Oregon Health Plan) through an open, public process conducted by the Oregon Health Resources Commission. The Commission was created by statute in 1991 and charged with developing a medical technology program to address the introduction, diffusion and utilization of medical technologies.

In the process established by SB 819, various classes of drugs are evaluated in terms of their relative clinical effectiveness using peer reviewed research. To be the preferred drug for the Oregon Health Plan, the drug must be as effective as any other drug in the class, but more cost effective.

The first four “classes” of drugs to be evaluated were:

- The non- steroidal anti-inflammatories – (Ibuprofen, Vioxx, Celebrex);
- The long acting opiate analgesics -- Oxycontin, Duragesic, morphine sulphate, methadone;
- The proton pump inhibitors for treating heartburn/acid reflux – Nexium, Prilosec, Protonix, Prevacid; and
- The statins for lowering cholesterol -- Lipitor, lovastatin (Mevacor), Zocor, Pravachol.

The evaluation of these four classes of drugs was started in September 2001 and completed in June of 2002. Once the Commission had evaluated the drugs based on relative clinical effectiveness, the information was given to the Office of Medical Assistance Programs (OMAP) which administers the Oregon Health Plan. OMAP then reviewed the cost information and selected the following “preferred drugs” in each of the first four classes:

The non-steroidal anti-inflammatories – Naproxen, ibuprofen, piroxican, salsalate

The long acting opiate analgesics – morphine sulfate LA, fentanyl

The proton pump inhibitors –Protonix, Prevacid, Aciphex

The statins – lovastatin, (Mevacor), Pravachol

You will notice that there is more than one preferred drug for each class. This is because we used the “Average Wholesale Price” (AWP) to determine the lowest cost drug. We felt that any drug that was equally effective and within five percent of the AWP deserved to be on the list.

We recognize that this is not a perfect system and represents a work in progress on which we can improve. The biggest problem we have is the fact that the state can never tell what it is paying for a given drug until months later when all of the various rebates have been calculated. It is also important to recognize that it is against federal law to make this pricing information public. Can you imagine how difficult it would be to purchase a car and not know how much you are actually paying until months later? Yet, that is exactly the kind of dysfunctional market in which prescription drugs are sold – a point I will elaborate on in a moment.

You will also notice that the lowest cost opiate analgesic – methadone – is not on the preferred list. This is because it is more difficult to manage than morphine and few practitioners are familiar to using it as an analgesic.

The Health Resources Commission is currently evaluating three additional classes of drugs: angiotension converting enzyme (ACE) inhibitors for treating hypertension, heart failure and kidney disease; triptans used to treat migraines; and estrogens used for hormone replacement. We expect this review to be completed within the next month.

Following the completion of these evaluations, the Commission is scheduled to begin work on five additional drug classes: beta blockers; calcium channel blockers; oral hypoglycemics; muscle relaxants; and drugs used for the treatment of urinary incontinence. We hope to have these evaluations done by next February or March.

It is worth pointing out that the passage of SB 819 in 2001 and the subsequent work of the Health Resources Commission have not been without controversy. In fact, the pharmaceutical industry – acting through its lobbying organization Pharma -- has vigorously opposed the entire effort from the start.

During our last legislative session Pharma hired 24 lobbyists – more than one for every four legislators -- to fight our legislation. In an attempt to mobilize opposition, they terrified the parents of children with bipolar disorder and schizophrenia by claiming that our bill would severely restrict access to newer mental health medications – even though mental health drugs are expressly exempt from the provisions of SB 819.

Pharma’s lobbying efforts were so strong that they captured the legislative leadership who prevented the bill from ever receiving a public hearing. Only because I promised to veto the budget for the Department of Human Services -- forcing the legislature to come back into special session -- did the bill finally reach the floor where it passed comfortably.

On the surface, the concept of peer-reviewed research on effectiveness to guide the use of prescription drugs seems reasonable. Why then does it strike such terror into the heart of the pharmaceutical industry? The reason is quite simple. What we have done in Oregon will force the drug companies to compete on the basis of cost for two drugs which are clinically equivalent.

Of course, that is exactly how Ford competes with Chevrolet ? and how Intel competes with Hewlett Packard. What a novel idea ? a functional marketplace. But, creating a functional market is exactly what the pharmaceutical companies are resisting. Their opposition to evidence-based analysis for prescription drugs is based on their fear of open head-to-head competition.

Right now prescription drugs operate in what is called an “asymmetric market” ? one in which the industry has more information than the consumer. Have you ever wondered why there are so few head-to-head comparisons between different prescription drugs designed to treat the same condition? There are two reasons. First, in order to gain FDA approval a new drug must be demonstrated to be more effective than a placebo -- not more effective than other drugs on the market to treat the same condition. Second, it is fair to say that the pharmaceutical industry has not embraced efforts to get federal appropriations to support research on head-to-head comparisons.

Can you imagine how difficult it would be for consumers to make decisions like purchasing cars or other products without the Consumer’s Report which provides the objective information needed to compare products. Such information is virtually absent from the prescription drug market. So, essentially, what we are doing here in Oregon is to create the

equivalent of Consumer's Report for prescription drugs.

Armed with this information consumers can make informed choices about which prescription medication to ask for. As educated, smart consumers they can ask their doctors to prescribe the most effective medication which, in many cases, may cost five, ten, or even fifty times less than the one being advertised on television. By the same token, physicians will now be armed with the kind of information necessary to make clinical choices based on both effectiveness and cost.

This has enormous implications for access. For example, if the cost of prescription drugs grew at the same rate as the consumer price index ? only as fast as the prices of other goods and services ? the Oregon Health Plan would save \$50 million dollars over the course of a biennium, enough money to provide coverage for an additional 18,000 to 20,000 thousand Oregonians.

As you can see, we are making good progress in terms of developing a solid foundation of objective evidence-based information on the relative clinical effectiveness of prescription drugs. The next question is whether or not this information will be used.

It is important to point out that our Practitioner Managed Prescription Drug Plan is just that ? a program in which clinical decisions rest firmly in the hands of practitioners. For example, a physician can make an exception and use other than the preferred drug if, in his or her clinical judgment, it is indicated. We have in no way substituted government rules for sound medical judgment. If the physician has a clinical reason for specifying a more expensive drug, the state will honor that decision and pay for that prescription under the Oregon Health Plan.

Nonetheless, we believe that physicians will, in fact, use the information being generated by the Health Resources Commission. While still preliminary, the results of the first two months of utilization data for long-acting opiates and the proton pump inhibitors are quite promising.

With a very user friendly substitution policy that allows the treating physician to go off of the formulary by writing "do not substitute" or simply "DNS" on the face of the prescription, we are still seeing a significant change in market share in the Oregon Health Plan.

Oxycontin prescriptions have dropped by 28%, while prescriptions for morphine sulfate LA (the preferred generic) have increased by 20%. For the proton pump inhibitors, the results are even more encouraging. Prescriptions for Prilosec and Nexium have dropped by 37% and 28% respectively while prescriptions for the preferred drug Protonix have increased by 21%.

While these results obviously cannot be generalized to the medical community in every state, I am proud to say that my colleagues here in Oregon, when given good objective research on which to base their use of prescription drugs, have responded by switching to equally effective but less expensive medications.

On the consumer side, we have had enormous support from the AARP and I again thank Mr. Novelli both for participating in this conference and for lending us so much help over the past year. As you may know, the national AARP has posted the information we are generating on their web site www.aarp.org/or and then click on the Drug Smart button.

Although this particular formulary applies only to the Oregon Health Plan, it is our hope that others in Oregon, and throughout the nation -- in both the public and private sectors -- will benefit from the information being produced by the Health Resources Commission. By simply logging on to these websites, someone on an Oregon Blue Cross policy in Klamath Falls, on Medicare in Florida or covered by an HMO Wichita, Kansas can access the evidence-based information which we are generating.

Using equally or more effective but less expensive drugs can help lower co-payments for countless people, as well as the costs paid by insurance companies. This will be invaluable for fixed-income seniors who currently must cover the entire cost of their own prescriptions. It can also help reduce the cost of doing business for employers throughout the country, making room for wage increases that often compete with health care costs in the total compensation package for many workers.

It is also important to recognize that the work we are doing prescription drugs is, and has always been, applicable to other services: like surgery, diagnostic tests and the medical device industry. Evidence-based medicine can help us reduce the wide variation in physician practice patterns. And it can help us identify the differences in outcomes at competing hospitals.

As we all know, cost increases are the enemy of access. The more costs rise, the fewer among us will be able to afford the care we need. A part of the battle to control costs will be to create a functional market for these products and services – a market based first on the effectiveness of an intervention and then on its relative price. It is not a magic bullet for what ails the U.S. health care system, but it is a crucial element that will be required to make our system an efficient and equitable vehicle by which to meet this basic human need.

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Governor John Kitzhaber

Sustainable Forests

Willamette University - Salem, Oregon

September 25, 2002

Today I want to discuss the concept of sustainable forestry. By that I mean not just environmental and economic sustainability, but political sustainability as well. If we are willing to consider a new paradigm for the management of public forest lands, I believe we can move beyond the seemingly intractable conflict between the environmental community and the timber industry to a future of healthy thriving forests yielding clean water, diverse habitat and commercial wood products.

Clearly, we need a new paradigm to replace the one under which we have been operating since the late 19th century. On one side is the position bluntly articulated by George Coggins, a public land legal authority: "The public lands are public. They are the property of all of the people, not just those who live in their immediate vicinity. They are national assets, not local storehouses to be looted ...

At the other end of the spectrum is the "Sagebrush Rebellion" of the late 1970's and early 1980's, which held that all federal land was state property to do with as states pleased. The truth -- and the future of sustainable forestry -- lies somewhere in between these two positions.

I define sustainability as managing the use, development and protection of our economic, environmental and community resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to do the same. This definition requires that we recognize a larger truth: the interdependence between our economic, environmental and community needs -- and that we find a balance between these often competing values. Imagine, if you will, three overlapping circles -- one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability -- the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements -- these threads, which together weave the fabric of sustainability -- are things we hold in common. They represent a common set of desires and aspirations that add value and quality to our lives. To me this relationship lies at the heart of sustainability -- and if we are to be successful in creating a truly sustainable forest management strategy, an awareness of this interdependence must constantly guide our work.

And yet, as our social, environmental and economic problems become more complex, our traditional governmental structures of law and regulation -- and the culture of our agencies -- increasingly fail to recognize this relationship and, in fact often get in the way of it -- creating conflict, polarization and lost opportunities instead of collaboration and a sense of community and of accomplishment.

Increasingly, we are viewing economic, environmental and community needs as separate, competing entities -- mutually exclusive values, if you will. Of course, this perspective undermines sustainability because it creates a politics of scarcity -- a zero-sum situation in which there must always be a winner and a loser.

We can see this disturbing trend unfolding in many ways: in the challenge of accommodating growth while maintaining livable communities and in the tension between sprawl and compact development. In the West, however, nothing better illustrates the politics of scarcity than the conflict between economic activity and long term environmental stewardship. To illustrate this point let me offer a brief history.

For hundreds of years, the forests of Eastern Oregon and much of the Intermountain West were blessed with huge stands of old growth pine covering millions of acres. For much of the last century, however, forest management policy was characterized by active fire suppression, widespread livestock grazing, the harvesting of valuable old growth pine, and a resistance to active management by conservation groups.

The legacy of these management practices -- especially on public lands -- are forests overstocked with stands of young fir and pine, the loss of older fire-resistant trees, thousands of acres of dead and dying timber infested with insects, and a high risk of catastrophic fire.

This situation has led to a significant reduction in watershed health and the destruction of habitat for sensitive species coupled with a catastrophic decline in employment for timber dependent communities. Yet efforts to address this widely recognized problem have been thwarted by the conflict between those who wish to harvest timber and those who wish to preserve it -- and by their distrust of each other and of the federal land management agencies themselves.

Each side in the debate operates from their own deeply entrenched positions, pointing at the other as the culprit. We saw this conflict erupt this past fire season with each side blaming the other for the vulnerable state of many of our western forests. This situation is a classic example of the black and white way in which the debate over the management of federal lands has historically been framed. And it offers a fitting backdrop for our discussion of sustainable forestry.

I believe that sustainable forest management rests on a foundation of six key building blocks, or principles: (1) Establishing a single overarching policy object which drives forest management plans; (2) Reframing the debate between commercial forestry and environmental stewardship; (3) Basing decisions on interdisciplinary science; (4) Managing at the landscape level; (5) Ensuring broad public involvement in and ownership of the management plan; and (6) Redefining the relationship with our federal partners.

When I took office in 1995 it was apparent that the status quo in the forests of Eastern Oregon was not serving anyone: not the industry, not the environment, not the rural communities. The challenge of getting beyond the gridlock depended first and foremost on finding a common policy objective that could bring the stakeholders together. And the policy objective we settled on was a healthy, functioning forest ecosystem -- with an emphasis on watershed health. This first principle -- a single overarching policy objective -- lies at the heart of the new paradigm for forest management.

Now, given the multiple values which are represented by our forests -- economic, environmental, recreational and aesthetic -- it is important to recognize that focusing on watershed health does not mean that we are elevating the importance of one value above another. Rather, it serves as a common denominator for all the values, and acts as a guidepost by which we can shape our management efforts in the context of the other values.

We cannot provide sustainable forest products, assure clean water and provide habitat for species unless we first have a healthy functioning ecosystem. The three legs upon which the strategy stands -- social, environmental and economic -- are all interwoven and are dependent first on a healthy, functioning forest ecosystem.

In March of 1995, using forest ecosystem health as the overarching policy objective, I appointed a panel of highly respected scientists from throughout the Northwest, including faculty from Oregon State University, the University of Washington and scientists from the private sector. They reached a remarkable consensus of opinion on what it would take to restore health to the forests of Eastern Oregon. Their recommendations were subsequently embodied in a broadly supported set of eleven guiding principles.

This "11-point plan" calls for using active management to promote ecosystem health, while avoiding areas of high public controversy. This is an important point. Since there is such a high level of distrust, we need to restore confidence in the U.S. Forest Service and other federal agencies and to demonstrate that active management can be accomplished in an environmentally sensitive manner.

Restoration treatments include understory and commercial thinning; road maintenance, closure and obliteration; prescribed burning; noxious weed treatment; and stream rehabilitation. It also emphasizes adaptive management through monitoring.

The objective of this management strategy is to improve the health of the forest ecosystem, including watershed health and habitat for forest species. At the same time, a by-product of many of the thinning treatments would be wood for local mills and value-added products to help stabilize rural communities. Thinning and prescribed burns would also reduce the risk of catastrophic fires that has increased significantly as forest health has deteriorated.

Beyond providing the foundation of an overarching policy objective, this Eastside strategy has helped reframe the debate between commercial forestry and environmental stewardship, the second principle of sustainable forestry. It accomplishes this by focusing on areas of broad agreement instead of conflict – by taking advantage of the “area of sustainability” where environmental, economic and community needs overlap.

In formulating the plan, we sought to move the debate from the question of “management versus no management” to a discussion of “how to manage” these lands. I suggest that by using good science and by focusing on reducing risk -- risk to the watershed, risk to sensitive species and risk to the local economy -- we can build public and scientific support for active forest management.

This approach is based on a strong underpinning of multidisciplinary science, the third principle of sustainable forestry. We use this science in a number of ways. On the federal lands, for example, we want to know what these systems historically were like to inform us as to what the watersheds need to function properly. For instance, we know that it is appropriate to mimic past fire regimes and thin forests at lower and mid-elevations but not the higher elevations. Historically, higher elevation forests burned infrequently, and when they did they did not have the low-intensity creeping fires -- they were stand-replacement fires.

Because of the importance we placed on restoring healthy, functioning watersheds, our work is also based on a commitment to management at the landscape level – the fourth principle of sustainable forestry. This principle acknowledges the fact that the ecologic “landscape” does not stop at political boundaries or at those based on ownership.

In fact, in June of 1999 the U.S. Forest Service approved the 3 million acre "Blue Mountain Demonstration Area," in eastern Oregon which has allowed us to move beyond the consideration of separate, individual projects to the consideration of an entire landscape which includes federal, state, tribal and private lands.

To meet the fifth principle -- ensuring broad public involvement in and ownership of the management plan -- we established an "Eastside Forest Health Advisory Panel," consisting of a diverse group of eastern Oregon citizens and stakeholders. This was a reflection of our recognition that just having the best science is not enough -- that we also needed to blend in the values of the local population if the plan is to be sustainable, especially from a political standpoint. The advisory panel worked to identify and prioritize local projects based on the plan.

In the first years, the Eastside Panel identified nearly 60 Forest Service and Bureau of Land Management projects that exemplified the 11-point plan. This offered a clear demonstration that it is possible to engage in broadly supported watershed and forest restoration work that both improves ecosystem health and provides some economic benefits to local communities.

Unfortunately, the volume of marketable timber flowing from this work has been less than we hoped. Some of this was due to unrealistic expectation. Some was due to poor market conditions. But much of the problem flows from the very structure and culture of the federal land management agencies themselves. And this brings us to the sixth principle of sustainable forestry: redefining the relationship with our federal partners.

The current federal governance structure has, in many cases, frustrated the very collaborative, community-based approaches to forest management which offer the most promise. Examples include the Applegate Partnership, the Quincy Library Group and the Grand Canyon Forest Trust.

All of these efforts were built on collaboration at the local level among people working together to solve shared problems on behalf of a shared place. All enjoyed initial enthusiasm and support from the federal land management agencies. And all have been frustrated to one degree or another by the unwillingness or inability of these same agencies

to allow the collaborators to make actual decisions on the ground.

Dan Kemmis, in his recently published book *This Sovereign Land*, characterizes the phenomenon as the inevitable collision between local collaborative problem-solving and the “procedural republic”—his term for the complex administrative processes that try to ensure that all stakeholders have equal access to federal decision makers.

As Kemmis puts it: “At the bottom of this difficulty lies the fact that the collaboration movement represents a form and philosophy of decision-making fundamentally different from the decision structure in which the land management agencies are embedded. One is an inherently decentralized, democratic form of governing; the other is inherently centralized and hierarchical. The effort to make something like collaborative stewardship an integral part of Forest Service operations, for example, cannot really succeed unless the agency is willing to turn some actual decision-making and management authority over to the people who are doing the collaboration.”

Kemmis, of course, describes the extreme – or, perhaps, the norm as we have known it in the past. Yet we have also experienced firsthand that another reality is possible. In the Blue Mountain Demonstration Area we have many examples of how local collaboration focused toward a common objective can help overcome barriers posed by NEPA, ESA consultation, contracting and a host of community issues.

Which brings us back to the issue of trust – the one absolutely necessary element for success -- trust among stakeholders and between stakeholders and the federal land management agencies. Trust is the foundation for the progress we have made over the past decade and is a cornerstone of our hope for the future.

Trust is of particular importance to achieve political sustainability. That is, to create a broad political constituency that will support and defend a given forest management strategy over time. Indeed, without political sustainability, the timber industry will never have the kind of predictability in timber supply so necessary to operating a successful business.

The debate currently raging in congress – ostensibly over the issue of forest health – is a prime example of how easily political sustainability can be sacrificed to the false hope of short term economic gain. To fully understand what is going on in congress – and what is really at stake -- we need to first put the debate into its proper context.

At the end of the terrible fire season of 2000 six western governors – including myself -- met with then-Secretary of the Interior Bruce Babbitt and Secretary of Agriculture Dan Glickman in Salt Lake City to discuss what might be done. The outline for action that emerged from that meeting was based largely on the principles of sustainable forestry developed for Eastern Oregon. The plan was built around a deceptively simple agreement: to focus on the one thing upon which the industry and the environmental community could agree – the need to improve forest health.

At the same time, we openly acknowledged that our efforts to improve forest health would not resolve the long standing and controversial issues of roadless areas, salvage logging, sufficiency language or the preservation of old growth forests. We knew that we would continue to debate these policies but agreed to do so in other forums and to separate them from the strategy to improve forest health. In other words, we agreed to stay within the “area of sustainability” where environmental, economic and community interests coincide.

Thus, harvest activities under the plan would have -- as their primary objective -- improving forest health as opposed to commercial logging. That is, trees would be removed based not on their commercial value, but rather on the ecological needs of the forest as dictated by good multidisciplinary science. In many cases, however, the by-products of thinning activities and fuel reductions would be wood products of commercial value. Furthermore, the plan makes it clear that the forest health treatments are to be done in a way which meets federal environmental laws.

From this modest beginning emerged the Ten-Year Comprehensive Strategy and Implementation Plan which was signed last May at a ceremony in Idaho by myself, several other western governors and Secretary of the Interior Gale Norton and Secretary of Agriculture Ann Vennemun representing the Bush Administration.

What has happened since then -- while predictable -- serves only to move us further away from our new vision of sustainable forestry and to reemphasize the need for a new paradigm. Last month President Bush visited Oregon to

review the 500,000 acre Biscuit Fire -- the largest in the nation this year. He used the occasion to announce his new Forest Health Initiative and to make vague references to the Northwest Forest Plan. And while the visit certainly served the important purpose of elevating the issue of forest policy to the national level, the president's plan deviates significantly from the Ten-Year Strategy which the administration had embraced just four months earlier.

What needs to be emphasized here is that the overarching policy objective of the forest management strategy that emerged from the meeting in Salt Lake City is not, in fact, the prevention of wildland fires. On the contrary, the objective is to improve forest ecosystem health. Wild fire is but one of many symptoms of the declining health of our forests. Other symptoms include insect infestations, the invasion of noxious weeds, overstocked stands of young pine and fir, a decline in water quality and the loss of habitat. Our objective is not to treat the symptoms, but rather to treat the cause. But by addressing the primary problem -- declining forest health -- we will also be addressing the symptoms, including the risk of catastrophic fire.

The Administration, however, has put the primary focus on the symptom of wild fire rather than on the larger issue of forest health. As a consequence -- in order to treat this symptom as promptly as possible -- the Administration proposes to exempt activities aimed at reducing fuel loads from environmental laws such as the National Environmental Policy Act and to severely limit public access to the courts.

Capitalizing on the legitimate concern over wildfire to justify circumventing federal environmental laws will not, in the end, improve overall forest health. On the contrary, it simply move us back to the old paradigm of forest management, repolarizes the debate and increases the likelihood that nothing will happen.

The problem with this approach is that it runs the risk of destroying the trust and the delicate consensus for action which has been so painstakingly achieved, and of undermining the local collaboration necessary to strategically invest in the health of our forest ecosystems over the long term.

That fact is that the principles underlying the Ten-Year Comprehensive Strategy and Implementation Plan represent the new paradigm of sustainable forestry. What would happen, for example, if -- instead of destroying trust and collaboration -- we were to build upon what we have achieved so far and apply these same principles to the Northwest Forest Plan?

Since its implementation in 1994, the plan has done a good job of protecting habitat for various sensitive species. Unfortunately, it has fallen far short of its goal of providing a stable and predictable supply of wood products. It is instructive to ask "why?"

On the positive side, the plan adheres to two of the most important principles of sustainable forestry. First, it did an excellent job of using an interdisciplinary team of respected scientists on which to build its foundation. Second, it met the test -- in fact it set the standard -- for a landscape-based approach to resource management. It was almost unheard of at the time, and still constitutes that largest ecosystem planning effort in the world.

On the other hand, however, the Northwest Forest Plan falls short in two important respects. First, it lacks a single overarching policy objective to drive the management strategy. Ecosystem restoration is not the primary goal of the plan. Instead the planning team had a diverse set of objectives. Among these were: protection of habitat for the Northern Spotted Owl, protection of riparian habitat, providing a predictable and sustainable level of timber sales, meeting requirements of federal environmental laws, and improving interagency coordination. The result was a plan -- based on sound science -- that became a political compromise.

The second shortcoming stems from the lack broad public involvement in and ownership of the management plan as it was developed. The Forest Plan was developed largely in a closed setting. To this day it lacks the "buy in" of the affected parties -- and thus does not have a constituency to come to its defense when it is challenged.

As a consequence, there is still a great deal of tension surrounding the plan. The Plan creates this tension by, on the one hand acknowledging that any additional harvest of old growth forests will further threaten sensitive species dependent on these forests, while on the other hand expecting this same old growth forest to provide 80 percent of the projected timber volume over the next twenty years. By trying to maintain parity between multiple goals the Plan is falls short of

adequately addressing any of them and is not politically sustainable over the long run.

If, however, we were to establish forest ecosystem health as the policy objective for management activities under the Northwest Forest Plan, thinning across the landscape -- including in Late Successional Reserves -- could at once promote the growth of older forest habitat and increase not only the volume but, just as importantly, the predictability of the timber flowing from these forests.

And having a single overarching policy objective would hold all of the stakeholders accountable. Trees would be removed based not on their commercial value, but rather on the ecological needs of the forest as dictated by good multidisciplinary science. By the same token, the environmental community could not arbitrarily set a diameter or age limit for harvest. They would be compelled, for example, to demonstrate the difference between a 20 inch tree and a 23 inch tree from the standpoint of forest ecosystem health. Both sides would be measured by the same yardstick.

For all this to occur, however, we must maintain the trust and local collaboration on which success depends. We must also be open to challenging the "procedural republic" -- the means by which we translate policy into meaningful action on the ground. I recognize that the stakeholders on both sides of this issue believe that they are engaged in a mighty struggle. And they are. The challenge is not to give up on the entrenched positions of your various constituencies. The challenge is to see beyond them -- to honestly recognize that both sides are clinging to a paradigm that no longer serves their interests or the interests of the broader American public.

There is no doubt but that the exploitation of public lands for private and community gain is an established part of western history. Indeed, the conservation movement in America can trace its roots to efforts in 1870 to prevent corporate interests from abusing homesteading laws -- passed to help settle the frontier -- in order to gain access to public lands for the extraction of natural resources. These were not sustainable land management practices.

But it is equally true that the current procedure-bound, litigious, cumbersome, glacial process that has engulfed federal land management agencies does not produce sustainable land management practices either. As evidence, look at the sad state of health the public forests throughout the Intermountain West. Or consider the fact that over 10 years after the listing of the Snake River Chinook under the Endangered Species Act, there is still no recovery plan in place.

It is no secret that I do not support the kind of sufficiency language that is being proposed by the Bush Administration. There are legitimate national interests to be served here. National environmental legislation -- like the Endangered Species Act and the Clean Water Act -- were enacted for a reason ... and a good reason: to secure the long term and sustainable health of the ecosystem we all share. I believe in the need for this strong framework of federal environmental laws and in having the ability to enforce them.

At the same time, however, I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the way in which we have traditionally applied them. For example, with over 1200 species listed -- the lengthy, complex and contentious process of actually developing recovery plans under the ESA will doom many of these species to extinction long before anything happens on the ground. Likewise, the processes that guide and shackle our federal land management agencies are leading to similar results in terms of the health of our forest ecosystems -- and the health of our natural resource dependent communities.

What I am suggesting to you today is that unless we address this fundamental problem -- not with our environmental laws themselves, but with the processes and procedures by which they are applied -- we will never achieve our goal of sustainable forestry. Likewise, if we undermine the trust and local collaboration that makes meaningful action possible, our forest management strategy will fail the test of political sustainability.

We need to get beyond this -- beyond the dogma; beyond the ideology and beyond the legal and political gridlock. And the only way we are going to do that, is to do it together ... to recognize that we have a common interest here. It is up to us and to us alone.

As William Jennings Bryan pointed out: "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

Thank you.

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Governor John Kitzhaber

Governor's Live TV/Radio Veto Address

August 7, 2002

Good evening.

This is a crucial time for our state – we are facing a deep fiscal crisis compounded by one of the worst fire seasons in our history.

As you know, Oregon's dramatically reduced revenue has forced the legislature into three special sessions to balance the state's budget. In each session, the legislature has tried to deal with our financial crisis.

The most recent special session, however, produced two laws that I believe will not be good for Oregon's future – particularly in terms of securing adequate and sustainable funding for our schools over the long term. Today I have vetoed these two bills.

I believe that public education is the single most important service our state provides – and because I have such a great faith in Oregonians, I wanted this opportunity to share with you how I arrived at this difficult decision – a decision informed by the hundreds of citizens who have contacted me over the past four weeks.

The first bill in question authorizes Oregon to sell bonds backed by future revenue from our cigarette tax to help finance primary and secondary education for the next school year; and to repay this debt over the next six years. In short, the bill directs us to educate our children today by borrowing from their schools tomorrow.

The second bill authorizes an accounting maneuver which moves the due date of the final state payment to primary and secondary schools and community colleges from the current biennium into the next. This allows the state to realize a one-time "paper gain" of \$260 million by deferring the responsibility to make this payment to the next legislature. In other words, the bill shifts the due date, but not the money with which to actually make the payment.

This maneuver is not materially different from a corporation taking future projected profits and showing them on today's books in order to give the shareholders an inflated picture of the financial health of the business.

This bill would likewise be giving Oregonians – the shareholders of our system of public education – an inflated and inaccurate view of the true fiscal health of our schools.

These two bills – and particularly the second one – are symptomatic of what is wrong with politics today – avoiding difficult political choices and postponing action on important public needs.

This is not about Republicans and Democrats – this is about truth in government. The fact is that we cannot continue, in this state of ours, to support – or indeed to expect – public services that we are unwilling to pay for.

From the beginning of this fiscal crisis I have advocated for one bedrock policy: pay as you go. I also believe that we need additional permanent revenue to adequately fund education and other important state services – like public safety and caring for Oregon's vulnerable citizens.

And while there can be legitimate disagreement about the appropriate level of state services, one thing should be clear.

If these services are not important enough to our citizens to pay for with permanent, sustainable revenue – not by borrowing; not by accounting maneuvers – then we should cut them.

But not before we have asked Oregonians to decide.

No one believes that this legislation represents good public policy – not even those who enacted it. Yet, I am being urged to either sign it or to allow it to become law without my signature.

This apparent contradiction is based on the theory that this is as good as we can do. That we should just shrug our shoulders and give up. That we should accept as inevitable a decline in the quality of our schools and in the fabric of our communities.

I am simply unwilling to do that. You elected me to do what I think is best for Oregon. And it is not in Oregon's best interest to passively surrender to the notion that our state must slip into mediocrity – the notion that the people's representatives are incapable of dealing responsibly and courageously with the state's problems.

For these reasons, I have vetoed these two bills and will call the legislature into session on August 16 to consider my action.

The legislature can either override my vetoes – clearly endorsing a financing policy based on borrowing and questionable accounting practices – or it can reject this kind of financing by sustaining these vetoes. In either case, this decision requires one up-or-down vote in each chamber – something that can easily be done in one day.

Should my vetoes be overridden, then these difficult decisions will be pushed into the next biennium, leaving the next governor and the next legislature with a billion dollar deficit and another inevitable round of cuts to education and other state services.

However, should these vetoes be sustained – which I believe is the right decision for Oregon – I will ask the legislature to give Oregonians an opportunity to vote on sustainable funding for our schools in the November election.

The specifics of the revenue measure to be placed before you would be taken up in a special session called for early September when we will have to deal with what is projected to be another significant revenue shortfall – and possibly the need to find more money to pay for this terrible fire season.

In closing, let me say that I have not come to this decision lightly. But I believe that leadership is not about making people comfortable. It is about challenging them.

Tonight I challenge you to demand that we do better – to demand that Oregonians be given the opportunity to decide.

I challenge you to find the courage to meet the risks of an uncertain future over the false security of temporary funding schemes which will only prolong the slow, inevitable decay of our public schools.

I challenge you to stand up and help make Oregon all that it can be.

We owe this much to our children, to ourselves and to our common future.

Thank you and good night.

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Governor John Kitzhaber

**Sustaining the Oregon Community
Speech to the Oregon AFL-CIO**

June 10, 2002

Today, Oregon stands at a crossroads. As you know, the June revenue forecast- in conjunction with the defeat of Ballot Measure 13 -- has left us with a projected shortfall of over \$870 million in the current biennium. In addition, the revenue forecast and tentative budget projection points to an additional deficit of over \$1.3 billion in the next biennium.

This situation presents us with two challenges. A short term challenge: the immediate revenue loss due to the recession - and a much more serious long term challenge: a structural budget deficit that preceded the recession and which will continue beyond it. In other words, our current level of state programs and services is not sustainable into the future based on the projected revenue forecast -- even when the economy has fully recovered.

This projected discrepancy between revenues and expenditures is due largely to a series of choices Oregonians made in the last decade - in particular, the fact that we cut taxes - through Ballot Measure 5, Ballot Measure 88 and the two-percent kicker -- but did not cut the programs and services supported by that revenue.

On Wednesday of this week I will call the legislature back into special session to address these challenges. What I would like to do today is to simply walk you through the options we have and the likely consequences of the choices we make.

Although I am sure that the news coverage of our first two special sessions left you with the impression that none of us could agree on anything, in reality there was - and remains - a broad consensus on the level of budget cuts. Or, to put it another way, there is broad consensus on the level of state services required to meet the legitimate needs of Oregonians.

Up through the first special session, the contemplated level of budget reductions was around \$450 million. In the second special session -- despite a declining revenue picture - the cut level remained essentially the same.

Although I expect additional cuts to be considered by the legislature when it convenes this week, members of both parties have recognized the serious consequences of further reductions. After all, over seventy percent of state income tax revenue is returned directly to Oregon communities - for public education, for health care, for economic development and for support of the frail elderly and other vulnerable citizens. There is a broad consensus that these services are vitally important to our communities as they struggle to weather and recover from the current recession.

My point is this: we have cut the budget about as deeply as we can - not only from the standpoint of good public policy, but from a political standpoint as well. What we have been debating is not budget cuts but rather how to pay for that portion of the budget we want to sustain.

This conclusion is further reinforced by the positions staked out by both gubernatorial candidates. Neither Kevin Mannix nor Ted Kulongoski have advocated additional cuts. On the contrary, both have articulated strategies - very different strategies, to be sure -- to pay for the current level of services.

And I would submit to you that even our current level of funding - already reduced by almost half a billion dollars - is not adequate to meet our expectations, particularly in the area of public education.

Consider the following:

- Tuition at Oregon's public universities has gone up over 80 percent in the last decade pricing many high school graduates out of a post-secondary education. And even those who can afford to attend carry an average debt burden of \$16,500 out the door with their diploma.
- Tuition at Oregon's community colleges has gone up over 125 percent since 1990 and next biennium, at our current funding level, there will be over 25,000 full time students who will not be able to attend a community college because of insufficient capacity. This is particularly troubling during a recession because community colleges provide the primary opportunity for workforce retraining.
- The Portland public school system now has the shortest school year in the nation, Condon has gone to four days a week. There are schools being closed in Portland, Baker City, Pendleton, Eugene and Fernridge. Oregon City has cut 21 teachers, Klamath Falls 16 and Roseburg four.

I submit to you that this situation is fundamentally inconsistent with what we all know to be true: that education is the single most important factor in creating and maintaining a competitive work force in the 21st century.

Which leads us back to our immediate challenge: a budget deficit of \$876 million for the last year of the current biennium, and a projected deficit of over \$1.3 billion for the 2003 - 2005 biennium.

Now, the approach to the revenue shortfall for this biennium depends on whether you believe it represents a one-time problem due to the current recession that will be resolved by a growing economy - or whether you believe it represents a more permanent structural deficit.

To date, the legislative leadership has been operating on the assumption that this is only a short term problem caused by the recession -- thus, their emphasis on borrowing and one-time revenue. Yet there is no evidence to support that assumption. On the contrary, the evidence points to a serious structural deficit that will not go away as the economy recovers.

- First, the June revenue forecast - which projected the \$1.3 billion deficit in the next biennium - assumes economic recovery.
- Second, to grow our way out of this problem - that is, to eliminate the 2003-05 deficit as a consequence of economic recovery - would require a job growth rate of between 5.5 and 8.5 percent per year over the next two years. That has never happened. In fact, only once in the past twenty years has Oregon had a job growth rate that exceeded five percent - and that was 5.1 percent in the mid-1990's.
- Furthermore, independent forecasting organizations like the DRI Wharton Econometric Forecasting Associates and the Western Blue Chip Economic Forecast projects job growth in Oregon for 2003 to be only 2.4% or less.

The fact is that we are not going to grow our way out of this problem. And our system of public education - which accounts for sixty cents of each tax dollar - will continue to be at risk until we add some permanent new revenue to the general fund.

Last week the House Speaker announced that he is willing to support a significant increase in the cigarette tax to help close the short

term budget deficit. While certain to change before Wednesday, the plan currently under discussion by the Republican leadership includes the following elements:

- Referring to the voters, in a September special election, an increase in the cigarette tax by 75 cents per pack which will generate \$109 million this biennium.
- An additional \$125 million in budget cuts - as yet unspecified.
- Disconnecting from the federal economic stimulus package which reduces cost in the current biennium by \$124 million.
- Applying the remaining \$82 million of unallocated revenue from the National Tobacco Settlement to the current budget.
- Drawing down the Emergency Fund and the state's already inadequate ending balance by a total of \$45 million.

- A one-time actuarial maneuver which moves the last K-12 school payment due this biennium into the next biennium, reducing costs for the current biennium by \$200 million.
- Re-referring to the voters - also in a September special election - a modified version of Ballot Measure 13 which would create a stabilization fund for schools and tap it for \$180 million.

This proposal would certainly resolve the short term budget problem - at least for now -- but raises some concerns. From a political standpoint, this plan is much closer to the position staked out by the Republican leadership than to that of the Democrats who have argued for a small income tax component to the solution and who have not been comfortable with tapping the stability fund for much more than \$100 million.

Furthermore, additional deep cuts are very problematic given the depth of the reductions we have already taken this biennium. And drawing down the ending balance is an invitation to return for a fourth special session this fall. As a consequence there may well be few Democratic votes for either the cuts or for the re-referral of Ballot Measure 13.

I tend to share these concerns. First of all, the voters just rejected a measure which would have removed \$220 million from the stability fund. Second, while I support an increase in the cigarette tax because it will help to reduce the number of young people who start smoking in the first place, the cigarette tax is regressive - and, let's face it, smokers did not cause this recession.

All of us have a responsibility to help see us through this difficult time. So if some additional revenue is needed, I believe the burden should be spread as broadly as possible.

Furthermore, I believe that it is important to craft a plan with broad bipartisan support if it hopes to gain acceptance by the voters. The situation calls for some kind of compromise plan that falls between my proposal of last week and the current Republican proposal. To me, this is our best hope to move beyond the rancor and partisanship that has marred the first two special sessions.

Adding a small income tax component to the solution would allow us to reduce the need for additional cuts, maintain our ending balance and limit the level appropriated from the new stabilization fund to the amount by which it grows each biennium.

If such a plan emerges from the discussions between the Republican and Democratic legislative leadership I would not only support it, but would aggressively seek votes to pass it in the legislature and actively campaign for it on the ballot.

While such a compromise plan would still leave a significant revenue shortfall for the next governor and the next legislature to deal with - it could emerge from the special session with solid bipartisan support. And that, in itself, would be a significant step in the right direction.

To those who say that any increase in taxes will cost jobs - I say that beyond a certain point, budget cuts can do the same thing. There are, after all, many Oregon communities - particularly in rural parts of the state - in which public employees comprise a significant part of the local workforce.

Take, for example, Pendleton and Ontario - each of which has a community college and a correctional facility in addition to their primary and secondary schools. In these communities the local economy depends to a large extent on the jobs provided by these institutions and on the public employees spending their money with local businesses.

Certainly, making deeper cuts in lieu of new revenue is an option - it is an alternative choice for balancing the budget. But make no mistake about it, it is also a choice for a different kind of Oregon than the one we know today.

It is, after all, our commitment to each other - to our children, to our workers, and to the vulnerable citizens in our society- that makes Oregon's definition of civic responsibility and quality of life different than that in Mississippi or Texas.

So to me, this is not as simple as a choice between budget cuts and raising taxes. It is about accountability and about Oregon's future. The accountability to step up to the plate and to pay for those state programs and services that we think

are important - not so much for ourselves, but for our children and for all those who come after us.

And while ducking this challenge may be the politically expedient course, it is not the road to our vision of the best-educated, best-trained workforce in the world. On the contrary, it is the road to mediocrity and I, for one, am not willing to go there.

I will continue to argue for a different road, for a different future - one that depends on our collective willingness to move beyond partisanship and ideology and to make these fundamental investments for the good of our Oregon community.

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Governor John Kitzhaber

**Portland City Club
Portland, Oregon**

June 3, 2002

I had hoped to use this appearance before the Portland City Club to discuss the escalating cost of health care in general and the cost of prescription drugs in particular. Unfortunately, the state fiscal crisis has deepened and I feel compelled to spend some of my time today discussing our options and how best to proceed.

Nonetheless, I would like to take just a few moments to touch on the health care issue which is a growing burden in both the public and private sectors.

As you know, medical cost inflation has put many employers in the difficult position of having to either drop coverage for employees or to increase their share of the cost by increasing co-payments and deductibles. And from an employee standpoint, the cost of health care benefits is starting to squeeze out wage increases and other elements of the compensation package.

The key word here is "benefit" - a term that has come to mean something of economic value. That is, something that is "covered" or paid for (usually by someone else). In other words, we view health care as an economic commodity - just like wages, vacation time, or retirement. And therein lies one of the keys to controlling health care costs.

Let me ask you a question. What would you say is the objective of the health care system? Is the objective to give people access to health care? or is it to keep people healthy?

I say it is the latter. While providing access to health care is the objective of the delivery system, the objective of the health care system is health - improving, maintaining, and restoring health. In other words, health care is a means to an end not an end in itself. It has no intrinsic value outside its relationship to health.

My point is this -- instead of simply debating how to pay for the increased cost of health care, we should be asking, first: "why it costs so much in the first place?" and, second: "what are we getting for this expenditure in terms of health?" Prescription drugs -- which constitute the single fastest growing cost in the health care system - offer a prime example.

The dramatic cost increase in prescription drugs can be traced directly to the 1997 decision by the Food and Drug Administration to repeal the ban on direct consumer advertising by the drug companies.

As a consequence, the advertising budgets for the major pharmaceutical companies increased from \$75 billion dollars in 1997 to \$155 billion dollars in 2000. Today, every one of the seven most heavily advertised drugs is promoted by an advertising budget, each of which exceeds \$125 million dollars - more than Nike's annual budget for promoting its athletic shoes.

This creates a market demand for a particular brand name drug without any clinical context. That is, no way for the average consumer - or physician, for that matter - to know the relative clinical effectiveness or cost-effectiveness of these heavily advertised drugs.

Let me give you an example. A young, otherwise healthy member of my staff had some wrist pain recently and went to see his doctor. His doctor gave him a sample of Celebrex and a prescription for the same - to fill if the sample helped his

wrist. Celebrex, by the way, is one of the most heavily advertised anti-inflammatory prescription drugs on the market.

Now there is no evidence, whatsoever to suggest that Celebrex (at \$75 per month) is any more effective than across-the-counter Advil (at \$7 per month) in an otherwise healthy Caucasian male with no history of gastrointestinal problems. But the difference here is \$68 dollars -- which did not provide a meaningful health benefit, yet contributed to the escalation in health care cost.

Getting at this problem requires at least two things. First, we need good objective evidence-based analysis of the relative clinical effectiveness of prescription drugs. Second, physicians must use this information to guide their prescription writing practices and purchasers - private employers as well as state and local governments -- must use it to guide what they are willing to pay for.

Last year the Oregon legislature - over the strident objections of the pharmaceutical industry -- passed SB 819, which established a formulary for the Oregon Health Plan by which drugs of various classes are evaluated in terms of their relative clinical effectiveness. This review - based on peer-reviewed research -- is being conducted through an open, public process by the Oregon Health Resources Commission, chaired by Dr. Frank Baumeister - City Club Member and former President of the OMA.

One example of a "class" of drugs would be the anti-inflammatory drugs I just mentioned - which would include heavily advertised prescription drugs like Celebrex and Vioxx as well as across-the-counter drugs like Advil and aspirin. Other examples would be drugs to lower cholesterol (like Lipitor); and drugs to treat heartburn and ulcers (like Nexium - "the little purple pill" - and Prilosec).

To be the preferred drug for the Oregon Health Plan, the drug must be as effective as any other drug in the class, but more cost effective.

The reason the drug companies are so opposed to evidence-based analysis is because it will force them to compete on the basis of cost for two drugs which are clinically equivalent. Of course, that is exactly how Ford competes with Chevrolet - and how Intel competes with Hewlett Packard.

But creating this kind of functional market is exactly what the pharmaceutical companies are resisting because their huge profits depend on the fact that consumers have no information on head-to-head comparisons between different prescription drugs designed to treat the same condition.

In order to gain FDA approval a new drug must be demonstrated to be more effective than a placebo -- not more effective than other drugs on the market to treat the same condition. And the pharmaceutical industry has vigorously opposed federal funding to support research on head-to-head comparisons because it is the lack of this information which make their advertising so effective.

Can you imagine how difficult it would be for consumers to make decisions like purchasing cars or other products without the Consumer's Report which provides the objective information needed to compare products? Such information is absent from the prescription drug market. So, essentially, what we are doing here in Oregon is to create the equivalent of Consumer's Report for prescription drugs.

Armed with this information consumers, purchasers and physicians can choose the most effective medication which, in many cases, may cost five, ten, or even fifty times less than the one being advertised on television.

And what we are talking about here -- evidence- based analysis and value-based purchasing - are equally applicable to other stakeholders in the health care arena including physicians, hospitals and the medical device industry.

This has huge implications in terms of the escalation in health care costs - and I hope that I will have another opportunity - in the near future -- to address the City Club on this topic - and to go into the detail which the fiscal circumstances of our state prevent me from doing today.

With that, let me turn now to the challenges facing the upcoming special session of the legislature.

As you know, the revenue forecast announced last week - in conjunction with the defeat of Ballot Measure 13 -- has left us with a projected shortfall of over \$870 million in the current biennium. In addition, the revenue forecast and tentative budget projection points to an additional deficit of over \$1.3 billion deficit in the next biennium.

This situation presents us with two challenges. A short term challenge: the immediate revenue loss due to the recession - and a much more serious long term challenge: a structural budget deficit that preceded the recession and which will continue beyond it. In other words, our current level of state programs and services is not sustainable into the future based on the projected revenue forecast -- even when the economy has fully recovered.

This projected discrepancy between revenues and expenditures is due largely to a series of choices Oregonians made in the last decade - in particular, the fact that we cut taxes - through Ballot Measure 5, Ballot Measure 88 and the two-percent kicker -- but did not cut the programs and services supported by that revenue.

Within the next few weeks, I will call the legislature back into special session to address these challenges. What I would like to do today is to simply walk you through the options we have and the likely consequences of the choices we make.

Let me start by examining two decision tracks stemming from the question: is the state general fund adequate to meet our needs and expectations - particularly in the area of public education.

If the answer is "YES" it leads us to a second question: is the general fund too big? If the answer to this question is "YES" then the solution is to further cut the budget. If the answer is "NO" the solution is to maintain the current level of state services.

This is essentially where the legislature has ended up - trying to maintain the current level of state services.

Although I am sure that the news coverage of our first two special sessions left you with the impression that none of us could agree on anything, in reality there was - and remains - a broad consensus on the level budget cuts. Or, to put it another way, there is broad consensus on the level of state services required to meet the legitimate needs of Oregonians.

Up through the first special session, the contemplated level of budget reductions was around \$450 million. In the second special session -- despite a declining revenue picture - the cut level remained essentially the same.

Members of both parties have recognized the serious consequences of further reductions. After all, over seventy percent state income tax revenue is returned directly to Oregon communities - for public education, for health care, for economic development and for support of the frail elderly and other vulnerable citizens. There is a broad consensus that these services are vitally important to our communities as they struggle to weather and recover from the current recession.

My point is this: we have cut the budget about as deeply as we can - not only from the standpoint of good public policy, but from a political standpoint as well. What we have been debating is not budget cuts but rather how to pay for that portion of the budget we want to sustain.

This conclusion is further reinforced by the positions staked out by both gubernatorial candidates. Neither Kevin Mannix nor Ted Kulongoski have advocated additional cuts. On the contrary, both have articulated strategies - very different strategies, to be sure -- to pay for the current level of services.

Let's turn now to the second decision track. If the answer to the question: "is the state general fund adequate to meet our needs and expectations?" is "NO" then the solution is to not only to maintain the current level of services, but to increase funding beyond that.

Now, while I think that reasonable people can disagree on the answer to this first question, I would submit to you that the current level of funding is not adequate to support our expectations. As evidence to support this conclusion, I would point to the following:

- Tuition at Oregon's public universities has gone up over 80 percent in the last decade pricing many high school

graduates out of a post-secondary education. And even those who can afford to attend carry an average debt burden of \$16,500 out the door with their diploma.

- Tuition at Oregon's community colleges has gone up over 125 percent since 1990 and next biennium, at our current funding level, there will be over 25,000 full time students who will not be able to attend a community college because of insufficient capacity.
- The Portland public school system now has the shortest school year in the nation, Condon has gone to four days a week. There are school closures in Portland, Baker City, Pendleton, Eugene and Fernridge. Oregon City has cut 21 teachers, Klamath Falls 16 and Roseburg four.

I submit to you that this situation is fundamentally inconsistent with what we all know to be true: that education is the single most important factor in creating and maintaining a competitive work force in the 21st century.

In any event -- whether you want to maintain the current level of services or to increase funding - you are faced with the same basic problem: a budget deficit of \$876 million for the last year of the current biennium, and a projected deficit of over \$1.3 billion for the 2003 - 2005 biennium.

The approach to the revenue shortfall for this biennium depends on whether you believe it represents a one-time problem due to the current recession that will be resolved by a growing economy - or whether you believe it represents a more permanent structural deficit.

The legislative leadership has been operating on the assumption that this is only a short term problem caused by the recession -- thus, their emphasis on borrowing and one-time revenue. Yet there is no evidence to support that assumption. On the contrary, the evidence points to a serious structural deficit that will not go away as the economy recovers.

- First, the June revenue forecast - which projected the \$1.3 billion deficit in the next biennium - assumes economic recovery.
- Second, to grow our way out of this problem - that is, to eliminate the 2003-05 deficit as a consequence of economic recovery - would require a job growth rate of between 5.5 and 8.5 percent per year over the next two years. In the past twenty years, Oregon has only experienced one year in the mid-1990's when the job growth rate exceed five percent - and that was only 5.1 percent.
- Furthermore, the Western Blue Chip Economic Forecast projects job growth in Oregon for 2003 to be only 2.4% and the DRI-WEFA forecast projects an even lower growth rate.

The fact is that we are not going to grow our way out of this problem. And our system of public education - which accounts for sixty cents of each tax dollar - will continue to be at risk until we add some permanent new revenue to the general fund.

That is why I have called for a temporary modest increase in personal and corporate income taxes - dedicated to education - to stabilize our fiscal picture long enough for the next legislature to refer to the voters a proposal to reduce our reliance on the income tax and provide the long term, stable funding that our schools need and our future demands.

When considering this proposal, it is important to remember that \$133 million of the current deficit and \$250 million of the deficit in the next biennium stems from financing the income tax reduction enacted by the voters in Ballot Measure 88. In addition, this year Oregonians will also receive a check from the Bush tax cut.

My point is that for most Oregonians, this modest tax increase will be more than offset by the tax cuts enacted through Ballot Measure 88 and by the United States Congress.

It is also important to compare the potential economic impact of a modest, temporary tax increase with the economic impact of the alternatives - particularly further budget cuts.

First, there are many Oregon communities - particularly in rural parts of the state - in which public employees comprise a significant part of the workforce. In any community with a public school, a university or a prison, the local economy depends to some extent on the employees of those institutions spending their money with local businesses.

In addition, allowing our system of public education to further deteriorate will surely jeopardize our ability to attract new businesses to Oregon.

To put the furor over my proposal into perspective I would remind you of the young man with the \$70 a month Celebrex prescription I mentioned earlier. I find it ironic that we are so resistant so spending a few extra dollars a month to support the education of children here in Oregon - while we blithely spend hundred of dollars each month to boost the profits of multi-national drug companies. Something to think about.

Let me close by acknowledging that there are, in fact, ways to balance the budget for the remaining year of this biennium without a general tax increase. And, in the end, that may well be what the legislature chooses to do. But let's be clear - while it may be the politically expedient course, it is not the road to our vision of the best-educated, best-trained workforce in the world.

On the contrary, it is the road to mediocrity and I, for one, am not willing to go there. I will continue to argue for a different road, for a different future - one that depends on our collective willingness to move beyond partisanship and ideology and to make these fundamental investments for the good of our Oregon community.

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Governor John Kitzhaber

**Address to the American Wind Energy Association
Portland, Oregon**

June 3, 2002

It's a pleasure to welcome you to Oregon, which I think is an especially appropriate setting for a gathering of the American Wind Energy Association.

First of all, we have a lot of wind here in Oregon, as many of you know. But just as important, we Oregonians believe in the wind. We believe in putting it to work in ways that those first pioneer builders of windmills never dreamed of. We believe in the promise that wind offers—a world in which the products of human hands don't foul the air or water, poison the soil, or cause the extinction of any species that shares this planet with us.

Here in Oregon, we have a vision of a future that maximizes the development and commercialization of wind energy technology, not only because of the obvious environmental advantages, but also because of the economic advantages. We believe that wind energy and its allied renewable energy technologies are the wave of the future—that these technologies are the key to a prosperous Oregon, a prosperous region, and a livable world in the years and decades ahead.

The message I want to bring you today is two-fold. The first part is a little self-serving, I'll admit, but it's sincere, and it has the force of public policy behind it. Oregon *wants* you. Oregon wants the wind energy industry *here*.

It's a natural fit, when you stop and think about it. Oregon's leadership in reasonable, workable environmental policy is legendary. All over the country, states have followed our lead with measures like the Bottle Bill, recycling, land use planning and efforts to restore watersheds.

Moreover, we've already made sizable investments in wind technology and production. A case in point is the Stateline Wind Generation Project, which straddles the Oregon-Washington border, just southwest of Walla Walla. Stateline—which is one of world's biggest wind plants—was dedicated just two months ago, and offers the ability to generate 300 megawatts of power, enough to supply 70,000 homes, or about a third of the houses in the city limits of Portland. Built, owned and operated by FPL Energy, the plant consists of more than 400 wind turbines. Marketing the output of these plants is the job of PacifiCorp Power Marketing. Many of you in this room had a hand in some aspect of this project, and to you I say, Thank-you on behalf of the people of Oregon and everyone who cares about the future of clean energy.

The Stateline Wind Project is a concrete example of our vision becoming real, a testament to the diligent efforts of private-sector planners and investors, the various state, local and federal agencies who had a hand in the permitting and regulation, and those members of Congress from throughout the region, whose support was critical to helping the dream materialize.

Stateline, of course, is not the only wind plant in Oregon. We have the Condon facilities, Phases I and II, which generate 25 megawatts apiece, the Klondike facility, which generates another 25 megawatts, and the Vansycle facility, which also generates 25 megawatts. We're proud of them all, and we expect many more to spring up in the years ahead.

I want to say a word about the Klondike project. To make the project reality, we used a process called Oregon Solutions, in which we convened all the interested parties—state, local and federal agencies, businesspeople, environmentalists and community representatives, and brought them into the process. With Oregon Solutions, the siting process took just four

months, beginning to end, instead of the 18 months it would have taken through conventional means. From the day the idea dawned, to the day it was built, the Klondike Wind Farm took just 10 months.

Last month, Vestas Wind Systems announced that it will establish a major manufacturing presence here in Portland, with a plant that will build up to 300 new wind state-of-the-art turbines a year. At full capacity, the plant will employ more than a 1,000 people, and will serve a growing and vital domestic market for wind power. Vestas will also locate its North American headquarters here in Portland, bringing in even more jobs. The recently retired managing director of Vestas, Johannes Poulsen, noted that Portland is optimal for the company's activities in this region, and he credited state government, local government, and Oregon's congressional delegation for their help in smoothing the way toward establishing this important new manufacturing facility.

My point is this: Oregon has done more than talk and pay lip service—we've *acted*. We've *invested*. We've established a growing base of technology, manufacturing and production that will serve as the foundation for the future growth of our wind-energy community. We're determined to join the ranks of world leadership in the promotion, development, and sale of wind technology, together with actual distribution of wind-generated electricity on the utility power grid.

My other message goes not only to those of you in this room, but also to anyone else who's listening—particularly the voters of America, the people who ultimately decide this nation's energy policy. That message is as simple and straightforward as it is critical to our national well-being. We need a change in energy policy that reflects a genuine commitment to renewable energy technologies and conservation. We need aggressive national leadership that recognizes the importance of developing systems of energy production and distribution to enable economic growth without compromising the integrity of our environment. Without that kind of leadership, we're headed for a dark and toxic future.

Like most of you, I applauded the approval by the U.S Senate of the federal Renewables Portfolio Standard, together with a full five-year extension of the production tax credit. The RPS portion of S. 517, the Senate version of the energy bill now under consideration in a conference committee, requires that an additional one percent of the nation's electricity must come from new renewable energy sources by the year 2005. It would also require that the percentage increase slowly each year thereafter, until renewable energy represents 10 percent of the national energy supply by 2020. Without question, the Senate energy bill will help increase the use of renewable sources by this nation's energy suppliers.

Unfortunately, other aspects of the new federal energy bill aren't as visionary or encouraging. Not only does the legislation further deregulate the energy industry at a time when steady, consumer-oriented guidance is in order, it also offers significant subsidies to promote the use of fossil fuels and nuclear power. Specifically, it contains a four-year subsidy of \$1.3 billion for relicensing nuclear power plants. It directs another \$1.8 billion to subsidize so-called "clean coal" technology. And it provides more than \$2 billion to promote on-shore and off-shore oil and gas production, including ultra-deepwater drilling.

The fact remains that if we are to maintain our free markets and continue our economic growth, we must bring clean energy online worldwide. And we cannot do this by continuing to subsidize and promote the reliance on burning carbon fuels. I acknowledge that fossil fuels and nuclear reactors are a necessary part of our energy picture today. But we can and must take forceful steps to start the transition from old, polluting fuels to renewable, clean sources of energy. One of the key steps in this transition is conservation.

Last fall, the Northwest Power Planning Council reported on the striking potential of a vigorous program of conserving electricity. Using a disciplined conservation program, the Pacific Northwest could conserve about 300 megawatts over three years, an amount equivalent to the output of a large natural gas power plant. Unquestionably, a conservation program of this kind would be good for the environment, because it would displace a gas-fired combustion turbine. But it would also be good for the economy, because it would improve the efficiency of energy use. Better efficiency means lower operating costs for businesses and industries, higher profits, more personal income and more jobs.

The kind of program we're talking about does not require enduring the cold of winter, temporary industrial shutdowns, or privation of any kind. It simply means using energy smarter—investing in more efficient lights, better insulation, more economical machines, and changing wasteful habits. If we employ the same kind of aggressive conservation strategy on

a national scale, we could substantially reduce the demand for gas coal-fired generators and nuclear reactors. And today more than ever we have reason to reduce our reliance on non-renewable energy sources, particularly oil and gas.

Thus, conservation is a strategy that compliments and strengthens the move toward renewable energy. By moderating the demand for dirty power, conservation counters the widely held assumption that only hydropower, carbon-fuel or nuclear technologies have sufficient capacity to meet the demands of today's growing international economy. Conservation will speed public recognition of the fact that renewable energy can do the job for America and the world.

Amory Lovins, one of America's foremost energy visionaries, tells us the issue is not foreign oil versus domestic oil. Rather, the issue involves the architecture of the energy system. A good system makes large-scale failures impossible and local failures relatively harmless. It uses less energy, and it uses energy more efficiently. It relies on resources that are dispersed, diverse and renewable. Therefore, our strategy for the future must include the aggressive use of conservation as a means of easing the transition to wind, hydrogen and solar energy. Using this strategy, we can achieve Lovins' vision of an energy system architecture that is diverse, efficient and not susceptible to large-scale failure.

We have accomplished much toward achieving that vision, and the growth of wind power throughout the world has been an important contributing factor. But we still have much to do. From industry's perspective, the question over the future of the production tax credit continues to loom, a question that we will press Congress to answer once and for all in the near future. We recognize the financial importance of the production tax credit to wind power, and we know that temporary extensions are temporary solutions at best.

In order reinforce Oregon's commitment to wind power, I'll undertake a policy initiative to establish a state production tax credit to help offset potential losses if Congress ever fails to extend the federal production tax credit in the future. Similarly, we'll examine leveling the playing field for renewable energy, making generation facilities that don't emit particulates eligible for the same tax credits that are available to those do emit particulates.

And be assured that Oregon will also do all it can to ensure fair and affordable access to transmission facilities for clean power. In the past, we've brought the means of transmissions to dams and nuclear power sites-we've proved that we can do the same for wind!

As we contemplate the challenges we face and the questions we must answer in order to achieve a sustainable world, it is clear that facilitating the transition from non-renewable energy to renewable energy will be a key to our success. I applaud for your leadership in this effort, and for your commitment to this cause. Thank-you again for coming to Portland. I hope you enjoy your stay, and return often.

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Governor John Kitzhaber

**Sustaining the Oregon Community
Eugene Rotary Club**

May 28, 2002

Today Oregon stands at a crossroads. The new revenue forecast announced this morning reveals that state resources have declined by another \$550 million dollars. This -- combined with the failure of Ballot Measure 13 in last week's primary election, growing caseloads in the Department of Human Services, and the need to maintain our ending balance - has put our state budget out of balance by over \$870 million.

Even more disturbing is the projected decline in projected revenue for the 2003-2005 biennium. This - coupled with over \$500 million in one-time revenue we have already employed to help balance the current budget - means that the next Legislature, when it convenes in January, will be confronted with another budget deficit in excess of \$1.3 billion.

One could hardly imagine a more difficult situation. With nearly sixty cents out of every state tax dollar going to education - K-12, community colleges and the Oregon University System - at risk are the very underpinnings of our economy and, indeed, of our society. A good education is not only the key to a skilled workforce, but increasingly the key to social and civic success as well.

The challenge of filling this revenue gap is a daunting one - ripe with the opportunity for partisanship and ideological conflict. Yet that need not be the case - a thought which occurred to me as I stood, just last Thursday, with a small group of people in a forest clearing in Idaho.

With me were the governors of Idaho, Wyoming, and Montana; Secretary of the Interior Gale Norton, Secretary of Agriculture Ann Veneman, the Chief of the U.S. Forest Service - and an interesting mix of other people representing tribal interests, counties, the environmental community and the timber industry.

We had gathered to sign an historic agreement - the implementation document for the National Ten-Year Fire plan, designed to restore the health of our western forests, reduce the risk of catastrophic wildfire and provide wood to help sustain rural communities. The agreement was historic because it bridged the divide between environmentalists, industry and communities to focus on a common challenge: restoring the health of our forest ecosystems.

This remarkable consensus on a plan of action started to emerge after the terrible fire season of 2000. The scope, nature and intensity of these forest fires were not typical of what had historically occurred in the West. These fires were an indicator of declining forest health - dense stands of young trees, acres of dead and dying insect infested timber and few remaining large, old fire resistant trees. Other indicators of declining forest health were the loss of forest sensitive species and the economic collapse of small rural communities as the timber harvest off these forests declined.

Putting aside the contentious debates over roadless areas and salvage logging - these disparate stakeholders recognized their mutual interest in maintaining healthy forests, the common denominator from which all other beneficial uses flow: clean water, abundant timber, and healthy forest habitat.

This is not to suggest that we have resolved contentious issues like wilderness designation or old growth logging - we haven't. Those debates will continue. But for the time being we moved beyond them - because the urgency of the situation required we join in common cause; because we recognized that without restoring a healthy forest, we would have little to debate about in the first place.

This agreement was made all the more remarkable by the fact that it will take thirty years or longer to restore the health of these vast forests. Many of those gathered last week will not live to see that day - yet that did not make the investment any less important.

I suggest to you that we have arrived at a similar point here in Oregon.

The magnitude of our budget problem has outrun the kind of solutions we have debated in the first two special sessions. It is time for us to move beyond partisanship and ideology to do what is right for Oregon - to do what is needed to secure our common future.

I believe that it is our obligation - mine and that of the Legislature - to not only rebalance the current budget, but to do so in a way that will provide the next governor and Legislature with the resources necessary to provide stable funding for those services essential to Oregonians. It is not sufficient to merely patch together the current budget knowing full well that we are pushing the state toward another enormous fiscal cliff just a year from now.

Although I am sure that the news coverage of our first two special sessions left you with the impression that none of us could agree on anything, in reality there was - and remains - a broad consensus on the level budget cuts. Or, to put it another way, there is broad consensus on the level of state services required to meet the legitimate needs of Oregonians.

In the first special session, the Legislature cut the budget by \$450 million. In the second special session -- despite a declining revenue picture - the cut level remained essentially the same.

Members of both parties recognized the serious consequences of further reductions. Over 70 percent of the budget is returned directly to Oregon communities - for public education, for health care, for economic development and for support of the frail elderly and other vulnerable citizens. There is a broad consensus that these services are vitally important to our communities as they struggle to weather and recover from the current recession.

My point is this: we have cut the budget about as deeply as we can. What we have been debating is not budget cuts but rather how to pay for that portion of the budget we want to sustain. Specifically, we have been debating whether to rely solely on one-time revenue sources to balance the budget or whether to consider new revenues.

If our problem was simply limited to the current biennium, this debate would be less important. The reality, however, is that in addition to the relatively short term revenue loss due to the recession, we have a structural budget deficit that preceded the recession and which will continue beyond it. In other words, our current level of state programs and services is not sustainable into the future based on the projected revenue forecast -- even when the economy has fully recovered.

This projected discrepancy between revenues and expenditures is due largely to a series of choices Oregonians made in the last decade - in particular, the fact that we cut taxes but did not cut the programs and services supported by that revenue.

First, was the passage of Ballot Measure 5 in 1990 which capped school property taxes at \$5.00 a thousand but required the state General Fund to make up any revenue that had been lost to local school districts. This has amounted to a shift of over four and a half billion dollars per biennium onto the General Fund. Between 1990 and 1999 we granted nearly a billion and a half dollars of personal and corporate tax reductions through the 2 Percent Kicker. And in 2000 we approved Ballot Measure 88, which grants yet another state income tax cut to those who pay more than \$3,000 in federal taxes.

Since 1994 Oregon's population has increased by 600,000 and - more importantly, we have 60,000 more children in our public school system. Yet in 1994 we passed Ballot Measure 11 (the one strike and your out, public safety measure), which forced us to issue over a billion dollars in bonds - not for new schools, but for new prisons. And the ongoing operation of these new facilities will cost us even more.

We got away with these policies - expanding state programs and services while reducing taxes - because of the

unprecedented economic growth we experienced during the 1990's and because of the addition of video poker to the state lottery. These two factors masked the fact that our fiscal policy was unsustainable.

As a consequence, what we are faced with today is a system of public education that is far more dependent on the state general fund than it was a decade ago - and a state General Fund that is insufficient to adequately support our system of public education.

This is one of the central challenges facing Oregon today. Indeed, both nominees for governor have committed to securing "long term, stable funding for our schools. Today I would like to talk about what we need to do to accomplish that objective.

The only constitutional responsibility of the Legislature is to produce a balanced budget for the current biennium. And to date, those who want to use one-time revenue to fulfill this responsibility have largely prevailed. The new revenue forecast, however, makes it increasingly difficult to ignore the implications of our actions in this biennium on the budget for the next biennium.

If, as I believe, we are truly committed to long term, stable funding for our schools - then one year is certainly not long term and leaving a \$1.3 billion deficit is certainly not stable. Educating the next generation of Oregonians is not a one-year proposition. It requires a sustained effort - and it requires that public policy makers adopt an event horizon that is longer than a single budget cycle.

Let me suggest how we might proceed in a way that will not only meet our obligation to balance the current budget, but which will also give the next governor and the next Legislature the maximum flexibility to arrive at a long term solution.

To close the \$870 budget hole for the remaining year of this biennium, I propose that we take the following actions:

- First, apply the remaining \$80 million of unallocated revenue from the National Tobacco Settlement to the current budget.
- Second, either disconnect from the federal economic stimulus package, or delay its \$124 million fiscal impact so that it is spread out over several future biennia.
- Third, raise the cigarette tax by fifty cents per pack which will generate \$89 million this biennium.
- Fourth, put before the voters, in a September special election, the question of closing the remaining shortfall through a temporary adjustment of the personal and corporate income tax rates. I suggest that this rate increase be sunsetted on December 31, 2004.
- Finally, refer to the November ballot, the creation of an Education Stabilization Fund - similar to that proposed by Ballot Measure 13 - but do not tap the resources for the current budget. This would give the next Legislature a cushion of nearly \$300 million to help maintain school funding, if necessary, for the 2003-2005 biennium.

When combined with the \$450 million in budget cuts we have already made, these two tax increases will generate enough revenue to essentially eliminate the budget deficit in the upcoming biennium. Thus, funding will be stabilized at its current level over the next three years. This will give the next governor and the next Legislature - and, indeed, the Oregon people -- the opportunity to thoughtfully consider the structure of our tax system and the adequacy of the General Fund without being consumed by yet another budget crisis.

By sunseting the income tax increase at the end of 2004, the next legislative session will have to address, and act upon, two questions. First, is the current level of funding for public education sufficient to accomplish what we expect the system to deliver? And, second, how will that revenue be raised? The first question is a matter of adequacy, while the second is a matter of structure. It is important not to confuse the two.

Let me start with the issue of adequacy. There is growing evidence that our state budget is not adequate to meet the demands we have placed upon it. After a decade of unprecedented economic growth and prosperity we are watching the gradual dismantling of our system of public education.

The Portland school district now has the shortest school year in the nation while Condon has gone to four days a week. At the same time, every other industrialized nation with which we are competing is sending its students to school longer than we are here in Oregon. Our university system cannot pay enough to retain quality faculty members, we are cutting back on basic research, and increasingly Oregon high school graduates cannot afford to attend.

I submit to you that this situation is inconsistent with a state that pays lip service to the importance of education as the key element to a competitive work force of the 21st Century.

I believe that we need to permanently increase the size of our General Fund - both to make up for the revenue lost through Ballot Measure 5 -- and to realize our vision of giving Oregon the best educated and best trained workforce in the world. The Quality Education Model, which the Legislature used to determine the level of K-12 funding for this biennium -- supports this conclusion -- that our efforts are falling short of our objectives.

At the same time, an adequate budget must also reflect efforts to manage costs which reduce our ability to deliver public services. A clear example of this is our responsibility to find solutions to the growing cost of the Public Employees Retirement System (PERS). Toward that end I have appointed a Task Force on PERS - which I will chair - with the objective of providing the next Legislature and the next governor with clear information on the magnitude of the shortfall in the fund and with recommendations to improve the management of the system and to constrain costs.

I am also working to develop strategies to help reduce the rate of medical inflation - which, by the way, is a much larger cost to public employers than is the retirement system.

In short, the debate over the adequacy of our General Fund during the 2003 Legislative Session must be informed by any potential cost savings that can be realized by addressing legitimate problems in the PERS system, by reducing the rate of medical inflation, and from administrative savings.

Once the question of adequacy has been determined, then the next question involves the tax structure - that is, how should this revenue be raised? All too often when people say they want to "reform" the tax system, what they are really talking about is generating more revenue. There is nothing inadequate about our current income-tax based tax structure in terms of raising money - in fact, \$500 million per biennium can be raised with less than a one percent increase in the tax brackets. There may be other problems with our current tax structure -- and there are -- but adequacy is not one of them.

So one alternative for the next Legislature to consider would be to simply retain our current income tax-based system and to continue to capitalize a "rainy day" fund to ensure long term stability. Another alternative, of course, would be to broaden the tax base and to reduce the reliance on the income tax.

Whatever conclusions the next Legislature arrives at concerning Oregon's tax structure, the proposal I have offered today will require that a tax measure of some kind be placed before the voters in either November 2003 or November 2004, prior to the date on which the temporary income tax rate increase sunsets.

What I am suggesting today is "bridge financing," if you will - bridging the revenue shortfall for both this and next biennium in order to make clear, informed and accountable decisions about both the adequacy of our state revenue stream and the tax structure by which we will raise it.

I appreciate that the headline tomorrow will be limited to "Governor Proposes Tax Increase." I can live with that, but the issue is not as simple as such a headline implies. Certainly, making deeper cuts in lieu of new revenue is an option - it is an alternative choice for balancing the budget. But make no mistake about it, it is also a choice for a different kind of Oregon than the one we know today.

It is, after all, our commitment to each other - to education and to caring for our vulnerable citizens and our for natural

environment - that makes Oregon's definition of civic responsibility and quality of life different than that in Mississippi or Texas.

So to me, this is not as simple as a choice between budget cuts and raising taxes. It is about accountability. The accountability to step up to the plate and to pay for those state programs and services that we think are important - not so much for ourselves, but for our children and for all those who come after us.

When I was in Idaho last week, I described the National Ten-Year Fire Plan as an example of sustainability - an approach which recognizes the interdependence of our economic, environmental and community needs. I used the analogy of three overlapping circles - one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability -- the area where we find a balance between these often competing values.

It is in this area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other. These elements are things we hold in common -- they represent a common set of desires and aspirations that add value and quality to our lives. And it was this commonality - this sense of common purpose - which brought a disparate group of people together last week in a forest clearing in Idaho.

And the fact is, that all Oregonians want these same things as well, no matter where we live or what we do for a living. And our efforts to secure them has, at least in the past, been a joint undertaking that produced a kind of cohesiveness that has held us together and allowed us to act in concert for the good of the larger Oregon community. It is what has allowed us to see the wisdom of making investments today to sustain Oregon in the future.

It is time for us to renew that commitment to each other and to this shared place in which we live.

Let me close today with a brief story written by Kim Stafford, the son of Oregon's late poet laureate William Stafford. He writes about Oregon - this special place that gives us gifts everyday - and teaches us how to give back.

He reminds us that the things we cherish must be constantly renewed in ourselves and in our community - lest they slip from our grasp before we even know they are gone. This story is an apt metaphor for where we stand today.

Kim Stafford tells us that Oregon's story is "Lloyd Story." Lloyd Reynolds, the international citizen of Portland, spent his last days in pain, silent, unable to speak or to write, lying in his hospital bed. On his last day at home, as his wife scurried to pack his suitcase for the hospital, Lloyd made his way outside to the garden and there she found him on his knees, with a spoon, awkwardly planting flower bulbs. "Lloyd," she said, "you will never see these flowers bloom."

He smiled at her. "They are not for me," he said, "they are for you. The salmon coming home? They are for you. The calls of the wild geese? They are for you. The last old trees? They are for you and your children, to the seventh generation and beyond. They are all blooming into being for you."

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Governor John Kitzhaber

Speech to Albertina Kerr Centers

May 15, 2002

This recognition is particularly rewarding because much of what I have spent my time and energy on over the last seven and a half years does not bring the kind of immediate tangible political victory or pay-off that modern politics demands. These efforts are truly investments that will pay off in the long term and for many years to come. Investments in our children and in their future.

What I would like to do today is to tell you three stories - all of them true - which, to me illustrate the importance of the kind of work represented by the Albertina Kerr Centers, by the Oregon Children's Plan and by the efforts of countless people throughout Oregon who refuse to surrender a single child to abuse, addiction, neglect and indifference.

If I were to ask you how we can best ensure that every child born in Oregon has the chance to be healthy, to be nurtured and to succeed - I think that most of you would respond by saying: education - that giving our children a good education with the chance to go to a college or a university is the single best way to help them succeed. And there would be much truth in that answer. As Edward Peabody pointed out, education is "a debt which the present owes to future generations."

Indeed, over the past decade the funding of education has been perhaps the most dominant political debate in Oregon. - and it remains so as we struggle through the current recession. And if, as I believe, the overall objective our educational system is to produce well-educated, successful Oregonians -- then education is a continuum and each segment is dependent upon the others.

Education is like a chain - the strength of which is determined by its weakest link and I am sure that - from a budget standpoint - each segment of our education community believes that theirs is the weakest link: our primary and secondary schools, community colleges and the Oregon University System.

I would submit to you, however, that -- even as I acknowledge the legitimacy of the funding needs in each of these important areas - the weakest link in the chain of our educational continuum is what happens to children even before they get to school. In our quest for school excellence, it is all too easy to forget the *children* - to ignore the fundamental fact that in order to improve our schools, a solid foundation must be laid beforehand.

We have failed to recognize that the family may be a more imperiled institution than the school, and that many of education's failures relate to problems that precede schooling -- even birth itself. We have focused on school outcomes, forgetting that if children do not have a good beginning -- if they are not well nurtured and loved during the first years of life -- it will be difficult, if not impossible to compensate fully for such deficits later on.

The difficult truth is that in Oregon today, over 40 percent of children are entering school unable to fully participate in the learning experience. These children are growing up without good health care, without supportive families, without the love they need to become successful, independent learners. Schools in turn are being asked to do what families and churches and communities have not been able to accomplish. And, if the schools fail along the line, we blame them, and the teachers, for not meeting our high expectations.

You asked me to address the question, "Human services: where do we go from here?" To me the answer is a simple one: we go back to the beginning, we go back to the children themselves. Human services, to me are a means to help move

people from dependence to independence - to give everyone the very best possible opportunity to succeed and to reach their full potential.

Where we get off the track, where we let kids fail, where we create huge remedial costs in our educational system and feed our criminal justice system - is where we ignore the warning signs of risk very early in life.

And the warning signs are clear, well documented and occur in the home: families with a history of substance abuse or domestic violence; involvement with the criminal justice system; families living below the federal poverty level; teen pregnancy. There is an almost linear correlation between these risk factors and subsequent educational failure, dropout and involvement in the juvenile justice system. There is also a well-documented set of services and supports that have been proven effective in keeping the children of these families on the road to success.

Which brings me to my first story - a true story that happened here in our own state - I have only changed the names to protect their privacy.

Susan was born into an abusive family. She was sexually and physically abused by her alcoholic father and fled from her home to the streets of Portland. Alone, homeless, looking for love and somewhere to belong, she continued to be victimized, abusing alcohol herself and becoming pregnant at 17.

Without any prenatal care or emotional support, she continued to use alcohol and drugs during her pregnancy. Giving birth to a child - surely one of life's greatest joys and greatest gifts - was, for Susan, a nightmare.

When her daughter Patty was born, she was both premature and suffering from fetal alcohol syndrome. Susan returned to the streets and today remains homeless, transient and addicted. At the young age of 19, any hope she might ever have had for a healthy nurturing life - a life of contribution, accomplishment and satisfaction - has all but evaporated.

Her daughter Patty is today a ward of the state. She has been diagnosed with depression and multiple mental disorders including Attention Deficit Disorder. Her original adoptive parents gave her up because of her severe mental disorders. She had 26 different foster placements before being admitted to a residential mental health facility where she now lives.

All of this happened before her tenth birthday.

I know of no yardstick that can measure the depth of this tragedy. The tragedy of mother who is still drug addicted and who will never know her daughter. The tragedy of a young girl who is severely mentally ill and who will live out her life in an institution. And the tragedy of knowing that we could have prevented this outcome - but failed to do so.

So - where do we go from here? We must simply stop turning our heads and looking away. We must make it our personal responsibility to do our part - no matter how small -- to ensure that all of our children have the support and nurturing they need to mature into successful citizens.

Yet doing so is easier said than done. As a society we tend to react in crisis, rather than taking the less dramatic steps and making the small sacrifices needed to prevent problems in the first place. We tend to treat symptoms, not causes. Which brings me to my second story.

When I was an intern in 1973 I watched a baby die. His name was Sam. He was born very prematurely to a young mother who had not seen a physician over the entire course of her pregnancy. Sam wasn't breathing when we delivered him in the emergency room, and we had to resuscitate him before transferring him to the neonatal intensive care unit where he died two days later. I can still remember standing by his incubator during that final hour, knowing what was going to happen and feeling depressed and helpless.

I remember what a quiet death it was. There was nobody there but his mother, a nurse and myself. Nobody else knew about Sam and his two-day struggle to live. He never made the papers or the evening news. It was an anonymous tragedy that touched the lives of no one but those in the room.

I remember Sam's death because it was one of the first that happened on my watch as an intern and because it offered

such a stark contrast to a second death I witnessed a few days later - that of a 90-year-old woman. She had lung cancer and was scheduled for surgery to remove her right lung. She had told me that she did not fear death, but she did fear the surgery. She didn't want any more pain. Well, she had the surgery and subsequently suffered a respiratory arrest and then a cardiac arrest. I rushed to the room -- along with another intern, a surgical resident, two nurses, and a respiratory therapist -- and we spent an hour in a frantic but unsuccessful attempt to save her life.

Sam died because we didn't know as much then as we do now about treating respiratory distress syndrome in newborns. But he also died because somehow nobody had made the token investment to get his mother the prenatal care that could have prevented his prematurity and low birthweight. The elderly woman died because she was ready to die. She recognized that but we couldn't. We had been trained to view death as a failure, not as a natural part of the life process.

Unlike baby Sam's passing, the last hour of her life was not quiet. We stuck tubes into her nose, throat, and bladder; needles into her veins. We pumped her full of drugs and shocked her repeatedly. We "failed," she died, and we ran up a posthumous bill of thousands of dollars to be picked up by her family or her estate.

I can still remember the contrast between the frenzied efforts of a roomful of people, with all their sophisticated equipment, to save someone at the very end of a long life, and the quiet and undramatic death of someone at the very beginning of life.

I remember the events but at the time I never saw the contradictions. I never considered whether the resuscitation of the elderly woman made sense -- whether the cost and the discomfort we brought to her was compassionate in the face of her underlying diagnosis of "terminal lung cancer." And I certainly never connected the money spent on her final hour with the money not spent on Sam and his mother during her pregnancy.

Thirteen years later, however, I would recall this experience and see it in a new light.

It was 1986. As President of the Oregon State Senate, I helped rebalance the budget by, among other things, changing the income eligibility requirements for the state-sponsored health care program. With no fanfare or controversy we dropped 4,300 poor Oregonians from health insurance coverage. I was struck by how easy it was - an accounting exercise, nothing more.

Five months later, back in my emergency room, I saw a number of the people who had lost coverage because of our decision. In most cases, they had delayed seeking treatment for minor problems -- because they were worried about paying the bills - and presented with much more serious and costly conditions. I distinctly remember a man who had suffered a massive stroke because he had no way to pay for the medication to control his blood pressure.

Think about it - a policy that says, in effect, we will pay to treat your stroke in the hospital but we will not help you get the medication that could prevent it in the first place. Does that make any sense at all? Of course not. It is neither compassionate, nor cost-effective. It is a waste of human potential and of limited public resources.

And there is little difference between that and ignoring the early warning signs of a three- year old child at risk; of failing to make the small investment that could help them succeed -- only to pay much more years later to support them in prison.

The overwhelming adoption of Ballot Measure 11 in 1994 is a case in point. It gives us the ability to lock up people after the fact - once a crime has been committed and a victim created - yet it does little to address the underlying reasons which lead young people into crime in the first place.

Yet that is all too often how we choose to allocate our resources. When given the choice to fund prenatal care or to resuscitate a 500 gram infant in the neonatal intensive care unit, the emotional and political imperative drives money into the hospital and out of prevention which could help prevent the low birth weight in the first place.

Likewise, when we perceive that crime is going up, our response is to hire more police and build more prisons, usually by reducing our investment in prevention, thus ensuring a steady stream of young Oregonians who will fail in school and end up in the criminal justice system.

Nothing illustrates this more than the current fiscal crisis facing our state. As you are all aware, Oregon is facing a revenue shortfall in this biennium of over a billion dollars due both to the recession and to Ballot Measure 5, Ballot Measure 11 and other choices we made in the 1990's. The Legislature has responded to this with over \$450 million in cuts and \$500 million in one-time revenue which will leave another looming budget hole for the next Legislature to deal with. Most of the focus of the cuts has been on the \$92 million reduction in the K-12 budget ... less than two percent.

Gone almost unnoticed is the 16 percent cut in the Oregon Children's Plan, a reduction in primary prevention that will ensure more children enter our school system, unable to take advantage of the learning experience, failing, dropping out, ending up on welfare or in prison. Continuing the cycle that wastes the promise of our children, mortgages our future and strains the limits of public resources.

Where do we go here in terms of human resources? We must constantly make those connections for ourselves and for others. We must not just pay lip service to prevention, we must practice it. Yet, in a political world increasingly dominated by sound-bites and the need for instant gratification, it is much easier to tell people what they want to hear - rather than what they need to hear. It is much easier -- and certainly more politically expedient -- to be "tough on crime" and to build prisons than it is to make the much smaller investment needed to keep our children out of the criminal justice system in the first place.

But these front-end investments - whether they involve public resources or the time and commitment of community members - don't produce immediate results, nor results which will capture the imagination of the media. In an age where network news plays to the lowest common denominator, a healthy, successful child is obviously not as newsworthy as the double life of Congressman Gary Condit ... But you know something? It is a lot more important.

The Oregon Children's Plan is important. The work you do at the Albertina Kerr Centers is important. The Oregon Mentoring Initiative is important. The fruits of our labor will not become apparent in the course of a single budget cycle - certainly not in the course of an election cycle. But they will come if we are insistent; if we remain committed to our cause - to the cause of our children.

I want to close this morning with a final brief story -- one written by Kim Stafford, the son of Oregon's late poet laureate William Stafford. He reminds us that the things we cherish must be constantly renewed in ourselves and in our community - and, in "Lloyd's Story" he expresses more eloquently than anything I could ever say, what our efforts are all about.

Lloyd Reynolds, the international citizen of Portland, spent his last days in pain, silent, unable to speak or to write, lying in his hospital bed. On his last day at home, as his wife scurried to pack his suitcase for the hospital, Lloyd made his way outside to the garden and there she found him on his knees, with a spoon, awkwardly planting flower bulbs. "Lloyd," she said, "you will never see these flowers bloom."

He smiled at her. "They are not for me," he said, "they are for you. The salmon coming home? They are for you. The calls of the wild geese? They are for you. The last old trees? They are for you and your children, to the seventh generation and beyond. They are all blooming into being for you.

As James Agee said: "In every child who is born, under no matter what circumstances, and of no matter what parents, the potentiality of the human race is born again."

Our challenge is to do our part to unlock that potential.

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Governor John Kitzhaber

Speech to the American Fisheries Society
Spokane, Washington
April 30, 2002

As we sit here in the very heart of the Northwest - in what used to be known as the Oregon Territory - we can look back almost exactly 200 years to the day in 1803 when Lewis and Clark began their historic journey.

This remarkable human endeavor discovered, mapped and opened for settlement and development the vast natural treasures of the Pacific Northwest. It identified hundreds of plant and animal species and gave the outside world its first glimpse of the breathtaking vistas and powerful landscapes that define this special place.

At the same time, the expedition marked the beginning of a long, dark road for the Native Americans who befriended and assisted the Corps of Discovery. Many watersheds in the West have been developed and appropriated far beyond their capacity to sustain themselves. And of the 122 species of animals that Lewis and Clark documented, some forty percent have received some government designation as species of concern and two are extinct: the plains gray wolf and the Audubon's bighorn sheep.

The upcoming Bicentennial celebration of the Lewis and Clark expedition - which begins next January at Monticello, Jefferson's home in Virginia -- affords us a rare opportunity to reflect upon where we have come over the past two centuries; to consider what the opening of the West has meant, both the good and the bad; and, hopefully, to learn from our past mistakes in order to avoid them in the future.

I say hopefully because our window of opportunity for doing so is narrowing -- and nowhere is it narrowing faster than here in the Columbia River Basin. We have a diminishing opportunity to learn from our mistakes - and nothing illustrates that better than the chilling parallels between the current crisis in the Klamath River Basin and the troubled future of the Columbia.

Like many river basins in the West, the Klamath Basin, in Southeastern Oregon, is overappropriated. Demand exceeds supply and the current pattern of water allocation is simply unsustainable. And like many river basins in the West, the situation in the Klamath developed over many years through a series of actions - all of which made some sense at the time they were made.

In 1864 the federal government negotiated a treaty with the Klamath Tribes, creating a reservation and reserving to the Tribes hunting, fishing and gathering rights.

In 1877, Congress passed the Desert Land Act followed in 1902 by the Reclamation Act - setting the stage for the huge federal western water projects of the last century, one of the first of which was the Klamath Irrigation Project, developed by the Bureau of Reclamation in 1905.

Three years after the initiation of the Klamath Project, the Lower Klamath Lake National Wildlife Refuge was established - followed by the Clear Lake Wildlife Refuge in 1911 and the Tule Lake and Upper Klamath Lake Refuges in 1928.

By the time these refuges had been established, homesteaders and World War I veterans had begun to farm the Klamath Project which continued to expand until 1966.

Then, in 1973, Congress passed the Endangered Species Act (ESA). This landmark piece of legislation was the result of a growing concern over the impact of our economic development activities on the natural environment in which we lived.

Also in the 1970's the legal basis of the tribal treaty rights to hunting and fishing was clarified and strengthened through a series of court cases - most notably the 1979 ruling by the Ninth Circuit Court of Appeals that the Tribe's right to hunt and fish included the water necessary to support those rights.

In 1988, the Lost River and shortnose suckers were listed as endangered species. That was fourteen years ago. The droughts of 1992 and 1994 called attention to the importance of maintaining lake levels for sucker recovery. For the first time in the 90 year history of the Project, farmers saw cutbacks in water supply. Both lake levels and river flows were reduced to the lowest levels ever recorded. Still no action was taken to forestall this pending crisis.

In 1997, the Coho salmon was listed in the Lower Klamath River. But heavy snowfall in the basin in 1998 and 1999 produced enough water to cover all the competing demands - and to sustain the myth that all was well. Again, no action was taken.

But in 1999, the Ninth Circuit Court of Appeals ruled that the Bureau of Reclamation must meet ESA and tribal trust obligations in operating the Klamath Project. The stage was set for disaster - and it came this year, triggered by the worst drought in Oregon's history.

The result has been an economic, environmental and community disaster - leaving 200,000 acres of irrigated farmland without water; inadequate stream flows and lake levels to support endangered fish and wildlife; and a community torn by fear, doubt, unemployment and - increasingly - by anger, alienation, polarization and acts of civil disobedience.

That this crisis happened should surprise no one -- because we all saw it coming. We have been talking about the competing demands for water in the Klamath Basin for more than a decade - talking, but not acting. And therein lies the real tragedy -- not that we have exploited the Klamath Basin, we have exploited most of the river basins in the West - but that we all saw this crisis coming and chose to do nothing to mitigate it. It is a situation that was avoidable had we acted a decade ago.

I submit to you that we are headed for the same future here in the Columbia River Basin - an environmental, economic and a community crisis -- similar to what is playing out in the Klamath, except on a far larger scale. And the fundamental question before us is whether we are going to go the way of the Klamath here on the Columbia, or whether we will choose a different future. The question is whether we will be architects of our own destiny, or simply fall victim to the circumstances we have created.

If it is true that history repeats itself, then that is what we are witnessing today. Consider the parallels between the Klamath and the Columbia

In the late 1800's, the federal government established treaty and trust relationships with thirteen sovereign tribes of native Americans, living along the Columbia River -- reserving to them fishing and hunting rights in the basin.

Starting in 1938, however, with the construction of Bonneville, the Columbia River was forever altered. Over the course of the next three decades no fewer than twenty eight dams were constructed on the Columbia River system - twenty five on the mainstem and four on the lower Snake, the last of which - Little Goose - was completed in 1976.

Certainly, these twenty-nine dams - collectively known as the Federal Columbia River Power System - have been a tremendous asset to the region, blessing it with abundant, low-cost energy. Nearly half the Northwest's electric power comes from this source and at a price that is much lower than in any other area of the country. And by the time the dam construction debt to the U.S. treasury is paid off, the cost of providing hydropower could be half what it is today.

To a large extent, we have built the Northwest economy on this low cost power. Not only does it benefit individual households, it has allowed us to sustain industries that are highly energy dependent: food processing, pulp and paper,

aluminum and more recently high technology.

The dams have allowed irrigated agriculture to flourish in an otherwise arid basin - and they have given us a low-cost transportation route from the Pacific Ocean all the way to Lewiston, Idaho, more than 400 miles inland.

But, of course, there is a dark side to this story. The effect of these dams on the health of the Columbia River ecosystem and the fish and wildlife that depend upon it -- particularly salmon -- has been devastating.

The river just to the south of us is no longer a river -- it is a series of warm water lakes divided by huge concrete and steel barriers which impede fish passage and increase water temperatures and dissolved oxygen levels beyond those allowed under the Clean Water Act. Federal projects which violate federal laws.

Indeed, the situation, as it exists today, violates not only the Clean Water Act, but also two other federal laws: the Endangered Species Act and the Northwest Power Act. Furthermore, it makes a mockery of the solemn treaties entered into by the United States Government with the native American Tribes of the Pacific Northwest and puts in jeopardy the sustainability of both the ecosystem and the economy on which we all depend.

And, like the crisis in the Klamath, we have seen this coming. In 1980 - seven years after the passage of the ESA - Congress created the Northwest Power Planning Council which, among other things, was charged with developing a fish and wildlife program to protect, mitigate and enhance the fish and wildlife species that had been harmed by the Federal Power System. This constituted no less than an explicit recognition of the environmental damage caused by the dams and their operation.

Nonetheless, eleven years later, in 1991, the Snake River Chinook and Sockeye were listed under the ESA. A decade after the listing there is still no recovery plan for this embattled species. On the contrary, another twelve species of salmon, steelhead and bull trout have been listed.

In response to the Snake River listings, the National Marine Fisheries Service (NMFS) produced a biological opinion in 1993 - almost ten years ago -- that directed the Bonneville Power Administration, the Army Corps of Engineers and the Bureau of Reclamation on how to operate the system in a way which would not compromise fish. NMFS was subsequently sued by Oregon and Idaho on the grounds that the opinion was inadequate.

In 1994 Judge Marsh agreed, ruling that NMFS was more concerned with what the hydropower system could absorb without adversely affecting the economic interests on the river rather than with what the fish actually needed for survival.

In 1995 NMFS put some interim steps in place and promised to develop an opinion by 1999 on the operation of the hydroelectric system -- another five year delay. Predictably, public focus shifted to the question of breaching the dams - not the mainstream dams, but the earthen dams which provided the inland waterway from the Columbia to Lewiston Idaho.

I entered into that debate on February 18, 2000 in a speech to the Oregon chapter of the American Fisheries Society. The statement I made then is as valid now as it was twenty-six months ago - perhaps, even more so.

That fact is that if we look at the policy trade-offs involved -- at the other choices we must make if we choose to leave these dams intact -- breaching emerges as a responsible and cost-effective option. It is not the only option, but it is a responsible one that should not be disregarded out of hand.

Some will say that we have not done enough science. I say that we can always play that card as an excuse for inaction and as a justification for avoiding tough choices. But exactly what additional scientific experiment is necessary to demonstrate that it is easier for salmon to migrate in a free-flowing river than to negotiate a several hundred foot high concrete barrier?

Some will say that it is too expensive. I say, look at the other alternatives. There are similar -- if not greater -- costs associated with a non-breach strategy.

Some will say that it is too controversial. I say, what isn't? Who here thinks that it is not controversial to cut harvest levels? To change agricultural and timber practices on private land or to significantly augment flows?

That was over two years ago. The first, and most immediate, consequence of this statement was the loss of some of my political currency among certain economic stakeholders in the basin. The second consequence, however, was to put the question of dam breaching and salmon recovery squarely on the doorstep of the NW political establishment and to interject the issue into the 2000 presidential campaign.

Less than a month later, at the National Governor Association's annual meeting in Washington, D.C., I met with the governors of Washington, Idaho and Montana to discuss where we might find common ground on this issue. It became clear that the other three Northwest governors - for whom I have great respect -- held a different view. While they insisted that any recovery strategy must leave the dams intact, they expressed a willingness to intensify the efforts in other areas.

The result was a document released in July 2000 entitled *Recommendations of the Governors of Idaho, Montana, Oregon and Washington for the Protection and Restoration of Fish in the Columbia River Basin*. The introduction to the document stated that:

We are keenly aware of the extent to which breaching the four lower Snake River dams has become a polarizing and divisive issue. Regardless of the ultimate fate of the dams, the region must be prepared in the near term to recover salmon and meet its larger fish and wildlife restoration obligations by acting now in areas of agreement without resort to breaching the four dams on the lower Snake River. In order to succeed, the region must have the necessary tools including a clear and comprehensive plan, adequate time, and sufficient funding.

Two months later, during a campaign swing through the Northeast, then- candidate George W. Bush - wearing a salmon pin next to the Texas state logo - also pledged to save the salmon - and to save the dams.

In December 2000 - conveniently after the November presidential election - NMFS released its long-awaited biological opinion. This blueprint for ecosystem recovery in the Columbia River Basin - which, to a large extent, reflected the recommendations of the four governors - included three check points to assess whether the plan was accomplishing its objectives. These checkpoints are 2003, 2005 and 2008. If the plan is found to be failing to make progress on protecting and restoring salmon, stronger measures must be considered - the most obvious of which is the breaching of the lower Snake River Dams.

As next year is the first check point to assess the effectiveness of this aggressive non-breach strategy, it seems fitting to examine what progress has been made so far. Unfortunately, in the first year of this ten year effort, the federal government has failed to implement over seventy-five percent of the measures committed to in the plan.

- Specifically, of the commitments to improve dam passage, fewer than thirty percent have been completed.
- Less than twenty-five percent of the water quality improvements have been completed and the federal dams continue to operate in violation of the Clean Water Act.
- No action whatsoever has been taken on the harvest and hatchery commitments that are called for.

In short, the actions that were taken were those with little cost and even less political risk - things like trucking and barging salmon around the dams, putting fish screens on water diversions and studying avian predation above Bonneville dam. Left undone was anything with a substantial fiscal or political cost associated with it: the issue of water temperature and dissolved oxygen, meeting flow requirements and spill to aid downstream migration.

The *Salmon Report Card for 2001* - produced by Save Our Wild Salmon - documents the "massive failure" of the recovery effort to date and gives it an overall failing grade with the highest score a "D" for tributary, estuary and habitat restoration work. The conclusion:

Aggressive implementation did not occur in 2001. Aggressive implementation in 2002 will be difficult given the lack of funding that has been appropriated to implement the Salmon Plan. Yet the federal government still has time to renew its commitment, both financially and substantively ... [to meet] its legal and moral responsibilities to Northwest Native Tribes ... to uphold the law [and] protect this national treasure.

The federal government must honor the Salmon Plan and demonstrate its success, or be prepared to embrace lower Snake River dam removal ...

Now, for those who think that this report and its conclusion are merely the biased product of a subjective stakeholder in this debate, I suggest a brief examination of the federal funding commitment to implementing the plan for 2003 - the first checkpoint.

The federal caucus - the nine federal agencies with responsibility for carrying out the plan - concluded that full implementation in 2003 would require an annual budget in excess of \$900 million. The Bush Administration has requested \$506, only fifty-five percent of what is needed. Given that the 2001 and 2002 budgets to implement the plan were both under funded by fifty percent, we see a disturbing pattern emerging. And unless something changes dramatically in the near future, this rate of funding and effort will virtually ensure that we will not meet the targets next year or in 2005.

There are two theories about the current ecosystem recovery effort. The more cynical one is that it represents little more than a strategy to avoid the dam breaching issue, to maintain the status quo and to just hope that the problem will go away.

The second theory - and the one to which I have given the benefit of the doubt for the past two years - is that we are engaged in a sincere and committed effort to restore the ecosystem. That viewpoint, however, is becoming increasingly difficult to justify.

Without full funding of the recovery plan for 2003, without taking on the political difficult actions - ensuring adequate flows, for example, or modifying the operation of the dams to comply with the temperature and dissolved oxygen requirements of the Clean Water Act - the sincerity of this effort will be called into question.

As I pointed out two years ago -- we have to stop deluding ourselves into believing that our choices will be easier and cheaper if we just leave the dams alone. Our choices won't be easier. They'll be just as tough. Our costs might be lower, but only on the margin. And that is proving to be exactly the case.

In essence, the 2000 NMFS Biologic Opinion shifts the responsibility of recovery from the hydroelectric system to the other three "H's:" habitat, harvest and hatcheries. But if we do not adequately fund these efforts nor aggressively pursue their implementation, it should come as no surprise to the Northwest political establishment -- or the Administration -- that the focus will inevitably shift back to the dams - not just in the form of renewed calls for breaching, but in a flurry of lawsuits targeting the entire Federal Columbia River Power System.

It is already happening. As a former emergency room physician, I am as leery of lawsuits as one can get. Suing people has never been my tool of first choice. But as governor, I find myself involved in no less than three lawsuits on the Columbia: the lawsuit over the Biologic Opinion itself, the lawsuit over whether or not the dams have to comply with the Clean Water Act, and the lawsuit over whether fish and wildlife have receive equitable treatment as called for in the Northwest Power Act.

Is this really the future we want for this basin? Have we learned nothing from the Klamath? As William Jennings Bryan pointed out: "Destiny is not a matter of chance, it is a matter of choice. It is not a thing to be waited for, it is a thing to be achieved."

We have a choice to make. We have before us one last opportunity to deliver on a recovery plan which - at least on the surface - appears to have broad regional and national political support. To be credible, however, that support must be

translated into real action.

- Full funding for the Salmon Plan
- Aggressive implementation of all of its provisions
- And immediate funding for economic mitigation and engineering studies on dam removal in the event that the plan fails to achieve its objectives.

These actions are consistent with the four governors recommendations. They are consistent with the president's campaign pledge. They are consistent with the federal commitments to the Native American tribes of the Columbia River Indian tribes. They are consistent with federal law. But most of all, they are what this region needs and deserves to protect the health of the ecosystem in which we all live.

These environmental laws and treaties constitute both our connection with the past and our contract with the future. And at the heart of this debate lies one question that each of us must answer: are we willing to honor that contract? To me, this is not just about doing what the law requires -- it is about doing what we know to be right.

If we lose the wild salmon of the Pacific Northwest, then we have lost our watersheds and put at risk our future and that of our children and grandchildren. A highly degraded ecosystem -- which is where we are headed today - represents no less than a decision to mortgage the legacy with which we have been blessed and entrusted for our own short-term benefit. I believe that we are better than that.

Let me close this evening with a brief story written by Kim Stafford, the son of Oregon's late poet laureate William Stafford. He writes about Oregon - a special place that gives us gifts everyday, that teaches us how to give back and teaches us how to heal the divisions that have come with our own growth and prosperity. Although his focus is Oregon, his words ring true for all the special places we have chosen to live. This story, more eloquently than anything I could ever say, captures the importance of what we are about here in the magnificent river basin.

Kim Stafford tells us that Oregon's story is "Lloyd Story." Lloyd Reynolds, the international citizen of Portland, spent his last days in pain, silent, unable to speak or to write, lying in his hospital bed.

On his last day at home, as his wife scurried to pack his suitcase for the hospital, Lloyd made his way outside to the garden and there she found him on his knees, with a spoon, awkwardly planting flower bulbs. "Lloyd," she said, "you will never see these flowers bloom."

He smiled at her. "They are not for me," he said, "they are for you. The salmon coming home? They are for you. The calls of the wild geese? They are for you. The last old trees? They are for you and your children, to the seventh generation and beyond. They are all blooming into being for you."

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Governor John Kitzhaber

Environmental Summit on the West II
Salt Lake City, UT
May 15, 2002

I was born and raised in the Northwest, one of the last best places on the North American continent -- where hope still burns bright and people still believe in hard work, individual strength and community spirit. It is a place where people cherish their quality of life. And over the years I have watched the Northwest grow and change.

As an outdoor enthusiast and advocate for wild places and free flowing rivers, I have witnessed the devastation of watersheds, salmon populations and other species brought about by the overzealous extraction of natural resources. As an emergency physician I have seen the equally shocking devastation of communities when these same industries collapse; and the human suffering that occurs when proud, hard-working people lose their jobs - substance abuse, domestic violence, the disintegration of families.

What I have come to realize is that all of these things are connected and interrelated. That to address any one of them we must address all of them. I have learned that the quality of life we so cherish is a multi-faceted jewel.

Enlibra is - first and foremost -- a philosophy and an approach which recognizes and builds on this realization.

Enlibra is an expression of *sustainability* - which I define as managing the use, development and protection of our economic, environmental and community resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to do the same.

This definition requires that we recognize a larger truth: the interdependence of our economic, environmental and community needs - and that we find a balance between these often competing values.

Imagine, if you will, three overlapping circles - one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability, the area of Enlibra - the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements - these threads, which together weave the fabric of sustainability - are things we hold in common. They represent a common set of desires and aspirations that add value and quality to our lives. To me this relationship lies at the heart of sustainability - and at the heart of Enlibra

Yet, as our social, environmental and economic problems become more complex, we are increasingly viewing them as separate, competing entities - mutually exclusive values, if you will. This perspective undermines sustainability because it creates a politics of scarcity - a zero-sum situation in which there must always be a winner and a loser.

We can see this disturbing trend unfolding in many ways: in the challenge of accommodating growth while maintaining livable communities; in the tension between sprawl and compact development; and in the seemingly intractable conflict between economic activity and environmental stewardship.

This situation is evidence of the fact that our political system is reaching the limits of its capacity to meaningfully

respond to these complex challenges -- or, at the very least, that our politics have failed to adapt to meet these new challenges.

"Politics," of course, derives from the Greek word "polis," meaning "city" -- or in more modern terms, "community" -- a group of individuals functioning together as a whole for their mutual benefit. In its original sense, "politics" -- referred to those activities necessary to sustain a community -- composed of individuals whose views and needs would not invariably coincide yet who, from time to time, must necessarily subordinate some of their own personal desires for the larger good. The way in which this "larger good" was arrived at was a central point of contention during the drafting of the United States Constitution.

Thomas Jefferson argued for the "politics of engagement," in which people work together in a spirit of cooperation to find common ground and solve mutual problems. The Jeffersonian model rests on the conviction that people are essentially reasonable, and will work to achieve the common good if they can agree on or be brought to understand what it is.

James Madison, John Jay and Alexander Hamilton -- in the Federalist Papers - argued for a "politics of disengagement," wherein the common good is determined not as a result of cooperation among individuals, but rather as a result of external, top-down management.

It was this second view that more or less prevailed as our nation developed. Certainly it is what Americans today have come to expect from their government, and what they now most resent about it. But more importantly this model does not resolve conflict. This "third-party" management invariably produces "winners" and "losers," thus removing any incentive for individuals to cooperate. Nowhere does our current political structure offer a place where people can come together to balance the needs of the larger community.

The primary tools of government are laws, regulations and the allocation of resources. And with these tools government does many things very well. It provides infrastructure that fosters private sector investment and economic activity. It enforces laws and incarcerates those who break them. It provides for the national defense, establishes health and safety regulations and maintains a system of public education.

What government does not do very well, however, is to bring people together to solve problems - especially when the problems are complex, when they involve tension between environmental, economic and community values, and when the solutions require the participation of many people. Yet these are exactly the kinds of problems that must be resolved if, indeed, we are to create a sustainable future.

To do so, I believe that we must create a community-based governance structure, one that provides the place and the opportunity for people to come together to find sustainable solutions. Enlibra encompasses a set of principles by which to guide these efforts.

To illustrate this point, let me use our efforts in Oregon to improve forest health. Because of a decades of forest management policy characterized by active fire suppression and harvesting the valuable old growth pine, the forests of eastern Oregon have been transformed from their once healthy condition to their current sad state: overstocked stands of young fir and pine, thousands of acres of dead and dying timber infested with insects, and a high risk of catastrophic fire.

Thousands of miles of riparian areas have been damaged by harvest and grazing practices, road building and urbanization resulting in the decline of a number of species which depend on a healthy watershed. Similarly, as the forest health has declined and harvest has been significantly reduced, timber dependent communities have seen tragic declines in employment. Economic, environmental and community values are simultaneously at risk.

For that reason, we set about to find ways to both restore ecosystem health and provide wood to communities in an environmentally sound manner. This effort involved a panel of highly respected scientists from throughout the Northwest and - most significantly - a "forest health advisory committee," consisting of a diverse group of eastern

Oregon citizens and stakeholders. Their work led to a broadly supported set of principles for restoring ecosystem health.

The plan calls for active management to promote ecosystem health, guided by good science and careful monitoring. Restoration efforts include understory thinning and commercial thinning in overstocked stands; road maintenance, closure and obliteration; and prescribed burning. A by-product of many of the thinning treatments is wood for local mills to help stabilize these rural communities. Thinning also reduces the risk of catastrophic fires that has increased significantly as forest health has deteriorated.

The key to success lies in having a single, overarching policy objective driving the management plan, in this case: restoring watershed health. Why? Because a healthy watershed is the common building block from which all beneficial uses of the forest flow: clean water, a thriving forest, abundant timber, and healthy forest species. The three legs upon which the strategy stands - social, environmental and economic - are all interwoven and are dependent first on a healthy, functioning watershed.

Watershed health, then, is the area where the three circles overlap - the area of sustainability - the area of Enlibra - the area which defines the "common good" for this community-driven effort. The "place" that afforded the opportunity to recognize the common good is the forest health advisory committee.

We have made similar progress in our efforts to restore endangered salmon habitat throughout the state under the Endangered Species Act, the primary role of which is a traditional regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the wrong things but it provides no incentive for them to do the right thing.

While the ESA can prevent landowners from engaging in activities that result in a kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70% of coho salmon habitat in Oregon lies on privately owned land and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding take.

As a result, Oregon's effort to comply with the Endangered Species Act - called the Oregon Plan for Salmon and Watersheds -- was designed to involve, empower and incent private landowners to make voluntary commitments to watershed restoration and habitat restoration which go beyond what is required by federal, state and local regulation.

The primary tool with which we implement our efforts on the ground - the "place" where people come together to recognize the common good - is the local watershed council, made up of community members representing a broad range of stakeholders working together to solve a shared problem on behalf of a shared place and in a way that balances economic, environmental and community values.

We now have 93 watershed councils and 45 soil and water conservation districts across the state putting thousands of projects on the ground which improve salmon habitat, and watershed health.

My final example involves 1999 decision by then-Secretary of the Interior, Bruce Babbitt, to make Steens Mountain in southeastern Oregon a National Monument. Steens Mountain is a unique environment where alpine conditions exist in a desert landscape. The lakes, aspen groves, secret canyons and forgotten homesteads more than justified Babbitt's desire to protect this special place.

Predictably, however, the proposed designation as a National Monument created an intensely emotional reaction both from the people living on and around Steens Mountain, and from those who loved to come there and visit.

We quickly realized that debating whether or not to create a monument missed the point. The real question was "What is our common goal for this treasured landscape and what is the best tool to achieve it?"

By convening a working group of all the stakeholders - by creating a place to determine the common good, if you will - it became clear that the mutual objective was to keep this special place in its current condition into perpetuity. It also became clear that Monument designation was the wrong tool by which to achieve that objective in part because thirty percent of the Steens is in private ownership.

For decades private landowners had been good stewards -- working cooperatively with federal land managers to assure recreational and grazing access. A Monument designation would result in hundreds of miles of fences being built across the mountain. Grazing operations would likely become unprofitable, causing land to be sold for trophy homes on this coveted landscape. Exactly the wrong outcome.

By reframing the question from a polarized debate about a "Monument" to an effort to find common ground - to find the area of sustainability, if you will - the Steens Mountain Cooperative Management and Protection Act of 2000 was unanimously passed by Congress.

This case study in the power of Enlibra, protects 500,000 acres of Steens Mountain, including 170,000 of new wilderness. It also recognizes the importance of maintaining cooperative land management across ownerships to protect the ecological, social and economic integrity of the area.

I share this example with you to illustrate the importance of having a clear-eyed, honest understanding of what the real debate is about - about what is causing the tension and the perceived conflict between economic, environmental and community values. In this case, the debate was not over whether or not to have a Monument - but rather over how to protect the Steens as it exists today.

I would suggest to you that the debate over logging old growth may well fall into the same category. Isn't the real economic issue involved here how to maintain a sustainable supply of timber to our mills - not whether the logs are 80 years old or 300 years old?

In my own profession - medicine - we often confuse the debate over access to health care with the challenge of keeping people healthy. Health care is a means that end - it is not an end in itself. Health care has no intrinsic value beyond its relationship to health. Reframing the debate in this way allows us to ask the real question: what is the value of the health care we are paying for in terms of the health it produces?

As I said to you at the first Enlibra conference in Phoenix - Enlibra does not require that we abandon our entrenched positions - but it does require that we make the effort to see beyond them to seek the common ground - the area of sustainability - which can afford us the place and the opportunity to, in the words of Wallace Stegner, "outlive our origins and build a society to match our scenery."

[1] For a more complete discussion of this, see Daniel Kemmis, *Community and the Politics of Place* (Norman: University of Oklahoma Press, 1990), and Daniel Kemmis, *This Sovereign Land* (Washington: Island Press, 2001).

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Governor John Kitzhaber

Environmental Design Conference
Seattle, Washington
April 5, 2002

It's a pleasure to be with you today, to participate in a conference with so many leaders committed to creating a sustainable world. I've come here today to discuss the role of government as a player in this movement, drawing upon my experience as the governor of a western state.

We are here because we recognize that our world is finite and that we don't have an inexhaustible supply of natural resources. We embraced the idea that the works of human beings need not scar the earth or kill off the nonhuman species who share it with us -- that we can actually build, work and live our lives in a way that makes the earth a better place.

I truly believe -- as I know many of you do -- that sustainability represents the next major stage in the evolution of human endeavor, the vision of a society where waste is a thing of the past, where the products of our enterprise do not poison the air, the soil and the water, cause sickness or inflict extinction. A society where economic prosperity, community livability and environmental stewardship are interdependent and synergistic -- not separate and in conflict.

I define *sustainability* as managing the use, development and protection of our resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to do the same.

When I say "resources," however, I'm talking about more than our economic resources -- the metals to be mined, the oil to be extracted, the capital to be accumulated, the profits to be made. I am also talking about our social resources -- like public education, affordable health care, and compassion and support for those who cannot provide for themselves. And I am also talking about environmental resources like wilderness, recreation and the majestic beauty and spirituality of our natural lands.

This definition requires that we recognize a larger truth: the interdependence between our economic, environmental and community needs -- and that we find a balance between these often competing values.

Imagine, if you will, three overlapping circles -- one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability -- the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements -- these threads, which together weave the fabric of sustainability -- are things we hold in common. They represent a common set of desires and aspirations that add value and quality to our lives. To me this relationship lies at the heart of sustainability -- and if we are to be truly successful in creating a sustainable future, an awareness of this interdependence must guide all of our work.

I am aware that most of you here are involved in various aspects of environmental design in the built environment. What I want to do today is to provide a larger context for your individual contributions. I believe that sustainability results when the combined actions of planners, materials engineers, architects, and transportation engineers result in healthy places to live that have the density to support mass transportation, while retaining the spaces and the pace to

encourage community mental and physical health.

At the same time, the built environment exists in the context of the larger natural environment. Air sheds and watersheds do not recognize political boundaries nor those established by ownership. The same watershed, for example, may support a large metropolitan area with a high technology economy and a small rural town with a natural resource-based economy. The economic activity in both communities depends on – and can threaten – the health of a shared watershed.

In short, my vision of a sustainable future depends both on a quality built environment, and on a built environment that exists in harmony with the natural environment.

In Oregon, we in state government have approached sustainability on two different levels and in two different roles. The first is as a very large business, employer and consumer of resources.

The second is as a facilitator – a role in which we empower people by providing a setting – a “place,” if you will -- in which they can come together to build quality communities and to solve other shared, place-based problems. It is this second role -- which requires a change in perspective and a change in governance – on which I will focus most of my remarks today. First, however, let me briefly touch on the state’s role as a sustainable business.

Oregon is, in essence, a very big business, a developer and a very large employer. The state directs investment for economic development; sets the rules for where and how communities can grow; and establishes the parameters for environmental management. It also consumes reams of paper; builds offices, buys power, paves roads, and manages forests, parks and rangeland. All in all, state government leaves a fairly large footprint on the land.

In recognition of this fact, I signed an executive order in May 1999 directed at the internal operations of state government but also setting the larger goal of making Oregon a sustainable state within one generation. The executive order was also an effort to gain some credibility in meeting the challenge of sustainability, and to be an active partner with like-minded businesses and local governments.

And we have made significant progress.

The state has developed sustainable purchasing guidelines for paper, office furnishings, building materials and other product groups. We are now beginning to look at guidelines for food in state institutions.

We have created green building guidelines for all new state facilities including the use of recycled material, increased energy efficiency and on-site storm water treatment. These guidelines, consistent with national criteria, will be tested on the 120,000 square foot North Mall Building Project that will be under construction starting next month and will include construction site recycling.

Last year, more than 4 million square feet of state office buildings have, on average, reduced electric energy use by 21 percent. We also used an average of 37 percent less natural gas. These savings are the result of permanent reductions in lighting and changes in building operations.

The state printing plant has developed an environmental management system for their 130-person operation, and they are now seeking certification of the system to the ISO 14001 standard. When certified, they will be the first state agency in the nation to receive such certification.

This role of the state as a business – and the steps we are taking under the executive order – constitutes a traditional approach to sustainability: an effort to operate state government in a more environmentally friendly fashion, to reduce our consumption of resources, to leave a smaller footprint on the face of Oregon.

The second role -- that of a facilitator -- is less traditional, but I believe equally as important. It is based on a recognition that, in many ways, the very structure of government hinders the kind of creative thinking that supports sustainability as a policy and as a practice.

As I mentioned earlier, I believe that creating a sustainable future depends on our acute awareness of the interdependence between our economic, environmental and community needs. And yet, as our social, environmental and economic problems become more complex, our traditional governmental structures of law and regulation increasingly fail to recognize this relationship and, in fact often get in the way of it -- creating conflict and polarization instead of collaboration and a sense of community.

Increasingly, we are viewing economic, environmental and community needs as separate, competing entities – mutually exclusive values, if you will. Of course, this perspective undermines sustainability because it creates a politics of scarcity – a zero-sum situation in which there must always be a winner and a loser.

We can see this disturbing trend unfolding in many ways: in the challenge of accommodating growth while maintaining livable communities; in the tension between sprawl and compact development; and, particularly in the West, in the growing conflict between economic activity and environmental stewardship.

This disturbing situation is evidence of the fact that, as our social, environmental and economic problems become more complex, our political system is reaching the limits of its capacity to meaningfully respond -- or, at the very least, that our politics have failed to adapt to meet these new challenges.

Let us remember that the word “politics” derives from the Greek word “polis,” meaning “city” -- or in more modern terms, “community.” That is to say, a group of individuals functioning together as a whole for their mutual benefit. In its original sense, then, “politics” referred to those activities necessary to sustain a community -- composed of individuals whose views and needs would not invariably coincide.

Our political system – or perhaps more accurately, our system of governance – grew out of the recognition that there had to be some way to regulate the ways in which people interact, precisely because their views, needs and interests would not always coincide.

And of course this implies that individuals have an equally important duty: they have to recognize that their own personal welfare is inseparable from the welfare of the community as a whole, and they must be willing to act accordingly, even if it means subordinating some of their own personal desires for the larger good. The way in which this “larger good” was arrived at was a central point of contention during the drafting of the United States Constitution.

The first view was represented by Thomas Jefferson, who espoused what has been called the “politics of engagement,” a model in which people work together in a spirit of cooperation to find common ground and solve mutual problems.

The Jeffersonian model rests on the conviction that people are essentially reasonable, and will work to achieve the common good if they can agree on or be brought to understand what it is.

The second view was set forth in a series of documents known as the Federalist Papers, whose chief authors were James Madison, John Jay and Alexander Hamilton. In contrast to the Jeffersonian model, it embodies a “politics of disengagement,” wherein social stability is achieved not by cooperation among individuals, but by a careful balancing of private interests, one against the other.

This model assumes that individual interests will inevitably clash, and that the role of government is to minimize or control these conflicts in a way that produces the common good. But the common good in this case is not the result of cooperation among individuals seeking common ground. Rather, it is the result of external, top-down management.

It was this second view that more or less prevailed as our nation developed. Certainly it is what Americans today have come to expect from their government, and what they now most resent about it. But more importantly this model does not resolve conflict -- indeed it often tends to encourage conflict. It does not foster a spirit of community or a sense of responsibility beyond narrow self interest. By no means does it lead to sustainable solutions.

People feel no obligation to learn about the needs of their community. Rather, they rely on government (or the courts) to manage conflict between individuals. Yet this “third-party” management invariably produces “winners” and “losers,” thus removing any incentive for individuals to cooperate. Nowhere does our current political structure offer a place

where people can come together to balance the needs of the larger community.

I am not suggesting that we start a revolution here – although Thomas Jefferson did say that “a little rebellion now and then is a good thing and as necessary in the political world as storms in the physical.” Or, as the late western writer Edward Abbey wrote: “Society is like a stew. If you don’t stir it up from time to time the scum floats to the top. (I imagine this is the only time you will hear Thomas Jefferson and Edward Abbey quoted in the same breath).

But if not a revolution, I am suggesting that there is a gap in our system of governance -- a gap that has everything to do with our ability to create a sustainable future.

The primary tools of government are laws, regulations and the allocation of resources. And with these tools government does many things very well. It provides infrastructure that fosters private sector investment and economic activity – everything from railroads to highways to water and sewer systems to telecommunications. It enforces laws and incarcerates those who break them. It provides for the national defense, establishes health and safety regulations and maintains a system of public education.

What government does not do very well, however, is to bring people together to solve problems – especially when the problems are complex, when they involve tension between environmental, economic and community values, and when the solutions require the participation of many people. Yet these are exactly the kinds of problems that must be resolved if, indeed, we are to create a sustainable future.

To do so, I believe that we must create a community-based governance structure, one that provides the place and the opportunity for people to come together to find sustainable solutions.

To illustrate this point, let me use the inherent conflict between accommodating growth while maintaining livable communities. As my friend -- and former director of our state Department of Land Conservation and Development -- Dick Benner likes to point out: “There are two things Oregonians hate – sprawl and density.”

A large part of this problem flows from how public sector agencies have evolved over time, reflecting the Federalist view of government – that is, determining the “common good” not as the result of cooperation among individuals but, rather as the result of external, top-down management.

Public sector agencies tend to view their role narrowly, in the context of their particular mission. Nowhere is this more true than in those agencies which affect the built environment, if you will – that affect how communities develop physically. In Oregon those agencies are the Departments of Transportation, Housing, Economic Development, Land Use and Environmental Quality.

When I first took office in 1995, these agencies operated, to a large extent, in isolation from one another. The Department of Transportation, for example, viewed its mission almost exclusively as an engineering one: to design and build roads. The Department of Economic Development was focused on job creation and retention while the Housing Department saw the world in terms of the availability and affordability of housing stock. There was virtually no formal communication between these agencies and no awareness or consideration of the interconnectedness of individual agency decisions on the overall community.

If, for example, a large employer was recruited to a community with an inadequate housing supply – or the available housing was located a long way from the new jobs – a congestion problem would result from an increase in commuter traffic. A second consequence could be an increase in air pollution as people sit idling in their cars going to and from work.

Conversely, where a road is built – and how access to it is managed -- has an enormous effect on development patterns in a community.

The result of this lack of communication and coordination was a series of mutually undermining investments which saw the community, not as a whole, but as a series of unrelated problems: jobs, housing, transportation, etc. Furthermore, this disjointed approach undervalued the community itself because the decisions which affected it were made

unilaterally by the state agencies. Limited resources were wasted, livability was compromised, and conflict was inevitable.

To break down this silo mentality, enhance communication and reduce conflict, I created the Community Solutions Team comprised initially of the directors of these five community development agencies. The Community Solutions Team (CST) represents a new integrated way to plan and deliver development assistance to local communities and businesses. We meet on a regular basis, communicate openly and have changed the operational paradigm of the individual agencies from one of "running programs" to one of "solving problems."

For example, I directed the Transportation Commission to operate the department, not as a road building agency, but as a growth management agency. To further this goal I have required regular meetings between the Transportation Commission and the Land Conservation and Development Commission. The name of the Department of Economic Development was changed to the Oregon Economic and Community Development Department to emphasize its larger responsibility for overall community development beyond the narrower focus on job creation.

The CST works closely and as a partner with local communities and their political, civic and business leadership. All five agencies are now guided by the following common mission statement:

"The state shall strive to ensure that its programs and activities help build and maintain quality communities which have clean air and water, housing that is affordable to community residents, a balance of jobs and housing in proximity to one another, development patterns that minimize the cost of public services, and a mix of residential, commercial, industrial and institutional uses that supports a balanced transportation system."

In addition, individual actions by both state and local entities strive to remain consistent with a set of seven "Quality Development Objectives" developed collaboratively by the state, the Association of Oregon Counties and the League of Oregon Cities.

This approach recognizes that Oregon's communities are diverse and changing. High growth rates in some communities have challenged their ability to respond to traffic congestion, sprawl, commercial strip development, and the need for open space and affordable housing. Conversely, other communities -- especially those hard hit by downturns in the timber and agricultural industries -- need new jobs and new growth to maintain themselves.

The CST embodies an integrated, collaborative, community-based approach which represents a significant departure from the traditional governmental tools of law and regulation. It creates a place and an opportunity for citizens to develop and have ownership in solutions to shared problems on behalf of a shared place. It empowers citizens at the local level to find the common good in the way their communities develop. It focuses state and local resources to ensure a quality built environment in the place where they live.

The result is sustainable because the politics of scarcity are replaced with a collaborative integration and balancing of economic, environmental and community values. The zero sum mentality is replaced with win/win solutions

This approach to sustainable governance can extend beyond the built environment to the larger conflicts that surround the tension between natural resource extraction and long-term environmental stewardship. Perhaps nothing illustrates this better than our efforts to improve the health of the forest lands on the east side of Oregon - particularly the pine forests that have been ravaged by insects and disease.

Like much of the Intermountain West, the forests of Eastern Oregon were once blessed with huge stands of old growth pine covering millions of acres. For much of the last century, however, forest management policy has been characterized by active fire suppression and harvesting the valuable old growth pine. This transformed these forests to their present state: overstocked stands of young fir and pine, thousands of acres of dead and dying timber infested with insects, and a high risk of catastrophic fire.

Thousands of miles of riparian areas have been damaged by harvest and grazing practices, as well as by road building and urbanization. One result has been that a number of species which depend on a healthy watershed have suffered severe declines. Similarly, as the forest health has declined and harvest has been significantly reduced, timber

dependent communities have seen tragic declines in employment. This situation is not sustainable because environmental, economic and community values are simultaneously at risk.

For that reason, we set about to find ways to both restore ecosystem health and provide wood to communities in an environmentally sound manner. This effort involved a panel of highly respected scientists from throughout the Northwest and -- most significantly -- a "forest health advisory committee," consisting of a diverse group of eastern Oregon citizens and stakeholders. Their work led to a broadly supported set of principles for restoring ecosystem health.

The plan calls for active management to promote ecosystem health, guided by good science and careful monitoring. Restoration efforts include understory thinning and commercial thinning in overstocked stands; road maintenance, closure and obliteration; and prescribed burning. A by-product of many of the thinning treatments is wood for local mills to help stabilize these rural communities. Thinning also reduces the risk of catastrophic fires that has increased significantly as forest health has deteriorated.

The key to success lies in having a single, overarching policy objective driving the management plan, in this case: restoring watershed health. Why? Because a healthy watershed is the common building block from which all beneficial uses of the forest flow: clean water, a thriving forest, abundant timber, and healthy forest species. Furthermore, the health of a watershed can, to a large extent, be scientifically measured and monitored.

Focusing on watershed health does not mean that we are elevating the importance of one value above another. Rather, it is the common denominator for all the values and acts as a guidepost by which we can shape our active management efforts in the context of the other values.

In other words, we cannot provide sustainable forest products, ensure clean water and provide habitat for species unless we first have a healthy functioning ecosystem. The three legs upon which the strategy stands -- social, environmental and economic -- are all interwoven and are dependent first on a healthy, functioning watershed.

Watershed health, then, is the area where the three circles overlap -- the area of sustainability -- the area which defines the "common good" for this community-driven effort. The "place" that afforded the opportunity to recognize the common good is the forest health advisory committee.

We have made similar progress in our efforts to restore endangered salmon habitat throughout the state. The primary role of the federal government under the Endangered Species Act (ESA) is a traditional regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the wrong things but it provides no incentive for them to do the right thing.

This is particularly true on private lands. While the ESA can prevent landowners from engaging in activities that result in an intentional or unintentional kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70 percent of coho salmon habitat in Oregon lies on privately owned land and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding take.

As a result, Oregon's effort to comply with the Endangered Species Act -- called the Oregon Plan for Salmon and Watersheds -- was designed to involve, empower and incent private landowners to make voluntary commitments to watershed restoration and habitat restoration. The commitments are built on a solid foundation of federal, state and local regulation -- including harvest limits, Clean Water Act requirements, forest practice requirements, land use laws and state water law.

The primary tool with which we implement our efforts on the ground -- the "place" where people come together to recognize the common good -- is the local watershed council, made up of community members representing a broad range of stakeholders working together to implement a plan they helped develop to improve the health of their own watershed.

We now have 93 watershed councils across the state. They have put thousands of projects on the ground which improve water quality, salmon habitat, and overall watershed health. Again, people working together to solve a shared problem

on behalf of a shared place and in a way that balances economic, environmental and community values.

I want to close this morning with a brief story written by Kim Stafford, the son of Oregon's late poet laureate William Stafford. He writes about Oregon – a special place that gives us gifts everyday, that teaches us how to give back and teaches us how to heal the divisions that have come with our own growth and prosperity. Although his focus is Oregon, his words ring true for all the special places we have chosen to live. He reminds us that the things we cherish must be constantly renewed in ourselves and in our community – that they must be constantly tended lest they slip from our grasp before we even know they are gone. This story, more eloquently than anything I could ever say, captures what this sustainability movement is all about.

Kim Stafford tells us that Oregon's story is "Lloyd Story." Lloyd Reynolds, the international citizen of Portland, spent his last days in pain, silent, unable to speak or to write, lying in his hospital bed. On his last day at home, as his wife scurried to pack his suitcase for the hospital, Lloyd made his way outside to the garden and there she found him on his knees, with a spoon, awkwardly planting flower bulbs. "Lloyd," she said, "you will never see these flowers bloom."

He smiled at her. "They are not for me," he said, "they are for you. The salmon coming home? They are for you. The calls of the wild geese? They are for you. The last old trees? They are for you and your children, to the seventh generation and beyond. They are all blooming into being for you."

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Governor John Kitzhaber

STATE OF THE STATE ADDRESS

February 1, 2002

It's a pleasure to be with you today, and a privilege to come before you one last time to deliver the annual State of the State.

I have had the opportunity to serve in this office during a period of unprecedented prosperity and, now, during a time of deep economic dislocation. To have been afforded the opportunity to serve at all has been a great honor and one for which I humbly thank you.

I can tell you that it is much easier to govern during good times than during bad times. But I can also tell you that it is the difficult times that provide the true test of our metal, of our character and of our values. And these are difficult times for Oregon the most difficult in the past 20 years. In fact, there are only five members of the current Legislature who served during the 1981-83 biennium when we struggled through our last recession.

Today's recession, although not as deep as the one two decades ago, is more serious because it has uncovered the fundamental flaw in a series of policy choices we made during the 1990s. And that is what I want to talk to you about today.

As you know, in the six years leading up to 2001, Oregon experienced record employment and economic growth. It was a good time to be governor -- a time of optimism, vision and action.

We began to implement the Education Act for the 21st Century, establishing high, outcome-based academic standards for our children. We expanded our community college system, created three new universities and changed the financing model for higher education.

Facing a growing conflict between the extraction of natural resources and long term environmental stewardship, we devised the Oregon Plan for Salmon and Watersheds, a program that unites the voluntary efforts of private landowners, industry, environmental groups and state agencies toward a common goal.

We expanded the Oregon Health Plan, giving hope to thousands of people, who -- through no fault of their own -- could not afford health care.

We crafted the Oregon Children's Plan to ensure that our children get the support and attention they need to succeed in school, stay drug-free and become healthy, productive adults.

The list goes on. We took the initiative in economic development, promoting Oregon business, international trade and enhancing our work force. The silicon forest grew and flourished as our economy diversified and we saw the creation of hundreds of thousands of new jobs.

But as 2001 dawned, we experienced the first inklings of misplaced faith in the durability of international markets. Cracks appeared in the foundations of those industries built on speculation and promise, rather than production. The value of equity stocks trembled, slipped, then nose-dived.

Companies started to lay off workers, first by the score and then by the hundreds, and then by the thousands, leaving

Oregon with the highest unemployment rate in America.

And therein, lies our short term challenge -- an \$830 million revenue shortfall due to our soaring unemployment rate and an increased demand for social services like welfare, food stamps and the Oregon Health Plan. I have called a special session of the Legislature for February 8 -- one week from today -- to address this budget deficit.

But that is only part of the picture, because we face a long term challenge as well -- less obvious, perhaps, but far more serious. That challenge lies in the fact that our current level of state programs and services is not sustainable into the future based on the projected revenue forecast. This projected discrepancy between revenues and expenditures is due largely to a series of choices Oregonians made in the last decade.

In retrospect -- if it was shortsighted to hitch our future to industries built on speculation, rather than production -- it was equally shortsighted to delude ourselves into thinking we could cut our taxes, but not the programs and services that they supported. And, yet, that is exactly what we did throughout the 1990s.

With Ballot Measure 5 we reduced our property taxes and shifted over \$4 billion a biennium onto the General Fund to finance education. We also cut our income taxes by nearly \$1.5 billion through the 2 Percent Kicker -- again, without reducing General Fund programs. On the contrary, we actually increased what we expected the State to pay for with the passage of Ballot Measure 11, which set Oregon down the road to a billion dollar prison construction program.

So the challenge facing Oregon today is not just as simple as rebalancing the budget for the remainder of this biennium. The challenge is to do so in a way that not only addresses the immediate revenue shortfall, but which also puts the state budget back on a sound and sustainable financial footing into the future.

The debate that is unfolding involves two fundamental questions. First, how deeply should we cut current programs and services to help rebalance the budget? And second, how should we pay for that portion of the budget that we want to preserve? The way in which we answer these two questions will have a profound impact on the kind of Oregon we leave for our children.

Let me start with the first question: how deeply should we cut current programs and services to help rebalance the budget? As we approach this question it is important to remember that, to a large extent, this is an exercise in values.

In the short term it is about how much we value our fellow Oregonians who -- through no fault of their own -- find themselves without employment. Let us not forget that over \$87 million of our revenue shortfall is due to the increased demand for public services by those who have been laid off. I can tell you from personal experience that our unemployment figures, as stark as they are, cannot begin to express the human hardship that ensues whenever an Oregonian loses their job.

During Oregon's last recession, I was a freshman member of the Oregon State Senate. I was also a practicing emergency physician in Douglas County where unemployment reached 22 percent. In my emergency room I saw first hand the human suffering that descends when proud people suddenly lose their jobs -- substance abuse, domestic violence, the disintegration of families. Theirs is a hardship we cannot ignore as we move forward to address the state's short term fiscal crisis.

In the long term, it is about the value we place on a strong system of public education -- primary, secondary and post-secondary. A system that gives all Oregonians, regardless of their background, ethnicity or economic status, an equal opportunity to master the skills and command the knowledge necessary to succeed in an information-driven economy.

It is about the value we place on ensuring that every child born in this state has the support, the nurturing and the adult attention necessary to fully participate in, and contribute to, the Oregon community.

It is about the value we place on compassion -- on providing a safety net for the most vulnerable among us: our children, particularly those at risk; the frail elderly; the poor who cannot afford health care for themselves and their families; those with disabilities or who suffer from mental disorders, who, if we do not extend them help as a society, will end up on our streets or in our jails.

I am not saying that there are not cuts that we can and should take -- there are. I am simply pointing out that this is not as simple as lining up numbers on a piece of paper. Behind the numbers are real people -- people with real lives and with hopes and dreams of their own. They are our neighbors, our employees, our children, and our grandparents. This is not an accounting exercise. This is an exercise in values.

Having spent a great deal of time working on this budget, I think that we can responsibly cut in the neighborhood of \$400 million -- not without consequence -- but without doing irreparable damage to the important public programs and services on which our social and economic health depends.

As a counterpoint to the legislative proposal to cut \$481 million I have proposed to reduce state programs and services by \$414 million -- and even that is pushing the envelope.

My budget reductions were guided by four principles:

First, to maintain our investment in education -- particularly primary and secondary education and undergraduate education in our post-secondary system.

Second, to maintain a safety net for our most vulnerable citizens.

Third, to maintain public safety.

Fourth, to maintain our investment in prevention.

These two budget reduction proposals -- although they are only \$67 million apart -- represent differences in both policy and priority. They represent different sets of values. Nonetheless, I believe that we can -- and will -- reach consensus on the budget reduction side of the equation. More problematic, however, is the question of how we pay for that part of the budget we intend to preserve -- which leads us into the long term challenge.

The legislative proposal uses 14 different revenue sources to generate \$348 million. I have strong objections to a number of these sources because they violate a very simple premise: pay as you go.

Two of these revenue sources tap into existing trust funds:

The Common School Fund, and

The Health Care Trust Fund created with tobacco settlement revenue.

These are trust funds -- with the operative word being trust. They were created to build a principle from which interest would be derived to provide long term sustainable funding for specific purposes.

The Health Care Trust Fund, for example, was established with the proceeds from the National Tobacco Settlement to provide a revenue source for health related purposes -- smoking prevention and cessation programs as well as providing health care coverage for the working poor. The Common School Fund was established when Oregon gained statehood in 1859. It has been building its principle for 143 years to provide an ongoing source of revenue for primary and secondary education.

To raid these trust funds in order to rebalance our current budget shortfall is irresponsible. Let's be clear. The only reason that these measures are being considered in the first place is to give political cover to legislators -- of both parties, I am sorry to say -- who do not have the courage to raise taxes nor the will to cut the programs that those taxes support.

Here is how the argument goes. If you are a Republican in the Legislature you want to stay in control next session. So you can't possibly vote to increase taxes or to make deep cuts in education or programs for seniors because you might lose the election. If you are a Democrat you want to win control -- so you can't possibly vote to increase taxes or to make deep cuts in education or programs for senior citizens because you might lose the election. So what do you do? You try to find a way to rebalance the budget without raising taxes or cutting too deeply. How? By raiding trust funds, by borrowing against the future, or through accounting tricks.

I approach this budget challenge on the basis of a very simple and straightforward premise:

If we want to preserve programs in the face of the budget deficit, we need to pay for them not by borrowing, not by raiding trust funds set up for other purposes, not through accounting maneuvers but with real revenue options.

And I have proposed some real revenue options:

- Repealing or at least delaying the implementation of Ballot Measure 88 a tax cut (that has not yet gone into effect) which will benefit primarily those at the upper end of the income scale;
- Increasing the current tax on tobacco by 30 cents per pack to help pay for health care;
- Increasing the beer and wine tax by 5 cents per drink to help pay for mental health and drug and alcohol treatment.

I would point out that I am not alone in my view that additional revenue is required to meet the legitimate needs of the state -- and that now is not the time to implement tax cuts. Four Republican governors -- including Governor Jeb Bush -- have recommended delaying tax cuts, while three Republican governors have actually called for tax increases. Others are considering them.

My proposal will not only bring us back into balance for this biennium -- and slightly increase our ending balance -- it will also reduce the projected revenue shortfall for the next biennium from \$1 billion down to less than \$250 million.

This proposal will preserve our commitment to education, to vulnerable citizens and to public safety -- and it will put the state budget back on a sound, sustainable footing without debt financing, without raiding existing trust funds and without resorting to accounting maneuvers.

By contrast, the legislative financing proposal is a continuation of the shortsighted policies of the 1990's by which we were able to delude ourselves into believing that we could cut our taxes yet still maintain -- and even expand -- state programs and services.

I am not just talking about Ballot Measure 5 and the 2 Percent Kicker -- I am talking about a mindset that recognized the need for additional resources in the state budget, but lacked the political will and fiscal discipline to pay for it with existing revenues.

In both the 1997 and 1999 sessions, for example, I argued that we should use some of the surplus revenue generated by our robust economy to help finance the K-12 budget. I lost that argument.

It wasn't that the Legislature disagreed with the need for more funding for education. They simply didn't want to vote to pay for it. Instead of using surplus revenue for this purpose, the Legislature allowed \$420 million to be rebated through the 2 Percent Kicker and then turned around sold \$277 million worth of lottery bonds to help finance K-12.

This money has now been spent but we will be paying the debt service on the bonds for the next 15 years at a cost of \$412 million -- nearly as much as was rebated through the Kicker.

I do not believe that it is responsible to continue these policies -- nor to rely on existing trust funds to blur the very real relationship between state programs and services and the revenue that supports them over time.

And I do not believe it is responsible to balance this budget by pushing payments due this biennium into the future -- in particular, the proposal under consideration to move the last K-12 payment into the next biennium. This amounts to an additional \$211 million cut in the K-12 budget in the current biennium with no guarantee that the next Legislature will come up with the payment.

In a very real sense, this puts education last and is a continuation of the practice of making difficult political choices someone else's problem.

We have an opportunity to end that practice, to be accountable to Oregonians for the dollars we spend -- and for the

programs and services those dollars can realistically support over time -- and to put our state's budget and finances back on a firm footing for the future.

I have been around long enough to appreciate the historic symmetry of our current situation. Ten years ago, amid the ruins of the July 1992 special session called by Governor Roberts to find General Fund replacement revenue for Ballot Measure 5, a joint press statement was issued. It said, among other things, that:

"we have no intention of leaving unaddressed the fiscal problems created by the passage of Ballot Measure 5 We do not question the necessity of replacement revenue to responsibly provide for the legitimate needs of our state. And while there remains some debate concerning the magnitude of the revenue needed and the way it should be allocated, we are committed to reaching a bipartisan and bicameral consensus on both issues and dealing with this problem in a timely and effective fashion."

The signators to this statement included myself, as Senate President, Speaker of the House Larry Campbell, then House Majority Leader (now U.S. congressman) Greg Walden, Representative (now state senator) Peter Courtney and Senate Majority Leader (now secretary of state) Bill Bradbury.

My point in sharing this with you is that there was a clear and bipartisan recognition that you cannot increase the demand on the General Fund to magnitude that Ballot Measure 5 did without providing additional revenue. Unfortunately, the agreement forged by the legislative leadership in 1992 was never implemented because the unsustainability of our fiscal policy was masked by a strong economy and video poker.

I am reminded of the passage by T. S. Eliot:

*We shall not cease from exploration
And the end of all our exploring
Will be to arrive where we started
And know the place for the first time.*

We have been here before and we have the opportunity to address what we recognized by failed to act upon ten years ago. My fellow Oregonians -- the challenge facing us today is not as simple as a choice between taxes and budget cuts. And we will do a great disservice to ourselves, to our children and to our own posterity if we allow the mindless ideology of the talk show host to be substituted for a thoughtful discussion of Oregon's future.

The challenge facing us today is one of accountability. The accountability to provide stable financing for those state programs and services that we think are important, that reflect our values, and that we want define us as Oregonians -- both now and in the future.

And if these programs and services aren't important enough to pay for -- without borrowing against the future, without accounting tricks, and without leaving the decision on how to fund them for someone else to make -- then we should cut them. It's that simple.

Cutting deeper is certainly an option -- it is one choice to rebalance the budget. But make no mistake about it, it is also a choice for a different kind of Oregon than the one we know today.

It is, after all, our commitment to each other -- to education and to caring for our vulnerable citizens and our natural environment -- that makes Oregon's definition of civic responsibility and quality of life different than that in Texas or some other state. That is important to me.

Two hundred years ago, Lewis and Clark had the undaunted courage to take up President Jefferson's challenge to go into the known in search of the Northwest Passage. At the end of their journey, they found Oregon this special and, to me, most wonderful place on earth.

Oregon is ours now our blessing and our responsibility. We too must find the courage and the will to ensure its bright

future.

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Governor John Kitzhaber

Balancing the Budget, Stimulating the Economy

January 23, 2002

Let me start by announcing that I will call the Legislature into special session on February 8, 2002 to deal with the State's budget shortfall -- and to consider actions to stimulate and stabilize Oregon's economic picture. In anticipation of that task I will also lay out my proposal for dealing with both the revenue shortfall and the recession that has contributed to it.

As I indicated at my January 7 press conference when I presented the "all cuts" budget, we are facing both a short-term and a long-term challenge.

The short-term challenge is straightforward -- a revenue shortfall due primary to the fact that 38,000 Oregonians have lost their jobs over the past year. This problem has been compounded by an increased demand for social services like welfare, food stamps and the Oregon Health Plan.

The result: our general fund budget is out of balance by \$830 million.

The long-term challenge is equally serious - the fact that our current level of State programs and services is not sustainable into the future based on the projected revenue forecast. As you know --unless something changes -- the General Fund budget would be more than a billion dollars out of balance in the 2003-05 biennium and beyond.

This projected discrepancy between revenues and expenditures is due largely to a series of choices Oregonians made in the last decade - in particular, the fact that we cut taxes but did not cut the programs and services supported by that revenue.

Meeting the challenge facing Oregon, then, requires two things:

- First, we must do everything within our power to get our economy back on its feet.
- Second, we must rebalance our State budget in a way that not only solves the immediate revenue shortfall, but also closes the long-term gap between projected revenue and the cost of current programs and services.

ECONOMIC STIMULUS

Let me start with the economy by outlining the steps I will ask the Legislature to take in the special session -- as well as steps I will initiate myself -- to address three broad areas of economic stimulus:

- (1) Investments in infrastructure and communities;
- (2) Investments in people and businesses; and
- (3) Investments in budget and finance stability.

While some of these proposals are my own - others reflect recommendations that have been made by my *Economic Strategy Advisory Group* and by members of the Legislature.

Investments in Infrastructure and Communities

First, I will propose legislation to facilitate the sale of the \$200 million in lottery bonds approved last session for financing critical infrastructure projects. Because of pending litigation, the state has been unable to sell these bonds. To address this I will propose that we clarify in statute that the bonds are backed by the full faith and credit of the State of Oregon.

Second, I will propose legislation to clarify our state's commitment to fully fund -- with lottery bonds -- our share of the Columbia River channel deepening project -- a project vital to maintaining Oregon's international trade economy.

Third, I will propose the *Oregon Transportation Investment Act of 2002*, building on the successful transportation investment strategy approved by the last legislative session. As you recall, the legislature approved \$400 million in highway bonds backed by a small increase in vehicle title fees.

Last week, the Oregon Transportation Commission released this money to fund more than 130 road and bridge projects throughout Oregon.

The *Oregon Transportation Investment Act of 2002* will address an additional \$750 million in badly needed road repair and congestion needs and create more than 2,500 well-paying jobs.

Specifically, I will propose raising the auto registration fee by \$15 per year. Oregon is currently 50th among states in registration fees and this increase will still leave us at 45th.

This will generate \$60 to \$70 million per year:

- Half of this new revenue -- \$30 to \$35 million - will go to cities and counties to meet their critical transportation needs.
- The other half will be used to back \$350 million in bonds for road repair and improvement projects at the state level. These projects will be spread geographically throughout Oregon using the same process the OTC used to allocate the projects approved last week.

In addition, I will propose utilizing a portion (less than half) of the State's \$80 million annual commitment for bridge repair and construction to back \$300-400 million in bonds to meet the State's critical bridge repair needs.

With legislative approval, we can provide a real engine for economic recovery, take advantage of extremely attractive bond rates and build on the excellent policy established by the last Legislature.

Investments in People and Businesses

First, we must take steps to support our workforce. Toward that end, I will seek increased federal funds for extended benefits -- as well as flexibility in unemployment insurance dollars to provide health care coverage for unemployed workers and their families.

Second, I will continue to expand the marketing of Oregon for both tourism and business recruitment.

- This winter we will release the second phase of our ad campaign asking Oregonians to travel and vacation in Oregon.
- We have also developed -- and are implementing -- an aggressive, coordinated marketing campaign for business recruitment and retention.

Finally, to ensure that funds are available not only to market Oregon -- but also to provide direct assistance to expanding Oregon businesses and to businesses seeking to locate in our state -- I will propose increasing the Strategic Reserve

funds by \$3 million during the special session.

Investments in Budget and Finance Stability

I will propose to the special session the establishment of a School Stabilization Fund. This is not a new idea. I attempted to create such a fund through the initiative process in 2000 but had to abandon my efforts in order to spend time leading a campaign against Measures 91, 93 and 8. Last session I introduced HB 2299 to create a stabilization fund and Treasurer Edwards introduced HJR 33 toward the same end.

While there was widespread support for this idea last session, there was no final action. Therefore, during the special session I will submit another proposal - for referral to the voters - that will create and begin to capitalize a School Stabilization Fund.

Oregon is one of only three states without a budget stabilization fund of some kind. Every time the economic health of our state is reviewed by bond rating agencies, the lack of a stabilization fund is questioned. Such questions - combined with the current recession and the fundamental instability of our tax structure - should provide ample reason to take this prudent and long-overdue step.

The fund will be capitalized with:

- The 15 percent of the lottery funds that currently go to the Education Endowment Fund;
- Any future lottery revenue in excess of \$600 million, and
- A 1 percent real estate transfer tax - excluding the first \$100,000 of value.

If referred by the Legislature -- and approved by the voters -- these revenue sources will generate nearly \$230 million for the fund in the next biennium alone.

It is important that the resources in this fund be protected from the kind of short term appropriation currently being contemplated for the Common School Fund and the Health Care Trust Fund. Toward that end, the Education Stabilization Fund can only be accessed by a 3/5 vote of the Legislature and a referral to the voters.

In addition to these proposals I will be making further recommendations -- particularly around the question of state permitting -- after meeting with my *Economic Strategy Advisory Group*.

BALANCING THE BUDGET

First, I want to commend the bipartisan legislative leadership on the budget proposal they put forth last week. It represents an enormous effort and commitment and serves to advance the debate that will - I am confident - lead to a successful conclusion of our current fiscal challenge.

Having said that, I differ on two aspects of the legislative proposal:

- First on the depth of the cuts, and
- Second on the choice of revenue to bring the budget in to balance.

Let me start with the cuts.

My recommendation is to reduce the budget by \$414 million as opposed to the \$525 included in the legislative proposal. These are total cut figures and include the \$125 million in reductions expected to be made by the Emergency Board next week.

My budget reductions were guided by three principles:

- First, to maintain our investment in education - particularly primary and secondary education and undergraduate education in our post-secondary system.
- Second, to maintain a safety net for our most vulnerable citizens

- Third, to maintain public safety

Examples of some of the more significant differences between this proposal and the legislative proposal are as follows:

Education

- I have recommended a \$112 million cut in state support for schools in the K-12 system -- as opposed to a \$152 million cut in the legislative proposal.
- In our community colleges, I have focused on maintaining capacity and my proposal will support 1,500 more fulltime students than the legislative proposal.
- In higher education I have recommended no cuts in direct instruction for undergraduate education. I have also reduced the legislatively proposed cut to OHSU from \$33 million down to \$5 million.

Human Services

- To maximize support for self-sufficiency, I have reduced the legislatively proposed cuts in employment-related day care, cash assistance and in job training programs for the lowest income Oregonians.
- To maintain a safety net for vulnerable Oregonians, I have restored funding for the "safety net clinics" and for local public health prenatal and perinatal programs.
- To continue our commitment to ensure that all of our children have a chance to succeed - thus reducing school dropout rates and involvement in the criminal justice system - I have maintained the bulk of funding for the Oregon Children's Plan and have restored some funding to teen pregnancy prevention programs.

Public Safety

- The legislative proposal recommends eliminating 50 closed-custody beds in the Oregon Youth Authority and transferring young people in the custody of OYA to the adult prison system when they turn 21. I have rejected both of these proposals.
- In addition, I have not reduced the current number of sworn officers in the Oregon State Police, although I have recommended canceling the upcoming recruit school.

Notwithstanding these differences in policy and priority - the two budget proposals are only \$111 million apart and I remain confident that we can - and, indeed will - reach consensus on the budget reduction side of the equation.

More problematic, however, is the question of how we pay for that part of the budget we intend to preserve.

The legislative proposal uses 16 different revenue sources to generate \$320 million. I have strong objections to four of those sources which together account for over \$200 million of their proposed revenue.

Three of these revenue sources tap into existing trust funds:

- The Common School Fund,
- The Health Care Trust Fund created with tobacco settlement revenue, and
- The "public purposes" revenue in the Energy Trust Fund

The fourth revenue source is derived from using \$50 million of federal education funds to backfill the general fund budget. This amounts to a \$50 million reduction in state support for schools.

I approach this budget challenge on the basis of a very simple and straightforward premise:

If we want to preserve programs in the face of the budget deficit, we need to pay for them - not by borrowing, not by raiding trust funds set up for other purposes, not through accounting maneuvers - but with real revenue options.

I certainly do not object to using some one-time revenue to help rebalance. It makes sense, for example, to use the

"Medicare upper limit" revenue - it is available to use now and is not dedicated to any other purpose.

In addition to this resource - which totals \$131 million - I would accept \$50 from other legislatively proposed revenue options for a total of \$181 million in one-time revenue.

To close the remaining shortfall, I propose:

- Repealing Ballot Measure 88 - to help pay for education;
- Increasing the current tax on tobacco by 30 cents per pack - to help pay for health care;
- Increasing the beer and wine tax by 5 cents per drink - to help pay for mental health and drug and alcohol treatment.

In summary, then, I propose that we rebalance the 2001-03 budget with:

- \$414 million in cuts;
- \$181 million in one-time revenue, and
- \$244 in new revenue.

This would not only bring us back into balance for this biennium -- and slightly increase our ending balance -- it would also reduce the projected revenue shortfall for the next biennium from \$1 billion down to \$250 million.

This proposal will preserve our commitment to education, vulnerable citizens and public safety -- and put the state budget back on a sound, sustainable footing without debt financing, without raiding existing trust funds and without resorting to accounting maneuvers.

By contrast, the legislative proposal is a continuation of the shortsighted policies of the 1990's by which we were able to delude ourselves into believing that we could cut our taxes yet still maintain -- and even expand -- state programs and services. Let me refresh your memory:

- With Ballot Measure 5 we reduced our property taxes by over \$4 billion dollars and dramatically increased the obligation on the General Fund to finance education.
- We also cut our income taxes by nearly \$1.5 billion through the 2% Kicker - again, without reducing general fund programs.

This is not how the real world operates - certainly not how private business operates. There is no "free lunch."

If education and public safety and caring for the vulnerable are important to us -- we need to be willing to pay for them. If we are not willing to pay for them -- then we should stop pretending that they are important to us.

In both the 1997 and 1999 sessions, for example, I argued that we should use some of the surplus revenue generated by our good economy to help finance the K-12 budget.

Instead of using this source of revenue, however, the Legislature allowed \$420 million to be rebated through the 2% Kicker and then turned around sold \$277 million worth of lottery bonds to help finance K-12.

This money has now been spent but we will be paying the debt service on the bonds for the next 15 years at a cost of \$412 million - nearly as much as was rebated through the Kicker.

I do not believe that it is responsible to continue these policies - nor to rely on existing trust funds to blur the very real relationship between state programs and services and the revenue that supports them over time.

I do not believe it is responsible to backfill the K-12 budget with \$50 million in federal education funds. This amount to removing \$50 million from the classroom. If we want to cut classroom support by \$50 million, then we should do it explicitly because the result on instruction is the same.

And I do not believe it is responsible to balance this budget by pushing payments due this biennium into the next - in

particular the last K-12 payment. This amounts to an additional \$211 million cut in the K-12 budget in the current biennium with no guarantee that the next Legislature will come up with the payment.

In a very real sense, this puts education last and is a continuation of the practice of making difficult political choices someone else's problem.

We have an opportunity to end that practice, to be accountable to Oregonians for the dollars we spend and the programs and services those dollars can support, and to put our states budget and finances back on a firm footing for the future.

So what is the punch line here? What is the bottom line message I am trying to communicate today?

It's not about taxes - it's not even about cuts. It's about accountability. The accountability to step up to the plate and to pay for those state programs and services that we think are important.

And if they aren't important enough to pay for - without borrowing against the future, without accounting tricks, and without leaving the decision on how to fund them for someone else to make - then we should cut them. It's that simple.

Cutting deeper is certainly an option - it's a choice to balanced the budget. But make no mistake about it, it is also a choice for a different kind of Oregon than the one we know today.

It is, after all, our commitment to each other - to education and to caring for our vulnerable citizens and our natural environment - that makes Oregon's definition of civic responsibility and quality of life different than that in Mississippi or Texas.

If, in the end, the Legislature and the people choose to balance this budget with deeper cuts - while I will argue strongly against it - I won't get in the way.

What I will get in the way of is financing schemes that allow us to avoid the political and civic responsibility of paying for those things that are important to us as Oregonians.

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Governor John Kitzhaber

National Health Policy Conference, Washington, DC

January 16, 2002

Let me begin with a simple statement. Substantive reform of the U.S. health care system is well within our ability to achieve - but it won't come easily. It requires a willingness on the part of each and every stakeholder to honestly evaluate their own contribution to the crisis in cost and access. Whether or not we have the collective will to do that remains to be seen - but to date that will has been lacking.

As all of us remember, health care was a central issue in the presidential election of 1992. All of the stakeholders were engaged in that ill-fated debate - but, to a large extent, only to protect their own narrow interests. Nothing was achieved and we have done little since then, lulled into complacency by the strong economy of the 1990's and by the short term cost savings produced by managed care for employers.

But the crisis in health care cost and access is once again gravitating to the center of the national political stage and I predict that it will be one of the major issues in the presidential election of 2004. That means that we will once again be afforded the opportunity to make reform of the health care system more than a topic of conversation. We will have the opportunity to make it a reality.

Over the past 24 years I have had the great good fortune to have practiced emergency medicine and to have served both in the legislature and as a governor. My perspective on the health care system has been influenced by these two roles and I have come to appreciate, in a very personal way, the distinction between the individual and society. This morning I would like to share with you what I have learned from this experience.

I offer these thoughts -- not as an advocate for the particular approach we have adopted in Oregon - but, rather, in the hope that the policies and principles we have been struggling with over the past decade can help inform the looming debate over the future of the U.S. health care system.

Indeed, my comments today must be viewed against the backdrop of that system. Some of my conclusions and proposals are controversial and cut against the grain of conventional political thinking - especially here in our nation's capitol. I would ask that you judged them by whether they are more logical, more equitable and more defensible than the status quo.

But I am getting ahead of my story ...

When I was an intern in 1973 I watched a baby die. His name was Sam. He was born very prematurely to a young mother who had not seen a physician over the entire course of her pregnancy. Sam wasn't breathing when we delivered him in the emergency room, and we had to resuscitate him before transferring him to the neonatal intensive care unit where he died two days later. I can still remember standing by his incubator during that final hour, knowing what was going to happen and feeling depressed and helpless.

I remember what a quiet death it was. There was nobody there but his mother and father, a nurse, and myself. Nobody else knew about Sam and his two-day struggle to live. He never made the papers or the evening news. It was an anonymous tragedy that touched the lives of no one but those in the room.

As few days later I witnessed a second death - that of a 90-year-old woman who had lung and was scheduled for surgery to remove her right lung. She had told me that she did not fear death, but she did fear the surgery. She didn't want any more pain. Well, she had the surgery and subsequently suffered a respiratory arrest and then a cardiac arrest. I rushed to the room -- along with another intern, a surgical resident, two nurses, and a respiratory therapist -- and we spent an hour in a frantic but unsuccessful attempt to save her life.

Unlike baby Sam's passing, the last hour of her life was not quiet. We stuck tubes into her nose, throat, and bladder; needles into her veins. We pumped her full of drugs and shocked her repeatedly. We "failed," she died, and we ran up a posthumous bill of thousands of dollars to be picked up by her family or her estate.

I can still remember the contrast between the frenzied efforts of a roomful of people, with all their sophisticated equipment, to save someone at the very end of a long life, and the quiet and undramatic death of someone at the very beginning of life.

I remember the events but at the time I never saw the contradictions. I never considered whether the resuscitation of the elderly woman made sense -- whether the cost and the discomfort we brought to her was compassionate in the face of her underlying diagnosis of "terminal lung cancer." And I certainly never connected the money spent on her final hour with the money not spent on Sam during his mother's pregnancy.

Thirteen years later, however, I would recall this experience and see it in a new light.

It was 1986. As President of the Oregon State Senate, I helped rebalance the budget by, among other things, changing the income eligibility requirements for the state-sponsored health care program. With no fanfare or controversy we dropped 4,300 poor Oregonians from health insurance coverage. I was struck by how easy it was - an accounting exercise, nothing more.

Five months later, back in my ER, I saw a number of the people who had lost coverage because of our decision. In most cases, they had delayed seeking treatment for minor problems -- because they were worried about paying the bills - and presented with much more serious and costly conditions. I distinctly remember a man who had suffered a massive stroke because he had no way to pay for the medication to control his blood pressure. I had come face to face with the human consequences of the our legislative "accounting exercise" five months earlier.

I began to ask myself questions. What kind of system would pay to treat someone's stroke in the hospital but not to manage their hypertension in the community? I found the answer to this - and other questions - embedded in the very foundation of the U.S. health care system itself.

As we all know, health care in America is not free. There is a cost associated with it and most of us rely on some "third party" to help cover that cost. The major third party payers in today's health care system are government and employers. But they don't cover everyone. Not all employers offer workplace-based coverage to their employees.

By the same token, not all those in financial need are covered by public programs. On the contrary, many who are quite well off financially receive publicly subsidized health care. While all those over the age of 65 -- regardless of their income -- are eligible for Medicare, we have no such policy concerning the poor.

In order to be eligible for publicly subsidized care, low income Americans must fit into congressionally designated categories such as "families with dependent children," or the "elderly, blind or disabled." Just being poor is not enough. Poor adults without children, for example, are not eligible, even though they may be deeply impoverished. This concept of categorical eligibility underlies the entire system.

So our health care financing system has two arms with a "coverage gap" in between. One arm represents the public

system, primarily Medicare and Medicaid. The other arm represents the private system, primarily employment-based coverage. The gap in between represents those without any health insurance coverage. These are people without a payment source.

Many of these people do not get primary or preventive care at all -- or at best get it sporadically. When they get sick enough, many use the emergency room for acute care that could have been avoided if they had had better financial access to primary care. And the health care costs incurred by those in the "gap" are shifted to the third party payers by incremental increases in their premiums or their bills.

Both of these third party payers face very real fiscal limits. Public resources, in particular, are limited because, quite simply, there is a limit to the level of taxation the public will tolerate. And since every dollar spent on health care is a dollar not available for education, transportation, or public safety, there is a limit to what the public sector can spend on health care.

So the major third party payers are understandably sensitive to cost increases -- albeit for different reasons -- and when costs rise beyond a certain point, they respond by trying to shift cost and economic risk somewhere else in the system.

At the state level - when faced with increased cost in the Medicaid program - legislators change income eligibility to reduce the number of people covered. This shifts cost to individuals who have no way to absorb it and amounts to the implicit rationing of people. And it is "all-or-nothing" rationing. Instead of giving everyone coverage for something, we give some people coverage for everything and others coverage for nothing. And the legislators who make the decision to change eligibility avoid any accountability for the health consequences of the people who lose coverage. That is exactly what we did in our 1986 decision to drop 4,300 poor Oregonians from coverage.

Legislators manipulate cost by cutting reimbursement rates which is a direct cost shift to providers and shows up as uncompensated care. At some point, providers stop seeing -- or try to avoid seeing -- Medicaid patients which constitutes another form of implicit rationing. Again, those who make the policy decisions that led to it escape any accountability for the consequences.

The result of this implicit rationing is a growing number of people in the coverage gap. And I mentioned, many of them eventually use the emergency room to access the health care system. The costs incurred are then shifted back onto the third party payers and the cycle repeats itself.

In short, our current system manages increases in cost by reducing access -- by saying "no" to coverage. But we do not say "no" directly -- we do it implicitly. We are not honest about it. We have not adopted an explicit policy that says that we won't pay to manage hypertension in the community, but we will pay to treat a massive stroke in the hospital ... that we won't provide all pregnant women with good prenatal care, but we will pay to resuscitate their premature infants. Yet this, in fact, is the unspoken policy of the U.S. health care system.

This point was brought home to me in 1987 when the legislature discontinued the Medicaid transplant program - potentially affective thirty individuals - in order to expand prenatal care and well-child care to 1,200 women and 1,800 children.

Although this was clearly an explicit rationing decision, it was both non-controversial and unreported - most likely because there was not a highly visible individual in need of a transplant at the time the legislature made it decision.

But in November, 1997, Coby Howard, a seven-year-old boy who had acute lymphoblastic leukemia, requested a bone marrow transplant. Although the child was covered by Medicaid, he was not eligible for the transplant under the new state policy. The family turned to private fundraising.

Throughout November I watched the drama unfolding in the media, which fanned public emotions to a fever pitch, while completely ignoring the larger policy issues involved.

I remembered baby Sam dying quietly before my eyes in the neonatal intensive care unit during my internship. The cause of his death was not as dramatic or as "newsworthy" as the failure to obtain an organ transplant - but it was made

no less tragic by the fact that it was not reported.

Coby Howard died in December of 1987, his supporters having failed to raise the needed money. No one can say whether a transplant would have saved him, for he was not in remission at the time, nor had his doctors located a marrow match. Nonetheless, the tragedy that befell little Coby was indeed a human tragedy. It was also a sensational human interest story, and both local and national media seized upon.

In the wake of this publicity, a motion was placed before the legislative Emergency Board to partially refund the transplant program for eight individuals in immediate need - a motion which I opposed. The media, of course, saw this as a debate about transplants. I saw it as a debate over the allocation of limited public health care resources.

To me, the question was not whether transplants have merit -- clearly they often do. Nor was it whether the legislature had sufficient resources to make the appropriation. It did. The question was simply this: If the state was going to invest more money in its health care budget, where should the next dollar go?

What was the policy that would lead us to fund transplants as opposed to further expanding the availability of prenatal care? Is one more important than the other? What was the policy that would lead us to offer transplants to eight individuals as opposed to nine, or to nineteen? Where was the equity in taking one group of poor Oregonians who were covered under Medicaid and giving them additional services on top of that, before we offered the basic Medicaid services to other equally needy Oregonians who currently were receiving nothing?

It became readily apparent that there was no policy. And while we could easily have funded another eight transplants, we had no way of knowing -- or being accountable for -- the consequences of not using that money to expand access to other individuals who were excluded from the system altogether.

After an emotional two-day debate, the Emergency Board rejected the motion but left unanswered the question of what policy objective should guide health care resource allocation decisions.

Should our objective be to guarantee all citizens access to health care? Or should it be to keep all citizens healthy? Certainly, the objective of the delivery system is to give people access to health care. But the objective of the health care system itself is health -- to restore, maintain or improve health.

Health care is a means to that end, not an end in itself. It has no intrinsic value - except as an economic commodity -- beyond its relationship to health. Unfortunately, the current system, to a large extent, views health care as just that -- an economic commodity.

Trying to achieve the objective of "health" using public requires an honest and acute awareness of the reality of fiscal limits. If, as I have argued, public resources are finite - and if all revenue cannot go to health care at the expense of everything else -- it follows that public sector health care budgets are also finite.

If this is true, then it also follows that people who depend solely on public revenue to pay for their health care will necessarily have some limits imposed on how much health care will be paid for. It is the responsibility of public policy makers to allocate these limited resources in a way which provides the most benefit to the most people. In other words, you cannot build a social resource allocation policy one individual at a time.

This fact was brought into sharp focus for me in the debate over whether to partially refund the transplant program. Whereas my commitment as a physician is to the individual patient, as a legislator (or as a governor), my commitment is to the larger community. As a physician, I am committed to treating my patient to whatever extent I deem necessary regardless of cost. As a governor, I cannot ignore cost and my commitment is to provide as much health care as possible for as many people as possible with the resources I have available.

The OHP represents the intersection of these two roles - that of a physician and of a publicly elected official. It is a direct challenge to the status quo - to the explicit federal policy of categorical eligibility and to the implicit federal policy of allocating public resources to benefit the few at the expense of the many.

At its heart, then, the OHP, is an effort to maximize the health produced by the allocation of limited public resources. To do so we sought to answer perhaps the single most fundamental question in the health care debate: who has the responsibility to pay for health care for the poor?

The federal government - with its policy of categorical eligibility - has never really answered this question. Medicare covers people in the category "over the age of 65" - regardless of their income; Medicaid covers certain categories of poor people; but we leave unanswered the question of who pays for the poor people who do not fit into a category. It is, to a large extent, the failure to explicitly answer and act on this question that drives the cost-shifting dynamic I have just described.

And without a clear public policy to address this question, the health care "market" will be left to make the determination. But market systems are designed to make profits, not to foster social responsibility. As long as there is a significant number of people unable to pay for health care, the market will try to avoid caring for them and will instead compete for those who can pay. Paying patients are seen as "market share," while those without a means to pay are viewed as liabilities.

If caring for the poor is, indeed, a public sector responsibility, then eligibility for public coverage should be based on financial need -- rather than on an arbitrary set of categories. In Oregon, we defined the "poor" in statute as all those with incomes 100 percent of the federal poverty level.

Having defined eligibility, the next question became how to allocate our resources in a way that produced the greatest health gain for those covered. The reality of fiscal limits makes choices inevitable. The question is whether we want to make them implicitly and by default - as we do in the current system - or whether we want to make them explicitly, in a way that is consistent with our stated policy objective.

In Oregon we have committed ourselves to making those choices explicitly -- by establishing priorities in an open public process based on a set of clear criteria -- and to assume accountability for the consequences of those choices.

To fulfill this commitment a Health Services Commission (HSC) was created, comprised of five primary care physicians, a public health nurse, a social worker and four consumers. The commission was charged with ranking medical condition/treatment pairs from the most important to the least important, in terms of the health produced, and judged by a consideration of clinical effectiveness and social values.

Starting with the 1991 legislative session -- and each session since then -- the HSC has presented the Oregon legislature with an updated prioritized list of health services accompanied by actuarial information which assigns a cost to provide each line (or condition/treatment pair) on the list.

The legislature is statutorily required to start at the top of the list and determine how much can be funded from available revenues and what additional revenues will be needed to fund an acceptable benefit level. In this way, not only is the benefit directly linked to the reality of fiscal limits, but the legislature is clearly and inescapably accountable not just for what it funds in the health care budget, but also for what it chooses not to fund.

The benefit package resulting from this process -- with its strong emphasis on primary and preventive care -- is eminently defensible. It covers virtually all preventive and screening services, as well as a number of important services not required by Medicaid including: dental services, hospice care and prescription drugs.

Since it was implemented in 1994, the health plan has been unequivocally good for Oregon. First and foremost, we saw a dramatic expansion of coverage, particularly for children. The number of uninsured children fell from 21 percent to 8 percent. Hospital charity care dropped 30-50 percent. We experienced a significant reduction in visits to emergency rooms, and a reduction in infants with low birth weights, because more pregnant women received good prenatal care.

Furthermore, between 1994 and 2000, the plan has brought more than \$1.5 billion of federal money into Oregon. These funds have played a crucial role in supporting the infrastructure of health care providers -- especially in rural Oregon - on which both state sponsored and commercially insured Oregonians depend.

This is not to say that our efforts have met with unqualified success -- they have not. We have faced - and continue to face - a number of challenges.

- For example, coverage itself does not ensure access. Many Oregonians who are eligible for the OHP do not have access to it because of other barriers related to geography, communication, transportation and culture - to mention a few.
- Parts of our delivery system are in chaos because of unequal risk sharing among physicians and hospitals and between physicians and hospitals.
- Federal inflexibility on benefit design and eligibility continues to force us into all-or-nothing coverage decisions and one-size-fits-all benefit packages and prevents us from using federal dollars to expand care to Oregonians based on their relative medical and financial vulnerability.

To address these problems we are applying for additional federal waivers and are trying to move to a community-based model for delivering care under the OHP. But whether or not the plan ultimately survives in this new decade, there are some important lessons from this ten-year experience which can, at the very least, help inform the pending national debate on health care.

First and foremost - as I stated earlier -- national reform efforts must be viewed against the backdrop of our current health care system. Failure to act is, in essence, an implicit endorsement of the status quo. And who could possibly defend what we have now?

To bring this point home, suppose we wanted to adopt the policy reflected by our current system and introduce it as a bill in the upcoming session of congress. Let's call it THE HEALTH CARE EQUITY AND EMPOWERMENT ACT of 2002. It might read something like this:

Preamble

There shall be no explicit policy objective adopted to guide the allocation of public health care resources.

Section I

(1) Categories shall be established to differentiate between the "deserving poor" and the "undeserving poor."

(a) The "deserving poor" shall include women who are pregnant, families with dependent children, and those who are blind or disabled. Citizens in these categories shall be provided with publicly financed health care.

(b) The "undeserving poor" shall include poor women who are not pregnant and poor men. These citizens shall be denied health care.

Section II

(1) All those who are over 65 years old shall be entitled to publicly financed health care, regardless of their income.

(2) Employed citizens under the age of 65, regardless of whether they can afford health care for themselves and their families, shall be required to pay a portion of their taxes to purchase health care for wealthy citizens over the age of 65.

Section III

(1) All citizens who can afford a private insurance policy shall be allowed to deduct the premium costs of that policy from their taxable income.

(2) All citizens, including those who cannot afford health insurance, shall be required to subsidize the health care of

those who can afford such insurance.

Section IV

(1) The criteria of financial need and ability to pay shall not be used to determine eligibility for a public subsidy.

(2) The relative effectiveness of various medical interventions in producing health shall not be considered in deciding which services will be paid for by public resources.

I doubt that anyone in this room - or in the United States Congress - could openly support the policy embraced by the Health Care Equity and Empowerment Act of 2002. Yet these are exactly the policies which underlie the U.S. health care system. And these are exactly the policies which must be addressed if health care reform is to be driven by substance rather than by the polls.

Let's be clear. Reforming our health care system is not about passing a prescription drug benefit for those on Medicare. It 's about asking - and answering -- questions like:

- Why do these drugs cost so much in the first place?
- Why should wealthy retirees receive publicly subsidized health care paid for, in part, by working families who cannot afford health insurance for themselves and their families?
- Why is the average annual per capita cost for Medicare \$763 in Dade County, Florida and only \$395 and in Hennepin County, Minnesota? Why is the AAPCC \$768 in Richmond County, New York and only \$406 Multnomah County, Oregon?
- Why has the U.S. Congress never demanded an accounting of why we should be paying twice as much for Medicare in Florida and New York as in Oregon and Minnesota?

Reforming our health care system is also not about passing a "Bill of Rights" for people who are already enrolled in managed care plans.

- It is about ensuring a floor of basic primary and preventive care for the over 40 million Americans who have no health insurance coverage at all.
- It is about basing eligibility for a public subsidy on financial need, not on categories.
- It is about making the public subsidies in the system explicit and limiting them to the cost of the basic benefit package that constitutes the floor.

Health care reform is about establishing priorities based on clinical effectiveness and applying limited public resources to those services which produce the greatest health gain those who depend on publicly subsidized health care.

- It is about creating the incentives and database necessary to standardize best practices and reduce the wide variation in physician practiced patterns.
- It is about using a reference-based process to require the pharmaceutical industry to compete on the basis of cost for drugs that are clinically equivalent.

Over the past few decades efforts to reform the U.S. health care system have been framed and limited by the concept of categorical eligibility. The debate has been characterized by a defense of those who are fortunate enough to fit into a category at the expense of those who are not.

Whether the category is "over the age of 65" or whether it is defined by Medicaid - powerful lobbies protect those within the categories, protecting subsidies for the wealthy at the expense of the poor; protecting the "deserving" poor from those who federal policy declares are "undeserving."

The Children's Defense Fund -- which has made great contributions to child health -- has a logo which offers an apt metaphor for the health care debate of the last few decades. The logo depicts - in a child's hand -- a child floating in a boat in the sea. Under it is written - also in a child's hand: "Dear Lord be good to me the sea is so wide and my boat is so small."

If we are to have a meaningful debate about reforming our health care system in this new decade we must frame it by making a few small changes to this picture. We need draw some children out in the water and add: "And lord, don't forget those of us who have no boat at all."

Several years before the enactment of Medicare and Medicaid, President Kennedy said: "The true test of our society is not whether we give more to those who already have enough, but whether we give enough to those who have too little." Nearly 40 years after his death, perhaps it is time for us to heed his words.

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Governor John Kitzhaber

Port of Portland Commission

December 12, 2001

I appreciate this opportunity to discuss with you some issues of great importance to the economic future of our state and region. I'll start by stressing that international commerce is vital to Oregon, and that government at every level -- together with the private sector -- must work vigorously and proactively to strengthen and enhance that commerce.

After all, we're a trading state, and we've been a trading state since 1869, when the first load of Oregon wheat went to Liverpool, England, aboard the sailing ship, *Helen Angier*. Since then, trade has become part of Oregon's identity. Today, we export electronic goods, computers, industrial equipment, wood products, transportation equipment, grain, metals and chemicals, to name just a few. We're the 17th-largest exporting state in the country, and our exports have roughly doubled in less than a decade, to more than \$12 billion a year. Clearly, trade is as important to our economic future as it has been to our past.

The Port of Portland will play an important role in making that future a bright one. We can easily see its importance to our future in the present. Today, the Port's maritime operation exports more wheat than any other port in the nation. The Port ranks ninth in total tonnage, 15th as a container port, and number one as a gateway for imported cars. PDX serves more than 13 million passengers a year, with service on 31 carriers and 581 flights a day. The Port creates nearly a billion dollars a year in direct earnings to the workers of the region, and generates about \$3.5 billion in business for the private sector.

As you well know, many separate entities -- both public and private -- influence trade in a variety of ways. Some of these are federal agencies, others are state and local. Since 1996, 46 different organizations have sent representatives to the Oregon Trade Conferences held each spring and fall. While this much participation is heartening in one sense, it's sobering in another. With 46 entities influencing trade, we can't help but worry that we may sometimes work at cross purposes.

At the state level alone, we have the International Trade Commission, the International Trade Division of the Department of Economic and Community Development, the Department of Agriculture, and the Port of Portland, which I include because I consider it a resource of the entire state. With so many cooks in the kitchen, each working more or less independently, the issue of duplication of effort is a real concern.

We need a way to coordinate the activities and policies of the state-level agencies as they pursue trade objectives. In addition to coordinating with each other, they should coordinate with all the local and regional entities working in the arena. Put simply, we need to "work smarter." This means getting the best possible results from our efforts to promote trade and open new markets. It means eliminating duplicated efforts and covering all the bases when we launch an effort to lure foreign investors to Oregon.

I've asked the Department of Agriculture and the Department of Economic and Community Development to reach out to our partners in the private sector to determine where the problems are. The International Trade Commission has already reached out in an effort to learn from business owners what they want and need in order to expand international trade.

We've begun to examine the activities and concerns of the various state agencies and entities involved with trade to look for ways to improve coordination and communication among them. We're approaching the task with an open mind, with no foregone conclusions. If we find that structural changes are in order, we'll implement them. The important thing, in my view, is to promote trade policies and services that make sense for *all* Oregonians, that maximize the return on scarce resources.

A moment ago, I mentioned the importance of the Port of Portland to the economic future of the state. In fact, it is probably more accurate to refer to it as the "Port of Oregon." One of the challenges the Port faces is to recognize this broader role and to develop and communicate with a statewide constituency. Toward that end, as you know, I have appointed two people to this Commission who live and work outside the Portland metro area. In doing so, I wanted to underscore that much of the Port's business comes from manufacturers and growers throughout the entire region, and that businesses and individuals from all over the state use the Port's terminal facilities and Portland International Airport. The Port truly is a resource that's available to all of us, and all Oregonians have an interest in its activities and its future.

A second challenge is the way in which you conduct your business. I was glad to hear about Bill Wyatt's actions to open the Port's activities to public input and scrutiny. This new emphasis on openness will build public confidence in the Port and shore up public support. Communicating with the public and responding to their concerns are absolutely critical to the long-term success of the Port. This is the way to reinforce a partnership between business and other sectors throughout the state, one that can generate a helpful mutual awareness of each other's needs and concerns. This is the way to head off damaging conflicts and controversy, which often result from poor communication and the perception of closed proceedings behind closed doors.

This is especially important when dealing with controversial and environmentally sensitive issues like the Portland Harbor clean-up and deepening the Columbia River channel. Channel deepening, in particular -- if we are to be successful -- will depend on coalition-building with a broad range of stakeholders.

As you know, I've supported providing more than \$26 million in lottery-backed bonds for the channel-deepening project. Only by deepening the Columbia River channel can we accommodate the fully loaded new-generation deep-draft vessels that now dominate the shipping industry. In order to keep the Columbia channel as a vital resource to Oregon's economy, we must ensure that the ports along the channel remain competitive with other West Coast ports. Deepening the channel to accommodate the big ships would reinforce the position of the Port of Portland as a strong, vibrant regional port that offers a gateway to the world for the goods grown and manufactured throughout this region.

Viewed another way, *failure* to deepen the channel would jeopardize the viability and competitiveness of a system of ports that handles more than 30 million tons of imported cargo every year. Doing nothing would require our own container-shippers to use more distant ports, saddling them with extra shipping costs to the tune of \$60-plus million a year. We have more than a thousand growers and manufacturers in this region who rely on the Columbia channel for affordable access to global markets, and we would do them and ourselves a great disservice by weakening their ability to compete in those markets.

I see another benefit to the project -- a way to bridge the divide between rural and urban Oregon. In rural areas, the project will help keep transportation costs down for growers of agricultural products and makers of export goods. In cities like Portland, the project will help strengthen the more than 40,000 jobs that depend on seaport activity, not to mention the 59,000 jobs held by people who work for companies that ship cargo on the river. In other words, this is a cause in which the interests of rural and urban Oregonians converge, and that's important.

As you also know, however, my support for channel deepening is given with a keen concern for environmental issues. A project of this kind requires close attention to the possible impacts on fish and wildlife -- especially those listed under the Endangered Species Act. It requires attention to water quality and Oregon's Coastal Management Plan, as it relates

to the federal Coastal Zone Management Act.

I believe that deepening the Columbia channel can proceed in a way that meets the stringent state and federal standards on protecting fish, wildlife and water quality. I'm committed to resolving any and all environmental issues that might emerge as this project moves through the final stages of federal and state approval, and I'm committed to seeing it commence before I leave office.

My point to you is this -- in this day and age, the Port must pursue its economic objective and responsibilities with an acute awareness that they exist in the context of other values which are equally important to the public we serve. While international trade is an important symbol of Oregon's identity, so are fish and wildlife. So is our magnificent coastline, together with all its aesthetic and commercial values.

There is an opportunity here for the Port to provide unprecedented leadership for a sustainable solution -- conducting the channel deepening project in a way that results in a net gain for habitat, something that would be consistent with my ongoing efforts under the Oregon Plan for Salmon and Watersheds. That is certainly my objective and I will do all I can to work with you, our federal partners and the environmental community to make this outcome a reality.

Another critical challenge for the Port involves the need to reestablish nonstop passenger air service to Asia. I've followed the efforts of the International Air Service Committee with great interest, and I want to applaud the Committee and the Port for the progress you've made thus far. It's impossible to overemphasize the importance of reinstating direct air service for passengers, since Asian companies have invested more than \$5 billion in the Portland area alone. Nearly 700 Oregon companies trade in Asia, accounting for more than 90,000 jobs. Direct passenger service is an absolute *must*, if our trade partnership with Asia is continue to flourish and grow.

Last March, I led a delegation of state officials and Port representatives in a meeting with air carriers -- All Nippon Airways, Japan Airlines and Korean Air -- and we reinforced Oregon's commitment to trade with Asia. You can count on our continued efforts to drive home the importance of reinstating direct service to Asia, not only with Asia-based carriers, but also with US carriers.

Finally, I want to address one other matter that's been on all our minds since September 11, and that's the security and safety of our nation and our communities. I was pleased to learn that the Port's executive director Bill Wyatt has appointed a citizens' task force to examine security at PDX. With former Governor Neil Goldschmidt at the helm, I'm sure we can look forward to some strong, innovative measures to keep our airport safe (despite Bill's involvement). I can assure you that state government is both willing and eager to work with the Goldschmidt task force in coordinating efforts to achieve this goal.

Since September 11, we've taken steps at the state level to enhance the general security and public safety. In October, we formed the new Office of Public Safety and Security within the Oregon State Police, to coordinate intelligence-related activities with the state Attorney General, the federal Anti-Terrorism Task Force, the FBI's Joint Terrorism Task Force, the Military Department and local law enforcement agencies.

In order to ensure solid communications links, the Oregon State Police will open its new Operational Command Center in the spring of 2002 -- a major improvement to the communications infrastructure of statewide law enforcement and security.

We are taking a hard look at critical public assets like dams, water supplies and power-generating facilities in order to assess their vulnerability to terrorist attacks. The goal here is to anticipate a problem before it occurs, and take the proper action to make certain that it never does.

I've mentioned the security issue because it's vital to our well being as a state, both in the short term and the long term. Among the obvious concerns is the assurance that our homes are safe, as well as our schools, airports, water supplies and all the other working assets of our civilized society. Among the less obvious concerns, however, is the need to expand our economy, to reinforce and protect the businesses and jobs that make possible the kind of life we Oregonians so cherish. Without a safe, secure place to live and work, we cannot hope to build our economy, or to "Export Oregon." Without a safe, secure transportation system, we cannot hope to open up new international markets.

In closing, I just want to reiterate my support for your efforts to expand and diversify the region's and the state's economy. These are tough times - for every part of the state including the metropolitan area. Workers from Boeing to Fujitsu to small businesses throughout the region have borne the brunt of this economic downturn.

I want to let you know that as we go about the very difficult task of rebalancing our state budget to address the recession-caused revenue shortfall, I will do everything I can to protect those programs such as economic development and training funding which help stimulate the economy. This slump will turn around. And when it does, we need to be poised to help businesses grow, help workers train and help return prosperity to communities throughout the state.

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Governor John Kitzhaber

OFIC Annual Meeting

October 22, 2001

Salishan

Good afternoon.

Thank you for the invitation to come speak to you today. I want to take this opportunity to discuss the recent Hogan decision and my concerns about its impact on the Oregon Plan for Salmon and Watersheds. I also want to discuss the future of this kind of collaborative problem-solving process in the context of our current relationship with our federal partners.

Let me start with the Hogan decision. I understand that earlier today you endorsed a recommendation from your Forest Management Policy Committee to carry through on the voluntary commitments you have made under the Oregon Plan, regardless of the ultimate outcome of the Hogan decision. I want to commend you and thank you for taking this position. OFIC and its members have been strong supporters of the Oregon Plan from its very beginning and I appreciate your continuing support today.

I am concerned about the potential consequences of the Hogan decision on the Oregon Plan and the willingness of Oregonians to continue working to improve watershed health across the state. As you know a major focus of my administration has been to encourage all Oregonians to work locally through watershed councils, soil and water conservation districts and others to address watershed health issues.

The Hogan Decision certainly complicates our work - and before I turn to the decision itself, and its potential consequences - it will be useful to step back and consider why we embarked on the Oregon Plan in the first place.

First and foremost, the Oregon Plan grew out of a concern over the deterioration of the health of many of our watersheds and of the species which depend on them. There are many signs to validate this concern that we are stretching our watersheds beyond their capacity -- ESA listings being but one of them. We are also experiencing water quality and water quantity problems in watersheds across Oregon. For example, as a result of development and land management decisions, we have blocked access to miles of habitat for many fish species and have built miles of roads along streams, resulting in increased erosion and decreased water quality.

In other words, the objective of the Oregon Plan is watershed health. The restoration of endangered fish populations is, to a large extent, a result of restoring the health of the watershed on which they depend. By the same token, a healthy, functioning watershed is the common building block from which all beneficial uses of a flow: clean water, a thriving forest, abundant timber, and healthy forest species.

We cannot provide sustainable forest products, assure clean water and provide habitat for species unless we first have a healthy functioning ecosystem. The three legs upon which sustainable forestry stands - social, environmental and economic - are all interwoven and are dependent first on a healthy, functioning watershed.

In addition, the Oregon Plan grew out of the conviction that watershed health could not be achieved without a collaborative process that involved private landowners and other stakeholders in the actual on-the-ground restoration work - not because they were forced to, but because they believed that it was the right thing to do.

I believe that the Hogan Decision could potentially undermine this basic philosophy. In addition, the decision has significant economic implications for future recreational and commercial fishing, as well as regulatory implications for a much broader landowner community.

As you know, shortly after the Hogan decision was issued I urged NMFS to appeal the decision and to conduct a rulemaking process to clarify the role of hatchery fish in recovery of salmonids under the ESA. I know that some may find my request for an appeal to be confusing - if not contradictory - since, in the early days of the Oregon Plan, we were trying to get a no list decision from NMFS based on the weight of the commitments in the Plan. Let me take this opportunity to clarify my thinking behind these requests.

First it is important to point out that the legal decision Judge Hogan made was fairly narrow. It was essentially the kind of argument only a lawyer can fully appreciate, and it went something like this: Basically, NMFS included hatchery fish when defining the coho runs they were considering. But they did not include hatchery fish when listing the coho as threatened. Judge Hogan rule, in essence, that hatchery fish must be considered in a consistent fashion. In other words, the decision has more to do with process than with science.

Whether the decision is appealed or not, I am concerned about its potential outcome. First and foremost, I am concerned that the decision will lead people to conclude that the solution to ESA listings or potential listings is to simply increase hatchery production. The problem with this strategy is that it will fail to achieve the goal of the ESA: to have sustainable fish and wildlife populations in their natural environments.

Second, I am concerned with the potential implications of a re-listing that included hatchery fish. Judge Hogan's decision puts us on the horns of a dilemma. If NMFS does a new status review and remakes the listing decision as ordered by the judge, it is likely that the new decision would list both wild and hatchery stocks. This would have two serious consequences.

First, it would have significant negative economic implications for our commercial and sports fishing industries which could no longer take hatchery fish. Second, it would have significant regulatory implications for private timberland owners who currently have only hatchery fish in the streams running through their property. These landowners are not currently affected by the listing of wild fish but a re-listing that included hatchery fish would make them subject to the take provisions of the ESA.

An appeal of the Hogan decision, however - if successful - could leave us with the status quo: a listing of wild fish only. I do not know whether the decision will be appealed - or whether such an appeal would be successful - but I wanted you to understand the dilemma that has been presented to us by the Hogan decision.

Finally, I am concerned that because of this decision Oregonians will think that the work we are doing to restore watershed health is less important or not necessary. The fact is that the water quality issues we face as a state will not diminish no matter what the legal outcome of the Hogan Decision. This is not the time to abandon our work to restore the health of our watersheds. We in Oregon and the Northwest appreciate the quality of the environment in which we live, play and earn a living. We are making progress -- and we cannot quit until the job is done.

One of the outcomes of this decision is that we may not be able to list wild fish under the ESA without also listing hatchery fish. That does not mean that many populations of wild fish are not on the brink of extinction. It does not mean we should stop trying to rebuild wild populations. And it certainly does not mean that we should stop our efforts to

restore the health of our watersheds.

So, again, I want to thank you for your willingness to stay the course and carry through on your Oregon Plan commitments regardless of the outcome of this case. Your leadership in this effort sets an example for all Oregonians of what the Oregon Plan is all about.

This is important because the Oregon Plan represents a collaborative effort through which a wide range of stakeholders have come together to improve the health of their natural environment. It provides a forum in which we can move beyond polarization and find a balance between environmental, economic and social values. The future viability of this kind of on-the-ground problem solving is threatened not only by the ambiguities of legal decisions like the one just rendered by Judge Hogan - but also by our current relationship with federal land management and natural resourced agencies.

Let me give you an example with which you are all familiar: the Eastside Forest Health Initiative - designed to restore the ecologic health of the public forests of eastern Oregon while providing wood to local mills in an environmentally sensitive manner. This initiative offers a working definition of environmental, economic and social sustainability.

Our effort began in 1995 when I appointed a panel of highly respected scientists from throughout the Northwest who reached a remarkable consensus of opinion on what it would take to restore health to the forests of Eastern Oregon. Their recommendations were embodied in a broadly supported set of eleven guiding principles.

This "11-point plan" calls for using active management to promote ecosystem health, while avoiding areas of high public controversy. Restoration treatments include understory and commercial thinning; road maintenance, closure and obliteration; prescribed burning; noxious weed treatment; and stream rehabilitation.

In the first years of the initiative nearly 60 Forest Service and Bureau of Land Management projects that exemplified the 11-point plan were identified. This offered a clear demonstration that it is possible to engage in broadly supported watershed and forest restoration work that both improves ecosystem health and provides some economic benefits to local communities.

Unfortunately, the volume of the wood flowing from this work has been much less than expected. This has been due to a combination of tough markets, the traditional size of these thinning treatments and the difficulty getting projects through ESA consultation and other federal procedures and processes.

As a consequence, the Eastside Forest Health Initiative has not, to date, fulfilled its promise of helping to stabilize local economies. Even mills that have made the investment to retool to take smaller diameter logs are struggling. Ochoco Forest Products - an early and enthusiastic supporter of the effort - withdrew its support early this year and later closed its mill in Prineville.

Joseph Forest Products in Joseph - retooled to take small trees off the Willowa-Whitman National Forest - may face the same fate. With the Wallowa-Whitman choked with overstocked stands of young pine and fir - and with the widely acknowledged need to thin out these stands to improve forest health and reduce the risk of catastrophic wildfires - the inability to connect the dots and get the wood to the mills has led to a growing frustration with the effort.

While we should not conclude at this point that the Eastside Forest Health Initiative is a failure -- it does appear to be following the course of other similar collaborative initiatives like the Applegate Partnership, the Quincy Library Group and the Grand Canyon Forest Trust.

All of these efforts are built on collaboration at the local level among people working together to solve shared problems on behalf of a shared place. All have enjoyed initial enthusiasm and support from the federal land management agencies. And all have been frustrated to one degree or another by the unwillingness or inability of these same agencies to allow the collaborators to actually make decisions on the ground.

Dan Kemmis, in his recently published book [This Sovereign Land](#), characterizes this phenomenon as the inevitable collision between local collaborative problem solving and the "procedural republic" - the complex administrative

processes which try to ensure that all stakeholders have equal access to federal decision makers.

As Kemmis puts it: "At the bottom of this difficulty lies the fact that the collaboration movement represents a form and philosophy of decision making fundamentally different from the decision structure in which the land management agencies are embedded. One is an inherently decentralized, democratic form of governing; the other is inherently centralized and hierarchical. The effort to make something like collaborative stewardship an integral part of Forest Service operations, for example, cannot really succeed unless the agency is willing to turn some actual decision-making and management authority over to the people who are doing the collaboration."

This gets us into the century old debate over the management of public lands in the West. On one side is the position bluntly articulated by George Coggins, a public land legal authority: "The public lands are public. They are the property of all of the people, not just those who live in their immediate vicinity. They are national assets, not local storehouses to be looted ... "

At the other end of the spectrum is the position represented by the "Sagebrush Rebellion" of the late 1970's and early 1980's which held that all federal land was state property to do with as states pleased.

The truth -- and the future of sustainable forestry -- lie somewhere in between these two positions.

There is no doubt but that the exploitation of public lands for private gain is an established part of western history. Indeed, the conservation movement in America can trace its roots to efforts in 1870 to prevent corporate interests from abusing homesteading laws - passed to help settle the frontier - in order to gain access to public lands for the extraction of natural resources. These were not sustainable land management practices.

But it is equally true that the current procedure-bound, litigious, cumbersome, glacial process that has engulfed federal land management agencies does not produce sustainable land management practices either. As evidence, look at the sad state of health the public forests of Eastern Oregon and, indeed, of the forests throughout the Intermountain West. Or consider the fact that 10 years after the listing of the Snake River Chinook under the Endangered Species Act, there is no recovery plan in place.

I do not support turning public lands over to local politics. There are legitimate national interests to be served. National environmental legislation - like the Endangered Species Act and the Clean Water Act - were enacted for a reason ... and a good reason: to secure the long term and sustainable health of the ecosystem we all share.

I believe in the need for this strong framework of federal environmental laws and in having the ability to enforce them. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the way in which we have traditionally applied them.

For example, with over 1000 species listed -- the lengthy, complex and contentious process of actually developing recovery plans under the ESA will doom many of these species to extinction long before anything happens on the ground. Likewise, the processes that guide and shackle our federal land management agencies are leading to similar results in terms of the health of our forest ecosystems.

What I am suggesting to you today is that unless we address this fundamental problem - not with our environmental laws themselves, but with the processes and procedures by which they are applied-we will never achieve our goal of sustainability for our forests or for our endangered species.

We are making an effort to address this problem through what I call the "Oregon Agreement" with the Bush administration. In early May I traveled to Washington DC to try to persuade our congressional delegation and the Administration to support an outcomes based approach to managing natural resources in Oregon. In addition to our delegation, I met with representatives from Interior, Agriculture and Commerce. I was joined on that trip by key stakeholder representatives, including Larry Giustina, representing timber interests. In addition, John Hampton has worked to open the doors to the Bush administration for us and continues to help work with the Oregon delegation on this effort.

The proposal was well received and we hope to begin the process of developing a formal MOU with the administration later this year or early next year that would include a set of principles and outcomes which the state and federal administration, among others share. We successfully used a similar process --called the Oregon Option -- to develop an outcomes based approach to social service issues in the mid 90s.

My hope is that we can use this approach to remove some of the barriers to fully implementing the Oregon Plan and the Eastside Forest Health Initiative. With five years of working on these two initiatives it has become clear that the very same laws established to protect and restore natural resources bring with them some processes and procedures that prevent the overall goal of watershed health from being achieved. It is with this in mind that we are pursuing the Oregon Agreement. I don't think I need to mention much more than ESA consultations and 404 permitting to this group for you to see the need for such an approach.

I want to thank you for your support so far on this effort and urge you to continue to work with my staff to make the Oregon Agreement a reality. I also ask for your support to help me protect the state agency funding for the Oregon Plan and Eastside Forest Health Initiative during the special session which I expect to call early next year to rebalance the state budget. It will be difficult to convince the Bush Administration to support the Oregon Agreement if the legislature does not keep the funding commitment for these important natural resource initiatives in place.

Finally, as my administration nears its end, I want to thank you for the solid working relationship we have developed over the past seven years. I believe we have made significant progress in the effort to maintain a viable forest products industry in Oregon while improving the health of our forest ecosystems. Clearly we still have much to do and I look forward to working with you during my remaining months in office because I believe that sustainable forests are a cornerstone of Oregon's future.

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Governor John Kitzhaber

Sustainable Forests

October 18, 2001

Oregon State University

Good morning.

It is a pleasure to be here today with people who are on the cutting edge of the discussion about sustainable forests. I commend the Board of Forestry and the Department of Forestry for their leadership in this area.

Today I want to give you my own personal vision about sustainable forests to help facilitate this discussion. But first, what do we mean by "sustainable?"

I define sustainability as managing the use, development and protection of our environmental, social, and economic resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. What is important to understand about this definition is that it requires that we recognize the interdependence between our environmental, economic and community needs - that we find a balance between these often-competing values.

Imagine, if you will, three overlapping circles - one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability - the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other. These elements - these threads, which together weave the fabric of sustainability - are things we hold in common. They represent a common set of desires and aspirations that add value and quality to our lives.

Today, however - in ways both large and small - these threads are beginning to fray and unravel. Increasingly, we are viewing economic, environmental and community needs as separate, competing entities - mutually exclusive values, if you will. Of course, this perspective undermines sustainability because it creates a politics of scarcity - a zero-sum situation in which there must always be a winner and a loser.

We can see this unfolding in many ways: in the challenge of accommodating growth while maintaining livable communities; and in the tension between sprawl and development. Nowhere, however, is this more evident than in the conflict between natural resource extraction and environmental stewardship.

To find meaningful solutions, we must be willing to move beyond this zero-sum approach and conduct the debate on a higher plane. That is what sustainable forest management is all about and I believe that it can help move us beyond these conflicts.

I believe that sustainable forest management rests on a foundation of six key building blocks: (1) Establishing a single overarching policy object which drives forest management plans; (2) Reframing the debate between commercial forestry and environmental stewardship; (3) Basing decisions on interdisciplinary science; (4) Managing at the landscape level; (5) Ensuring broad public involvement in and ownership of the management plan; and (6) Redefining our relationship with our federal partners.

To illustrate these points I will use two examples from Oregon: the Eastside Forest Health Initiative and the management plan for the Tillamook-Clatsop State Forest.

Let's start with eastern Oregon where we have begun to put in place a new strategy for the restoration of ecological health in the public forests. This initiative -- which includes all the forests of eastern Oregon with particular emphasis on the three million acre Blue Mountain Demonstration Area -- offers a working definition of environmental, economic and social sustainability.

But first, a brief history. At the beginning of my administration, I started looking at what could be done to try to improve the health of the federal lands on the east side of Oregon -- particularly the pine forests that have been ravaged by insects and disease.

Historically, these federal forests were blessed with huge stands of old growth pine covering millions of acres. For much of the last century, however, forest management policy was characterized by active fire suppression and harvesting of valuable old growth pine

The legacy of past management on public lands is overstocked stands of young fir and pine, thousands of acres of dead and dying timber infested with insects, an absence of older forest habitat and a high risk of catastrophic fire.

The tragic outcome of these policies has been a significant reduction in watershed health and the destruction of habitat for sensitive species coupled with a catastrophic decline in employment for timber dependent communities.

What we were facing was political and legal gridlock while the health of the forest ecosystem, local timber mills and rural communities continued to decline. Each side in the debate operated from their deeply entrenched positions and pointed at the other as the culprit. The situation was a classic example of the black and white way in which the debate over the management of federal lands has historically been framed.

It became apparent that the status quo was not serving anyone: not the industry, not the environment, not the communities of Eastern Oregon. The challenge of getting beyond the gridlock depended on finding a common policy objective that could bring the stakeholders together. In this case, the objective was a healthy, functioning forest ecosystem - which became the underpinning and unifying principle of the forest health initiative.

To emphasize the importance of an overarching policy objective let me use the development of the management plan for the Tillamook-Clatsop State Forest in which the Department of Forestry was also striving to balance a range of important environmental, social and economic values through a strategy calling for five different types of stand structures across the landscape and over time. This "structure-based management" defined "stand targets" for the percentage of each stand structure which should, at any given time, comprise the landscape of these state forests.

Although this approach enjoyed some acceptance, the problem was that, while there was certainly a theoretical basis for the stand structure targets based on historic conditions in the forest, they were not precise and different stakeholders drew different conclusions about the plan.

The environmental community looked at the long-term impact of structure-based management and objected that there was no plan to create old growth forests. The industry looked ahead and determined that the proposed stand structure and harvest rotation would result in significantly less timber than would be available under a traditional commercial harvest protocol. This political tension - and the lack of broad ownership of the plan - threatened its long-term viability. It raised questions about its political sustainability.

In the end -- although the Board did adopt a structure-based strategy - it also acknowledged the necessity of an

overarching policy objective by citing the need to first protect the health of forested watersheds as one of the "key goals" of the plan and by calling for watershed assessments as a means to implementing structure based management. The objective they chose was watershed health. Why? Because a healthy watershed is the common building block from which all beneficial uses of the forest flow: clean water, a thriving forest, abundant timber, and healthy forest species. Furthermore, the health of a watershed can be to a large extent scientifically measured and monitored.

It is important to recognize that focusing on watershed health does not mean that we are elevating the importance of one value above another. Rather, it is the common denominator for all the values and acts as a guidepost by which we can shape our active management efforts in the context of the other values.

We cannot provide sustainable forest products, assure clean water and provide habitat for species unless we first have a healthy functioning ecosystem. The three legs upon which the strategy stands - social, environmental and economic - are all interwoven and are dependent first on a healthy, functioning watershed.

We arrived at a similar conclusion in our effort to find new ways to both restore the health of Eastside forest ecosystems and provide wood to communities in an environmentally sound manner. Our effort began in March of 1995 when I appointed a panel of highly respected scientists from throughout the Northwest. Faculty from Oregon State University, the University of Washington and the private sector reached a remarkable consensus of opinion on what it would take to restore health to the forests of Eastern Oregon. Their recommendations were embodied in a broadly supported set of eleven guiding principles.

This "11-point plan" calls for using active management to promote ecosystem health, while avoiding areas of high public controversy. Restoration treatments include understory and commercial thinning; road maintenance, closure and obliteration; prescribed burning; noxious weed treatment; and stream rehabilitation. It also emphasizes adaptive management through monitoring.

This eastside strategy has helped reframe the debate between commercial forestry and environmental stewardship by focusing on areas of broad agreement instead of conflict and thus taking advantage of the "area of sustainability" where environmental, economic and community needs overlap.

The objective of this management plan is to improve the health of the forest ecosystem, including watershed health and habitat for forest species. At the same time, a by-product of many of the thinning treatments would be wood for local mills and value-added products to help stabilize rural communities. Thinning and prescribed burns would also reduce the risk of catastrophic fires that has increased significantly as forest health has deteriorated.

Essentially, we moved the debate from the question of "management or no management" to a discussion of "how to manage" these lands. I suggest that by using good science and by focusing on reducing risk -- risk to the watershed, risk to sensitive species and risk to the local economy -- we can build public and scientific support for active forest management.

Our effort is based on a strong underpinning of multidisciplinary science which we use in a number of ways. On the federal lands, for example, we want to know what these systems historically were like to inform us as to what the watersheds need to function properly. For instance, we know that is appropriate to mimic past fire regimes and thin forests at lower and mid-elevations but not the higher elevations. Historically, higher elevation forests burned infrequently, and when they did they did not have the low-intensity creeping fires -- they were stand-replacement fires.

Because of the importance we placed on restoring healthy, functioning watersheds, our work is based on a commitment to management at the landscape level - recognizing that the ecologic "landscape" does not stop at political boundaries or at those based on ownership.

To learn how to do this across ownerships and land use types, in June of 1999 we set up the 3 million acre Blue Mountain Demonstration Project - with only about half of it in federal ownership. Within the demonstration area federal, state, local and tribal agencies are working with private landowners, environmentalists and community stakeholders with the shared objective of improving the health of both forest ecosystems and local economies.

In addition, we recognized that having the best science is not enough -- that we also needed to blend in the values of the local population if the plan is to be sustainable. As a consequence, we established an "eastside forest health advisory panel," consisting of a diverse group of eastern Oregon citizens and stakeholders who helped to develop the "eleven point plan" and then to identify and prioritize projects based on the plan.

In the first years, the eastside panel identified nearly 60 Forest Service and Bureau of Land Management projects that exemplified the 11-point plan. This offered a clear demonstration that it is possible to engage in broadly supported watershed and forest restoration work that both improves ecosystem health and provides some economic benefits to local communities.

Unfortunately, the volume of the wood flowing from this work has been much less than expected. This has been due to a combination of tough markets, the traditional size of these thinning treatments and the difficulty getting projects through ESA consultation and other federal procedures and processes.

As a consequence, the Eastside Forest Health Initiative has not, to date, fulfilled its promise of helping to stabilize local economies. Even mills that have made the investment to retool to take smaller diameter logs are struggling. Ochoco Forest Products - an early and enthusiastic supporter of the effort - withdrew its support last year and closed its mill in Prineville this past summer.

Joseph Forest Products in Joseph - retooled to take small trees off the Willowa-Whitman National Forest - may face the same fate. With the Wallowa-Whitman choked with overstocked stands of young pine and fir - and with the widely acknowledged need to thin out these stands to improve forest health and reduce the risk of catastrophic wildfires - the inability to connect the dots and get the wood to the mills has led to a growing frustration with the effort.

While we should not conclude at this point that the Eastside Forest Health Initiative is a failure -- it does appear to be following the course of other similar collaborative initiatives like the Applegate Partnership, the Quincy Library Group and the Grand Canyon Forest Trust.

All of these efforts are built on collaboration at the local level among people working together to solve shared problems on behalf of a shared place. All have enjoyed initial enthusiasm and support from the federal land management agencies. And all have been frustrated to one degree or another by the unwillingness or inability of these same agencies to allow the collaborators to actually make decisions on the ground.

Dan Kemmis, in his recently published book [This Sovereign Land](#), characterizes this phenomenon as the inevitable collision between local collaborative problem solving and the "procedural republic" - the complex administrative processes which try to ensure that all stakeholders have equal access to federal decision makers.

As Kemmis puts it: "At the bottom of this difficulty lies the fact that the collaboration movement represents a form and philosophy of decision making fundamentally different from the decision structure in which the land management agencies are embedded. One is an inherently decentralized, democratic form of governing; the other is inherently centralized and hierarchical. The effort to make something like collaborative stewardship an integral part of Forest Service operations, for example, cannot really succeed unless the agency is willing to turn some actual decision-making and management authority over to the people who are doing the collaboration."

This gets us into the century old debate over the management of public lands in the West. On one side is the position bluntly articulated by George Coggins, a public land legal authority: "The public lands are public. They are the property of all of the people, not just those who live in their immediate vicinity. They are national assets, not local storehouses to be looted ... "

At the other end of the spectrum is the position represented by the "Sagebrush Rebellion" of the late 1970's and early 1980's which held that all federal land was state property to do with as states pleased. The truth -- and the future of sustainable forestry -- lie somewhere in between these two positions.

There is no doubt but that the exploitation of public lands for private gain is an established part of western history. Indeed, the conservation movement in America can trace its roots to efforts in 1870 to prevent corporate interests from

abusing homesteading laws - passed to help settle the frontier - in order to gain access to public lands for the extraction of natural resources. These were not sustainable land management practices.

But it is equally true that the current procedure-bound, litigious, cumbersome, glacial process that has engulfed federal land management agencies does not produce sustainable land management practices either. As evidence, look at the sad state of health the public forests of Eastern Oregon and, indeed, of the forests throughout the Intermountain West. Or consider the fact that nearly 10 years after the listing of the Snake River Chinook under the Endangered Species Act, there is no recovery plan in place.

I do not support turning public lands over to local politics. There are legitimate national interests to be served. National environmental legislation - like the Endangered Species Act and the Clean Water Act - were enacted for a reason ... and a good reason: to secure the long term and sustainable health of the ecosystem we all share.

I believe in the need for this strong framework of federal environmental laws and in having the ability to enforce them. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the way in which we have traditionally applied them.

For example, with over 1000 species listed -- the lengthy, complex and contentious process of actually developing recovery plans under the ESA will doom many of these species to extinction long before anything happens on the ground. Likewise, the processes that guide and shackle our federal land management agencies are leading to similar results in terms of the health of our forest ecosystems.

What I am suggesting to you today is that unless we address this fundamental problem - not with our environmental laws themselves, but with the processes and procedures by which they are applied -- we will never achieve our goal of sustainability.

These six building blocks of sustainable forest management are within our grasp -- but fitting them into a solid foundation will require a new vision. The Board of Forestry has an opportunity to help create that vision through a public discussion about sustainability - and about concluding a new social contract among urban and rural Oregonians that contains social, environmental and economic components.

Unless Oregon can come to agreement on this vision we are destined to lose more of our forest to other uses - or to simply not manage them at all - and thus fail to realize all of the values they can potentially provide. Looking out at this great audience today - I am confident that will not happen.

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Governor John Kitzhaber

Challenge of Change

October 16, 2001

Seaside, Oregon

Today, I'd like to reflect on this new world we have entered and how the state government is planning on coping with it.

I think we can all probably remember where we were on the morning of September 11 when we heard the news of the terrorist bombings. I was at Mahonia Hall, just back from a workout when I saw the news. I spent the rest of the day with my own version of a security council and every day since then have had some dealing with the security or economic ramifications of the terrorist attack.

In fact, the attack put a doubt in my mind as to whether I should leave the state for a long-planned six-day trade mission to Taiwan and Japan. I came close to canceling that trip on the theory that I didn't want to be gone as the nation contemplated war. But in the end I decided to go for two reasons:

First, paralysis is exactly what the terrorists want to accomplish - and I didn't want to be complicit in offering them any sense of victory.

Second, Oregon is a trading state. We are in the top ten states in terms of trade value per capita. And last year, we shipped \$12.5 billion in goods overseas, \$2 billion of that to Japan and another \$700 million to Taiwan.

Unfortunately, those numbers probably won't be as good for this year. Trade is down across the board with the surprising exception of the agricultural sector that showed a 16 percent jump in the first half of 2001.

But this seemed like all the more reason to make a sales call and I'm glad I went. Our Asian partners, sources we have cultivate for more than 20 years, were very appreciative of our trip, and I returned with two new Japanese businesses that will open their doors in Oregon over the next two months.

So the first thing I would say about the world after the terrorist attacks -- and after our nation's subsequent retaliation -- is that there is no stepping back from a global economy based on free trade and open markets. It is a large part of what has helped Oregon prosper over the last decade and we have an obligation as economic leaders to continue to pursue a global agenda for Oregon. In my remaining months in office, I fully intend to return to Asia, including China, one more time and am hopeful to make a second mission to Mexico as well.

We are a trading state and that must not change.

But clearly, the terrorist attacks have had an impact on our economy and have pushed an already slow economy further toward the brink. I know many of you are seeing that in your businesses and we are certainly seeing that at the state. We are now, regrettably, the state with the second highest unemployment rate and 50th in job growth.

Further, our September 2001 revenue forecast showed a \$280 million drop - or just over 2 percent. We expect to see another drop in revenue in the December forecast -- how much, we don't know.

However, we are beginning the process now of slowing our spending and producing plans for greater cuts as we move ahead, and I would not be surprised if I have to call a special session in January to rebalance our \$12 billion state budget.

But I can tell you, that I will not simply accept across the board cuts to balance the budget. And I can tell you that I will be specifically examining proposed cuts to determine their relative economic effects so that in the process of re-balancing the state budget we don't further suppress Oregon's economy. To accomplish that I will be involving the state's Council of Economic Advisors in the review of our re-balanced budget as plans proceed.

Let me give you an example. We have ongoing programs for workforce investment - much of it coordinated through our community colleges. Those programs are important in the respect that they position Oregon's workforce favorably against other states and provide the workforce such as health care workers which Oregon employers need now. I will work to preserve these training efforts so that we are ready to take advantage of economic growth when prosperity returns, as it surely will.

But most importantly, today I want to outline three specific actions I will be taking in the coming month to help spur Oregon's economy in whatever small way we can.

First, I have consulted with Bill Scott and the leadership of the Oregon Tourism Commission about how we can immediately step up our tourism marketing. We'll be speaking more about that toward the end of the week, but I am confident that we can put a good investment on the ground in tourism promotion over the next couple of months.

After all, tourism is a \$6 billion industry and one of Oregon's largest. It is also one of the few industries in Oregon that can have an immediate, positive impact on the state's bottom line. For every dollar the Commission spends on advertising, \$3.05 in state tax revenue and \$1.22 in local taxes are generated annually. We'll be working to both bring people in from all over the world - but working just as hard to keep Oregonians at home for their vacations.

Second, I have appointed a panel of 17 business, government and civic leaders to advise me on how we can best stimulate Oregon's economy in the short-run. The Panel will be chaired by Brett Wilcox, President of Northwest Aluminum and will be charged with bringing me ideas over the next six months.

I realize that it is very difficult for the state government to quickly stimulate an economy as large as ours. But it is incumbent upon us to look into our toolbox and see what we might be able to do. The tourism promotion package I mentioned is just one example of that.

Another example would be seeing if we could speed up the \$400 million we have approved for transportation funding. It's not going to spur and economic turnaround, but I would like to see us spend some of the money we have for improvements now while the economy is lagging, hopeful that we can give it a little nudge.

Finally, last week I initiated an effort to consolidate and coordinate an Oregon agenda for federal assistance. I believe President Bush appropriately has charted a course that will see an economic stimulus package passed by this Congress.

Right now, we don't know how much money is in that package, but, as a friend of mine is fond of saying, it's approximately a lot. Our mission is to be targeted and specific about where additional dollars could be most quickly and effectively used.

Let me give you a couple of examples:

We are optimistic that the Congress will put as much as much as \$22 billion into transportation investments which could put an additional \$60 million into Oregon for transit, surface transportation and rail investments. We are currently going through our lists of transportation projects to see which ones we can get on the ground quickly if in fact this money does materialize.

Second, we know that we can effectively move Community Development Block Grants from the federal government to local governments and hence into productive infrastructure investments fairly quickly. I will be working to ensure that well-established, productive programs such as this receive priority when Congress and the President consider how best to stimulate the economy.

But our "shopping list," if you will, will be more than just a list of where we can spend money. We will also go back to Washington D.C. seeking ways to stretch our existing dollars further - one example, trying to get relief from unfounded federal mandates.

I would appreciate any feedback from you on what should be on this federal agenda.

Finally, let me close by saying that our state has seen tough times before. Many of us were here in the early 1980s when we lost not only jobs, but actual population. I was in a special session (1982) that went for 37 days and we cut over \$500 million out of a \$3.4 billion budget.

But we fought back. We balanced our budget. We invested in workforce, trade development, transportation and education. And we transformed an Oregon economy from one dependent on natural resources to one that has diversity and strength.

Now that strength will be tested. So will our creativity and resolve. As that happens, I simply ask you to remember who we are and what we have accomplished together over the last 20 years. We'll make it , you can bet on that.

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Governor John Kitzhaber

Memorial Ceremony

September 14, 2001

Salem, Oregon

Dear Friends, Fellow Oregonians

Lincoln said at Gettysburg "It is rather for us to be here dedicated to the great task remaining before us - that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion - that we here highly resolve that these dead shall not have died in vain."

That is the task of remembrance, to make meaning of tragedy; to honor the sacrifice of the lives of the innocents. What meaning we make as individuals, as a community and as a nation, it is too early to tell. How can we make sense of this - the senseless slaughter of people who were at one moment simply going about their daily lives and at the next, victims of a struggle we little understand.

But make sense we must, for this act of terrorism has changed our world.

My father served in World War II, as did many of our parents. They came home not only victorious, but determined to make that victory mean something. They did -- by helping spread freedom and democracy across the globe - a job that remains unfinished.

I ask of all of us to approach the coming struggle in the same vein. In honor of the memory of those who have died, we must ensure that our response to their death not only changes the world but changes the world for the better.

And, even as we support our President in identifying and holding accountable those who committed these acts, let us not confuse vengeance with justice; let us recognize that ultimately, our security lies in dissolving the hatred and healing the divisions that plague many parts of the world.

We must also, in their memory, deny terrorism victory. In a statement written yesterday in conjunction with colleagues of many faiths, the Reverend Jim Wallis wrote:

"We must not allow this terror to drive us away from being the people God has called us to be. We assert the vision of community, tolerance, compassion, justice, and the sacredness of human life, which lies at the heart of all our religious traditions. America must be a safe place for all our citizens in all their diversity."

My friends, my fellow Oregonians, we must take from this tragedy sorrow. We must build from it strength. We must take it as a moment to reaffirm our faith in our nation and in our democracy.

And we must take it as a moment to remember, in the honor of the dead, the power and strength we have as a

community - a power and strength we can put into service every day. This would be a fitting legacy and serve the task of remembrance to which we set ourselves today.

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Governor John Kitzhaber
Speech to Sustainability Forum
September 7, 2001

In January of last year, I had the honor of addressing the 1999 Founders of the New Northwest as they were celebrated as leaders, as risk-takers ... as bold prophets of the new century -- showing us by example what it will take to create a sustainable future. People like John and Jane Emrick of Norm Thompson; Neil Kelly, Julie Lewis of Deja Shoes, Brenda Mallory of Keepers, Inc, Monty Montgomery and the Izak Walton League and the folks at St. Vincent De Paul of Lane County.

They are people who have taken to heart and put into action the mission statement of Sustainable Northwest: to build partnerships that strengthen local capacity to promote environmentally-sound economic development in communities of the Pacific Northwest.

Five months later I signed an executive order directed at state government, but setting the goal for Oregon to be a sustainable state within one generation. The executive order was directed at the internal operations of state government to see what was possible, to gain some credibility in meeting this challenge, and to be an active partner with like-minded businesses and local governments.

And we have made great progress.

The state has developed sustainable purchasing guidelines for paper, office furnishings, building materials and other product groups.

We have created green building guidelines for all new state facilities including the use of recycled material, increased energy efficiency and on-site storm water treatment.

The state printing plant has developed an environmental management system for their 130-person operation, and they are now seeking certification of the system to the ISO 14001 standard. When certified, they will be the first state agency in the nation to receive such certification.

These actions by state government represent progress -- as do the actions being taken by the private sector. They are important steps toward a more sustainable future -- but they also represent the recognition of a larger truth: the interdependence of our economic and environmental needs. To me this relationship lies at the heart of sustainability -- and if we are to be truly successful in creating a sustainable future, an awareness of this interdependence must guide all of our work.

And yet, as our social, environmental and economic problems become more complex, our traditional governmental structures of law and regulation increasingly fail to recognize this relationship and, in fact often get in the way of it -- creating conflict and polarization instead of collaboration and a sense of community. It is on this problem that I wish to focus today.

I define sustainability as managing the use, development and protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. What is important to understand about this definition is that it requires that we recognize the interdependence between our environmental, economic and community needs -- that we find a balance between these often competing values.

Imagine, if you will, three overlapping circles -- one representing our economic needs, one representing our environmental needs and one representing our social or community needs. The area where the three circles overlap is the area of sustainability -- the area through which run all the elements of a good quality of life: a healthy, functioning natural environment; a strong economy with jobs and job security; and safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements - these threads, which together weave the fabric of sustainability - are things we hold in common. They represent a common set of desires and aspirations that add value and quality to our lives. And our efforts to secure them has, at least in the past, been a joint undertaking that produced a kind of cohesiveness built on the recognition that the personal welfare of the individual is inseparable from the welfare of the community as a whole.

Today, however -- in ways both large and small -- these threads are beginning to fray and unravel. We are losing that cohesiveness and sense of common purpose that held us together in the past and allowed us to act as a community -- that allowed us to sustain the balance between these element important to a good quality of life.

Increasingly, we are viewing economic, environmental and community needs as separate, competing entities - mutually exclusive values, if you will. Of course, this perspective undermines sustainability because it creates a politics of scarcity -- a zero-sum situation in which there must always be a winner and a loser.

We can see this unfolding in many ways: in the challenge of accommodating growth while maintaining livable communities; and in the tension between sprawl and development. Nowhere, however, is this more evident than in the growing conflict between economic activity and environmental stewardship.

The crisis unfolding in the Klamath Basin offers us a stark example of this trend carried to its logical conclusion: an economic, environmental and community disaster -- with 200,00 acres of irrigated farmland without water; inadequate stream flows and lake levels to support endangered fish and wildlife; and a community torn by fear, doubt, unemployment, anger, polarization and increasing acts of civil disobedience.

There are no winners today in the Klamath Basin -- and if nothing changes, the losses will continue far into the future. How could this have happened? How could we allow a situation to develop that simultaneously puts at risk our economic, environmental and community values? The answer is instructive carries with it both lessons and implications for our effort to achieve a sustainable Oregon.

The underlying problem in the Klamath Basin is an over-appropriated water supply where demand exceeds availability. It is a situation which developed over many years through a series of actions -- all of which made some sense at the time they were made.

In 1864 the federal government negotiated a treaty with the Klamath Tribes, creating a reservation and reserving to the Tribes hunting, fishing and gathering rights.

In 1902 Congress passed the Reclamation Act, setting the stage for the huge federal western water projects of the last century, one of the first of which was the Klamath Irrigation Project started in 1905. Between 1908 and 1928 Congress established four National wildlife refuges in the Klamath Basin - while homesteaders and World War I veterans began to farm the Klamath Project which continued to expand until 1966.

For the next 50 years peace reigned in the valley. The first hint of trouble came in 1973 when Congress passed the Endangered Species Act. This legislation, in a very real sense, grew out of a concern over sustainability - specifically, the impact of our industrial and urban activities on the natural environment in which we live.

In 1988, the Lost River and shortnose suckers were listed as endangered species -- the first explicit signal that the pattern of water allocation in the basin was not sustainable. During the droughts of 1992 and 1994 farmers saw cutbacks in water supply for the first time in the 90 year history of the Project. But no action was taken to forestall the pending crisis.

In 1997, the Coho salmon was listed in the Lower Klamath River. But heavy snowfall in the basin in 1998 and 1999 produced enough water to cover all the competing demands - and to perpetuate the myth that all was well. And again, no action was taken.

But in 1999, the Ninth Circuit Court of Appeals ruled that the Bureau of Reclamation must meet ESA and tribal trust obligations in operating the Klamath Project. The stage was set for disaster - and it came this year, triggered by the worst drought in Oregon's history with precipitation at only fifty percent of normal.

The question we should be asking ourselves about the situation in the Klamath Basin is this: why, if we all saw this coming, did we do nothing to forestall it? The answer is simple: none of the competing interests -- from irrigators to the tribes to the environmental community -- was willing to concede any part of their claim to work out a sustainable compromise. The politics of scarcity.

Instead, all the interests locked up in litigation and confrontation and nothing happened until we had the perfect storm of drought, ESA listings and tribal trust responsibilities. And now that the crisis is upon us, it is not going to be solved by a passing a new law or adopting a new regulation. And it is not going to be solved by a lawsuit -- no matter who files it. Both sides have the legal tools at their disposal to ensure that nothing happens. But lawsuits do not often create resolution - they create winners and losers, especially where water is concerned. And they do not put more water into the basin.

Clearly, the only sustainable solution in the Klamath Basin must necessarily be a mediated one -- one in which all parties are willing to put something on the table - the irrigators, the tribes and the environmental community. And yet the interests remain locked into their positions, failing to see the interdependence they share -- all continuing to suffer.

What we see in the Klamath Basin represents the fact that, as our social, environmental and economic problems become more complex, our political system is reaching the limits of its capacity to meaningfully respond -- or, at the very least, that our politics have failed to adapt to meet these new challenges.

Let us remember that the word "politics" derives from the Greek word "polis," meaning "city" -- or in more modern terms, "community." That is to say, a group of individuals functioning together as a whole for their mutual benefit. In its original sense, then, "politics" referred to those activities necessary to sustain a community -- composed of individuals whose views and needs would not invariably coincide.

Our political system - or perhaps more accurately, our system of governance - grew out of the recognition that there had to be some way to regulate the ways in which people interact, precisely because their views, needs and interests would not always coincide.

And of course this implies that individuals have an equally important duty: they have to recognize that their own personal welfare is inseparable from the welfare of the community as a whole, and they must be willing to act accordingly, even if it means subordinating some of their own personal desires for the larger good.

As our next speaker Dan Kemmis has so eloquently pointed out -- the way in which this "larger good" was arrived at was a central point of contention during the drafting of the United States Constitution.

The first view was represented by Thomas Jefferson, who espoused what has been called the "politics of engagement," a model in which people work together in a spirit of cooperation to find common ground and solve mutual problems.

The Jeffersonian model rests on the conviction that people are essentially reasonable, and will work to achieve the common good if they can agree on or be brought to understand what it is.

The second view was set forth in a set of documents known as the Federalist Papers, whose chief authors were James Madison, John Jay and Alexander Hamilton. In contrast to the Jeffersonian model, it embodies a "politics of disengagement," wherein social stability is achieved not by cooperation among individuals, but by a careful balancing of private interests, one against the other.

This model assumes that individual interests will inevitably clash, and that the role of government is to minimize or control these conflicts in a way that produces the common good. But the common good in this case is not the result of cooperation among individuals seeking common ground. Rather, it is the result of external, top-down management.

It was this second view that more or less prevailed as our nation developed. Certainly it is what Americans today have come to expect from their government, and what they now most resent about it. But more importantly - as we can see from the Klamath Basin -- this model does not resolve conflict -- indeed it often tends to encourage conflict. By no means does it foster a spirit of community or a sense of responsibility beyond narrow self interest.

People feel no obligation to learn about the needs of their community. Rather, they rely on government (or the courts) to manage conflict between individuals. Yet this "third-party" management invariably produces "winners" and "losers," thus removing any incentive for individuals to cooperate.

Thus, the focus of the debate in the Klamath Basin is on: Who will prevail in the courts? Who will prevail in Congress? Will the winner be the farmers of Klamath County or the environmentalists? Will the loser be the community of Klamath Falls or the Endangered Species Act? Nowhere does our current political structure offer a place where people can come together to balance the needs of the larger community.

I am not suggesting that we start a revolution here - although Thomas Jefferson did say that "...". What I am suggesting, however, is that there is a gap in our system of governance -- a gap that has everything to do with our ability to create a sustainable future.

The primary tools of government are laws, regulations and the allocation of resources. And with these tools government does many things very well. It provides infrastructure that fosters private sector investment and economic activity - everything from railroads to highways to water and sewer systems to telecommunications.

Government operates primarily through law and regulation . It enforces laws and incarcerates those who break them. It provides for the national defense, establishes health and safety regulations and maintains a system of public education.

What government does not do very well, however, is to bring people together to solve problems - especially when the problems are complex and the solutions require the participation of many people.

Watershed health is a case in point. In the past, the main threat to water quality has been point source pollution -- a problem that lent itself to government regulation. Today, however, the challenge is non-point source pollution -- runoff not only from agriculture and timberlands, but also from rooftops, driveways and yards in urban and suburban Oregon.

Reducing nonpoint-source pollution requires far more than simply passing laws and regulations. It requires a sustained environmental stewardship -- a long term commitment to change behavior -- by hundreds of thousands of people living in the watershed -- most of them living in the city. To accomplish this there must be a place to bring people together, to somehow see their common interest in assuming greater individual responsibility for water quality.

Likewise, to prevent development pressure and population growth from degrading our quality of life, there must be a place for state and local agencies, community leaders and business leaders to come together to ensure that investment are balanced and coordinated to produce livable communities.

Our ability to create such a place -- or places -- will largely determine our success in building a sustainable future. Let me give you some concrete examples of what may at first seem to be an abstract concept.

In Oregon, we have created a place to come together to improve water quality. It is called the watershed council -- created to fill a gap in our system of governance. Watershed Councils -- which form the heart of the Oregon Plan for

Salmon and Watersheds -- exist as a recognition of the fact that while government regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the wrong things but it provides no incentive for them to do the right thing.

Another example is the Community Solutions Team, which has created a place where people can come together to build livable communities.

I have recently begun to promote projects around the state which create this kind of place -- a place where people can come together to address problems through sustainable, community-based solutions which balance economic, environmental and community values. I call these projects Oregon Solutions and there are many examples.

The Metro Carbon Offsets project in which Nike, Intel, state and local agencies, the Climate Trust and the Oregon Environmental Council have developed a Carbon Bank to mitigate the effects of CO2 emissions.

The Sherman Wind Farm project in which an aluminum company, local ranchers, the Audobon Society and state and local agencies are developing a 25-megawatt wind power project.

The Wallowa County Sustainable Timber project in which a nonprofit in Enterprise is assisting local mills to utilize small dimension logs as a part of an effort to improve forest health and sustain family wage jobs.

A more complete list of these projects can be found on the web at Oregonsolutions.net.

And those of you gathered here today form the heart of this effort -- pioneering new ways to solve common problems and, in so doing, making progress toward building a sustainable future ...

The kind of progress that considers more than our own private interests, but understands that the welfare of others is vital to our own.

The kind of progress that does not regard compromise as weakness.

The kind of progress that sees diversity not as a threat, but as a treasure; an opportunity to enrich and strengthen the fabric of our society.

I thank you for your leadership -- and I offer you a new challenge.

What we are doing today is unique. Oregon is becoming the birthplace of a new way of conducting public business. We have built the foundation, and it is now time to build the structure that will give us a place to come together to solve the problems and seize the opportunities of today that our current government system cannot or will not address.

I need your help in creating a place that draws its strength from every individual, business organization and agency that steps forward to be part of creating a sustainable future for Oregon.

A place that links each of us with our community partners in collaborative problem solving rather than mortal combat.

A place that empowers citizen and business efforts to contribute to sustainable solutions rather than stifling them.

A place that rewards community efforts in self-governance rather than regulating them.

A place that is not based on Republican or Democratic party values but on community values.

A place focused on opportunities rather than mired in political and legal gridlock.

A place that restores our sense of community, our faith in ourselves - and in our ability to come together and shape our common future.

Should this new place be a building? A new collaborative body of citizens? A virtual network like Oregon Solutions?

And who should create this place? The government that has, in many ways failed? The private sector? The community? Or you?

These are the questions I ask you to focus on over the next few months. Because sustainability -- to be meaningful -- involves not only the recognition of the interdependence of our economic, environmental and community needs -- it requires a way to bring people together to balance these values in practical solutions to problems that are relevant to people at the community level.

Today in Oregon we are the beneficiaries of a proud heritage -- one that was created by those who came before us. To enjoy that heritage, without making the commitment to sustain it for future generations -- would be to forsake our roots and to forget what it means to be an Oregonian.

Our task today is to help create the new tools necessary to meet this challenge. And of one thing I am certain. If it cannot be done here in Oregon, it is unlikely to be done anywhere else.

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Governor John Kitzhaber

A Tale of Two Rivers
National Conference of Trout Unlimited

August 16, 2000
Portland, Oregon

Good afternoon. We in Oregon are honored that Trout Unlimited has chosen Portland for its national convention.

We are also proud not only of our rugged and beautiful terrain, but of our efforts to restore and maintain the habitat that is essential to your organization's namesake - the trout - as well as the salmon and steelhead.

These species, the rivers and streams in which they dwell -- and the special places and broad vistas through which they flow - have the power to inspire us - to fill us with wonder and awe. And this sense of awe helps to define us.

In the Northwest, salmon hold a special meaning for us. They represent the power of history, the power of identity, the power of the past's promise to the future. But it is important to understand that the fight for the salmon is far more than just an effort to pull a species back from the brink of extinction. It is a struggle that speaks to the integrity of our commitments to the sovereign tribes of the Pacific Northwest and to the depth of our commitment to the wise stewardship of the natural wonder with which we have been blessed.

Because if our salmon runs are not healthy, then our watersheds are not healthy -- and if our watersheds are not healthy, then our ecosystem is not healthy - and if that is the case, then we have truly squandered our heritage and mortgaged our future.

Yet today we are on the verge of doing just that. To illustrate this point, let me tell you a tale of two watersheds - the Klamath and the Columbia.

Perhaps nothing more characterizes the future of the West than what is happening today in the Klamath Basin near Oregon's border with California. In the face of the worst drought in Oregon's history, it is abundantly clear that the waters of this basin are insufficient to meet the claims placed upon them by irrigation, wildlife refuges, species listed under the federal Endangered Species Act and commitment to the Klamath Tribes.

The result has been an economic, environmental and community disaster - leaving 200,000 acres of irrigated farmland without water; inadequate stream flows and lake levels to support endangered fish and wildlife; and a community torn by fear, doubt, unemployment and - increasingly - by anger, alienation, polarization and acts of civil disobedience.

There are no winners today in the Klamath Basin - and if nothing changes, the losses will continue far into the future.

Like many river basins in the West, the Klamath Basin is over-appropriated. Demand exceeds supply and the current pattern of water allocation is simply unsustainable. And like many river basins in the West, the situation in the Klamath developed over many years through a series of actions - all of which made some sense at the time they were made.

In 1864 the federal government negotiated a treaty with the Klamath Tribes, creating a reservation and reserving to the Tribes hunting, fishing and gathering rights.

In 1877, Congress passed the Desert Land Act followed in 1902 by the Reclamation Act - setting the stage for the huge federal western water projects of the last century, one of the first of which was the Klamath Irrigation Project, developed by the Bureau of Reclamation in 1905.

Three years after the initiation of the Klamath Project, the Lower Klamath Lake National Wildlife Refuge was established - followed by the Clear Lake Wildlife Refuge in 1911 and the Tule Lake and Upper Klamath Lake Refuges in 1928.

By the time these refuges had been established, homesteaders and World War I veterans had begun to farm the Klamath Project which continued to expand until 1966.

But in 1973, Congress passed the Endangered Species Act. This landmark piece of legislation was the result of a growing concern over the impact of our economic development activities on the natural environment in which we lived.

Also in the 1970's the legal basis of the tribal treaty rights to hunting and fishing was clarified and strengthened through a series of court cases - most the 1979 ruling by the Ninth Circuit Court of Appeals that the Tribe's right to hunt and fish included the water necessary to support those rights.

Then, in 1988, the Lost River and shortnose suckers were listed an endangered species. That was thirteen years ago. The droughts of 1992 and 1994 called attention to the importance of maintaining lake levels for sucker recovery. For the first time in the 90 year history of the Project, farmers saw cutbacks in water supply. Both lake levels and river flows were reduced to the lowest levels ever recorded. Still no action was taken to forestall this pending crisis.

In 1997, the Coho salmon was listed in the Lower Klamath River. But heavy snowfall in the basin in 1998 and 1999 produced enough water to cover all the competing demands - and to sustain the myth that all was well. Again, no action was taken.

But in 1999, the Ninth Circuit Court of Appeals ruled that the Bureau of Reclamation must meet ESA and tribal trust obligations in operating the Klamath Project. The stage was set for disaster - and it came this year, triggered by the worst drought in Oregon's history.

That this crisis happened should surprise no one -- because we all saw it coming. We have been talking about the competing demands for water in the Klamath Basin for more than a decade -- talking, but not acting. And no one, from irrigators to the tribes to the environmental community was willing to concede any part of their claim to work out a sustainable compromise.

Instead, all the interests locked up in litigation and confrontation and nothing happened until we had the perfect storm of drought, ESA listings and tribal trust responsibilities. Then one morning the people in the Klamath Basin woke up and 200,000 acres of irrigated farmland were without water.

It is a situation that was avoidable had we acted a decade ago. And now that the crisis is upon us, it is not going to be solved by a lawsuit - no matter who files it. Both sides have the legal tools at their disposal to ensure that nothing happens. But lawsuits do not often create resolution - they create winners and losers, especially where water is concerned. And they do not put more water in the basin.

No, the only sustainable solution in the Klamath Basin will be a mediated one in which all parties are willing to put

something on the table - irrigators, the tribes and the environmental community. Last month I made a proposal based on this concept.

It involves establishing sustainable minimum irrigation delivery out of Upper Klamath Lake, based on the 2001 water year. All precipitation gains above this minimum level would be equally shared between the lake, the river and irrigation.

It involves a permanent downsizing of Klamath Project - mitigated through increasing ground water production and reducing demand by buying out willing sellers.

It also involves commitments and resources for broad scale, long-term actions to further augment water supply and reduce demand; to enhance conservation and efficiency; to restore habitat, screen canals and diversions; and to improve water quality.

While the proposal has not yet been adopted -- neither has it been rejected. In any event, only through some kind of mediated agreement among the parties can the competing demands for water in the basin be rebalance in a way that can be sustained over time.

I submit to you that the Klamath Basin is but the tip of the iceberg. We are headed for the same future here in the Columbia River Basin -- an environmental crisis, an economic crisis and a community crisis -- similar to what is playing out in the Klamath, except on a far larger scale.

Many of you who flew in to Portland for this convention would have flown right down the Columbia River Gorge. Perhaps you were lucky enough to have clear weather and you could see the river on your approach.

But what you saw is no longer a river -- it is a series of warm water lakes divided by huge concrete and steel barriers which impede fish passage and increase water temperatures and dissolved oxygen levels beyond those allowed under the Clean Water Act. Federal projects which violate federal laws.

The history of how we arrived at this point closely parallels the history of the Klamath Basin. In the late 1800's, the federal government established treaty and trust relationships with thirteen sovereign tribes of native Americans, living along the Columbia River -- reserving to them fishing and hunting rights in the basin.

Starting in 1938, however - with the construction of Bonneville Dam -- the Columbia River was forever altered. Over the course of the next three decades no fewer than twenty eight dams were constructed on the Columbia River system -- four on the lower Snake, the last of which -- Little Goose -- was completed in 1976 and twenty five others on the Columbia and its tributaries.

These twenty-nine dams -- collectively known as the Federal Columbia River Power System -- have been a tremendous asset to the region, blessing it with abundant, low-cost energy. Nearly half the Northwest's electric power comes from this source and at a price that is much lower than in any other area of the country. And by the time the dam construction debt to the U.S. treasury is paid off, the cost of providing hydropower could be half what it is today.

To a large extent, we have built the Northwest economy on this low cost power. Not only does it benefit individual households, it has allowed us to sustain industries that are highly energy dependent: food processing, pulp and paper, aluminum and more recently high technology.

The dams have allowed irrigated agriculture to flourish in an otherwise arid basin - and they have given us a low-cost transportation route from the Pacific Ocean all the way to Lewiston, Idaho, more than 450 miles inland.

But, of course, there is a dark side to this story. The effect of these dams on the health of the Columbia River ecosystem and the fish and wildlife that depend upon it -- particularly salmon -- has been devastating. The situation, as it exists today, not only violates at least three federal laws - the Clean Water Act, the Endangered Species Act and the Northwest

Power Act - it makes a sham of the solemn treaties entered into by the United States Government with the native American Tribes of the Pacific Northwest and puts in jeopardy the sustainability of the ecosystem and the economy on which we all depend.

And, like the crisis in the Klamath, we have seen this coming. In 1980 - seven years after the passage of the ESA - Congress created the Northwest Power Planning Council which, among other things, was charged with developing a fish and wildlife program to protect, mitigate and enhance the fish and wildlife species that had been harmed by the Federal Power System. This constituted an explicit recognition of the environmental damage caused by the dams and their operation.

Nonetheless, eleven years later, in 1991, the Snake River Chinook was listed under the ESA. A decade after the listing there is still no recovery plan for this embattled species. On the contrary, another twelve species of salmon, steelhead and bull trout have been listed.

In response to these listings, NMFS produced a biological opinion in 1993 that directed the BPA, the Corps and the Bureau on how to operate the system in a way which would not compromise fish. NMFS was subsequently sued by Oregon and Idaho on the grounds that the opinion was inadequate. In 1994 Judge Marsh agreed, ruling that NMFS was more concerned with what the hydropower system could absorb without adversely affecting the economic interests on the river rather than with what the fish actually needed for survival.

In 1995 NMFS put some interim steps in place and promised to develop an opinion by 1999 on the operation of the hydroelectric system -- another five year delay. Predictably, public focus shifted to the question of breaching the dams -- not the mainstream dams, but the earthen dams which provided the inland waterway from the Columbia to Lewiston Idaho. I engaged in that debate and in a speech last year to the American Fisheries Society, I said:

"If we can move beyond the symbolism of the four Snake River dams -- and look at the policy trade-offs involved, at the other choices we must make if we choose to leave them intact -- breaching emerges as a responsible and cost-effective option. It is not the only option, but it is a responsible one that should not be disregarded out of hand.

Some will say that we have not done enough science. I say that we can always play that card as an excuse for inaction and as a justification for avoiding tough choices.

Some will say that it is too expensive. I say, look at the other alternatives. There are similar -- if not greater -- costs associated with a non-breach strategy.

Some will say that it is too controversial. I say, what isn't? Who here thinks that it is not controversial to cut harvest levels? To change agricultural and timber practices on private land to significantly augment flows?

There is no doubt in my mind that we can move ahead with salmon recovery without breaching the dams. All I am saying to you today is that we have to stop deluding ourselves into believing that our choices will be easier and cheaper if we just leave the dams alone.

I will work with the political leadership in the region in pursuing either path -- but we must choose. . . and act. Because in all of this, delay is the enemy."

That was eighteen months ago -- we did chose. My colleagues in the region - while they did not endorse breaching the dams -- did embrace a comprehensive non-breaching strategy, which we released in July of last year. The long awaited NMFS biologic opinion, finally released in December of 2000, recommended a similar strategy. We calculated that the cost to successfully implement this strategy would be an additional \$700 million a year above what was coming from the BPA.

President Bush, however, failed to include any increased funding for Columbia River ecosystem recovery in his FY

2001 budget. As a consequence, in May of this year the National Wildlife Federation sued NMFS on the grounds that not only was the latest biologic opinion inadequate to recover the listed species, the administration was not even implementing it. Once again, we are left with no meaningful strategy to restore the health of the Columbia River ecosystem - and edging closer to the fate suffered by the Klamath Basin.

The tragedy in the tale of these two watersheds is not that we exploited them. We exploited much of the West, yet when we began doing so, it could not rightly be called exploitation - because the bounty seemed without limit. And to be sure there were tangible benefits to the region.

No, the tragedy lies not so much in our past actions, but rather with our refusal to modify and mitigate them in the face of growing evidence of their cost to our natural environment.

In his book Salmon Without Rivers, Jum Likatowich, captures the essence of the dilemma.

"The salmon's problem is - at its root - a clash of two economies: the industrial and the natural... Eventually the industrial economy will also have to evolve a balanced relationship with the natural economy of the Pacific Northwest ... To remain productive, the industrial economy of the Northwest will have to back away from a conflict with the natural economy and seek ways to achieve a balance with it."

The challenge in the Columbia River Basin - as in the Klamath - is to develop an ecosystem recovery strategy that spreads the costs as broadly as possible. This does not have to be a zero sum equation nor a win-lose proposition -- and we must not allow it to be framed in that way.

I am well aware of the economic trade-offs inherent in restoring this regional ecosystem. The dams and the hydroelectric generating capacity in the Columbia River Basin have brought huge economic benefits to the region.

But this is not about sacrificing economic benefits for environmental health -- it is about working together as a region to have both. To quote Wallace Stegner, it is about "outliving our origins" and "building a society to match our scenery."

First, we must fully implement the aggressive - and admittedly expensive - non-breaching recovery strategy outlined by NMFS and the four NW governors. If that does not occur, we can only conclude that political rhetoric about saving the Northwest salmon is just that - rhetoric. If this nation can afford a trillion dollar tax cut, than surely it can afford to invest in the sustainability of the Columbia River Basin.

Second, we must adopt a new regional governance model for the Columbia - one that gives the region more input and control over the operation of the river ... in full compliance with the Clean Water Act and the Endangered Species Act. Why? Because the federal agencies have not been particularly good stewards of the resource. Look at the record.

In 1994, as I mentioned, federal District Court Judge Marsh ruled that NMFS was more concerned with what the hydropower system could absorb without adversely economic interests than with what the fish actually needed for survival.

During this year's energy crisis, the BPA - caught between low flows and high wholesale electricity prices - unilaterally chose power production over salmon, without the benefit of local consultation or the establishment of any clear standards to rationalize this choice.

And it took a federal court to force the U.S Army Corps of engineers to acknowledge that the Columbia hydropower system must be operated in compliance with the Clean Water Act - something the Corps had ignored for years.

What I propose will not be easy -- and I speak from experience. I have been swimming up this stream for the last six years. I have tried to alter the status quo and get this region thinking about the future of the Columbia River Hydropower System. I have tried to create a new governance model that would have greater regional input into the operation of the river. I have tried to move forward a process to consider the benefits of regional ownership of the federal system. And I have continued to push hard for adequate funding for salmon recovery.

To date, I don't have much to show for it and I will admit to you that it has been more than a little frustrating. With the end of my time as governor drawing near, it is also tempting to simply say: I have no time for missions impossible. But I also know that these issues will not go away - and neither will I.

I will continue to use every forum available to me in an effort to establish a better balance here in the Columbia River Basin. I will continue to push the federal government, the other Northwest states, agriculture and industry to be a part of that. And I will continue to push you, my friends, to do your part to create a sustainable future for this great river - and for all the rivers in this nation of ours.

As Tennyson wrote in Ulysses:

Tho' much is taken, much abides: and tho'
We are not now that strength which in old days
Moved earth and heaven; that which we are, we are;
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

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Governor John Kitzhaber

Principals and Superintendents Institute

August 1, 2001

Well, it appears that this is getting to be a habit.

If memory serves, I have spoken to you for the last five years consecutively. Regardless, your attendance seems to be doing fine. And as long as you'll keep having me, I'll keep coming because you have in your hands and hearts the most important and compelling challenge in our society: the education of the next generation.

And, collectively, you have in your budgets almost half the dollars Oregonians send to their state government. For the past five years, I have spoken to the conference about the intersection of these two facts; attempting to marry education's large claim on the wealth of our state with its mission. I have spoken to you about the need to create a process by which we ensure that our children receive the resources they need to be well educated, while ensuring that we wisely allocate the scarce dollars in the state budget.

Because, as you know, we have in the past debated the "size" of the K-12 appropriation but not the "meaning" of the K-12 appropriation.

Over the past year, however, we have gained some important tools to change that dynamic -- through the voters' passage of Measure 1 in last November's election and the passage of a series of bills that I will be signing today.

We have now ended a legislative session that, despite funding constraints, was a good session for K-12 education -- and for the citizens of Oregon. It was a session that turned the corner on how we make our funding decisions for K-12 and, just as importantly, how we hold our schools accountable given those funding decisions.

We have taken a significant step -- but now we look to those of you in this room to show policymakers that this step towards performance-based funding is the right one. For it is the success you and your students show in the next two years that will be key to the willingness of state policymakers to continue down this road in 2003.

It is a different world than when I first spoke to your institute in 1997. When I joined you that year, fresh on the heels of a very difficult legislative session dominated by a largely unprincipled fight over school funding, I described what I saw as the failings of our school funding debate:

First, I pointed out what a lot you knew from the experiences in your own districts: that Measure 5 had created a disconnection between local voters and local school districts. It was clear back then that everyone wanted to be sure our schools had enough money, yet we did not have a way of determining how much was "enough".

Prior to Measure 5, we decided how much was enough in a very dynamic, locally-driven and locally-controlled budget and election process. At the end of the day, your local district patrons decided what was enough by voting on how much they were willing to pay. After Measure 5, that decision, for better or worse, moved to the legislature. Yet the State had no way of knowing, with any degree of accuracy, what it was actually paying for.

At the same time, while lawmakers had passed the Educational Act for the 21st Century establishing high standards for students and schools, no one ever put a price tag on that product. The school funding debate merely revolved around a series of calculations that told us whether a district was getting more or less state money than in the previous biennium. It may have told us what we needed from a *political* standpoint, but not from an *educational* standpoint.

That was certainly no way to make important decisions about what constitutes almost 45 percent of our state's budget – and about what supports are needed to prepare Oregon's young people for the future.

Now, four years later, I can stand before you and announce that those processes *have* changed. For the first time, lawmakers acted upon a K-12 budget with a better understanding of what it *was* buying and what it *could* buy.

In my year 2000 State of the State address, I discussed what ultimately became Ballot Measure 1. I said:

"This measure constitutionally requires the Legislature to provide funding adequate to meet the quality education goals established by law – and to explain how the legislatively adopted budget meets those goals. In short, this is about accountability. It will force the K-12 debate in Salem to take place not around large, abstract numbers -- \$5.8 billion, \$4.9 billion – but rather around what we want those dollars to achieve in the classroom to advance the goals of the Education Act."

Voters passed that measure. And this session, both the Legislature and I had a tool for beginning to make those determinations through the work of the Quality Education Commission.

The work of the Commission has been several years in the making:

In an April 1996 speech to the Portland Rotary, I issued this challenge:

"We must change the fundamental basis of the education funding debate in Salem from 'How much do we have to spend?' to 'What should we buy and how much does it cost?' And that is a much tougher question.

Some say this is simply too difficult to do. Some say that the process of defining a quality education will simply result in every education service, activity or topic of study being thrown into the definition. I simply don't accept that."

This challenge, issued over five years ago led to the creation of the Quality Education Task Force, which I chaired and which included people like Norma Paulus, Ken Thrasher, retired CEO of Fred Meyer, Jill Kirk, a current member of the State Board of Education, now State Representative Dr. Alan Bates and Dave Conley of the Oregon University System.

Our task force found that we first needed a comprehensive database that allowed us to see how schools were already utilizing their funds and what levels of performance they were achieving. Out of that grew the Database Initiative, which now provides an accessible array of such information at the school level.

This work was continued by the Legislative Council on Quality Education Funding, chaired by then-Speaker Lynn Lundquist, which made the first attempts to determine the level of funding needed to meet the quality education goals.

Our effort culminated with the work of the Quality Education Commission, which I established in 1999 under an Executive Order. The Commission was charged with validating and refining the model initially developed by the Legislative Council, utilizing national and state experts and public input. The Quality Education Model 2000 became the basis for the development of my recommended K-12 budget for 2001-03.

And now, through HB 2295 -- which I will sign today -- the Commission is established in statute as the body to create the "benchmark" against which the Governor and Legislature carry out their reporting responsibilities under Ballot Measure 1.

The Commission's work will continue to allow state policymakers to determine *what* is sufficient, what the *extent* of any insufficiency might be -- and perhaps most importantly -- what the *impact* of any insufficiency may be on the ability

of the state's system of public education to meet the quality goals established in law.

The Commission will update and refine its work every two years, being guided by research, data, professional judgement and public values. The model will be an ever-evolving way to identify best practices and the cost of those best practices in meeting these education goals.

Ballot Measure 1 provides for a new level of accountability on the part of state lawmakers. It requires a different kind of debate – one that discusses what levels of performance can and should be expected at various funding levels. It allows the public to hold state policymakers accountable both for what they *do* fund and what they *don't* fund.

So while we can all speak to funding education "adequately", this brings a new dimension to those pronouncements.

The work of the Quality Education Commission allowed me to issue a report accompanying my recommended budget. In it, I noted that schools were not, in fact, funded at a level sufficient to meet the quality goals established in law. The extent of the insufficiency was \$862 million. But I was also able to propose a phase-in of the model (as recommended by the Quality Education Commission), focusing on getting 90% of 3rd and 5th graders to the reading benchmarks in the next four years. The model also allowed me to outline expected performance (albeit in more general terms) for math performance at those grade levels and for performance at the 8th and 10th grade levels.

As you know, the Legislature stuck very closely to the level of funding proposed in my recommended budget for K-12. The Quality Education Model made it both easier to defend the K-12 budget and harder to cut the K-12 budget, because the number *meant* something -- notably expectations about student performance, especially at the elementary level.

And I want to take a moment to reflect upon what a great accomplishment this was for all of us. Remember back, if you will, to the 1995, 1997 and 1999 legislative sessions, which were literally ground to a halt because of the school funding battle. Both sides stood toe-to-toe, pointing fingers, expending time and energy over a K-12 budget figure – a number developed in a vacuum with no blueprint to show what it would actually buy or what effect it would have at the classroom level.

This last session we turned a corner and brought about a huge change in how the K-12 budget debate is framed and conducted. And with your help we can continue to build on this achievement far beyond the end of this administration. But to do so, we must recognize that there is a second side to the handshake on accountability – namely the accountability of schools to meet those performance expectations.

HB 2298, which I am also signing today, creates the School Improvement Fund. The stated purpose of the fund is to support activities directly related to increases in student achievement while still allowing school districts flexibility in determining the specific activities necessary to support students.

It creates a "menu" of allowable activities, such as class size reduction, professional development, increases in instructional time or additional instructional materials.

It requires districts -- prior to accessing their share of the funds -- to describe the activities for which the funds will be used and the targets for student achievement. It requires that the initial focus be on 3rd and 5th grade benchmarks, but allows districts already on their way to meeting those targets the flexibility to focus on other benchmarks.

It then requires the Department of Education to include those goals in its performance accountability system, reporting back to the Legislature on the progress districts are making towards the goals.

These two bills, together with Ballot Measure 1, create a powerful set of tools for accountability at all levels.

But beyond accountability, we have also taken some steps to improve equity in funding -- specifically in regard to local option levies.

Measure 1 also required the Legislature to establish a system of equalization grants for districts passing a local option. HB 2300, the third bill I will be signing today, establishes that system. Currently, three of the 14 districts that have

passed a local option levy will qualify for grants. But I also expect that the availability of such grants may become a powerful incentive for other districts with low property-wealth to pass a local option in the future, because the state will provide some level of matching grants.

And lastly today, I will be signing the two appropriation bills, SB 5513 and SB 5514, which provide a total of \$5.2 billion in state resources to our K-12 schools for the 2001-03 biennium. It is the number we started the session with; it is the number we ended the session with. But again, it is more than a number; it is a number with meaning and expectations behind it.

So what is your role as school leaders in continuing this transformation around school finance?

As you know, \$5.2 billion does not represent the full cost of implementing the Quality Education Model. Rather, it represents a down payment or first installment towards a funding system that will allow schools to meet all the goals established in the Education Act.

How far we are able to get in 2003 has a lot to do with other demands being put on the state General Fund budget, but it also will have much to do with the progress schools show in meeting the performance expectations accompanying that \$5.2 billion.

This is a huge undertaking, but you will not be going up this hill alone.

This session, we took another historic step – a step that recognizes that the ability of our youngest children to learn is not just a function of what happens between those children and educators. It is just as much a function of what happens at home – even before children start school. Making successful children requires not just good schools ... it requires the active involvement of parents and community members as well.

The Oregon Children's Plan, which I signed into law last Friday targets more resources for early intervention for at-risk children who may be exposed to one or more risk factors that could lead to trouble down the road – school failure, school drop-out or involvement in the criminal justice system. The Legislature funded this plan at \$60 million.

Although this may seem like a drop in the bucket when compared to the K-12 budget, I believe that this early investment will reap many times over its monetary face value in the future. We will be sending far more kids into our K-12 system who have had early help with learning or behavior problems. Many more first time parents (because they received help through the OCP) will be more able to help their own kids succeed in school and be in a better position to volunteer and even help other kids.

In my four legislative sessions as governor, (and seven as a legislator) I have worked hard to bring our children adequate funding for education. Together – at last -- we have created the tools to determine what is adequate and to ensure that it is spend accountably.

And I have tried to communicate to Oregonians that the success of our children is not up solely to teachers – it is all our responsibility – our responsibility to help the children and families who need it the most and to send children to our schools healthy and ready to learn.

And finally, I have always counted on your support, counsel and wisdom. Everyone in this room has helped make a hard job easier. As I finish today, I simply want to say thank you. The work we have been able to do together I will always remember as one of the most meaningful things I have participated in during my public career.

Thank you again.

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Governor John Kitzhaber

**Willamette Valley:
Choices for the Future**

April 26, 2001

It's an honor to be here today with so many dedicated volunteer citizens who are working to shape the future. People who -- in the words of William Jennings Bryan -- realize that the future is not a matter of chance, it is a matter of choice.

This state of the Willamette Valley conference has brought together the various organizations working on the challenges facing the valley: the Willamette Valley Livability Forum, the 1000 Friends Alternative Futures Project, the Alternative Transportation Futures Project and the Willamette Restoration Initiative.

These efforts share one idea in common: action today can improve the quality of life in the Willamette Valley tomorrow.

Today, I want to discuss some of the actions I think we should take. But first I would like to say a word about Ballot Measure 7 and its implications on your work.

I last spoke to many of you on November 2, 2000, shortly before the election. And while the most dangerous ballot measures failed, Measure 7 -- the takings/compensation measure sponsored by Oregonians in Action -- passed.

Measure 7 meant a lot of different things to a lot of different people. But I think one thing is unmistakable: a majority of Oregonians said that our regulations were lacking fairness in that they did not provide compensation for the effects of that regulation.

At the same time a vast majority, when polled, said they did not believe that Measure 7 should be construed to allow the rollback of our land-use and environmental laws. That's good news, but the bottomline is that there is a growing concern with regulations -- a counter fatigue, if you will -- and this concern bears on our political ability to accomplish ever-greater levels of planning and action to protect our future.

For the time being, Measure 7 is on hold because of a constitutional problem unrelated to the basic issue of compensation for regulation. But I believe -- as do many members of the Legislature -- that we should present to voters an alternative that answers the concerns they have expressed while still maintaining our ability to plan and regulate for environmental quality.

My support for this effort is conditioned on three principles: fairness, environmental integrity and economic feasibility. Let me share a little about each of these principals.

First, compensation legislation must be fair to landowners, to taxpayers, and to all Oregonians. While we need to recognize that there is a legitimate claim to compensation when property is unfairly devalued, we must also be able to determine when a property has been devalued so as to deserve compensation, how much it will cost, and who will pay

for it.

Fairness must include looking at whether we are treating people differently. In my view it will be very difficult to design a fair system that applies retroactively. It will be difficult to pay claims based on past zoning decisions without creating perceived or real inequities between neighbors and community members.

This is not to say that there may be classes of past regulations that we decide we want to compensate. Those decisions, however, should be treated as policy decisions and debated on their merits -- specific policy by specific policy -- as opposed to a general policy of retroactive application of compensation ... and care must be taken to ensure that they do not create unfair or inconsistent treatment of Oregonians.

Compensation legislation must also be fair in the sense that it must maintain the balance between compensation and other broadly held values -- such as clean air and clean water. It is not fair to waive a regulation in order to compensate a landowner who has a larger social responsibility to not pollute the air we breathe, the water we drink, or to devalue a neighbor's land.

Which brings me to the second principle: we must address the compensation issue in a way that does not force a rollback of our current environmental or land use laws. This simply is not what Oregonians voted on last November.

There remains a strong public sentiment in this state to preserve farm and forest land, to protect residential zoning and neighborhood character, and to maintain health and safety regulations. Oregonians voted on compensation. And it is compensation that we must build into our system in a fair and equitable way that does not degrade our great state and the legacy we have inherited.

Third, we need to provide a way to finance compensation claims that does not force reductions in other important local or state services. This will be no easy task and we must draw heavily on our creativity. I recognize the difficulty of raising revenue in today's climate, but we must find a way to pay compensation that does not come at the expense of education, public safety or services to the vulnerable.

Finally, I want to recognize a problem that needs to be addressed either here or in some other forum, and that is the issue of how our regulatory systems are administered. In our efforts to make regulatory systems efficient, I believe we have lost some of the human element. In medical vernacular, this would be called our bedside manner. I believe we need to humanize our regulatory systems so that they are able to listen to landowners and bring common sense and understanding to their application on the ground.

I have focused on BM 7 because it should serve as a wake-up call -- an early warning sign that we need to do more to engage citizens in discussions about the trade-offs and choices necessary to secure our common future.

All of us have become too complacent. Oregon's great natural beauty seems vast and eternal. Most of us live in nice neighborhoods and enjoy our towns and cities. We live comfortable lives. Life is good here. We have come to believe that if we can just ignore those nagging signs that things are changing, we can go on with our good lives. We must stop deluding ourselves.

Those nagging signs appear as more cars on our roadways. Valley residents drove twice as many miles in 1995 as they did in 1975. If these trends continue -- and we don't have the resources to invest in major transportation improvements -- traffic congestion on the highways in the Willamette Valley will increase over 80 percent by 2050.

Those nagging signs appear as environmental degradation. At least 1,400 miles of streams in the Willamette Basin currently violate one or more state or federal water quality standards. The riparian environment has been particularly hard hit. In the past 150 years, 80 percent of streamside forests along the upper and lower Willamette River has been sacrificed to industrial and urban development, farming, and channel straightening.

Instead of ignoring these issues, we need to find a way to re-engage the public. If we leave these trends unchecked, our choices will become more limited and the quality future we envision will become uncertain.

I have often said I don't want to say to my son one day: "You should have seen this place 20 years ago." I am confident that I will never have to utter those words because I firmly believe that we can choose our future. But, to do that we are going to need to make some big changes in how we work together. The challenge we face today is no less than creating new government through which we can solve the vexing challenges presented by growth.

Population growth will push every system in the Valley, natural and manmade, to its sustainable limits and beyond, unless we are ready to act collectively. My message to you today is that we are not yet prepared to face this looming threat to our quality of life. We have managed reasonably well to this point but we can no longer simply rely on state and local governments to protect us from the fate suffered by our neighbors to the north and south.

The challenge of growth is more complex today than it has been in the past. This time we will have less room -- less physical space -- to accommodate all of our needs; less space to do all the things that are necessary to simultaneously sustain the economy, the environment and the health of our communities.

This means that we must literally find ways to integrate our economic, environmental and social needs into every decision we make. We must do this if we are to accommodate all of the elements of a high quality of life in a way that leaves a smaller footprint in the Willamette Valley.

What I am proposing is not that we throw out our old systems of creating and protecting our quality of life. Land use planning, environmental protection, economic development and human resource strategies are all necessary parts of our current governance system. But, they were not designed to actually integrate our economic, environmental and social needs. On the contrary they tend to separate these needs, and to address them in isolation as if they were not related.

Our challenge is to adopt a new community-based problem solving approach in which the state is an active partner with local governments, businesses, non-profits and citizens. I call this new approach Oregon Solutions and now embarking on several projects around the state to demonstrate that this new community-based problem-solving system can work. Three projects will be in the Willamette Valley.

In Springfield, Mayor Leiken is a leader in the Springfield Renaissance Corporation, a non-profit group involving a range of community interests working to revitalize the downtown. The city wants to create a cultural district, rehabilitate the Mill Race as a downtown amenity, and develop a bus rapid-transit system all designed to reinvigorate the city center.

To complement this effort, the state is doing its part -- with the involvement of our natural resource, community development, and social support agencies. This heightened involvement is at the heart of what I mean when I refer to an Oregon Solution. To me, an Oregon Solution is a locally driven-project -- designed to simultaneously improve the environment, the economy and the community -- in which the State becomes a full partner along with local government, the private sector, foundations, and most importantly citizens.

In Eugene, Mayor Torrey has also agreed to chair an Oregon Solutions Team to tackle stormwater runoff problems by engaging what he calls the "gang of four" -- made up of environmental groups, business associations, government agencies and citizens. His goal is to develop a community action plan rather than simply a government action. The result will be cleaner water for the entire Willamette watershed.

Portland City Commissioner Eric Sten will chair an Oregon Solutions Team to redevelop an old federal housing project from the 1950's into a vibrant community serving low and middle-income families -- using green building techniques for the new construction -- and creating a mixed use quality development that reduces the need for automobile use, thereby helping to reduce congestion and improve air quality.

It is my intent that we back up good plans with real dollars to keep our communities and mainstreets livable. Just last week we announced our first \$5 million in Community Incentive Funds for such projects. For example, in Oakland we will invest \$200,000 to renovate an historic school into a family resource center. We will invest \$900,000 in a mixed-use development in downtown Milwaukie; and another \$500,000 to complete a performing arts center to anchor Springfield's cultural district. Furthermore, my recommended budget proposes adding another \$35 million to the Community Incentive Fund in the next biennium.

In part, investments like these, which help preserve the core of communities, will help us in turn preserve the air, the land and the water of this precious valley. Place by place, person by person, business by business, community by community we will come together around projects that will contribute to a Willamette Valley that will be the envy of the world 20 years from today.

It is your charge today to make tough choices, to engage with your communities and make Oregon a better place. To fully quote William Jennings Bryan: "The future is not a matter of chance, it is a matter of choice. It is not a thing to be waited for, it is a thing to be achieved."

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Governor John Kitzhaber

Investing in Oregon's Children Portland City Club

February 9, 2001

Today I want to talk to you about a single question: how we can ensure that every child born in Oregon has the chance to be healthy, to be nurtured and to succeed?

I think that most of us would respond by saying: education – that giving our children a good education with the chance to go to a college or a university is the single best way to help them succeed. And there would be much truth in that answer. "On the education of the young hangs the fate of nations," said Aristotle. And Edward Peabody called education "a debt which the present owes to future generations."

Indeed, over the past decade the funding of education has been perhaps the most dominant political debate in Oregon. Nearly sixty percent of the state general fund budget is dedicated to the three segments of our education system as we customarily define it: K-12, community colleges and Oregon's universities. The constituents for each segment descend upon Salem every two years to lobby for more money for their particular area as though each stood alone with no relationship to the others.

In fact, however, as I believe, the overall objective our educational system is to produce well-educated, successful Oregonians -- then education is a continuum and each segment is dependent upon the others. Without a strong primary and secondary school system, for example, it does not matter how good the post-secondary system is because students will not be prepared to take advantage of it. By the same token, without a strong and affordable system of community colleges and universities, high school graduates – no matter how well prepared – will not get the education they need to succeed in this new century.

Education is like a chain – the strength of which is determined by its weakest link. In the budget I have submitted to the legislature, I am sure that – from a budget standpoint – each segment of our education community believes that it is the weakest link. Higher education is mounting a campaign to get more money into the Oregon University System. The K-12 budget clearly does not include enough resources to ensure that all of our children meet the standards we have established in the Education Act for the 21st Century. And there are many unmet needs facing our community colleges.

I would submit to you, however that -- even as I acknowledge the legitimacy of the funding needs in each of these important areas – the weakest link in the chain of our educational continuum is what happens to children even before they get to school. The Oregon Children's Plan, which I have proposed this session, is an effort to strengthen that link and may well be the single most important initiative in the \$12 billion budget I have submitted to the legislature.

The Oregon Children's Plan is important for two reasons. First, it gives our children the foundation to succeed. It gives real substance to the often-used phrases: "Let's put our children first" and "Children are our most important resource." Second, it is important because of its potential impact on the cost and scope of state services in the future.

Today, I want to talk to you about both of these aspects of the Oregon Children's Plan and to urge you to help me make this proposal a reality. It is under consideration by the Oregon Legislature, competing for resources -- in a very tight budget -- with the powerful lobbies representing education, public safety, human resources and economic development. Very young children and their families have no lobby of the same magnitude.

For that reason, your help -- the support of some of Oregon's most thoughtful and influential citizens -- can make the difference between whether we embark on this new course or whether we settle for what we have today -- a society in which children are needlessly put at risk.

To understand the challenge before us, let me start by offering a budget context for the Oregon Children's Plan. Ten years after the passage of Ballot Measure 5, we are at the end of an era. During the 1990's state government assumed the major funding responsibility for primary and secondary schools. In 1989 -- the year before Measure 5 -- the K-12 budget was \$1.17 billion, or about 24 percent of the general fund. Today it is \$5.2 billion, or 43 percent of the general fund.

In 1994, as a result of Ballot Measure 11, Oregon adopted a "one strike and you're out" correction policy which caused our public safety budget to balloon. In the last biennium before Measure 11, 1993-95, Oregon's Correction Department budget was \$363 million. Today it has grown to \$863 million -- and we have bonded nearly \$1 billion to finance prison construction. During the same decade, Oregon's population grew by 600,000 and the number of children in our public school system increased by nearly 60,000.

There was no general tax increase in the last decade to help pay for the services demanded by a growing population or to defray the cost of the huge increase in state responsibility for education and public safety. On the contrary, we returned over \$1 billion to individuals and corporations through the two percent kicker, the legislature cut the capital gains tax and the voters approved another \$160 million tax cut with the passage of Ballot Measure 88 last November.

This chain of events would have bordered on the fiscally irresponsible -- except for two things: the longest period of sustained economic growth on record and the introduction and expansion of video poker. As a consequence, in every biennium since 1993-95, there has been more revenue available to the legislature at the end of the session than at the beginning. The 1993 legislature, for example, saw available revenue grow by \$130 million during the session. In 1995 it was \$213 million and nearly \$154 million in 1997.

Those days are over. The economy is slowing and we are left with the challenge of a state budget that cannot be sustained over time with the revenue we anticipate.

How, then, can we afford to provide the services our senior citizens need and deserve? Something this budget has not allowed me to do. How can we afford to maintain affordable access to colleges and universities, while improving their quality? Something this budget did not allow me to do. And how do we keep our public safety system strong? Again, something I do not feel I was able to do adequately in the budget I presented.

So, how do we survive? How do we have it all? How can we continue to invest in improving the quality of our schools, a growing prison population and the other rising costs of doing business when the economy -- which made it all possible in the first place -- is slowing?

The answer, in the absence of new revenue, is prevention -- making every effort to invest today in areas which will prevent expensive problems tomorrow. We have made two great investments in prevention the last decade: the Oregon Health Plan and the Juvenile Crime Prevention Plan that was adopted by the last legislative session.

The Oregon Health Plan has helped preserve the health and productivity of hundreds of thousands of Oregonians who otherwise would have had little or no health care. And the juvenile crime prevention plan will help prevent at risk teenagers from becoming Measure 11 felons. But even these two efforts often focus resources on problems after they have developed: people who are sick from preventable causes; children who have already dropped out of school.

That is why the Oregon Children's Plan is so important. It completes the circle and provides the foundation by identifying at risk children -- before they even get into school, before they get into trouble -- and providing them the

support they need to ensure their success.

Let me share with you some sobering statistics.

- Thirty Six percent of incarcerated adults, 35 percent of incarcerated youth and 14 percent of those receiving public assistance dropped out of school.
- Eighty-five percent of incarcerated youth and 77 percent of incarcerated adults suffer from an untreated drug abuse problem.

Preventing these problems from occurring in the first place can save millions of dollars in future years. For every dollar invested in this kind of early prevention, for example, over four dollars are saved in costs later in life. This kind of return on investment – in terms of our capacity to sustain the state budget into the future – this is something we cannot afford not to do.

But while the budgetary case for the Oregon Children's Plan is a compelling one, it pales next to the human side of the equation. We face a public health emergency in Oregon today – a silent crisis.

What would you think if the headline in tomorrow's newspaper ran: **SIX OUT OF TEN OREGON CHILDREN EXPOSED TO A POTENTIALLY FATAL PREVENTABLE DISEASE.**" You would be both shocked and outraged.

Yet this is not a hypothetical situation. Each year in Oregon we lose thousands of children to school failure, school drop out and subsequent involvement in the criminal justice system. Sixty percent of first-born children in Oregon today have at least one social or medical risk factor that puts them at jeopardy. Over forty percent of our children arrive at school unable to fully participate in the learning experience due to these same risk factors.

If there was a disease that affected this many children we would view it as an epidemic. We would muster our resources and meet the challenge aggressively. There would be no question. Well, this is an epidemic and its course is just as deadly sure – not from an infectious agent, but from drugs or alcohol or violence – and increasingly from our own neglect and indifference.

Let me tell you a tale of two children. These events happened here in our own state – and I have only changed the names to protect their privacy.

Susan was born into an abusive family. She was sexually and physically abused by her alcoholic father and fled from her home to the streets of Portland. Alone, homeless, looking for love and somewhere to belong, she continued to be victimized, abusing alcohol herself and becoming pregnant at 17.

Without any prenatal care or emotional support, she continued to use alcohol and drugs during her pregnancy. Giving birth to a child – surely one of life's greatest joys and greatest gifts – was, for Susan, a nightmare.

When her daughter Patty was born, she was both premature and suffering from fetal alcohol syndrome. Susan returned to the streets and today remains homeless, transient and addicted. At the young age of 19, any hope she might ever have had for a healthy nurturing life – a life of contribution, accomplishment and satisfaction – has all but evaporated.

Her daughter Patty is today a ward of the state. She has been diagnosed with depression and multiple mental disorders including Attention Deficit Disorder. Her original adoptive parents gave her up because of her severe mental disorders. She had 26 different foster placements before being admitted to a residential mental health facility where she now lives.

All of this happened before her tenth birthday.

I know of no yardstick that can measure the depth of this tragedy. The tragedy of mother who is still drug addicted and who will never know her daughter. The tragedy of a young girl who is severely mentally ill and who will live out her life in an institution. And the tragedy of knowing that we could have prevent this outcome – but failed to do so.

In 1999, there were over 1,100 cases in Oregon where parental rights were terminated due to circumstances like Susan's. In the same year, 18 children died in Oregon from parental neglect or abuse. This year will be no different.

Now, contrast Susan's story with that of Melissa -- a single mother of twins at age 17. She and her children had the good fortune to live in an area that had a system of home visitation and Melissa was seen by a public health nurse during her pregnancy. Nonetheless, having little contact with the father of her twins -- and with limited financial resources -- she faced an uphill struggle.

Melissa's twins were born early, one with low birth weight, making a stressful situation even more difficult. However, with the help of her family support worker and the public health nurse, this young mother has accomplished the following for herself and her children:

She has kept both children up to date on immunizations and health care. She has been reading to them since they were very young. She has stayed in contact with the public health nurse over concerns with the low birth weight child. She has been enrolled in the Oregon Health Plan, and connected with the Women, Infant and Children nutrition program.

She has returned to school to get her high school diploma and is exploring career options with her local community college. She has obtained her driver's license and, with the help of child support enforcement, is now receiving child support from the father.

In short, her children are healthy and well cared-for. She is on the road to making a life for herself and for her family. The Oregon Children's Plan is designed to turn stories like Susan's into stories like Melissa's.

The fact is that we know who these children are long before they veer off the road to success. We know that there is a set of easily identified risk factors which are closely correlated with school drop out and juvenile criminal activity later in life. These risk factors occur in the home and include: parents who are living at or below the federal poverty level or who abuse alcohol or drugs; parents who have been incarcerated in the criminal justice system or with a history of domestic violence; single parent households and teenage parents.

And -- just as important -- we know the kinds of programs and supports that have been proven to be effective in preventing these tragic outcomes and making these children and their families successful. To quote the *Citizen's Crime Commission KIDS Report* of June 2000: "We cannot afford to ignore programs and policies proven to work in reducing juvenile delinquency. The resources for these programs must be found. We must no longer give "lip service" to making children a priority: we must literally put our money where our mouth is."

That is exactly what the Oregon Children's Plan is designed to do. It is a \$66 million effort -- \$28 million in new revenue and \$38 million redirected from other programs -- to screen all first births in Oregon for the risks that can negatively affect a child's life. Children that screen positively for one or more risks will be offered in-home and out-of-home services. Although participation in this program is voluntary, in an early pilot model of the Oregon Children's Plan, 93 percent of families elected to participate.

This is a comprehensive and coordinated program that involves prenatal and at-birth screening; community based programs; home visits and in-home support; substance abuse and mental health treatment; relief nurseries, parent training and others assistance to parents; and early learning opportunities such as the Oregon Prekindergarten Program, which will be expanded to serve 60 percent of eligible children.

This represents a significant shift in state priorities from after-the-fact intervention to front-end prevention and treatment. It is an important shift and one that must be made -- both because of the human consequences of failing to invest in our youngest citizens and because of the fiscal reality we face. But it will not come easily.

Fiscal limits mean that priorities must be set and my proposed budget includes cuts that carry with them very real human consequences -- cuts in services to senior citizens, cuts in public safety, cuts in higher education. I am willing to defend these choices on the basis that putting an emphasis on prevention reflects a higher priority than paying more to mitigate problems after they have already developed.

Already, however, the legislature has restored some of the cuts in higher education, senior services and public safety – all of which need and deserve these resources – and all of which have powerful lobbies. Part of the plan to finance these restorations, however, includes cutting my proposed funding for the Oregon Children’s Plan by twenty percent. Where is the lobby for these children?

Let me put this into perspective. The K-12 budget accounts for 43 percent of the general fund; higher education 7 percent; public safety 11 percent; the budget for the senior citizens 4 percent. The proposed budget for the Oregon Children’s Plan accounts for one half of one percent of the general fund. One half of one percent. And I am only proposing to screen all first births, which represent only 18,000 of the over 44,000 births that take place in Oregon each year. If our children are our most valuable resource, we should be screening all births in Oregon – we should be offering these important services and protections to all of Oregon’s children.

If we want to reduce this to a simple fiscal argument, the case for fully funding the Oregon Children’s Plan – indeed enhancing it – is a compelling one. The state spent over \$134,000 on Susan and her daughter – and that does not include the ongoing costs of caring for Patty in the residential mental health facility, which will run \$97,000 per year for as long as she lives. What has been the return on that investment? A shattered family; a homeless, addicted mother; a young girl with severe mental disorders, destined to spend the rest of her life in an institution.

For the \$27,850 we invested in Melissa, however, the return was a functioning family; a mother working to get an education; and two children who are healthy and nurtured and have a chance for happy, successful lives.

But this is not just a budgetary argument. It is about whether we have the courage to change our priorities, reflected by how we invest our resources. It is about whether we are willing to be accountable. I am sure that there are many willing to take credit for Melissa’s success. Who among us – and who in the Legislature -- is willing to be accountable for Susan’s failure?

This is about the depth of our commitment to give a voice to the voiceless. It is about really putting children first.

As James Agee said: "In every child who is born, under no matter what circumstances, and of no matter what parents, the potentiality of the human race is born again." Only we can tap into that potential; only we can make this a reality – for our children and for our future.

The Oregon Children’s Plan gives us the tool. Whether we wield it or not, is up to us.

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Governor John Kitzhaber

Speech to Seattle Rotary Club

February 7, 2001

Today there is perhaps no greater challenge to our region, to our states and to our way of life in the Pacific Northwest than the growing threat to two of the most valuable assets of our region: the health of our shared ecosystem and the reliable, low-cost supply of power produced by the federal dams on the Columbia River. And the common thread that runs through this challenge is energy.

First, we face an immediate energy crisis that has profound financial and environmental implications. Second, we are increasingly at risk of losing the benefits of our low-cost power to interests from outside the region. Third, we stand on the threshold of a national debate about our energy future – a debate which will affect the face of the American West for decades to come.

Today I will touch on each of these points -- but first let me offer a historical perspective.

The people of the Pacific Northwest -- and particularly the people of Oregon and Washington -- are bound together by a common history and a common destiny.

We share a common history of myth and legend which sparked great adventures of exploration from Captain Robert Gray's discovery of the mouth of the Columbia 1792, to Lewis and Clark and the triumphant arrival of the Corps of Discovery in the Pacific Northwest in 1806.

We share in the culture and rich tradition of the native American people who welcomed the first European settlers to this region.

We share a common commerce -- from the fur trade of the 19th century; to salmon, timber and agriculture; aero-science and information technology.

And what has made all this possible, what binds us together and, more than anything else, both sustains and defines us as a region is the Columbia River – The River of the West -- which inspired the search for the legendary Northwest Passage and led to the settlement of this last best corner of the continent.

As Northwesterners, our inheritance of this stunningly beautiful and bountiful landscape places on us a special responsibility to care for it. Just as we share the blessings of the Columbia River Basin, we also share its challenges.

The Columbia supports one of the most diverse ecosystems in North America -- birthplace of the salmon – and also the source of irrigated agriculture, transportation and hydroelectric power.

The twenty-nine federal dams collectively known as the Federal Columbia River Power System are a tremendous asset,

blessing the region with abundant, low-cost energy. Half of the Northwest's electric power comes from this source and at a price that is much lower than in any other area of the country.

To a large extent, we have built the Northwest economy on this low cost power. Not only does it benefit individual households, it has allowed us to sustain industries that are highly energy dependent: food processing, pulp and paper, aluminum and more recently high technology.

And as time goes on, the prices we pay for federal power in the Northwest will become even cheaper. Once the debt from the Washington Public Power Supply System is paid off in less than twenty years – and the dam construction debt to the U.S. treasury ten years after that – the cost of providing hydropower could be half what it is today.

But there is a dark side to this story. The effect of these dams on the health of the Columbia River ecosystem and the fish and wildlife that depend upon it -- particularly salmon -- has been devastating. Today we find thirteen populations of Columbia Basin salmon, steelhead and bull trout listed under the Endangered Species Act.

Why is this important? It is important not just because of what the salmon represent to the Pacific Northwest: the power of history, the power of identity, the power of the past's promise to the future. It is important because if our salmon runs are not healthy, then our watersheds are not healthy – and if our watersheds are not healthy, then we have truly squandered our heritage and mortgaged our future.

Ironically, the low-cost power from the same dams which have led to this environmental challenge, provides most of the funding for our regional efforts to restore the health of our shared ecosystem. In other words, the health of the Northwest economy and the health of the Columbia River Basin depend, to a large extent, on the low-cost power from the federal dams. Today, both our economy and our ecosystem are at risk.

First, we in the Northwest are currently facing the most severe energy emergency in over twenty years. Usually, wintertime rain and snow mean that the Northwest's hydro system can meet any wintertime power demand. But because of the dry weather, we have no power reserves. All winter we have feared a cold snap because for every 5 degrees the temperature is below normal, the Northwest demands an additional 1,000 megawatts of electricity -- the average consumption of the City of Seattle. So far we have been lucky -- and we are almost out of danger – but if we had seen sustained cold weather, rolling blackouts would have been inevitable.

But, as Seattlites well know, getting through this winter does not spell the end of the energy emergency. Any utility having to buy electricity this winter in the wholesale market has had to pay prices for which we have run out of adjectives. Skyrocketing, astounding, unprecedented, outrageous. The prices now being charged in the market are beyond belief, sometimes well over 200 times what utilities normally have paid, and averaging over five times the usual cost.

It is only so long before utilities which are buying high at wholesale and selling low at retail must adjust their rates. Seattle City Light last week enacted the second phase of what is nearly a 30 per cent rate increase. Tacoma has raised rates nearly 50%, Snohomish PUD by over 30% . Small public utilities in Oregon buying part of their power at market rates are facing a similar situation, as are some of the investor-owned utilities as well – such as Idaho Power and PacifiCorp, two utilities which serve parts of Oregon.

Let's be very clear about one point. Power prices are not so high because we need more power. While it is true that the new sources of power are needed and will be more expensive than our current sources -- they are not 200 times more expensive, or even close to five times more expensive. Nor are prices so high because of the cost of complying with environmental regulations.

Prices are high quite simply because of California's flawed effort at deregulation; because there is significant incentive for power producers -- especially in California -- to keep generation shut down in order to drive prices up; and because the federal government has essentially abandoned Washington, Oregon, California and other western states to the machinations of these power profiteers.

When California deregulated its electricity industry it only went halfway. It deregulated the wholesale side, but not the

retail side. Furthermore, it forced its utilities to sell off much of their own generating capacity which was then bought by power marketers. With control of the means of production, these marketers have driven up the price of power far beyond what it costs to generate. As a consequence California's two largest utilities are teetering on the brink of insolvency.

These high prices affect anyone in the region who must buy power on the wholesale market – from Seattle City Light, to Portland General Electric, to the Bonneville Power Administration (BPA) which operates the federal hydroelectric system on the Columbia River. The result is a huge transfer of wealth out of the economies of western states to the power marketers.

The federal government has the tools to bring these prices under control, and to bring more power into western power markets. The Federal Power Act confers authority on the Federal Energy Regulatory Commission (FERC) to make sure power prices are just and reasonable. Despite the very real damage being done to our economy and to our most vulnerable citizens by these prices; despite an appeal by eight western governors (three Democrats and five Republicans) FERC has refused to intervene – a position also reflected by the President.

Certainly, we in the region have a role to play. Governor Locke and I have implemented an aggressive energy conservation program here in the Pacific Northwest. And last month, nine western governors signed a joint Western States Short-term Energy Conservation Strategy and have taken immediate steps to implement the elements of that strategy.

California Governor Gray Davis has been equally aggressive in his efforts to resolve the problems of the flawed deregulation scheme which he inherited; to strengthen the credit-worthiness of California's investor-owned utilities; and to urge Californians to reduce their consumption.

Regrettably, we have seen no commensurate action from our federal partners. The Administration says it will not step in, on the theory that high prices will work to bring more power into the marketplace. But look at the evidence.

On the first day of Stage Three Emergency in California on January 11 --with critically low power reserves -- peak loads in the affected California area that day were expected to be a little under 33,500 megawatts. Yet on that same day, 15,000 megawatts of generation – more than one third of all the generating capacity in California – was off-line and supposedly unavailable to generate power. Now, I am not a power expert, but that number is many times higher than before deregulation. California has always had a surplus of power in the winter. The point is that the amount of generation not running in California cannot all be explained by short supplies of natural gas, mechanical breakdowns or needed maintenance.

Because California's deregulation forced utilities to sell most of their generation, those power plants are now owned by a small number of non-utility companies who sell the power back into the marketplace. It does not take a conspiracy theorist or an economist to figure out that if every company holds back some generation a shortage will result, and the price of electricity from the remaining generation will climb towards infinity. The suppliers make the most money by running something less than all their resources.

This is one situation where action to *lower* prices would actually have the effect of bringing more supply to the market place. If the federal government regulated the prices in the Western power market, as they did for 60 years before deregulation, suppliers could not drive prices up by withholding generation. To make the most money, a supplier would want to run all its generation.

The practical effect of the current federal energy policy is to hand the financial stability of our western state economies over to the companies – many headquartered, by the way, in Houston, Texas -- which own California generation; companies which, over the past few months, have all recorded enormous increases in profits: Enron, Dynegy, Reliant and Duke Energy.

This situation is not acceptable to me, it is not acceptable to Governor Locke – and I hope it is not acceptable to you. In a letter I sent today to President Bush, I again called for temporary cost plus pricing. Specifically, I called for the price of electricity to be set at the cost of production plus a generous profit margin.

Power priced in such a way would still offer a very lucrative incentive for investing in new production facilities. We would all pay more for power than we do today – but not the monopolistic prices that dominate the current wholesale market. I acknowledge that price caps are not a long term solution – but I do believe that the market needs to be stabilized in the short term, to give us the time to develop more comprehensive solutions including bringing more generating capacity on line and concluding long term contracts between power producers and California utilities.

But the financial crisis is only half of the picture. There is also an imminent environmental catastrophe facing the Northwest. Because of our dry winter, low stream flows in the Columbia have forced the Bonneville Power Administration to enter the market to buy power for its customers in the Northwest. After spending \$55 million in one week, Bonneville chose – with no public input –to run more water through the hydro system, so that it would not have to buy so much power. That is water that is supposed to be saved for next spring to help the juvenile salmon migrate to the ocean and to ensure that we have reservoirs that can stay high into the fall.

This is not just about salmon – it is about honoring the treaties concluded between the United States and the sovereign Indian tribes of the Northwest; it is about who we are as a people.

Our environmental laws and treaties constitute the means by which we connect our past, our present, and our future. And at the heart of this debate lies one question that each and every one of us must answer: are we willing to honor that connection? I believe that we are. I believe that the people of the Northwest are ready to meet this challenge -- and our goal must be nothing short of a healthy, functioning ecosystem in the Columbia Basin.

But the federal government has a role and a responsibility as well -- in particular to commit significant financial resources towards the recovery strategy. For twenty years the Bonneville Power Administration has been the primary funding source for salmon recovery with the dollars coming from the region's electricity ratepayers. But ratepayers cannot reasonably be expected to provide all of the funds needed to achieve the recovery of this ecosystem and the fish and wildlife that depend on it -- especially when our goals are to protect national resources and to honor national obligations.

Toward that end, today I have called upon the Director of the Office of Management and Budget to temporarily delay Bonneville's payments to the U.S Treasury to relieve that agency from solving its financial crisis by destroying this year's run of salmon.

During last year's campaign, President Bush, in a speech opposing dam breaching, pledged to save the Northwest salmon by other means. This is the first test of that resolve. The action I have called for is consistent with the president's campaign pledge. It is consistent with the federal commitments to the Columbia River Indian tribes. It is consistent with the provisions of the Endangered Species Act. But most of all, it is what this region needs and deserves to protect the health of the ecosystem in which we all live.

The second aspect of the challenge we face is the fact that we are increasingly at risk of losing the benefits of our low-cost power to interests from outside the region -- interests who believe that the power generated by the federal dams in the Columbia Basin is a national resource that should benefit all citizens. To be blunt, they view the current situation as the U.S. taxpayers subsidizing Northwest electricity rates.

This notion is not new. Over the past 15 years, other proposals to lay claim to the federal power have come before Congress. When I spoke to the Seattle City Club seventeen months ago, a bill had been introduced that would require BPA to sell federal power at a rate competitive with other wholesalers in the Northwest power market. That would mean our rates would go up and the resulting windfall would go to the federal government.

Former Senator Moynihan of New York, a sponsor of the bill, stated that "the discounted rates provided by public power are a benefit which goes to a relatively few recipients at a tremendous expense to the American taxpayers." Moynihan's bill was supported by a formal coalition of 114 representatives and 36 senators from the Midwest and Northeast. Interestingly enough, the newly appointed Secretary of Energy, Spencer Abraham – then U.S. Senator -- was a member of the coalition.

Until recently, the Northwest congressional delegation has always been in a position to successfully fend off those efforts -- but depending solely on the seniority of our delegation to protect us is a very tenuous proposition.

When Oregon lost Senators Bob Packwood and Mark Hatfield in the space of one year, Oregon went from having 56 years of senatorial experience to having none; from having the chairs of Finance and Appropriations to having none; moving from number one in Senate seniority among the states to number 50.

It can happen very fast. In this last election your Senator Slade Gorton was defeated. Whether you supported Gorton or now Senator Cantwell, the undeniable fact is that the Northwest is more vulnerable politically than it was a year ago. And the current energy crisis is going to focus more and more national attention on the assets of the Federal Columbia River Power System.

The only real protection we have against this growing threat is a unified position among the four Northwest States to gain more regional control over the benefits of the Bonneville Power Administration. Last Thursday we took an important first step toward that goal.

At a meeting in Portland, the governors of Washington, Oregon, Idaho and Montana agreed to direct our staffs to develop, within 60 days, recommendations regarding how best to protect the Columbia River Basin resources of salmon and hydropower, now and for the long term, for the people of the Pacific Northwest. We must make the development and implementation of this strategy a top priority for our region.

While we in the Northwest struggle with the immediate crisis of short electricity supplies and higher costs, while we work to retain the benefits of the Northwest hydro system, another debate is going on about our energy future and the role that the western United States will play in that future.

What appears to be emerging from the Administration is a policy, the primary feature of which, is opening more public lands for extraction of oil, natural gas, and coal. There has also been talk of relaxing environmental standards when they inhibit energy production.

There is no evidence that sacrificing environmental quality or despoiling pristine public lands is required to ensure our energy future. The Administration has not yet opened a single new acre of public land, yet it is hard to find an idle oil or gas drilling rig in the West today. The higher prices in the marketplace have been sufficient to bring about this new activity.

We all know that additional generation and new sources of power are needed. In Oregon we have 1,300 megawatts of new generating capacity under construction and a further 1,600 megawatts under review. But even as we work together to increase supply -- the first and foremost item on this country's energy agenda must be to use energy wisely.

We in the United States consume twice as much energy per capita as Germany, a country with roughly the same living standard as ours. We use twice as much electricity per person as Western Europe and Japan -- and those countries produce a dollar of GNP with half to two-thirds of the electricity consumption that America uses.

We must make energy efficiency our first priority -- not just to use less but to get more out of the energy we do use ... including the new energy we are striving to secure. Here in the Northwest alone, for example, the Northwest Power Planning Council has determined that we have 2,400 megawatts of untapped energy efficiency investments

My point to you today is that the current crisis offers us the best opportunity in thirty years to rethink our energy future. The old vision of our energy security -- drilling and digging and burning -- has served us well in the past and will be part of our transition to a new energy future. But these are the nineteenth and twentieth century solutions to our energy needs.

What we need to concentrate on is a twenty-first century vision: one that gets maximum usage from every valuable unit of energy, one that values a conserved unit of energy equal to a consumed one, a vision that promotes renewable

resources over those that are being depleted, and a future that allows energy choices in distributed generation.

All these long-term strategies require a federal government that is willing to make commitments to research on new energy technologies and conservation, commitments to purchase emerging technologies, commitments to set appliance and motor vehicle efficiency standards, and commitments to provide funding and incentives for energy efficiency investments, green power, and distributed generation.

If our focus is on this new vision, the twenty-first century West – and particularly the Pacific Northwest -- will have a vibrant economy with sufficient energy supplies, and an environmental heritage we will be proud to pass on to our children.

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Governor John Kitzhaber

Opening Address 71st Legislative Session

January 8, 2001

Members of the Legislature, honored guests, fellow Oregonians.

We are joined here today in the home of Oregon's Democracy, inheritors of a precious tradition of self-governance and guardians of the society that generations of Oregonians have created.

We are joined here today to renew this tradition and to begin writing our own chapter in this 140 year history. For many of you, this will be the first chapter. For me, it will be the final.

So, I want to start today not by looking ahead to the next six months, but back at the last twenty-two years to share with you the things I have learned about legislating and governing in Oregon.

These are not lessons in public policy. They are lessons about how this place works when it works well. About how this Legislature works when we labor not in the interest of a political party, but in the interest of the people who sent us here, people who think of themselves first as parents, farmers, entrepreneurs, or teachers; people who are citizens first and only second, if at all, partisans.

The first lesson I have learned is that of civility -- of being able to disagree without being disagreeable. To learn to engage in a spirited debate about a controversial issue and to walk away friends. To learn to separate people from politics and personalities from policies.

No one in this chamber exemplifies this principle more than the Senator from Medford, my friend of twenty years, Lenn Hannon. Although we often agree, we have many areas of disagreement. Yet, when we served together in the Senate, Lenn would always walk over and tell me when he was going to vote against one of my bills -- which was often. And, just as often, after we had been on opposite sides of a heated debate, we would walk across the floor and shake hands and remind each other of our friendship and mutual respect.

The second lesson is that of acknowledgement. Everyone who comes here brings with them something of value and something to contribute: an idea, a perspective, a unique range of experience. And everyone who comes here deserves to be acknowledged for what they bring ... whether you always agree with it or not. To do so requires open-mindedness and humility; a willingness to believe that someone else might know more than you do; or even that you might be wrong. In my twenty-two years in this building, I have learned -- and grown -- at least as much from the debate of those who have opposed me as from the support of those who have agreed with my policies.

The third lesson is that of inclusiveness. The need to learn that policy is more important -- and ultimately more powerful -- than partisanship -- and to recognize the danger in isolating ourselves from each other on the basis of our party registration. There will be very few bills of consequence that will pass either chamber this session without at least some bipartisan support. We should begin with that premise and with the knowledge -- born out by history -- that the most far

reaching and long lasting accomplishments of the Oregon Legislature have been the result of a bipartisan effort.

SB 100, for example, which created our land use planning system, passed the House with 25 Democratic and 15 Republican votes. The Oregon Health Plan passed the Senate with 11 Democratic and 8 Republican votes and a 58-2 vote in the House. And in 1991, the Education Act for the 21st Century passed the Democrat-controlled Senate 26-1 and the Republican controlled House 53-5.

We will need these lessons -- and more -- to meet the challenge of this, the first legislative session of the new century. Why? Because this budget reflects not only the growth in our population and the growth in the State's responsibility to finance education, health care and public safety. It also reflects the growing discrepancy between the state budget and the revenue that supports it -- a trend that I believe will continue at least for the next two to three biennia.

I have presented to you and Oregonians a budget that, by necessity, reflects more cuts than enhancements -- a fact that will make your job more difficult, than it has been in a decade. Anyone who was elected after 1992 has never really had to cut a budget. In every biennium since 1993-95, there has been more revenue available to the Legislature at the end of the session than at the beginning. The 1993 Legislature, for example, saw available revenue grow by \$130 million during the session. In 1995 it was \$213 million and nearly \$154 million in 1997. In addition, between 1995 and 1999, we sent back to taxpayers over \$800 million in surplus revenue.

This session will be different. The economy is slowing and state revenue has been reduced by unanticipated lawsuits, a reduction of federal matching dollars and by the income tax cut adopted by the voters in Ballot Measure 88. As a result, this budget required difficult choices and the establishment of clear priorities.

My first priority is education, perhaps the single most important and far-reaching investment we can make in Oregon's future. Public education is the cornerstone of a progressive, democratic society. From grade school to graduate school to life-long learning, it is vital that Oregon's education system prepare all of our citizens for the challenges that they will face in the 21st Century.

This session we will begin to implement the Quality Education Model, and for the first time, the Oregon Legislature will debate a K-12 budget that is directly built around the outcomes expected in the classroom and what it costs to achieve those outcomes. We have also invested in engineering education, biotechnology research, enrollment growth in our community colleges and in expanding geographic access to post-secondary education.

And yet, within each of these important segments of our educational continuum there are legitimate unfunded needs and real cuts -- meaning that priorities will have to be established. Even so, this budget commits fully 57 percent of the General Fund to primary and secondary schools, community colleges and higher education.

My second priority is helping children. The significant investment we have been able to make in education cannot be sustained over time unless we are willing to take aggressive steps to reduce the number of children who enter school unable to fully engage in learning. For that reason, this budget calls the question of our overall priorities in terms of prevention.

Each year in Oregon, we lose thousands of our children to school failure, school drop out and subsequent involvement in the criminal justice system. Sixty percent of first-born children in Oregon today have at least one social or medical risk factor that puts them at jeopardy of this tragic future. Over forty percent of our children arrive at school unable to fully participate in the learning experience due to these same risk factors.

If there were a disease that affected this many children we would view it as an epidemic. We would muster our resources and meet the challenge aggressively. There would be no question. Well, this is an epidemic -- and its course is just as deadly sure -- not from an infectious agent, but from drugs or alcohol or violence ... from neglect and indifference.

This tragedy is due, in large part, to our failure to make adequate investments in our children in their earliest years. As a consequence, we pay for their failure, instead of benefiting from their success. We know who these children are long before they get into trouble. And we know the kinds of programs and supports that are effective in keeping them on the

path to success.

To quote the Citizen's Crime Commission KIDS Report of June 2000:

"We cannot afford to ignore programs and policies proven to work in reducing juvenile delinquency. The resources for these programs must be found. We must no longer give "lip service" to making children a priority: we must literally put our money where our mouth is."

This budget does just that. By creating the Oregon Children's Plan it will allow us to identify -- for all first births in Oregon -- a set of risk factors which are closely correlated with school drop out and juvenile criminal activity later in life; and, to make available a comprehensive set of services and supports that have been proven effective in addressing these problems.

To fund these initiatives in education and early childhood, however, I have been forced to propose real cuts in other important services -- cuts that carry with them very real human consequences. To the extent that fiscal limits make difficult decision inevitable I am willing to defend the choices I have made on the basis that putting an emphasis on prevention reflects a higher priority than paying more to mitigate problems after they have already developed. But someone gets left out.

As you debate this budget you will find that as you try to move more resources into higher education, for example, or human services or public safety -- all of which need and deserve them -- that you will have to take resources away from other areas which will result in human consequences of a different sort.

Let me share with you an experience I had during my medical internship in 1973 which, more than anything else, taught me about setting priorities and about the consequences of making budget decisions with limited resources. I hope it will be instructive in the work that faces you over the next few months.

In July of 1973 I watched a baby die. His name was Sam. He weighed less than three pounds when he was born and didn't really have a chance from the start. He was born prematurely to a young woman who had received no prenatal care over the entire course of her pregnancy. Sam wasn't breathing when we delivered him in the emergency room, and we had to resuscitate him before transferring him to the neonatal intensive care unit. I was part of his short life from the moment he was born to the moment of his death two days later. I can still remember standing by his incubator during that final hour, knowing what was going to happen and feeling depressed and helpless.

I remember what a quiet death it was. There was nobody there but his mother and father, a nurse, and myself. Nobody else knew about Sam and his two-day struggle to live. He never made the papers or the evening news. It was an anonymous tragedy that touched the lives of no one but those in the room.

I remember Sam's death because it was one of the first I had seen as an intern and because it offered such a sharp contrast to the second one I watched a few days later. The second involved a 90-year-old woman whose name was Gladys. Although she was not my patient, I had talked with her several times during the nights on call in the hospital. She had lung cancer and was scheduled for surgery to remove her right lung. She had told me that she did not fear death, but she did fear the surgery. She didn't want any more pain. I knew it was her when the emergency was called on the surgery floor. I rushed to the room -- along with another intern, a surgical resident, two nurses, and a respiratory therapist. She had suffered a respiratory arrest and then a cardiac arrest following her surgery and we spent an hour in a frantic attempt to save her life. We didn't -- but we tried hard.

Unlike baby Sam's passing, the last hour of her life was not quiet. We stuck tubes into her nose, throat, and bladder; needles into her veins. We pumped her full of drugs and shocked her repeatedly. We "failed," she died, and we ran up a huge bill to be picked up by her family or her estate.

Sam died because we didn't know as much then as we do now about treating respiratory distress syndrome in newborns. But he also died because somehow nobody had made the token investment to get his mother the prenatal care that could have prevented his prematurity and low birthweight. The elderly woman died because she was ready to die. She recognized that but we couldn't. We had been trained to view death as a failure, not as a natural part of the life process.

And we were responding to an immediate crisis -- something right in front of us. There was no visible crisis when Sam's mother did not get prenatal care -- but the failure to make that small investment of resources was just as fatal to her baby as the elderly woman's lung cancer was to her. And it probably could have saved his life -- unlike all the expensive technology we used, to no avail, on Gladys.

Why am I sharing this with you? I am sharing it because of the contrast between the frenzied efforts of a roomful of people, with all their sophisticated equipment, to save someone at the end of a very long life, and the quiet and undramatic death of someone at the very beginning of life. I am sharing it with you because of the connection between the money spent on Gladys in her final hour and the money not spent on Sam during his mother's pregnancy.

It is a metaphor for this budget and for what we are facing in Oregon today. It is a metaphor for the fact that that responding to an immediate crisis, while often easy politically, may not always reflect the best public policy. For the fact remains that a decision to fund one thing is always, and at the same time, a decision not to fund something else. Almost every program area in this budget can be legitimately criticized as inadequate -- unless compared to the unfunded needs in other program areas.

So, to the lessons of civility, acknowledgement and inclusiveness, I would add the lesson of accountability -- the willingness to take responsibility and credit not just for what we fund today, but also for the long term consequences of what we choose not to fund. Accountability teaches us to reject the political expediency that leads us to act only for the present -- and gives us the courage and the wisdom to make decisions that will secure the future for the next generation of Oregonians.

This budget represents my priorities which, in turn, are a reflection of my values. It reflects not only my priorities for education and for helping our children, but for investing in rural Oregon and its economy, for providing affordable health care to the citizens of this state, and for preserving our salmon runs and the quality of our natural environment.

Engraved in the marble flanking the front doors of this capitol is written:

A free state is formed and is maintained by the voluntary union of the whole people joined together under the same body of laws for the common welfare and the sharing of benefits justly apportioned.

I am confident that we can live up to the challenge implicit in those words: to make fair laws and to establish wise priorities with the limited dollars with which our fellow citizens have entrusted to us.

How we meet this challenge is up to us. For me, as I round the last bend, I pledge to do it with civility, acknowledging our legitimate differences, reaching out to include everyone I can, and willing to be held accountable for the consequences of my actions. It has worked before -- since 1859, in fact. I put my trust in you that it will work again.

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Governor John Kitzhaber

Alternatives in Agriculture

November 28, 2000

Good morning.

It's a pleasure to be able to speak to you today at the close of your conference on "Alternatives in Agriculture."

Let me start by thanking Sherman County Commissioner and wheat farmer Mike McArthur for inviting me to participate. I have a tremendous amount of respect for him and the skill with which he handles his two very tough jobs of farmer and local elected official.

I am here today because I am convinced that rural Oregon and our agricultural economy represent one of the three paramount challenges before us as Oregonians today. The other two are maintaining a strong system of public education and ensuring that every child born in Oregon has the chance to succeed, regardless of their circumstances.

I will be focusing resources on both of those challenges in the budget I will unveil on Friday, December 1.

I will also be focusing resources on the challenge before you today: sustaining rural Oregon, an important element of which is stabilizing our natural resource-based industries.

I don't need to tell you that the prosperity of the last six years has not been shared evenly across Oregon. While urban areas have added tens of thousands of well-paying jobs in technology, many parts of rural Oregon have continued to experience low wages, high unemployment, the loss of business opportunities and the migration of their youth to other communities that offer more career choices

In the long term, this is a trend that is not sustainable without sacrificing the entire state's quality of life. Because, after almost six years in this office, I still believe that what binds us together as Oregonians is far greater and far stronger than those things that separate us. I still believe what I said in 1995 in my first inaugural address – "one state, one people, one destiny."

If we hope to keep Oregon together – to maintain the Oregon community – we cannot settle for two Oregons – we cannot settle for a state of rich and poor. Therefore, today I am announcing a series of proposed investments to both aid Oregon agriculture and to build infrastructure throughout rural Oregon.

Let's start with agriculture. Agriculture has been, and will continue to be, a cornerstone of Oregon's rural economy. Furthermore, agriculture is important to the entire state for a number of reasons. First, agriculture is important economically. Production agriculture contributed \$3.47 billion to the Oregon economy in 1998/99. Value added processing added another \$2 billion. Thus, total agricultural contribution to the Oregon economy in 1998/99 was \$5.5 billion. This is clearly an important element of our economic base.

Second, agriculture is important to what I refer to as "Oregon the place." One of the main objectives of our land-use planning program, for example, has been to maintain the land base for agriculture and forestry. Population growth and urbanization can threaten our natural resource-based industries and our efforts to protect these lands have helped to preserve not only these industries but also the open spaces and powerful rural landscapes that help define this place we call Oregon.

Third, agriculture contributes to the Oregon community. The farming way of life – the farming culture – contributes to who we are as Oregonians. It is a part of the fabric and heritage of the West, going back 150 years to those who founded our state. These people are fiercely independent, living close to the land, and proud solid member of their community. Their culture, the farming culture, is part of who we are.

We cannot afford to lose any of these values. Yet today much of agriculture is struggling. Of course there are some bright spots – the nursery and greenhouse industry for example. But many segments are struggling and others are in real trouble such as wheat, apples, mint and onions.

We have seen the bankruptcy of Agribiotech. We have seen the bankruptcy of Agripak and we have seen, for the first time since 1985, a reduction in farm production in the State of Oregon. So our challenge is to find ways to increase and maintain – or to sustain, if you will – a viable agricultural industry in Oregon. I fervently believe that we can do that. Not without effort, not without investment and not without opening our minds to new possibilities – to new practices, if you will. Let me wheat as an example.

As you know wheat is a major commodity produced in this part of the state and soft white wheat yields the best pastry flour in the world. Almost all of that wheat is exported as a bulk commodity into the international marketplace. Selling wheat into the international market for such a long time has set a pattern of behavior and activity which has helped define the wheat industry. The federal farm program has reinforced this pattern.

Yet the strong adherence to the practice of growing large amounts of wheat and of striving to increase the amount per acre of an unprocessed bulk commodity – is one of the main obstacles to maintaining the viability of the wheat industry in northeast Oregon. If we hitch the future of the wheat industry solely to the mass production of a raw product for export into the international market than I fear for the future of that industry.

The People's Republic of China, for example, with few environmental laws and few labor laws, has the capacity to raise a lot more wheat at a much lower price than we can ever hope to raise in northeast Oregon. Therefore, we need to be open to look at alternatives: taking whatever steps are necessary to add value; aggressively developing domestic markets as well as international markets; and considering other varieties of wheat – hard red wheat, for example – or even other potential crops such as rape seed, lupin or mustard.

Gilliam County Judge Laura Pryor, who many of you know, wrote in a recent paper about the agricultural economy of Eastern Oregon that the single greatest obstacle to finding solutions is the resistance of the local grower to objectively consider alternative practices.

The average grower will seriously discuss only those possibilities that are integral to the basic production of masses of raw product. That is not going to work in the long run. I want you to work with me on this. I believe that if we are willing to open our minds to new possibilities, if we are willing to make significant investments in research and technology, and if we are willing to work together as partners, then we can and will continue to have a healthy agricultural industry here and throughout Oregon with all the economic and cultural benefits that come with it.

In this budget I will propose to maintain a strong research and assistance program through Oregon State University and the extension service. I will also propose a new investment of \$3 million to help promote and market Oregon agriculture.

This \$3 million general fund investment, which I call the Brand Oregon Campaign, will be used to establish a joint effort between the Oregon Department of Agriculture and Tourism Division of the OECD. This effort is aimed at increasing the sale of value-added Oregon natural resource products in select markets and to increase visitor expenditures from those markets. By leveraging a common marketing message between agriculture and tourism, we can

significantly increase the potential for new domestic and foreign export markets for Oregon's natural resource products.

This is a long term effort and I am proposing funding for the first two years. I am confident, however, that it is an investment that will show strong returns and that whoever succeeds me as governor in 2003 will recognize the importance of the Brand Oregon Campaign and fund it into the future. I look forward to getting this budget approved by the legislature and working with the people in this room to make the marketing of Oregon agriculture a success.

Let me also say that my budget continues funding for the Oregon Plan for Salmon and Watersheds, a program that I believe is also viable for a sustainable agriculture industry.

The Oregon Plan rejects the notion that we must choose between environmental health and economic benefit and provides a framework within which we can work together to have both. It also affords us the opportunity to take the lead ourselves in meeting national environmental standards, to develop solutions at a regional level rather than having a solutions imposed upon us by the courts or by the balkanized arms of the federal government.

You all know that I strongly believe in our national environmental standards and a strong statutory framework to support and enforce them. I recognize the importance of regulation and access to the courts in achieving compliance with those standards. But I also believe – just as strongly – that there are limits to the effectiveness of this approach. Regulations can keep people from doing the wrong thing but they provide no incentives for people to do the right thing. I am convinced that we are not going to get beyond the current conflict between economic development and environmental stewardship until we view both values in the context of what I call "sustainability."

I define sustainability as managing the use, the development and the protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. What is important to understand about this definition is that it requires that we simultaneously meet environmental, economic and community needs.

Imagine, if you will, three circles – one representing environmental needs, one representing economic needs and one representing social or community needs. The area where these three circles overlap is the area of sustainability. Historically, the debate between economic development and environmental stewardship has been cast in a way that views these three circles as separate unrelated entities. Thus the debate has been a zero sum debate – a debate that always involved a winner and a loser.

Our challenge is to understand that environmental and economic and community needs are interrelated and our efforts must be to increase the area where these three circles overlap. Therefore, we must pursue an approach that does not rely solely on regulation but rather one which involves private landowners, businesses and other citizens in the decision making process and which gives them both a stake in the problem and some investment and ownership in the solution.

That philosophy lies at the heart of both the Oregon Plan and the Healthy Streams Partnership and I ask for your continued support.

Let me now turn to the second element of my strategy: infrastructure. While agriculture and other natural resource industries will continue to be a cornerstone of the rural economy, we must also strive to broaden and diversify the economic base in rural Oregon. That means infrastructure: investments in roads, water and sewer systems, and telecommunications.

Remember that the history of economic development in the West, and in Oregon, is a history of private investment following public investment. Public investment in the railroads, the highways – and more recently in telecommunication infrastructure – provides the basis for private investment to stimulate new economic activity in rural Oregon. In short, rural Oregon must have adequate infrastructure if it is to diversify its economic base.

In the last legislative session I was able to win passage of virtually all of the elements of what I call the Oregon Livability Initiative. This involves the 21st Century Community Fund, capitalized with \$140 million of lottery and transportation bonds. These funds are reserved specifically for rebuilding rural and distressed urban economies. They are available for local street networks, for community infrastructure investments in sewer and water systems, to ensure

safe drinking water, to help revitalize downtowns and main streets as community centers, and to provide affordable housing.

In this budget, I will propose that we issue an additional \$196 million in lottery-backed bonds, over a three-year period, for road, water and sewer infrastructure. This investment is expected to stimulate more than \$1 billion in state and local investments in community infrastructure.

Because these funds are only in part need-based -- and are also backed by charges to pay for infrastructure -- our state revolving loan fund will accumulate a powerful base of capital for future investments in community infrastructure. At the end of a 10-year period, Oregon will be able to make infrastructure investments of \$75 million a biennium on a sustainable basis. This infrastructure investment will generate thousands of new jobs in Oregon's smaller communities, increasing personal income and general fund revenue by many millions of dollars -- more than offsetting the \$20 million in annual debt service on these bonds.

I will also ensure that this budget continues the investment we began two years ago in telecommunications. This budget will continue to support the \$120 million investment to bring broadband voice, data and video services to rural communities and businesses across Oregon, which was provided by SB 622, and passed by the 1999 Legislature.

To date, hundreds of schools have gained high speed Internet connections and more than 40 communities are slated to receive high speed Internet service in the next 18 months. The Oregon Economic and Community Development Department (OECD) will provide hands-on technical assistance and training to rural communities and businesses to encourage the use of this technology.

The State of Oregon will continue to leverage state investments -- through the Enterprise Network and other means -- to bring this technology to even more communities. In addition, the State will encourage competition in local services to stimulate the use of technology. The OECD will aggressively pursue the location (and relocation) to rural Oregon of businesses that need high speed Internet access but are not location-dependent.

Finally, the budget supports the Oregon Sustainability Initiative which has three components. First, to develop a partnership between Portland area businesses and rural communities to explore opportunities to expand Oregon-based businesses where jobs are most needed. Second, to examine state purchasing policies to give rural and distressed urban communities better opportunities to provide goods and services. Third, to explore options for transferring more state agency operations into rural communities

My proposed budget is just a starting place. It is a statement of the principles upon which I believe we should allocate the scarce resources Oregon taxpayers provide. I am here today to tell you that one of the principles I will fight for is bringing prosperity to rural Oregon. And you cannot accomplish without, at the same time, trying to help Oregon's agriculture industry.

Today let us recommit ourselves to that effort -- to rebuilding the Oregon Community, ONE Oregon Community -- from the Pacific Ocean to Ontario, from Boardman to Lakeview. I look forward to working with you over the remaining two years and beyond in a common cause to achieve this objective.

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Governor John Kitzhaber

**"Building a Sustainable Future for Oregon"
Willamette Valley Livability Forum**

November 2, 2000

Good morning.

About two months ago I spoke to the Chataqua conference at South Western Oregon Community College where we attempted to answer the question, "Can we have it all: a healthy economy, a clean environment and great livability?" To put it another way, "How can we sustain those things that contribute to Oregon's exceptional quality of life in the face of unprecedented growth?"

I think it is very important to address this question to the Willamette Valley Livability Forum because the course that we set for ourselves here in the Valley will have impacts across the entire state in terms of economic prosperity, environmental health and livability.

I understand that you have developed some scenarios describing how the future will look if current growth trends continue. I applaud your effort. I believe we need to paint a picture for the public that connects our values on livable communities, a healthy environment and a strong economy. We need to identify a clear path for attaining these things.

I encourage all of you to help reach the public by sharing this information with your commissions, councils, organizations and groups. All of us need to spend time listening and sharing ideas about a sustainable future.

What does sustainability mean? I define sustainability as managing the use, the development and the protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. What is important to understand about this definition is that it requires that we simultaneously meet environmental, economic and community needs.

Thus, to me, when we talk about sustainability, we are really talking about quality of life a combination of elements which, together, produce the richness of place and experience that we associate with Oregon.

These elements encompass more than the stunning beauty and powerful landscapes of our natural environment -- although these clearly help define us. They also encompass a strong economy with jobs and job security; and educational opportunities for our children and increasingly for adults of all ages as economic success becomes ever more closely linked to knowledge and information. And quality of life encompasses safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements are something we hold in common -- they represent a common set of desires and aspirations that add value and quality to our lives. All Oregonians want these same things, no matter where they live or what they do for a living. And our efforts to secure them has, at least in the past, been a joint undertaking that produced a kind of cohesiveness that has held us together and allowed us to act in concert for the good of the larger Oregon community.

To put it another way -- imagine Oregon as a fabric woven from threads which represent these varied elements of a good quality of life. If all the threads are present and balanced, the fabric is strong and rich. It is a fabric of high quality, if you will. But if any of these threads are missing -- anywhere is Oregon -- then the entire fabric is weakened and its quality is diminished.

Today, the threads of our quality of life are beginning to fray and unravel -- albeit for different reasons in different parts of the state. As a result, we are losing that cohesiveness and sense of common purpose that held us together in the past and allowed us to act as an Oregon community to meet the challenges that faced us.

Throughout Oregon, people are anxious and uncertain because the world is changing, because their lives are filled with change -- and because the landscape that has helped define them is changing as well. They perceive that they are losing something valuable -- that their quality of life is at risk and that they have little control over it.

There are three basic causes for what is happening around us: (1) globalization and the shift from a natural resource-based economy to an information-based economy; (2) the impact of meeting federal environmental standards, especially the Endangered Species Act and the Clean Water Act; and (3) the impact of growth on Oregon communities.

These things, which have taken place over the last 20 years, have affected all parts of Oregon -- albeit in different ways -- and have brought about a far-reaching reversal in the fortunes of urban and rural Oregon.

From 1980 to 1999, wood products employment in Oregon declined nearly 30 percent while high technology employment increased 102 percent. Twenty years ago there were 69,500 well-paying timber jobs in Oregon. Over 25,000 of those were lost during the recession of 1980-1982, a time during which Oregon added over 3,000 hi tech jobs.

While the wood products industry experienced a strong post-recession recovery, the 1990 listing of the Northern Spotted Owl under the ESA brought about a permanent loss of over 20,000 -- a loss occurring almost entirely in rural counties containing federal forests.

By contrast, the high technology industry -- predominantly in Portland and the Willamette Valley -- has grown by nearly 30,000 jobs since 1990 alone.

These events have had a significant impact on our quality of life.

In urban Oregon, economic expansion has brought with it abundant jobs, increasing incomes, more consumer choices and a wide array of public services. At the same time, however, there have been negative consequences to this economic success: dramatic population growth, sprawl, congestion, an overburdened public infrastructure and pollution.

In rural Oregon, by contrast, many communities face decline and stagnation. These communities face a different kind of threat to their livability -- to their quality of life: low wages, high unemployment, the loss of business opportunities and the migration of their youth to other communities that offer more career choices.

And in both urban and rural Oregon, the challenge of meeting the requirements of federal environmental laws is becoming a central issue. In some respects, rural Oregon has had more experience with this -- particularly the timber industry with the 1990 listing of the owl. But this is clearly a shared responsibility.

The point is that in both urban and rural Oregon, our quality of life is under siege. Community stability and cohesiveness is being threatened by economic expansion and too many people on the one hand, and by economic stagnation and the out-migration of youth on the other. And if we hope to "have it all" we will have to address two things: (1) two sets of different, but interrelated economic and growth-related issues, one set in urban Oregon and one set in rural Oregon; (2) recasting the environmental debate.

Rural Oregon

Let's start with that set of issues affecting primarily rural Oregon. The challenges in the non-metropolitan parts of the state are: (1) not enough public infrastructure to diversify the economy; (2) job loss and out-migration, especially of the young; and (3) continued reliance on natural resource industries which, in many cases, employ practices that contribute to the challenge of meeting the ESA and Clean Water Act.

In short, rural Oregon needs a more diversified and environmentally sustainable economic base which provides a wider range of job opportunities. To accomplish this will require some significant infrastructure investments and some fundamental changes in our natural resource industries.

Now, even while we work toward rural economic diversification, we must recognize that the natural resource industries will continue to be both a cornerstone of the rural economies and a major contributor to Oregon's economy as a whole. In 1998/99, for example, production agriculture and food processing contributed a total of \$5.5 billion to the Oregon economy. And the wood products industry in our state still employs 49,000 people.

While the natural resource industries will continue to be a cornerstone of the rural economy – it is equally important to broaden and diversify the rural economic base. That means infrastructure: investments in roads, water and sewer systems, and telecommunications. Indeed, I believe that giving rural Oregon access to broad band fiber optic cable will prove as important as was rural electrification in the first half of the last century. My administration is aggressively pursuing this objective through the Oregon Enterprise Network.

Urban Oregon

In urban Oregon the challenges are: (1) an overwhelmed public infrastructure from schools to roads to water and sewer systems; (2) increasingly severe traffic problems which reduce quality of life through congestion and decreased mobility, and affect economic viability by increasing transit time (and thus the cost) of products being moved by truck; (3) sprawl; and (4) serious non-point source pollution problems which erode watershed health and contribute to the challenge of meeting the ESA and Clean Water Act.

The rapid increase in population is probably the single most important contributing factor to both the overburdened infrastructure and the growing traffic problems being experienced in urban areas from Washington County, to Bend and Medford. And as long as Oregon has great livability and a strong economy, people will continue to come here.

And as long as there are more job opportunities in the urban parts of the state, those areas will absorb a disproportionate share of that growth.

Growth is a double-edged sword. On the one hand, it is associated with the economic benefits of a strong economy. On the other hand, it can erode livability by contributing to such things as sprawl, congestion and pollution.

There are several ways growth can be slowed, and even reversed. One way would be to put the economy in the tank. During the last recession, Oregon actually lost population. Another way would be to destroy our livability so that Oregon is no longer such a nice place to live. I don't think anyone would advocate for either of these approaches. That leaves two other options. One is to stop subsidizing growth and the other is to do a better job of managing growth.

On the surface, most people would probably say that we should not be subsidizing the very growth that is threatening Oregon's quality of life. But, in fact, we are. For example, every new house built in Oregon requires services: sewers, roads, fire and police protection and, in many cases, schools. None of these costs are fully paid by either the developer or the homebuyer. In fact, as my Task Force on Growth noted, growth exacerbates government revenue problems, it does not relieve them.

In addition, our tax policy encourages growth both through business subsidies and encouraging larger rather than smaller families.

I recognize that changing these policies that subsidize growth is a very controversial proposition, and I assume that we

are not yet ready to take these things on. Ultimately, however -- if we want to "have it all" -- I believe that we are going to have to come to terms with these questions. Our state has a finite "carrying capacity," if you will. We cannot forever absorb 40-50,000 new residents a year without losing part of what makes Oregon so special. We may not be ready to tackle these questions today, but let us not forget the words of the late writer Edward Abbey, "Growth for growth's sake is the ideology of the cancer cell."

This leaves us with the option of better managing the growth we are getting. To me this entails three things: revitalizing our downtowns and mainstreets, developing new strategies to deal with our transportation challenges, and rethinking our economic development policies.

Revitalizing Our Downtowns and Mainstreets. It is fair to say that there are two things Oregonians don't like (I mean other than a sales tax and self-service gas): they don't like sprawl and they don't like density. Well, we have to get over that. We all know that sprawl is not only expensive, but that it reduces our livability as well. While increasing density is less expensive, it too can reduce livability-- but it doesn't have to. Look at the Pearl district and Martin Luther King Blvd. in Portland and the emerging Springfield Renaissance effort to restore the Mill Pond for environmental health and mixed use housing.

Therefore, we must adopt policies that facilitate and encourage the revitalization of downtowns and mainstreets as community centers -- and that strengthen our neighborhoods. Policies that encourage and provide incentives for mixed-use development. Policies that provide a range of transportation and housing options so that people in our communities can be mobile without using their cars and can age in place in their own neighborhoods.

Transportation. We need to accept two realities with regard to transportation. First, the Highway Trust Fund is undercapitalized, and we are not going to get the new revenue that we need to address maintenance and preservation of our existing transportation infrastructure or capital construction projects.

The transportation funding package that was voted on in May was defeated by a margin of 88-12. And while there is now talk of AAA introducing a three cent gas tax increase next session, I for one, have no stomach to waste anymore time and energy on the intractable and self-serving debate between that organization and the truckers.

The second reality is that we cannot build our way out of our traffic problems. That is, money for new capital construction alone will not buy us the mobility and livability we desire. If you doubt this just look to Los Angeles or Atlanta, two cities that pursued that strategy. That means that we need to do a much better job of managing the demand side.

For example, creating incentives and/or disincentives that change how and when people use the transportation system. The Sunset highway between Portland and Hillsboro is a case in point. During the morning and evening commutes, it is three solid lanes of bumper-to-bumper traffic. At other times of the day two lanes or less could efficiently accommodate the traffic load. My point is that the problem on the Sunset is not a capacity problem, it is a timing problem. And if we don't have the resources to build another lane, then we need to more efficiently use the capacity we do have.

Other steps to deal with our transportation problems include better access management to protect the capacity of our state highways, in particular, which are designed to move people between cities. A lot of the highway capacity on I-5 at Wilsonville, Medford and Roseburg, for example, is taken up not by people travelling from California to Washington, but rather by people going from one end of town to another. To address this we need resources for these communities to develop frontage roads and street networks.

Finally, we need to encourage and finance transit and other transportation options. For instance, instead of paying \$30 million to add a lane to an area with heavy commuter traffic, we should consider a \$500,000 investment for commuter buses that could alleviate the need for the new lane in the first place.

Economic development. As we continue to attract new businesses to Oregon, and as our existing businesses continue to expand, we need to develop a strategic plan to direct some of that development away from high growth areas and into those areas that desperately need jobs and a more diversified economic base.

In the last legislative session I was able to win passage of virtually all of the elements of what I call the Oregon Livability Initiative. This involves the 21st Century Community Fund which is capitalized with \$140 million. These funds are reserved specifically for the kinds of things that can make a difference in both urban and rural Oregon. They are targeted for rebuilding rural and distressed urban economies; for local street networks; for community infrastructure investments in sewer and water systems; for providing community incentives to revitalize downtowns and main streets as community centers; and for affordable housing.

I will ask the next Legislature to use some of the capacity we still have to issue lottery backed bonds to make additional resources available for this purpose. If we took full advantage of the available bonding capacity we could issue \$200 million in bonds over a three-year period. This state commitment would stimulate over \$1 billion in investments in community infrastructure over the next 10 – 12 years, and we could accumulate a powerful base of capital for future investment. At the end of a 10-12 year period, Oregon would be able to make infrastructure investments of \$55 million a year on a sustainable basis.

To take full advantage of these infrastructure resources, however, we must be able to target them in a coordinate way that maximizes their impact. Toward that end, I created the Community Solutions Team with which many of you are familiar. It is made up of the heads of those five agencies that effect how communities develop physically: Transportation, Housing, Economic Development, Land Use and Environmental Quality.

There are now Community Solutions Teams in each region of the state operating with the motto: "solve problems – don't just run programs". These teams coordinate state resources to help solve problems which are defined by the community. Success depends not only on this kind of assistance and coordination from the state agencies, but even more on local community leadership with a clear vision of how they want to develop.

And I have asked the Community Solutions Team to work with this Forum to develop an investment strategy for the Willamette Valley. The strategy will provide a blueprint for public and private investments in communities throughout the Valley.

Environment

Finally, let me say something about our environment and about ensuring that Oregon continues to enjoy clean water and healthy ecosystems. Probably nothing is more closely associated with Oregon than its natural environment and its ethic of environmental stewardship. If we are to maintain that ethic as a legacy for the future than we must recognize the futility of relying solely on the traditional tools of regulation and litigation to advance the cause of environmental health. Take the issue of water quality as a case in point.

Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing the late Governor McCall when he led the effort to clean up Oregon's Willamette River in the 1970's. Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing nonpoint-source pollution -- perhaps the major challenge facing us on the Willamette River and throughout the West today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, and Eugene.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will be a long-term commitment to sustained environmental stewardship -- by millions of people living in the watershed.

The fact is that we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that call for, and result in, greater individual responsibility and accountability for our air, land and water.

You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts. You can only achieve that through a collaborative and cooperative process that engages thousands of people and gives them a stake in the problem and some degree of ownership in the solution. This is a role I believe the Willamette Valley Livability Forum can play.

We must also recognize that preserving and restoring ecosystem and watershed health is only an issue because of the growing conflict between economic interests and environmental interests. Therefore, our approach must be based on a policy that recognizes and balances a broad range of interests -- a broad range of values -- and that reduces polarization and increases collaboration.

That means two things. First, that those in the natural resource industries must be willing to examine their practices and be open to modifications that will reduce the impact of their economic activities on the natural environment. We are beginning to achieve this objective through the Oregon Plan for Salmon and Watersheds, the Healthy Streams Partnership, the Forest Practices Advisory Committee and through the development of the Willamette Restoration Initiative.

Second, success means that the rest of us must separate the people from the practices -- we must acknowledge the legitimacy of their need to earn a living and of their contribution to our state, even as we work to help them modify their practices. We must remember, for example, that the farming way of life -- the farming culture -- goes back over 150 years and is part of the fabric and heritage of the West. It is a part of who we are as Oregonians. Attacking people and their way of life creates resistance and little gain. Acknowledging people and their legitimacy and focusing on practices, however, can lead us to the future we desire.

Let me say in closing that the sum total of all these actions and policies -- if we are successful in achieving them -- amounts to nothing short of a sustainable Oregon. Imagine, if you will, three overlapping circles -- one representing economic needs, one representing environmental needs and one representing community or social needs. The area where the three circles overlap is the area of sustainability, the area of livability -- the area where all the threads of quality of life come together.

If we are to build a sustainable future for Oregon we must recognize that these three circles are not separate, unrelated entities. Rather they are the common desires and aspirations of all Oregonians and we must therefore strive to ensure that our efforts result in simultaneously meeting environmental, economic, and community needs throughout our state.

As a final note, I have to urge all of you to vote "no" on Ballot Measures 2 and 7. These measures are clearly designed to dismantle Oregon's cherished land use planning program. We cannot allow these measures to become law.

As William Jennings Bryan said: "Destiny is not a matter of chance, it is a matter of choice. It is not something to be waited for, it is something to be achieved." If we are willing to recommit ourselves to the Oregon community -- and to the proposition of "One state, one people, one destiny" -- then surely our future will be a sustainable one.

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Governor John Kitzhaber

**"Building a Sustainable Future for Oregon"
Challenge of Change Conference**

October 26, 2000

Good afternoon. It is a pleasure to address this conference once again.

About two months ago I spoke to the Chataqua conference at South Western Oregon Community College where we attempted to answer the question, "Can we have it all: a healthy economy, a clean environment and great livability?" To put it another way, "How can we sustain those things that contribute to Oregon's exceptional quality of life in the face of unprecedented growth?"

What does sustainability mean? I define sustainability as managing the use, the development and the protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. What is important to understand about this definition is that it requires that we simultaneously meet environmental, economic and community needs.

Thus, to me, when we talk about sustainability, we are really talking about quality of life a combination of elements which, together, produce the richness of place and experience that we associate with Oregon.

These elements encompass more than the stunning beauty and powerful landscapes of our natural environment -- although these clearly help define us. They also encompass a strong economy with jobs and job security; and educational opportunities for our children and increasingly for adults of all ages as economic success becomes ever more closely linked to knowledge and information. And quality of life encompasses safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements are something we hold in common -- they represent a common set of desires and aspirations that add value and quality to our lives. All Oregonians want these same things, no matter where they live or what they do for a living. And our efforts to secure them has, at least in the past, been a joint undertaking that produced a kind of cohesiveness that has held us together and allowed us to act in concert for the good of the larger Oregon community.

To put it another way -- imagine Oregon as a fabric woven from threads which represent these varied elements of a good quality of life. If all the threads are present and balanced, the fabric is strong and rich. It is a fabric of high quality, if you will. But if any of these threads are missing -- anywhere in Oregon -- then the entire fabric is weakened and its quality is diminished.

Today, the threads of our quality of life are beginning to fray and unravel -- albeit for different reasons in different parts of the state. As a result, we are losing that cohesiveness and sense of common purpose that held us together in the past and allowed us to act as an Oregon community to meet the challenges that faced us.

Throughout Oregon, people are anxious and uncertain because the world is changing, because their lives are filled with

change -- and because the landscape that has helped define them is changing as well. They perceive that they are losing something valuable -- that their quality of life is at risk and that they have little control over it.

There are three basic causes for what is happening around us: (1) globalization and the shift from a natural resource-based economy to an information-based economy; (2) the impact of meeting federal environmental standards, especially the Endangered Species Act and the Clean Water Act; and (3) the impact of growth on Oregon communities.

These things, which have taken place over the last 20 years, have affected all parts of Oregon -- albeit in different ways -- and have brought about a far reaching reversal in the fortunes of urban and rural Oregon.

From 1980 to 1999, wood products employment in Oregon declined nearly 30 percent while high technology employment increased 102 percent. Twenty years ago there were 69,500 well-paying timber jobs in Oregon. Over 25,000 of those were lost during the recession of 1980-1982, a time during which Oregon added over 3,000 hi tech jobs.

While the wood products industry experienced a strong post-recession recovery, the 1990 listing of the Northern Spotted Owl under the ESA brought about a permanent loss of over 20,000 -- a loss occurring almost entirely in rural counties containing federal forests. By contrast, the high technology industry -- predominantly in Portland and the Willamette Valley -- has grown by nearly 30,000 jobs since 1990 alone.

These events have had a significant impact on our quality of life.

In urban Oregon, economic expansion has brought with it abundant jobs, increasing incomes, more consumer choices and a wide array of public services. At the same time, however, there have been negative consequences to this economic success: dramatic population growth, sprawl, congestion, an overburdened public infrastructure and pollution.

In rural Oregon, by contrast, many communities face decline and stagnation. These communities face a different kind of threat to their livability -- to their quality of life: low wages, high unemployment, the loss of business opportunities and the migration of their youth to other communities that offer more career choices.

And in both urban and rural Oregon, the challenge of meeting the requirements of federal environmental laws is becoming a central issue. In some respects, rural Oregon has had more experience with this -- particularly the timber industry with the 1990 listing of the owl. But this is clearly a shared responsibility.

The point is that in both urban and rural Oregon, our quality of life is under siege. Community stability and cohesiveness is being threatened by economic expansion and too many people on the one hand, and by economic stagnation and the out-migration of youth on the other. And if we hope to "have it all" we will have to address two things: (1) two sets of different, but interrelated economic and growth-related issues, one set in urban Oregon and one set in rural Oregon; (2) recasting the environmental debate.

Rural Oregon

Let's start with that set of issues affecting primarily rural Oregon. The challenges in the non-metropolitan parts of the state are: (1) not enough public infrastructure to diversify the economy; (2) job loss and out-migration, especially of the young; and (3) continued reliance on natural resource industries which, in many cases, employ practices that contribute to the challenge of meeting the ESA and Clean Water Act.

In short, rural Oregon needs a more diversified and environmentally sustainable economic base which provides a wider range of job opportunities. To accomplish this will require some significant infrastructure investments and some fundamental changes in our natural resource industries.

Now, even while we work toward rural economic diversification, we must recognize that the natural resource industries will continue to be both a cornerstone of the rural economies and a major contributor to Oregon's economy as a whole. In 1998/99, for example, production agriculture and food processing contributed a total of \$5.5 billion to the Oregon

economy. And the wood products industry in our state still employs 49,000 people.

To maintain healthy natural resource industries in rural Oregon, however, these industries must recognize the impact of globalization on the markets which have historically supported them. For example, among the elements of the agriculture industry that are suffering the most today, are those who continue to grow bulk commodities like wheat.

Oregon soft white wheat yields the best pastry flour in the world and in the past almost 80 percent of it has been exported as a bulk commodity into the international market -- which has set a pattern of behavior that has helped define the wheat industry.

This mindset and the strong adherence to the practice of growing large amounts of unprocessed bulk commodities is one of the main obstacles to maintaining the viability of the wheat industry in Northeast Oregon. The People's Republic of China, for example, with few environmental and labor laws has the capacity to raise far more wheat at a much lower cost than we can.

Gilliam County Judge Laura Pryor, in a recent paper about the agricultural economy of eastern Oregon, wrote that the single greatest obstacle to finding solutions is the resistance of the local grower to objectively consider alternative practices. (This also applies to the environmental impact of these industries, a point I will touch on later).

Those elements of the agriculture industry that are doing well, by contrast, are largely those that add value through processing, pursue organic production or some other niche-marketing effort that differentiates their commodities. The nursery industry, which today is Oregon's number one commodity, offers an excellent example.

While the natural resource industries will continue to be a cornerstone of the rural economy – it is equally important to broaden and diversify the rural economic base. That means infrastructure: investments in roads, water and sewer systems, and telecommunications. Indeed, I believe that giving rural Oregon access to broad band fiber optic cable will prove as important as was rural electrification in the first half of the last century. My administration is aggressively pursuing this objective through the Oregon Enterprise Network.

Urban Oregon

In urban Oregon the challenges are: (1) an overwhelmed public infrastructure from schools to roads to water and sewer systems; (2) increasingly severe traffic problems which reduce quality of life through congestion and decreased mobility, and affect economic viability by increasing transit time (and thus the cost) of products being moved by truck; (3) sprawl; and (4) serious non-point source pollution problems which erode watershed health and contribute to the challenge of meeting the ESA and Clean Water Act.

The rapid increase in population is probably the single most important contributing factor to both the overburdened infrastructure and the growing traffic problems being experienced in urban areas from Washington County, to Bend and Medford. And as long as Oregon has great livability and a strong economy, people will continue to come here. And as long as there are more job opportunities in the urban parts of the state, those areas will absorb a disproportionate share of that growth.

Growth is a double-edged sword. On the one hand, it is associated with the economic benefits of a strong economy. On the other hand, it can erode livability by contributing to such things as sprawl, congestion and pollution.

There are several ways growth can be slowed, and even reversed. One way would be to put the economy in the tank. During the last recession, Oregon actually lost population. Another way would be to destroy our livability so that Oregon is no longer such a nice place to live. I don't think anyone would advocate for either of these approaches. That leaves two other options. One is to stop subsidizing growth and the other is to do a better job of managing growth.

On the surface, most people would probably say that we should not be subsidizing the very growth that is threatening Oregon's quality of life. But, in fact, we are. For example, every new house built in Oregon requires services: sewers,

roads, fire and police protection and, in many cases, schools. None of these costs are fully paid by either the developer or the home buyer. In fact, as my Task Force on Growth noted, growth exacerbates government revenue problems, it does not relieve them.

In addition, our tax policy encourages growth both through business subsidies and encouraging larger rather than smaller families.

I recognize that changing these policies that subsidize growth is a very controversial proposition, and I assume that we are not yet ready to take these things on. Ultimately, however -- if we want to "have it all" -- I believe that we are going to have to come to terms with these questions. Our state has a finite "carrying capacity," if you will. We cannot forever absorb 40-50,000 new residents a year without losing part of what makes Oregon so special. We may not be ready to tackle these questions today, but let us not forget the words of the late writer Edward Abbey, "Growth for growth's sake is the ideology of the cancer cell."

This leaves us with the option of better managing the growth we are getting. To me this entails three things: increasing density, developing new strategies to deal with our transportation challenges, and rethinking our economic development policies.

Increasing density. It is fair to say that there are two things Oregonians don't like (I mean other than a sales tax and self-service gas): they don't like sprawl and they don't like density. Well, we have to get over that. We all know that sprawl is not only expensive, but that it reduces our livability as well. While increasing density is less expensive, it too can reduce livability-- but it doesn't have to. Look at the Pearl district and Martin Luther King Blvd. in Portland and the conversion of the Old Mill Site in Bend.

Therefore, we must adopt policies that facilitate and encourage the revitalization of downtowns and mainstreets as community centers -- and that strengthen our neighborhoods. Policies that encourage and provide incentives for mixed-use development. Policies that provide a range of transportation and housing options so that people in our urban centers can be mobile without using their cars and can age in place in their own neighborhoods.

Transportation. It is no secret that I believe our Highway Trust Fund is undercapitalized. Not only are we falling behind not only in the maintenance and preservation of our existing transportation infrastructure, there is a crying need for additional resources for some strategic capital construction projects to relieve congestion and facilitate freight movement.

At the same time we need to accept two realities. The first one is that we are not going to get the kind of infusion of new revenue into the Trust Fund that we need to address these problems. The transportation funding package that was voted on in May was defeated by a margin of 88-12. And while there is now talk of AAA introducing a three cent gas tax increase next session, I for one, have no stomach to waste anymore time and energy on the intractable and self-serving debate between that organization and the truckers.

And even if we got a three cent increase, it would not even begin to address the unmet need. Furthermore, the gas tax itself is becoming less and less attractive as the primary source of highway funds for the 21st century. As cars grow ever more fuel efficient, each cent of gas tax will generate less and less revenue.

The second reality is that we cannot build our way out of our traffic problems. That is, money for new capital construction alone will not buy us the mobility and livability we desire. If you doubt this just look to Los Angeles or Atlanta, two cities that pursued that strategy. That means that we need to do a much better job of managing the demand side.

For example, creating incentives and/or disincentives that change how and when people use the transportation system. The Sunset highway between Portland and Hillsboro is a case in point. During the morning and evening commutes, it is three solid lanes of bumper-to-bumper traffic. At other times of the day two lanes or less could efficiently accommodate the traffic load. My point is that the problem on the Sunset is not a capacity problem, it is a timing problem. And if we don't have the resources to build another lane, then we need to more efficiently use the capacity we do have.

I know this is controversial -- my 1997 proposals for a vehicle miles traveled tax and for broadening the base for highway funding -- were dead on arrival. But traffic congestion is controversial too. And if we want to "have it all" we are going to have to make some difficult choices. Nobody is going to hand this to us.

Other steps to deal with our transportation problems include better access management to protect the capacity of our state highways, in particular, which are designed to move people between cities. Yet there are many instances of development patterns that allow municipalities to capture a portion of a state -- or even interstate -- highway for its mainstreet. A lot of the highway capacity on I-5 at Wilsonville, Medford and Roseburg, for example, is taken up not by people travelling from California to Washington, but rather by people going from one end of town to another. To address this we need resources for these communities to develop frontage roads and street networks.

Finally, we need to encourage and finance transit and other transportation options. I continue to believe that a portion of the Highway Trust Fund should be dedicated to this purpose. It makes no sense to have a dedicated fund that will provide \$30 million to add a lane to an area with heavy commuter traffic, but not \$500,000 for commuter buses that could alleviate the need for the new lane in the first place.

Economic development. As we continue to attract new businesses to Oregon, and as our existing businesses continue to expand, we need to develop a strategic plan to direct some of that development away from high growth areas (at least until the capacity of the infrastructure catches up with the demand) and into those areas that desperately need jobs and a more diversified economic base.

The one thing that is common to the challenges facing urban and rural Oregon is the need for money to invest in infrastructure and some way to ensure that these resources are invested wisely.

In the last legislative session I was able to win passage of virtually all of the elements of what I call the Oregon Livability Initiative. This involves the 21st Century Community Fund which is capitalized with \$140 million. These funds are reserved specifically for the kinds of things that can make a difference in both urban and rural Oregon. They are targeted for rebuilding rural and distressed urban economies; for local street networks; for community infrastructure investments in sewer and water systems; for providing community incentives to revitalize downtowns and main streets as community centers; and for affordable housing.

Because of the importance of targeted infrastructure investments to our livability and economic stability, I will ask the next Legislature to use some of the capacity we still have to issue lottery backed bonds to make additional resources available for this purpose. These resources would give us the ability to upgrade water and sewer systems to meet water quality standards; to make infrastructure investments in rural communities to foster economic diversification; and to provide gap financing to help revitalize downtowns.

To understand the potential magnitude here if, for example, we took full advantage of the available bonding capacity we could issue \$200 million in bonds over a three year period. This state commitment would stimulate over \$1 billion in state and local investments in community infrastructure over the next 10 – 12 years.

Because funds are only in part need based – but are also backed by charges to pay for infrastructure – our state revolving fund could accumulate a powerful base of capital for future investment in community infrastructure. At the end of a 10-12 year period, Oregon would be able to make infrastructure investments of \$55 million a year on a sustainable basis.

To take full advantage of these infrastructure resources, however, we must be able to target them in a coordinate way that maximizes their impact. Towards that end, I created the Community Solutions Team with which many of you are familiar. It is made up of the heads of those five agencies that effect how communities develop physically: Transportation, Housing, Economic Development, Land Use and Environmental Quality.

There are now Community Solutions Teams in each region of the state operating with the motto: "solve problems – don't just run programs". These teams coordinate state resources to help solve problems which are defined by the community. Success depends not only on this kind of assistance and coordination from the state agencies, but even more on local community leadership with a clear vision of how they want to develop -- leadership that is willing to make

some of the difficult tradeoffs involved with "having it all."

Environment

Finally, let me say something about our environment and about ensuring that Oregon continues to enjoy clean water and healthy ecosystems. Probably nothing is more closely associated with Oregon than its natural environment and its ethic of environmental stewardship. If we are to maintain that ethic as a legacy for the future than we must recognize the futility of relying solely on the traditional tools of regulation and litigation to advance the cause of environmental health. Take the issue of water quality as a case in point.

Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing the late Governor McCall when he led the effort to clean up Oregon's Willamette River in the 1970's. Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing nonpoint-source pollution -- perhaps the major challenge facing us on the Willamette River and throughout the West today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, Eugene and, yes, Coos Bay and Roseburg. This involves what people put on their lawns, whether or not they wash their cars in the driveway with detergent, and hundreds of other individual actions that contribute to the nonpoint source pollution load.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will a long term commitment to sustained environmental stewardship -- by millions of people living in the watershed -- most of them living in the city.

The fact is that we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that call for, and result in, greater individual responsibility and accountability for our air, land and water.

You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts. You can only achieve that through a collaborative and cooperative process that engages thousands of people and gives them a stake in the problem and some degree of ownership in the solution.

We must also recognize -- particularly in rural Oregon -- that preserving and restoring ecosystem and watershed health is only an issue because of the growing conflict between economic interests and environmental interests. Therefore, our approach must be based on a policy that recognizes and balances a broad range of interests -- a broad range of values -- and that reduces polarization and increases collaboration.

That means two things. First, that those in the natural resource industries must be willing to examine their practices and be open to modifications that will reduce the impact of their economic activities on the natural environment. We are beginning to achieve this objective through the Oregon Plan for Salmon and Watersheds, the Healthy Streams Partnership, the Forest Practices Advisory Committee and through the development of the Willamette Restoration Initiative.

Second, success means that the rests of us must separate the people from the practices -- we must acknowledge the legitimacy of their need to earn a living and of their contribution to our state, even as we work to help them modify their practices. We must remember, for example, that the farming way of life -- the farming culture -- goes back over 150 years and is part of the fabric and heritage of the West. It is a part of who we are as Oregonians. Attacking people and their way of life creates resistance and little gain. Acknowledging people and their legitimacy and focusing on practices, however, can lead us to the future we desire.

Let me say in closing that the sum total of all these actions and policies -- if we are successful in achieving them --

amounts to nothing short of a sustainable Oregon. Imagine, if you will, three overlapping circles -- one representing economic needs, one representing environmental needs and one representing community or social needs. The area where the three circles overlap is the area of sustainability, the area of livability -- the area where all the threads of quality of life come together.

If we are to build a sustainable future for Oregon we must recognize that these three circles are not separate, unrelated entities. Rather they are the common desires and aspirations of all Oregonians and we must therefore strive to ensure that our efforts result in simultaneously meeting environmental, economic, and community needs throughout our state.

As William Jennings Bryan said: "Destiny is not a matter of chance, it is a matter of choice. It is not something to be waited for, it is something to achieved." If we are willing to recommit ourselves to the Oregon community -- and to the proposition of "One state, one people, one destiny" -- than surely our future will be a sustainable one.

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Governor John Kitzhaber

Resuscitating the Oregon Health Plan Foundation for Medical Excellence

October 25, 2000

Ten years ago, the State of Oregon undertook an innovative and controversial approach to universal coverage. In its early years, the OHP enjoyed broad, bipartisan support, a remarkable and refreshing solidarity among all the elements of the health care delivery system -- and a sense of empowerment and pride among physicians.

Today, however, the OHP finds itself at a crossroads. We have encountered federal inflexibility in benefit design and eligibility; frustration and disempowerment among physicians; a potential collapse of the managed care delivery system in some parts of Oregon; and a medical inflation rate that has outstripped increases in state reimbursement rates. The promise of universal coverage remains unfulfilled.

The decisions we make in the next three months -- and in the upcoming legislative session -- will largely determine the fate of this ten-year effort. Tonight I challenge all Oregonians to come together in a common cause to stabilize the OHP -- and to continue our march toward universal coverage. But to craft a solution we must first understand the problem -- we must rebuild trust and begin a dialogue. That is the purpose of my remarks here tonight -- to find that common ground on which we can rebuild and move forward together.

Let's start with the immediate challenge: that changing today's health care system is a daunting proposition. As complicated as the system has become, however, at its heart lies a rather straightforward dynamic that drives most of the individual decisions in one way or another. This dynamic becomes apparent if we view the health care system in the context of four questions: who is covered?, what is covered?, how much is covered?, and how is it paid for. In other words, the health care system revolves around four variables: eligibility, benefit, utilization and cost. Furthermore, there is a hydraulic relationship between these four variables. If you increase eligibility to cover more people, you will increase cost unless you reduce benefits and/or utilization. Likewise, if you increase benefits and/or utilization, you will increase cost unless you reduce eligibility.

As the cost of providing care has increased, all the elements of the delivery system -- physicians, hospitals and purchasers -- have sought strategies to avoid those costs by shifting them within the system. The two most common strategies employed by both public and private payers involve manipulating two of these four variables: eligibility and cost.

States -- as public payers -- employ these strategies in the context of the Medicaid program which was enacted in 1965. Medicaid is administered by the states which receive federal "matching" dollars for each state dollar that is spent. The current Oregon match rate is 60 percent -- that is, of every Medicaid dollar spent in Oregon, the federal government pays 60 cents and the state 40. In order to receive the federal match, however, states must comply with a host of federal regulations, including those which deal with eligibility and coverage.

Eligibility for Medicaid is based on "categories" established by congress -- for example, families with dependent

children who are on welfare; certain categories of pregnant women; the blind, the disabled, and frail elderly citizens.

If a state elects to participate in Medicaid, the federal matching dollars are available only for covering people in these categories. In addition, there are strict requirements pertaining to benefit levels and a set of mandated benefits that must be provided in order to secure federal matching dollars.

The availability of federal matching dollars, and the link between these dollars and federal requirements, gives Congress enormous leverage over the states and how they operate their Medicaid programs. What little flexibility states have is limited to setting income eligibility levels for those on welfare and to determining provider reimbursement rates.

Thus, historically, when states have faced revenue shortfalls, they have lowered income eligibility. This amounts to rationing people -- implicitly, yes --but rationing nonetheless. And it is "all-or-nothing" rationing. Instead of giving everyone coverage for something, we give some people coverage for everything and others coverage for nothing. And those who made the decision to change eligibility can avoid any accountability for the health consequences of the people who lose coverage.

The other strategy, manipulating cost, is fairly straightforward and usually takes the form of either directly reducing provider reimbursement rates or discontinuing payment for something physicians are still required to provide. This is a direct cost shift to providers and shows up as uncompensated care. At some point, providers stop seeing -- or try to avoid seeing -- Medicaid patients. This constitutes another form of implicit rationing and, again, those who made the policy decisions that led to it escape any accountability for the consequences.

In the end, costs are shifted, but not controlled, and there is a steady increase in the number of people who cannot afford to pay for their health care needs. When they get sick enough, they show up in the emergency room where they are treated for serious problems, in one of the most expensive care settings, late in the course of their disease process, when costs are higher and outcomes likely to be poorer. And the costs incurred are shifted back through the system, repeating the cycle.

The OHP was initially designed to break this cycle and, as you recall, the national controversy surrounding it, particularly in its early years, was a direct result of our efforts to eliminate implicit rationing -- our efforts to make these choices explicit. We sought to do so by first answering perhaps the single most fundamental question in the health care debate: who has the responsibility to pay for the health care for the poor? In fact, it is the failure to explicitly answer this question that drives the cost-shifting dynamic I mentioned earlier.

Oregon concluded that caring for the poor is a public sector responsibility and we defined that responsibility in statute at 100 percent of the federal poverty level (FPL). In short, we concluded that eligibility for public coverage should be based on financial need -- rather than on an arbitrary set of federal categories.

Of course this ran headlong into Medicaid eligibility policy because Oregon was proposing to cover everyone with an income below the FPL, not just those who met federal categorical requirements. This meant that in order to get federal matching dollars for the non-categorical citizens we intended to cover, Oregon would have to obtain a waiver from the federal Health Care Financing Administration (HCFA).

Having defined eligibility, we then openly acknowledged the reality of fiscal limits -- a reality based on the fact that there is a limit to the level of taxation the public will tolerate. And since all tax dollars cannot go to health care at the expense of education, public safety and other priorities, it follows that the public sector health care budget is finite.

It also follows that people who depend exclusively on this source of revenue to finance their health care will necessarily have some limits imposed on what will be paid for. In other words, health care rationing, in some form, is inevitable.

The reality of fiscal limits makes choices inevitable. In Oregon, we committed ourselves to making those choices explicit by establishing priorities -- in an open public process based on a set of clear and defensible criteria -- and we committed to assume accountability for the consequences of those choices. This principle lies at the heart of the philosophy behind the Oregon Health Plan and is what sets the Oregon process apart from other states.

The Health Services Commission (HSC) was created to carry out this prioritization process -- ranking medical condition/treatment pairs from the most important to the least important, in terms of the health produced, and judged by a consideration of clinical effectiveness and social values. Starting with the 1991 legislative session -- and each session since then -- the HSC has presented the Oregon legislature with an updated prioritized list of health services accompanied by actuarial information which assigns a cost to provide each line (or condition/treatment pair) on the list.

To ensure accountability for the hard choices brought about by the reality of limited resources, we established a clear separation between the prioritization process and the determination of the benefit level. While the HSC develops the priority list in an open and objective process, it does not determine the benefit level. That responsibility is left to the legislature.

The legislature is statutorily required to start at the top of the list and determine how much can be funded from available revenues and what additional revenues will be needed to fund an acceptable "basic" package. In this way, not only is the benefit directly linked to the reality of fiscal limits, but the legislature is clearly and inescapably accountable not just for what it funds in the health care budget, but also for what it chooses not to fund.

The way Oregon proposed to develop its benefit package also ran afoul of the Medicaid regulations pertaining to the mandated minimum benefit. Thus, the concept of a prioritized benefit package -- even one based on clinical effectiveness -- also required a waiver from HCFA.

When first enacted, the prioritization process -- and the explicit decisions about benefit level -- sparked a firestorm of national controversy and generated strong opposition to the Medicaid waiver needed to implement our plan. Indeed, Congressman Henry Waxman repeatedly referred to our effort as the "Oregon Medicaid rationing experiment." And this mis-representation of our objective had its effect. We first applied for the waiver in 1991, and it was denied by President Bush in 1992. It was not until March of 1993 that the waiver was finally approved by the Clinton Administration.

Given that controversy, it is interesting to note that our prioritized list and explicit decision-making process were largely responsible for much of our early success. In its six-year history, for example, the OHP produced a dramatic expansion of access, especially among children. The percent of children without health insurance dropped from 21 percent to fewer than 8 percent. There has been an increase in the number of women receiving prenatal care in the first trimester and a reduction in the incidence of low birth weight babies. In addition, annual hospital charity care declined by more than 30 percent and emergency room use declined by almost 10 percent.

So it is important to recognize that the crisis facing the OHP today is not due to the underlying principles on which it is built, but rather to two other factors. First, the failure of some parts of the delivery system to appreciate the unique nature of this population by applying a traditional market approach; and, second, federal inflexibility on benefit design and eligibility within the Medicaid program. Of course, our challenge has been exacerbated by the double-digit medical cost inflation that is affecting the private as well as the public side of the health care system.

Thus, to stabilize the OHP and continue to move toward universal coverage, each of these factors must be understood and addressed. Let's begin with the problems within our delivery system.

The OHP delivery system has evolved along two different paths: an organized community response and a traditional market competition model. The former has been quite successful, the latter largely a failure. In those parts of Oregon that have clung to a market model for the OHP, the managed care delivery system is in crisis. Unfortunately, these areas account for about 45 percent of the OHP population, putting the entire plan in jeopardy.

To understand the problem this has created, we must remember that OHP cannot be viewed outside the context of what is happening in the larger health care system within which it exists. The OHP was first implemented in 1994, just at the time that the move to managed care was hitting its full stride in Oregon. It was a time of intense market competition between physicians and physician groups. The OHP was caught up in this competitive environment, but did not cause it.

This competition -- which many did not survive -- has had a direct impact on managed care systems in general as well as on the OHP. In the OHP we are dealing with a group of citizens who, by and large, lack the resources to pay for their care. A traditional market approach does not work with them because, quite simply, the objective of market competition

is to make a profit, not to foster social responsibility.

If one player in the market has to take a disproportionate share of those who cannot pay, or who cannot pay as well as those who are commercially insured, they will be at a competitive disadvantage relative to the other players. Thus, all things being equal, nobody will compete for the poor. To use market terminology, paying patients are seen as a "market share" to be competed for, while non-paying patients are seen as "liabilities" to be avoided through selection.

However, if everyone shares equally in the cost and risk of caring for the OHP population, nobody is put at a competitive disadvantage in the health care marketplace. Unfortunately this has not been the case throughout Oregon.

In those communities where the competition has been the most intense -- and especially in those with more than one hospital -- there has been a disaggregation of large physician groups to much smaller ones. These smaller physician units, like any small business, are very risk-averse and are interested in the safest and most profitable line of business. They have less capacity to assume responsibility, risk and accountability -- especially when it is not being equally shared. As a result, access has been reduced and many emergency rooms have seen a significant increase in visits by Medicaid patients.

Competition between hospitals and health plans has further encouraged selection and the risk avoidance. Hospital-physician relationships are frayed, trust has been eroded and the climate for cooperation and collaboration in these communities has been severely compromised.

While physicians, hospitals and health plans have all borne risk as sectors of the health care delivery system, within those sectors, risk has not been equally shared -- among physicians, among hospitals or between physicians and hospitals.

Furthermore, there are some sectors of the system, such as the pharmaceutical industry, that have borne almost no risk whatsoever. Rather than assuming some risk for the expansion of care to the poor, this industry has consistently raised prices and driven up utilization through aggressive marketing and direct advertising.

In larger communities, a kind of geographic selection has exacerbated this situation. Hospitals and physician practices located in poor inner city areas, for example, may see a much higher percentage of OHP and indigent patients, than hospitals and practices located in more affluent areas.

This situation has prevented an organized community response and equitable risk sharing. An organized community response is based on the recognition that the medically indigent are a part of the community where they live and that the community cannot ultimately avoid assuming responsibility for their care. In other words, the community cannot avoid risk. Certainly the various elements of the delivery system can avoid risk through selection, but these people will ultimately show up in the emergency room and the costs incurred will be shifted back through the community.

Once there is recognition that risk cannot be avoided, the focus changes first to spreading risk equitably throughout the community among all the physicians and the hospital or hospitals involved; and second, to managing the risk. While managing risk is not generally view as attractive, once risk is acknowledged as unavoidable and is spread equitably, the table is set for the important explicit decisions that must be made in prioritizing the needs of individuals and populations. That is what managing care should really be about.

These organized efforts are different in each community, but they all share a set of common elements which are largely absent in the areas where the OHP is struggling. These elements include: (1) a high degree of trust and co-operation between physicians and hospitals; (2) a strong physician network that works in partnership with the hospital or hospitals in the community; and (3) an equitable sharing of cost and risk.

This experience has led us to the conclusion that an organized community response is a necessary element in delivering quality care to low income citizens and a cornerstone to achieving universal coverage.

While meeting the challenge of the delivery system is something we can do ourselves here in Oregon, if we so choose, addressing the question of the inflexibility of Medicaid policy will require action by the federal government. As I

mentioned, the central concept underlying the OHP is that -- given the reality of fiscal limits -- it is better to cover everyone for something, rather than covering some people for everything and some people for nothing. The objective was to eliminate implicit rationing, to shift the focus of the debate from who is covered to what is covered, and to directly link the benefit to the reality of fiscal limits. Instead of implicitly making a list of people and drawing a line, we would explicitly make a list of benefits and draw a line.

This effort, however, has been largely frustrated by federal policy -- in particular the lack of flexibility in benefit design and eligibility requirements. HCFA has repeatedly resisted -- or outright prohibited -- any movement of the line. Their hammer has been their ability to revoke our waiver and the significant federal matching dollars that come with it.

Let me emphasize, however, that this problem is far broader than simply "moving the line." Although we have been frustrated by HCFA's inflexibility on this issue -- we also recognize that beyond a certain point, moving the line becomes self-defeating, as people begin to show up in the emergency room to gain access to treatment which should rightly have been covered in the basic benefit. So the problem is not just with this inflexibility, but even more so with the almost religious adherence to a set of utterly inconsistent, and often illogical, policies created over the past 35 years.

As I mentioned earlier, one of the few areas of flexibility states have within the Medicaid program is to set the income eligibility level -- but there is no flexibility concerning the mandated minimum benefit level. Thus, federal policy requires states to maintain the benefit package even if the only way this can be done is to change eligibility for Medicaid so that fewer people are covered.

This irrational policy reflects the failure of the federal government to explicitly answer the question: "who has the responsibility to pay for the poor?" As I mentioned earlier, HCFA does not have a statutory responsibility to serve all poor Americans, but rather only certain entitled categories of poor Americans -- those who fall into certain categories. Other persons -- single and childless adult couples, for example -- do not qualify for coverage even though they too might be deeply impoverished.

Thus, federal policy has created a distinction between poor Americans: those who fit into a category ("categorical") and those who don't ("non-categorical"). The people in these groups may be equally impoverished, yet one group is entitled to care, the other not. In addition, the mandated minimum benefit package for categorically eligible excludes important services like prescription drugs and dental care which are optional.

In short, federal policy on both eligibility and benefit is narrow, serving certain impoverished populations, but not others; requiring certain benefits at any cost, but refusing to question whether these benefits are effective in improving health or whether the money it takes to provide them could be better spent.

For example, although our OHP-Medicaid benefit package is far more comprehensive than the statutory minimum (in fact, it costs 22 percent more than the minimum), we are not allowed to reduce the level of benefit as determined by our priority list by even so much as ten condition/treatment pairs in order to maintain coverage for a broader group of low income Oregonians. We could, however, cut all optional services from our benefit package, eliminating, for example, coverage for prescription drugs and dental care.

Similarly, we cannot provide the non-categorical eligibles in our Medicaid program a different benefit package than the categorical populations. We could, however, drop them from coverage altogether.

Taken together, these policies create an inflexible pattern of subsidies which force us into all or nothing coverage decisions -- and one size fits all benefit packages -- and which prevents us from using federal resources to help expand coverage to Oregonians based on a consideration of their relative financial and medical needs.

This experience has led us to the conclusion that achieving universal coverage will be almost impossible without either fundamental changes in the Medicaid program or far more flexibility than the Health Care Financing Administration (HCFA) has so far been willing to grant.

Finally, we are confronted with the challenge of medical inflation. Even if we are able to correct federal policy and share risk more equitably, we will continue to face an unsustainable system -- in both the public and private sectors --

unless we can also reduce the rate of medical inflation. There are many complex factors which underlie medical cost inflation, but they can be organized into four broad areas: consumers, providers, new technology and purchasers.

Direct advertising that bypasses the physician, for example, creates a consumer demand for particular services which may not reflect the best or most cost-effective therapy. In addition, "consumer choice" carries with it a significant cost that is often not appreciated in the current populist debate about "patient rights."

The wide variation in physician practice patterns contributes to overutilization -- as does the general resistance within the provider community to efforts aimed at measuring, reporting and comparing performance -- making it difficult to objectively determine value gained for dollars spent.

New medical technologies and pharmaceuticals carry with them a great potential benefit on an individual basis, but huge costs on a systemwide basis. Direct advertising of these new discoveries creates markets without a context for clinical judgement and cost-effectiveness.

Purchasers remain uninformed and largely unorganized, making it difficult for them to either judge the value gained for the dollars being spent on health care or to use their considerable market power to demand quality.

All of these stakeholders contribute in some way to this problem -- and all share in two common underlying and erroneous assumptions. First that health care is always synonymous with health; and second, that all medical interventions are of equal value and effectiveness. Successful cost containment depends on challenging these assumptions by recognizing that the objective of our health care system is health. That health care is a means to an end, not an end in itself, and that it must therefore be evaluated and funded -- at least with public dollars -- in a way that is consistent with this objective.

To stabilize the OHP and continue our progress toward universal coverage will involve short term, medium term and long term strategies.

In the short term, we must strive to make the transition from a commercial competitive delivery model to an organized community model with the following characteristics: (1) a successful partnership between physicians and hospitals; (2) the replacement of competition with collaboration; (3) the mutualization of risk among all providers in the community; (4) a single entity for managing and delivering care; (5) a solid physician network; (6) a commitment by hospitals to offer discounted rates to OHP patients and to support the physician network; and (7) an adequate claims payment system.

In addition, the state must work with our OHP contractors to simplify our administrative demands starting with encounter data and quality assurance requirements. We must also respond to the pressure brought about by unforeseen cost increases by providing a modest infusion of funding to help stabilize the doctors who provide the managed care that has been so effective in improving the lives of our OHP clients.

In the medium term, the state must be willing to accept additional risk for certain populations and/or services. We must also adjust capitation rates so that they compensate providers fairly.

The long term holds two challenges. First, we must openly challenge existing federal Medicaid policy and seek additional waivers in eligibility and benefit design that will allow us to develop benefit packages based on a consideration of the financial and medical needs of individuals and populations. We have the flexibility to use federal resources to expand coverage to Oregonians in a way that recognizes both the reality of fiscal limits and the need to make coverage choices based on the differences between the relative clinical effectiveness of various medical interventions.

This is the step that will connect the short- and mid-term strategies to a long-term vision of universal coverage in the state of Oregon. In this process, we must also raise the issue of the inequities in federal reimbursement -- the most egregious example of which is the AAPCC.

Second, we must work together to manage the unsustainable cost increases we are currently experiencing. For example,

physicians must bring to the table information about the relative effectiveness and appropriateness of various medical interventions in terms of the health produced. This information must be used to arrive at best practice guidelines with an initial focus on high variation, rare or extremely expensive procedures. Hospitals must work to reduce the cost of medical errors and to look for ways to regionalize rather than compete for tertiary services.

Consumers must be made aware of the cost of their individual health care decisions. More out-of-pocket cost must be associated with consumer choices which involve a greater expense without significantly greater effectiveness or efficacy. This must be approached with particular sensitivity in the OHP population, many of whom have little or no disposable income.

New technologies, particularly prescription drugs, must be evaluated in terms of cost, utilization and relative effectiveness. The Oregon Medicaid program is expected to experience a 60 percent increase in pharmaceutical costs between the current biennium and the next. This is neither sustainable nor can it be argued that we have seen anything close to a 60 percent increase in the health of this population.

Over the past year, we have tried to engage the pharmaceutical industry through an open public process, through private discussions and in other forums. We continue to wait for the industry to indicate any commitment to substantive reform or even a willingness to collaborate. In other states, impatience and frustration with this recalcitrance has led to confrontational solutions. We hope the pharmaceutical industry will consider Oregon differently.

Finally, purchasers must be organized to use their market power to obtain volume-based discounts and to ensure that there is a health benefit for the health care purchased. In addition, purchasers must use their combined political power to help secure additional federal waivers and to make the statutory changes necessary to control costs.

It is particularly important for the business community to recognize that it has a stake in the success or failure of the OHP. We are all in this together. If we fail to maintain this program, the cost of caring for these same people through the emergency room will not only be much higher, but it will be shifted to those employers offering health insurance and reflected in higher insurance premiums.

Of course, none of this is going to happen -- even with the most rational thought process -- unless we all decide it's time to do it. I think it's time. Since the Health Summit in Eugene I have met with over 100 of you, from all parts of the state. I am in contact with decision-makers in Eugene, Medford and Bend. I have met multiple times with Portland hospitals, health plans and physicians. In the next week I will be meeting with physicians in Salem and the mid-Willamette Valley. I am pressing all parties to commit to work together to stabilize the OHP and help us to improve it.

I have directed staff to begin the process of identifying strategies that would require Federal waivers. The grant recently awarded to us by HRSA will enable us to look at a variety of strategies in depth. I am asking that the Oregon Health Council and the Health Services Commission consider near term strategies to respond to current concerns regarding OHP benefit issues.

I have been following the debate regarding prescription drugs here in Oregon and in other states. I have directed state agencies involved in the OHP to use whatever public and private means available to identify meaningful strategies that the pharmaceutical industry would be willing to work with us on.

I have met with the Oregon Health Purchasers Coalition and plan to meet with a cross section of purchasers to assess their concerns and to urge them to engage in these issues. I am in contact with the legislative leadership and will expand on the legislative circle to gain bipartisan input and support for these initiatives.

I recognize that within each of the strategies I have outlined today, there is much room for disagreement. But there is also much room for compromise and creativity. Over the next three months, it is my intention to bring together a diverse group of stakeholders -- including legislative leadership of both parties -- to seek this common ground. It is my hope that this effort will provide the impetus needed to reenergize the health care debate in Oregon with a focus on those things we share, rather than on the areas over which we now seem divided.

In many ways things are discouraging today. The world has changed since we set out down this road ten years ago. But

we are not victims. To be a victim is to acknowledge that there is nothing we can do to change our circumstances. And I refuse to accept that. It is time for all of us -- but particularly for physicians -- to stop reacting and start leading. For unless we become part of the solution, we will continue to be victims of the problem.

Let us not forget that abandoning the OHP will not serve our common interests. On the contrary, it will take us back to 1993 -- before we had the federal waiver. Ninety thousand people will find themselves without health insurance coverage and we will lose more than \$400 million in federal funds from our health care system.

Without the OHP, those without a way to pay for their care will increase, not decrease. There will be less money in the system, not more. ER visits will increase and so will uncompensated care. Many hospitals will find themselves in trouble. Competition and risk-avoidance will increase; trust and cooperation would be further compromised. And we will become just another state with a health care system in disarray, a state without a plan, a state that has, by default, allowed its health care future to become a matter of chance, rather than a matter of choice.

Help me shape that future into something positive and enduring. The Oregon Health Plan is not my plan. It is yours. It is ours. It is something we built together a decade ago -- and it remains an unfinished chapter in Oregon's history. Take it. Shape it. Make it work in each of your communities and throughout the this state of ours.

As William Jennings Bryan pointed out: "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

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Governor John Kitzhaber

Summit on the Oregon Health Plan Eugene, Oregon

September 13, 2000

Ten years ago, the State of Oregon undertook an innovative and controversial approach to universal coverage. This bold experiment -- which initially involved both an employer mandate and developing a basic benefit package through the prioritization of health services -- has met with both successes and failures.

Successes include: a dramatic expansion of coverage for low income Oregonians -- especially for children; improved health outcomes, and increased patient satisfaction. In addition, there was, at least initially, a remarkable and refreshing solidarity among all the elements of the health care delivery system -- and a sense of empowerment and pride among physicians.

Failures include the repeal of the employer mandate and a failure to achieve universal coverage; federal inflexibility in benefit design and eligibility; frustration and disempowerment among physicians; a potential collapse of the managed care delivery system in Medford, Portland and possibly in Eugene; and a medical inflation rate that has outstripped increases in state reimbursement rates.

Today the OHP is at a crossroads. The decisions we make in the next three months -- and in the upcoming legislative session -- will largely determine its fate. But what to do? The U.S. health care system consumes vast amounts of public and private resources, encompasses dozens of separate and often competing economic interests, and is encumbered by a bewildering and oppressive maze of administrative complexity. To policy makers in particular, it presents a mind-numbing and almost incomprehensible challenge.

Cost-Shifting, Cost-Avoidance

As complicated as the health care system has become, however, at its heart lies a rather straightforward dynamic that drives most of the individual decisions in one way or another. It is important that we share a common understanding of this dynamic as a prerequisite for charting a course for the OHP.

In a sense, the health care system can be viewed in the context of four questions: Who is covered? What is covered? How much is covered?; and How is it paid for? In other words, the health care system revolves around four variables: eligibility, benefit, utilization and cost. Furthermore, there is a hydraulic relationship between these four variables. If you increase eligibility to cover more people, you will increase cost unless you reduce benefits and/or utilization. Likewise, if you increase benefits and/or utilization, you will increase cost unless you reduce eligibility.

As the cost of providing care has increased, all the elements of the delivery system -- physicians, hospitals and purchasers -- have sought to avoid them by shifting them within the system. Public payers -- like the states and the federal government -- have traditionally employed two strategies which involve manipulating two of these four variables: eligibility and cost.

For example, one of the few areas of flexibility states have within the Medicaid program is to set the income eligibility level. Historically, when states have faced revenue shortfalls, they have lowered eligibility from say 60 percent of the federal poverty level (FPL) to 55 percent of the FPL.

What this amounts to is redefining the poor for accounting purposes. It also amounts to rationing people -- implicitly, yes -- but rationing nonetheless. And it is "all-or-nothing" rationing.

For example, someone with a family income of \$15,000 a year for a family of three might get coverage for all the benefits available in the Medicaid program, while someone with a family income of \$15,200 might get no coverage at all. And those who made the decision to change eligibility can avoid any accountability for the health consequences of the people who lose coverage.

The other strategy, manipulating cost, is fairly straightforward and usually takes the form of either directly reducing provider reimbursement rates or discontinuing payment for something physicians are still required to provide. This is a direct cost shift to providers and shows up as uncompensated care. And at some point, when providers are unable or unwilling to absorb anymore uncompensated care, they stop seeing -- or try to avoid seeing -- Medicaid patients. This constitutes another form of implicit rationing and, again, those who made the policy decisions that led to it escape any accountability for the consequences.

Interestingly, benefits are not usually reduced because that is seen as rationing -- a red flag in the health care debate -- and something we studiously deny is taking place. So instead of giving everyone coverage for something, we give some people coverage for everything and others coverage for nothing. Instead of explicitly making a list of benefits and drawing a line, we implicitly make a list of people and draw a line.

In the end, costs are shifted, but not controlled, and there is a steady increase in the number of people who cannot afford to pay for their health care needs. When they get sick enough, they show up in the emergency room where they are treated for serious problems, in one of the most expensive care settings, late in the course of their disease process, when costs are higher and outcomes likely to be poorer. And the costs incurred are shifted back through the system, repeating the cycle.

The Importance of Maintaining the OHP

As we grapple with how best to proceed here in Oregon, it is important to keep this dynamic in mind. It is equally important to appreciate that the OHP exists in the context of a much larger health care system, and that the problems in the larger system are reflected in the OHP, not the other way around. In other words, much of what concerns people about the OHP -- the lack of universal coverage, increasing costs, frustrated physicians, administrative complexity -- are consequences of the larger system itself. These things did not start with the OHP and will not go away if it is abolished.

On the contrary, what will go away is all that we have accomplished together over the past decade -- and what we have accomplished remains important for two reasons.

First, it is important to Oregon. The OHP is responsible for dramatically expanding insurance coverage for low income Oregonians -- especially for children. The number of children without health insurance has dropped from 21 percent to 8 percent. The OHP has brought in excess of \$1.5 billion in federal revenue into Oregon's health care system over the past 6 years -- revenue that we otherwise would not have received. Finally, OHP patients, and the state and federal dollars that follow them, are an important part of maintaining the provider infrastructure in both urban and rural Oregon.

Second, the OHP is important to the nation. Oregon is the only state in the country that has explicitly acknowledged the reality of fiscal limits and that has attempted to set priorities based on clinical effectiveness. This reality -- that medical technology and consumer demand will continue to outstrip the ability of the public sector to pay for it -- is a lesson that the nation must come to terms with if it hopes to expand coverage to the 45 million Americans who currently have none. Oregon is one of the few -- if not the only -- state positioned to force this issue back into the forefront of the national debate. If we let this slip through our fingers, we will never get back to this point again.

For these reasons, I believe that it is essential to take the OHP to the next level -- and to re-energize the broad-based, bipartisan coalition that set out down the road of health care reform in 1989 with the passage of SB 27. With all its warts and shortcomings the OHP is better than what we had and better than what we will surely return to.

OHP: Underlying Principles and Premises

A review of the basic principles and premises we embraced when we set out on this adventure ten years ago -- as well as how well we have adhered to them -- will, I believe, give us some insight not only into what has gone wrong, but with how to set things right.

First, and foremost, this state and the various stakeholders of its health care delivery system, answered the single most fundamental question in the health care debate: who has the responsibility to pay for health care for the poor? We concluded that it is a public sector responsibility -- a shared social responsibility -- and we defined that responsibility in statute at 100% of the FPL. In short, we concluded that eligibility for public coverage should be based on financial need -- not on a set of arbitrary federal categories.

Certainly we can argue about whether 100% FPL is the right eligibility level -- or definition of the poor -- should perhaps have been set at 200% of the FPL. But the point is this: Oregon defined the public sector responsibility in statute and we have stuck with that for ten years. We have not manipulated eligibility to manage costs and we have not rationed people (although changes in months of income and in the assets test have had some impact on our definition of poverty).

Second, Oregon was the first (and remains the only) state in the nation to come to terms with the reality of fiscal limits. We openly acknowledged that there is a limit to the amount of money the public sector can spend on health care -- in other words, that the public sector health care budget is ultimately finite.

Third, we recognized that if the public health care budget is limited, then those who depend solely on this source of revenue for their care will necessarily have some limits imposed as to what will be paid for. In short, we had the courage and honesty to recognize the inevitability of rationing and the need to make choices. And we committed ourselves to making those choices by establishing priorities based on a consideration of clinical effectiveness and social values, in an open process with broad public involvement and input. And we have held true to that as well over the entire life of the OHP.

The Health Services Commission (HSC) was created to carry out this prioritization process. Starting with the 1991 legislative session -- and each session since then -- the HSC has presented the legislature with an updated prioritized list of health services and actuarial information which assigns a cost to provide each line on the list.

Fourth, we committed ourselves to a high level of accountability for making the hard choices brought about by the reality of limited resources. We accomplished this by making a clear separation between the prioritization process and the determination of the benefit level. While the HSC develops the priority list, it does not determine the benefit package, a responsibility that is left to the legislature.

The legislature is statutorily required to start at the top of the list and determine how much can be funded from available revenues and what additional revenues will be needed to fund an acceptable "basic" package. In this way, not only is the benefit directly linked to the reality of fiscal limits, but the legislature is clearly and inescapably accountable not just for what it funds in the health care budget, but also for what it chooses not to fund.

Oregon has done an admirable job of adhering to these four principles over the life of the OHP. It is the fifth and sixth principles from which we have strayed -- and which have contributed to the problems we face today.

The fifth principle -- building on the first, which said we would not ration people -- was that we would also not shift costs to providers to balance the budget. Rather, we would not only maintain eligibility, but would also maintain a reasonable and actuarially determined rate of reimbursement for providers and make adjustments in the benefit level. Here we have failed -- in large part due to a lack of flexibility at the federal level, particularly in the areas of benefit design and eligibility.

Finally, in our sixth principle, we committed ourselves to the proposition that the process of expanding coverage to the poor would involve a partnership -- that is, that the cost and risk of covering this population would be shared equally by all parts of the delivery system. We agreed that the OHP was not just another line of business but, rather, was part of a

shared community responsibility to cover these people; that the public funds involved were a community resource, not just another revenue stream. In this commitment, we have also largely failed.

The Reasons for the Current Instability

I believe that our failure to adhere to these last two principles -- which are related -- has brought about many of the problems facing the OHP today. These problems, of course, are exacerbated by the double-digit medical inflation which affects the private system as well as the public. An examination of each of these areas can shed some light not only on how our problems developed, but also on how we might move to address them. Let's start with the failure to share risk.

1. Failure to share risk -- The OHP was envisioned and designed as a partnership in social responsibility rather than as simply a new line of business for the health care delivery system. This population of individuals are particularly vulnerable because of their low incomes and if we agree that providing for their basic health care needs is, indeed, a social responsibility, then the public resources appropriated for their care must be viewed as a community resource rather than simply as another revenue stream.

The cost and risk of the expansion has not, in fact been equally shared. While physicians, hospitals and health plans have all borne risk as sectors of the health care delivery system, within those sectors risk has not been equally shared -- among physicians, among hospitals, or between physicians and hospitals. Furthermore, there are some sectors of the system, such as the pharmaceutical industry, that have borne almost no risk whatsoever. Rather than assuming some risk for the expansion of care to the poor, this industry has consistently raised prices and driven up utilization through aggressive marketing and direct advertising aimed at maximizing profits for shareholders.

When the OHP was first implemented, there was a sense that this large social responsibility was being met. In retrospect, however, the broad provider participation and general satisfaction with the new system in its early years may have been due, in part, to the significant infusion of new revenue into the Oregon health care system (\$322 million in the first year) and the relatively flat rate of medical inflation.

In any event, by 1996 some cracks began to appear. As I pointed out, the OHP cannot be viewed outside the context of what is happening in the larger health care system within which it exists. The OHP was first implemented in 1994, just at the time that the move to managed care was hitting its full stride. It was a time of intense market competition between physicians and physician groups -- competition that many did not survive. The disaggregation of large physician groups to much smaller ones as a result of competition -- as well as the erosion of trust that this competition fostered -- had a direct impact on the OHP.

In Medford, for example, primary care physicians who were formerly organized in three large groups are now in 30-40 small business units. These smaller groups often lacked the organizational capacity and the expertise to bargain as effectively as the hospitals. One of the consequences of this was flagged by the OMA in 1997 in what was known as the "Henery Report" which concluded that hospitals were getting a disproportionate share of the capitation rate relative to physicians. While this conclusion was controversial, it revealed the underlying tension developing in the system.

Furthermore, like any small business, these smaller physician business units are very risk-adverse and interested in the safest and most profitable line of business. They understandably cannot take on the responsibility, risk and accountability that the larger physician groups were previously expected to take on -- especially when it is not being equally distributed.

As a result, some emergency rooms in Medford have noticed a significant increase in visits by Medicaid patients. The competitive pressures -- on both doctors and hospitals, have left many bruised relationships, and increased the level of distrust. The community now has few remaining options for OHP and is facing the disappearance of HMO type plans in the private market. The organizations that have survived are very cautious. Access has been reduced, costs have risen significantly and choice is limited. The community is suffering.

Portland is following essentially the same path as Medford, although it is not quite as far along. Nonetheless, the city

looks today like you might expect a community to look after a period of very intense market competition. Again, the most intense competition has occurred among physicians and physician groups. As in Medford, individual physicians have been left to return to much smaller business units with less capacity to assume responsibility, risk and accountability. Without an organization that physicians can trust in, decisions are made with short term financial stability -- not social responsibility -- in mind.

In addition, competition between hospitals in Portland has made it difficult to share community responsibility because it has encouraged selection and the avoidance of risk.. Hospital physician relationships are frayed and, as the community returns to the selection of patients and doctors based on geography, history and happenstance, trust has been eroded and the climate for cooperation and collaboration has been severely compromised. A siege mentality has descended on all the elements of the health care delivery system.

Although certainly different in many ways, both Medford and the Portland metropolitan area share some common features. These include intense competition among physicians, significant failures among physicians and physician groups, and competition among hospitals and insurers. This situation prevents an organized community response and equitable risk-sharing.

And an organized community response appears to be the most viable way to deliver care to this population. And an organized community response appears to be the most viable way to deliver care to this population. In particular the experience with direct OHP contractors who have emerged in many communities as well organizations which provide care for all of an OHP community is worth examining.

These organizations know that while an intermediary or funding source may change, OHP patients will remain part of their community -- an important part. Rather than avoiding risk these organizations can focus on spreading risk equitably in their communities among all physicians and the hospital or hospitals involved.

They can also focus on managing risk, a task I know is not seen as attractive. However once risk is acknowledged as unavoidable, and is spread equitably, the table is set for the important explicit decisions that must be made in prioritizing the needs of individuals and populations. That is what managing care should really be about.

This evolution is happening in Central Oregon, Coos Bay, Grants Pass, Linn/Benton County, Klamath Falls, Pendleton, Salem and, most recently I hope, in Eugene. One size does not fit every community and indeed every community I have mentioned is different. In every case though physicians are partnered successfully with hospitals, safety net operations are integrated to at least some degree and risk is spread more equitably while OHP patients continue to have reasonable access, choice and improving quality of care.

I know there are challenges in doing this in all of our communities. I believe there are leaders in Medford and Portland who potentially share this vision. I know that we will need to return to more fundamental issues if we are to make progress on the coast. I also know that the state will need to assume a larger role in sharing risk, assisting it's community partners and doing what it can to stabilize a community when it is prepared for this approach.

It can happen and it is happening in Oregon.

2. Federal policy constraints -- The other major factor that has contributed to the instability of the OHP is federal policy, in particular the lack of flexibility in benefit design and eligibility requirements. Our experience has led us to the conclusion that achieving universal coverage will be almost impossible without either fundamental changes in the Medicaid program, or far more flexibility than the Health Care Financing Administration (HCFA) has so far been willing to grant.

Let me emphasize that this problem is far broader than simply "moving the line." Although we have been frustrated by HCFA's inflexibility on this issue -- we also realize that beyond a certain point, moving the line becomes self-defeating, as people begin to show up in the emergency room to gain access to treatment which should have been covered in the basic benefit. So the problem is not just inflexibility, but also the almost religious adherence to a set of utterly inconsistent, and often illogical, policies, created over the past 35 years.

As I mentioned earlier, one of the few areas of flexibility states have within the Medicaid program is to set the income eligibility level -- but there is not flexibility concerning the mandated minimum benefit level. Thus, the federal position

today requires states to maintain the benefit package even if the only way this can be done is to change eligibility for Medicaid so that fewer people are eligible for coverage (and others are eliminated from coverage altogether).

This irrational policy reflects the failure of the federal government to explicitly answer the question: "who has the responsibility to pay for the poor? Thus, HCFA does not have a statutory responsibility to serve all poor Americans, but rather only certain entitled categories of poor Americans: persons on welfare assistance, low income children of certain ages, persons with disabilities, and the low income frail elderly. Other persons, single and childless adults couples, for example, do not qualify for coverage even though they too might be deeply impoverished.

Thus, federal policy has created a distinction between poor Americans: those who fit into a category ("categorical") and those who don't ("non-categorical"). The people in these groups may be equally impoverished, yet one group is entitled to care, the other not. In addition, for the majority of categorically eligible persons, there is a statutorily prescribed benefit package which excludes prescription drugs, dental care, and other important services.

In short, the federal perspective on both eligibility and benefit is a narrow one. It serves certain impoverished populations, but not others. It requires certain benefits at any cost, and allow states to add optional services as they can afford to -- but refuses to question whether the statutory benefit is effective in improving health or whether the money it takes to provide it could be better spent.

Oregon has found these categories and benefit requirements formidable barriers when we have attempted to use the federal resources available through Medicaid in a manner which creates a logical progression of subsidies for achieving universal coverage.

For example, even though our Medicaid benefit package is far more comprehensive than the statutory minimum (in fact, it costs 22% more than the minimum) we are not allowed to reduce the level of benefit as determined by our priority list by even so much as ten condition/treatment pairs in order to maintain coverage for a broader group of low income Oregonians.

We could, however, cut all optional services from our benefit package, eliminating, for example, coverage for prescription drugs and dental care. That is acceptable to HCFA. Similarly, we cannot provide the noncategorical eligibles in our Medicaid program a different benefit package than the categorical populations. We could however, drop them from coverage altogether.

A similar set of contradictory policies work against expanding and maintaining access to the Children's Health Insurance Program.

Taken together, these policies create an inflexible pattern of subsidies which force us into all or nothing coverage decisions -- and one size fits all benefit packages which prevents us from using federal resources to help expand coverage to Oregonians based on a consideration of their relative financial and medical needs.

3. Double-digit medical inflation -- These two factors -- failure to share risk and the inflexibility of federal benefit and eligibility policies -- lie at the heart of the current problems we are facing with the OHP. Both problems, however, have been exacerbated by the ten to twenty percent increases in medical costs being experienced, not just in Oregon, but throughout the United States. Even if we are able to share risk more equitably and correct federal policy, we will continue to face an unsustainable system unless we can also reduce the rate of medical inflation.

There are many complex factors which underlie medical cost inflation, but they can be organized into four broad areas: consumers, providers, new technology and purchasers.

Consumers -- Overutilization of medical services is increasingly driven by consumer demand. Direct advertising that bypasses the physician creates a demand for particular services which may not reflect the best or most cost-effective therapy. In addition, "consumer choice" carries with it a significant cost that is often not appreciated in the current populist debate about "patient rights."

Providers -- The wide variation in physician practices also contributes to overutilization. This variation is driven by

consumer demand, fear of litigation and a professional ethic that calls for doing everything possible for the individual as long as some benefit, no matter how slight, will result.

New technology -- Medical inflation is also being driven by the rapid advances in medical technology, including new prescription drug therapy. These new discoveries carry with them a great potential benefit on an individual basis, but huge costs on a systemwide basis. Direct advertising of these new technologies creates markets without a context for clinical judgment and cost-effectiveness.

Purchasers -- Purchasers remain uninformed with little knowledge of the value gained for the dollars being spent on health care. The lack of organization prevents them from using their considerable market power to demand quality and to ensure that the health care purchased actually has a health benefit.

In short, almost all the stakeholders in the health care system contribute in some way to medical cost inflation. And all share in common two underlying and erroneous assumptions: first, that health care is always synonymous with health; and, second, that all medical interventions are of equal value and effectiveness. We must challenge these assumptions.

The Solution: Elements of a Strategy

We have assembled here a broad and bipartisan group of individuals representing the legislature and all segments of the health care delivery system: consumers and purchasers, physicians and hospitals, insurers and health plans. It is unlikely we will see this kind of gathering again before the next session of the Oregon legislature convenes on January 8, 2001. This is a moment in time and one I hope we will use it to its fullest advantage.

We are not gathered here to craft a solution, but to understand a problem, to rebuild trust and to begin a dialogue. We are here to seek -- and hopefully to find -- that common ground on which we can rebuild and move forward together. In that spirit, let me suggest four things which I believe can form the foundation for such an effort:

First, a recommitment to the concept of a basic benefit package built around the prioritization of medical services. This process has served us well and gives us an open and accountable way to make the difficult choices necessitated by the reality of fiscal limits. It can certainly be improved upon -- and we should strive to do so -- but it offers us a rational framework for benefit design.

Second, a recommitment to the proposition that caring for the poor is a social responsibility and that the cost and risk of expansion must be equally shared. I recognize the challenges inherent in this principle, but I also believe that it is the only way that we will ultimately succeed. In spite of the chaos in some parts of the state, other areas have offered compelling evidence that the management of cost and the delivery of services under the OHP can be optimized through a community-based model which includes a cooperative relationship between doctors and hospitals.

Third, a recommitment to the goal of universal coverage, recognizing that to achieve that goal will require additional waivers from the federal government. Without this effort, the OHP will continue to be a Medicaid expansion only -- not a strategy to ensure that all Oregonians have coverage and access to affordable, quality health care. We were able to make the case for the waiver that enabled us to implement the OHP in 1994. If we are united, I believe that we can make that case again.

Finally, a recommitment to addressing the problem of rising costs. The current rate of medical inflation is unsustainable, yet to stem it will require a series of choices no less difficult than those we have faced in developing a basic benefit package. These choices are being made today by default, in a way that simply increases the number of the uninsured and has no real impact on medical inflation. I think we can do better than that.

The key to appropriate cost containment lies with consumers, purchasers and physicians. Consumers and purchasers must come together to create agreement on how to control costs while safe-guarding quality -- on how to garner the greatest value possible for the investments we make in health care. Physicians must bring to the table clinical information concerning the effectiveness and appropriateness of care.

Within each of these four commitments there is much room for disagreement --but also much room for compromise and

creativity. It is my hope that this summit will provide the impetus needed to reenergize the health care debate in Oregon with a focus on those things we share, rather than on the areas over which we now seem divided.

Abandoning the OHP will not serve our common interests. On the contrary, it will take us back to 1993 -- before we had the federal waiver. 90,000 people will find themselves without health insurance coverage and we will lose over \$400 million in federal funds from our health care system.

Without the OHP, those without a way to pay for their care will increase, not decrease. There will be less money in the system, not more. ER visits will increase and so will uncompensated care. Many hospitals will find themselves in trouble. Competition and risk-avoidance will increase; trust and cooperation would be further compromised. And we will become just another state with a health care system in disarray, a state without a plan, a state that has, by default, allowed its health care future to become a matter of chance, rather than a matter of choice. Oregon deserves better than that.

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Governor John Kitzhaber

**Can we have it all:
A healthy economy, a clean environment, great livability?
Chataqua**

August 28, 2000

When we talk about a healthy economy, a clean environment and great livability we are really talking about quality of life which, to me, represents a combination of elements which, together, produce the richness of place and experience that we associate with Oregon.

These elements encompass more than the stunning beauty and powerful landscapes of our natural environment -- although these clearly help define us. They also encompass a strong economy with jobs and job security; and educational opportunities for our children and increasingly for adults of all ages as economic success becomes ever more closely linked to knowledge and information. And quality of life encompasses safe, secure communities where people have a sense of belonging and purpose and a commitment to each other.

These elements are something we hold in common -- they represent a common set of desires and aspirations that add value and quality to our lives. All Oregonians want these same things, no matter where they live or what they do for a living. And our efforts to secure them has, at least in the past, been a joint undertaking that produced a kind of cohesiveness that has held us together and allowed us to act in concert for the good of the larger Oregon community.

To put it another way -- imagine Oregon as a fabric woven from threads which represent these varied elements of a good quality of life. If all the threads are present and balanced, the fabric is strong and rich. It is a fabric of high quality, if you will. But if any of these threads are missing -- anywhere is Oregon -- then the entire fabric is weakened and its quality is diminished.

Today, the threads of our quality of life are beginning to fray and unravel -- albeit for different reasons in different parts of the state. As a result, we are losing that cohesiveness and sense of common purpose that held us together in the past and allowed us to act as an Oregon community to meet the challenges that faced us.

Throughout Oregon, people are anxious and uncertain because the world is changing, because their lives are filled with change -- and because the landscape that has helped define them is changing as well. They perceive that they are losing something valuable -- that their quality of life is at risk and that they have little control over it.

There are three basic causes for what is happening around us: (1) globalization and the shift from a natural resource-based economy to an information-based economy; (2) the impact of meeting federal environmental standards, especially the Endangered Species Act and the Clean Water Act; and (3) the impact of growth on Oregon communities.

These things, which have taken place over the last 20 years, have affected all parts of Oregon -- albeit in different ways -- and have brought about a far reaching reversal in the fortunes of urban and rural Oregon.

From 1980 to 1999, wood products employment in Oregon declined nearly 30 percent while high technology employment increased 102 percent. Twenty years ago there were 69,500 well-paying timber jobs in Oregon. Over 25,000 of those were lost during the recession of 1980-1982, a time during which Oregon added over 3,000 hi tech jobs.

While the wood products industry experienced a strong post-recession recovery, the 1990 listing of the Northern Spotted Owl under the ESA brought about a permanent loss of over 20,000 -- a loss occurring almost entirely in rural counties containing federal forests. By contrast, the high technology industry -- predominately in Portland and the Willamette Valley -- has grown by nearly 30,000 jobs since 1990 alone.

These events have had a significant impact on our quality of life.

In urban Oregon, economic expansion has brought with it abundant jobs, increasing incomes, more consumer choices and a wide array of public services. At the same time, however, there have been negative consequences to this economic success: dramatic population growth, sprawl, congestion, an overburdened public infrastructure and pollution.

In rural Oregon, by contrast, many communities face decline and stagnation. These communities face a different kind of threat to their livability -- to their quality of life: low wages, high unemployment, the loss of business opportunities and the migration of their youth to other communities that offer more career choices.

And in both urban and rural Oregon, the challenge of meeting the requirements of federal environmental laws is becoming a central issue. In some respects, rural Oregon has had more experience with this -- particularly the timber industry with the 1990 listing of the owl. But this is clearly a shared responsibility.

The point is that in both urban and rural Oregon, our quality of life is under siege. Community stability and cohesiveness is being threatened by economic expansion and too many people on the one hand, and by economic stagnation and the out-migration of youth on the other. And if we hope to "have it all" we will have to address three things: (1) two sets of different, but interrelated economic and growth-related issues, one set in urban Oregon and one set in rural Oregon; (2) recasting the environmental debate; and (3) recognizing our new budget reality and refocusing our priorities. (In the interest of time, I will touch only on the first two today, but would be happy to discuss the 3rd during the question and answer period.)

Rural Oregon

Let's start with that set of issues affecting primarily rural Oregon. The challenges in the non-metropolitan parts of the state are: (1) not enough public infrastructure to diversify the economy; (2) job loss and outmigration, especially of the young; and (3) continued reliance on natural resource industries which, in many cases, employ practices that contribute to the challenge of meeting the ESA and Clean Water Act.

In short, rural Oregon needs a more diversified and environmentally sustainable economic base which provides a wider range of job opportunities. To accomplish this will require some significant infrastructure investments and some fundamental changes in our natural resource industries.

Now, even while we work toward rural economic diversification, we must recognize that the natural resource industries will continue to be both a cornerstone of the rural economies and a major contributor to Oregon's economy as a whole. In 1998/99, for example, production agriculture and food processing contributed a total of \$5.5 billion to the Oregon economy. And the wood products industry in our state still employs 49,000 people.

To maintain healthy natural resource industries in rural Oregon, however, these industries must recognize the impact of globalization on the markets which have historically supported them. For example, among the elements of the agriculture industry that are suffering the most today, are those who continue to grow bulk commodities like wheat.

Oregon soft white wheat yields the best pastry flour in the world and in the past almost 80 percent of it has been exported as a bulk commodity into the international market -- which has set a pattern of behavior that has helped define the wheat industry.

This mindset and the strong adherence to the practice of growing large amounts of unprocessed bulk commodities is one of the main obstacles to maintaining the viability of the wheat industry in northeast Oregon. The People's Republic of China, for example, with few environmental and labor laws has the capacity to raise far more wheat at a much lower cost than we can.

Gilliam County Judge Laura Pryor, in a recent paper about the agricultural economy of eastern Oregon, wrote that the single greatest obstacle to finding solutions is the resistance of the local grower to objectively consider alternative practices. (This also applies to the environmental impact of these industries, a point I will touch on later).

Those elements of the agriculture industry that are doing well, by contrast, are largely those that add value through processing, pursue organic production or some other niche-marketing effort that differentiates their commodities. The nursery industry, which today is Oregon's number one commodity, offers an excellent example.

While the natural resource industries will continue to be a cornerstone of the rural economy – it is equally important to broaden and diversify the rural economic base. That means infrastructure: investments in roads, water and sewer systems, and telecommunications. Indeed, I believe that giving rural Oregon access to broad band fiber optic cable will prove as important as was rural electrification in the first half of the last century. My administration is aggressively pursuing this objective through the Oregon Enterprise Network.

Urban Oregon

In urban Oregon the challenges are: (1) an overwhelmed public infrastructure from schools to roads to water and sewer systems; (2) increasingly severe traffic problems which reduce quality of life through congestion and decreased mobility, and affect economic viability by increasing transit time (and thus the cost) of products being moved by truck; (3) sprawl; and (4) serious non-point source pollution problems which erode watershed health and contribute to the challenge of meeting the ESA and Clean Water Act.

The rapid increase in population is probably the single most important contributing factor to both the overburdened infrastructure and the growing traffic problems being experienced in urban areas from Washington County, to Bend and Medford. And as long as Oregon has great livability and a strong economy, people will continue to come here. And as long as there are more job opportunities in the urban parts of the state, those areas will absorb a disproportionate share of that growth.

Growth is a double-edged sword. On the one hand, it is associated with the economic benefits of a strong economy. On the other hand, it can erode livability by contributing to such things as sprawl, congestion and pollution.

There are several ways growth can be slowed, and even reversed. One way would be to put the economy in the tank. During the last recession, Oregon actually lost population. Another way would be to destroy our livability so that Oregon is no longer such a nice place to live. I don't think anyone would advocate for either of these approaches. That leaves two other options. One is to stop subsidizing growth and the other is to do a better job of managing growth.

On the surface, most people would probably say that we should not be subsidizing the very growth that is threatening Oregon's quality of life. But, in fact, we are. For example, every new house built in Oregon requires services: sewers, roads, fire and police protection and, in many cases, schools. None of these costs are fully paid by either the developer or the home buyer. In fact, as my Task Force on Growth noted, growth exacerbates government revenue problems, it does not relieve them.

In addition, our tax policy encourages growth both through business subsidies and encouraging larger rather than smaller families.

I recognize that changing these policies that subsidize growth is a very controversial proposition, and I assume that we are not yet ready to take these things on. Ultimately, however -- if we want to "have it all" -- I believe that we are going to have to come to terms with these questions. Our state has a finite "carrying capacity," if you will. We cannot forever absorb 40-50,000 new residents a year without losing part of what makes Oregon so special. We may not be ready to tackle these questions today, but let us not forget the words of the late writer Edward Abbey, "Growth for growth's

sake is the ideology of the cancer cell."

This leaves us with the option of better managing the growth we are getting. To me this entails three things: increasing density, developing new strategies to deal with our transportation challenges, and rethinking our economic development policies.

Increasing density. It is fair to say that there are two things Oregonians don't like (I mean other than a sales tax and self-service gas): they don't like sprawl and they don't like density. Well, we have to get over that. We all know that sprawl is not only expensive, but that it reduces our livability as well. While increasing density is less expensive, it too can reduce livability-- but it doesn't have to. Look at the Pearl district and Martin Luther King Blvd. in Portland and the conversion of the Old Mill Site in Bend.

Therefore, we must adopt policies that facilitate and encourage the revitalization of downtowns and mainstreets as community centers -- and that strengthen our neighborhoods. Policies that encourage and provide incentives for mixed-use development. Policies that provide a range of transportation and housing options so that people in our urban centers can be mobile without using their cars and can age in place in their own neighborhoods.

Transportation. It is no secret that I believe our Highway Trust Fund is undercapitalized. Not only are we falling behind not only in the maintenance and preservation of our existing transportation infrastructure, there is a crying need for additional resources for some strategic capital construction projects to relieve congestion and facilitate freight movement.

At the same time we need to accept two realities. The first one is that we are not going to get the kind of infusion of new revenue into the Trust Fund that we need to address these problems. The transportation funding package that was voted on in May was defeated by a margin of 88-12. And while there is now talk of AAA introducing a three cent gas tax increase next session, I for one, have no stomach to waste anymore time and energy on the intractable and self-serving debate between that organization and the truckers.

And even if we got a three cent increase, it would not even begin to address the unmet need. Furthermore, the gas tax itself is becoming less and less attractive as the primary source of highway funds for the 21st century. As cars grow ever more fuel efficient, each cent of gas tax will generate less and less revenue.

The second reality is that we cannot build our way out of our traffic problems. That is, money for new capital construction alone will not buy us the mobility and livability we desire. If you doubt this just look to Los Angeles or Atlanta, two cities that pursued that strategy. That means that we need to do a much better job of managing the demand side.

For example, creating incentives and/or disincentives that change how and when people use the transportation system. The Sunset highway between Portland and Hillsboro is a case in point. During the morning and evening commutes, it is three solid lanes of bumper-to-bumper traffic. At other times of the day two lanes or less could efficiently accommodate the traffic load. My point is that the problem on the Sunset is not a capacity problem, it is a timing problem. And if we don't have the resources to build another lane, then we need to more efficiently use the capacity we do have.

I know this is controversial -- my 1997 proposals for a vehicle miles traveled tax and for broadening the base for highway funding -- were dead on arrival. But traffic congestion is controversial too. And if we want to "have it all" we are going to have to make some difficult choices. Nobody is going to hand this to us.

Other steps to deal with our transportation problems include better access management to protect the capacity of our state highways, in particular, which are designed to move people between cities. Yet there are many instances of development patterns that allow municipalities to capture a portion of a state -- or even interstate -- highway for its mainstreet. A lot of the highway capacity on I-5 at Wilsonville, Medford and Roseburg, for example, is taken up not by people traveling from California to Washington, but rather by people going from one end of town to another. To address this we need resources for these communities to develop frontage roads and street networks.

Finally, we need to encourage and finance transit and other transportation options. I continue to believe that a portion of

the Highway Trust Fund should be dedicated to this purpose. It makes no sense to have a dedicated fund that will provide \$30 million to add a lane to an area with heavy commuter traffic, but not \$500,000 for commuter buses that could alleviate the need for the new lane in the first place.

Economic development. As we continue to attract new businesses to Oregon, and as our existing businesses continue to expand, we need to develop a strategic plan to direct some of that development away from high growth areas (at least until the capacity of the infrastructure catches up with the demand) and into those areas that desperately need jobs and a more diversified economic base.

The one thing that is common to the challenges facing urban and rural Oregon is the need for money to invest in infrastructure and some way to ensure that these resources are invested wisely.

In the last legislative session I was able to win passage of virtually all of the elements of what I call the Oregon Livability Initiative. This involves the 21st Century Community Fund which is capitalized with \$140 million. These funds are reserved specifically for the kinds of things that can make a difference in both urban and rural Oregon. They are targeted for rebuilding rural and distressed urban economies; for local street networks; for community infrastructure investments in sewer and water systems; for providing community incentives to revitalize downtowns and main streets as community centers; and for affordable housing.

Because of the importance of targeted infrastructure investments to our livability and economic stability, I will ask the next Legislature to use some of the capacity we still have to issue lottery backed bonds to make additional resources available for this purpose. These resources would give us the ability to upgrade water and sewer systems to meet water quality standards; to make infrastructure investments in rural communities to foster economic diversification; and to provide gap financing to help revitalize downtowns.

To understand the potential magnitude here if, for example, we took full advantage of the available bonding capacity we could issue \$200 million in bonds over a three year period. This state commitment would stimulate over \$1 billion in state and local investments in community infrastructure over the next 10 – 12 years.

Because funds are only in part need based – but are also backed by charges to pay for infrastructure – our state revolving fund could accumulate a powerful base of capital for future investment in community infrastructure. At the end of a 10-12 year period, Oregon would be able to make infrastructure investments of \$55 million a year on a sustainable basis.

To take full advantage of these infrastructure resources, however, we must be able to target them in a coordinate way that maximizes their impact. Towards that end, I created the Community Solutions Team with which many of you are familiar. It is made up of the heads of those five agencies that effect how communities develop physically: Transportation, Housing, Economic Development, Land Use and Environmental Quality.

There are now Community Solutions Teams in each region of the state operating with the motto: "solve problems – don't just run programs". These teams coordinate state resources to help solve problems which are defined by the community. Success depends not only on this kind of assistance and coordination from the state agencies, but even more on local community leadership with a clear vision of how they want to develop -- leadership that is willing to make some of the difficult tradeoffs involved with "having it all."

Environment

Finally, let me say something about our environment and about ensuring that Oregon continues to enjoy clean water and healthy ecosystems. Probably nothing is more closely associated with Oregon than its natural environment and its ethic of environmental stewardship. If we are to maintain that ethic as a legacy for the future than we must recognize the futility of relying solely on the traditional tools of regulation and litigation to advance the cause of environmental health. Take the issue of water quality as a case in point.

Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing the late Governor McCall when he led the effort to clean up Oregon's Willamette River in the 1970's.

Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing nonpoint-source pollution -- perhaps the major challenge facing us on the Willamette River and throughout the West today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, Eugene and, yes, Coos Bay and Roseburg. This involves what people put on their lawns, whether or not they wash their cars in the driveway with detergent, and hundreds of other individual actions that contribute to the nonpoint source pollution load.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will a long term commitment to sustained environmental stewardship -- by millions of people living in the watershed -- most of them living in the city.

The fact is that we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that call for, and result in, greater individual responsibility and accountability for our air, land and water.

You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts. You can only achieve that through a collaborative and cooperative process that engages thousands of people and gives them a stake in the problem and some degree of ownership in the solution.

We must also recognize -- particularly in rural Oregon -- that preserving and restoring ecosystem and watershed health is only an issue because of the growing conflict between economic interests and environmental interests. Therefore, our approach must be based on a policy that recognizes and balances a broad range of interests -- a broad range of values -- and that reduces polarization and increases collaboration.

That means two things. First, that those in the natural resource industries must be willing to examine their practices and be open to modifications that will reduce the impact of their economic activities on the natural environment. We are beginning to achieve this objective through the Oregon Plan for Salmon and Watersheds, the Healthy Streams Partnership, the Forest Practices Advisory Committee and through the development of the Willamette Restoration Initiative.

Second, success means that the rests of us must separate the people from the practices -- we must acknowledge the legitimacy of their need to earn a living and of their contribution to our state, even as we work to help them modify their practices. We must remember, for example, that the farming way of life -- the farming culture -- goes back over 150 years and is part of the fabric and heritage of the West. It is a part of who we are as Oregonians. Attacking people and their way of life creates resistance and little gain. Acknowledging people and their legitimacy and focusing on practices, however, can lead us to the future we desire.

Let me say in closing that the sum total of all these actions and policies -- if we are successful in achieving them -- amounts to nothing short of a sustainable Oregon. I define sustainability as managing the use, development, and protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs.

Imagine, if you will, three overlapping circles -- one representing economic needs, one representing environmental needs and one representing community or social needs. The area where the three circles overlap is the area of sustainability, the area of livability -- the area where all the threads of quality of life come together.

If we are to "have it all" we must recognize that these three circles are not separate, unrelated entities. Rather they are the common desires and aspirations of all Oregonians and we must therefore strive to ensure that our efforts result in simultaneously meeting environmental, economic, and community needs throughout our state.

As William Jennings Bryan said: "Destiny is not a matter of chance, it is a matter of choice. It is not something to be waited for, it is something to achieved." If we are willing to recommit ourselves to the Oregon community -- and to the

proposition of "One state, one people, one destiny" -- than surely we can "have it all."

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Governor John Kitzhaber

**Building Oregon Communities
Pendleton, Oregon**

August 3, 2000

As many of you know, I gave a speech last February to the American Fisheries Society in Eugene about salmon recovery in the Columbia River Basin. In that speech I said that a recovery strategy which included breaching the Lower Snake River dams was one option which should be considered. I remember showing the draft of the speech to one of my staff, who after reading it said, "Well, there go your Round-Up tickets."

Be that as it may, I am glad to be back in Pendleton today to talk not only about the challenges presented to all Oregonians by federal environmental laws, but also about the economic challenges faced by much of rural Oregon and by Oregon's agricultural community and how together we can meet these challenges.

Because after almost six years in this office, I still believe that what binds us together as Oregonians is far greater and far stronger than those things that separate us. I still believe what I said in 1995 in my first inaugural address -- one state, one people, one destiny.

Now that might sound like high-flying rhetoric, but it expresses one of my most deeply held principles: that we as a state must equally share the burden of ensuring clean air, clean water and restoration of the Columbia River ecosystem and the salmon and people that depend on it. And that we must also equally share the benefits of prosperity by ensuring that our great economy is not just an urban phenomenon but is an Oregon phenomenon.

Neither of these things is happening today but I am convinced that together we can do something about it.

Let's start with the environmental challenges facing Oregon and the Pacific Northwest. Last week I flew to Boise where Idaho Governor Dirk Kempthorne and I, along with Governor Gary Locke of Washington and Governor Marc Racicot of Montana, announced a four-state agreement on how to recover salmon in the Columbia River Basin.

This agreement is significant for three reasons. First, it was created by two Democratic and two Republican governors over the span of the last five years. While this agreement needs additional detail it represents a comprehensive approach to ecosystem restoration and serves as a reminder to all of us that there exists broad common ground on which we can act as a region.

Second, it acknowledges that the regional solution to this challenge involves a balancing of shared values: the value of a healthy natural environment in which we all must live and the value of a strong economy and of jobs and job security.

The agreement rejects the notion that this is a choice between environmental health and economic benefits but rather

represents a commitment on the part of the northwest governors to work together as a region to have both.

Finally, the agreement reflects acknowledgement of the importance of our national environmental laws like the Clean Water Act and the Endangered Species Act -- as well as the importance of meeting our treaty obligations to the sovereign tribes of the Northwest.

The agreement recognizes that the question is not whether we comply with these laws and treaty obligations, but how we do so. Whether we will take the lead ourselves and own the solution as a region, or whether we will have a solution imposed upon us by the courts or by the balkanized arms of the federal government.

I strongly believe in national environmental standards and a statutory framework to support them. I recognize the importance of regulation and access to the courts and achieving compliance with those standards.

But I also believe just as strongly that there are limits to the effectiveness of this approach. Regulations can keep people from doing the wrong thing but they provide no incentives for people to do the right thing. We are going to get beyond the current conflict between economic development and environmental stewardship only when we view both values in the context of what I call sustainability.

I define sustainability as managing the use, the development and the protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs. What is important to understand about this definition is that it requires simultaneously meeting environmental, economic and community needs. Imagine three circles, one representing environmental needs, one representing economic needs and one representing social or community needs. The area where these three circles overlap is the area of sustainability.

Historically, the debate between economic development and environmental stewardship has been cast in a way that views these three circles as separate unrelated entities. Thus the debate was a zero sum debate. A debate that always involved a winner and a loser.

Our challenge is to understand that environmental and economic and community needs are interrelated and our efforts must be to increase the area where these three circles overlap.

Therefore, we must pursue an approach that does not rely solely on regulation but rather one which involves private landowners in the decision-making process and which gives them both a stake in the problem and some investment and ownership in the solution.

That is the philosophy that lies at the heart of the Oregon Plan for Salmon and Watershed Restoration. It is an approach in which we at the local level assume responsibility stream by stream, river by river, and watershed by watershed. And that is why the Oregon Plan for Salmon and Watershed Restoration has received broad bi-partisan support including funding over the last two legislative sessions. What we are attempting to do in the Columbia River Basin, at least in the context of the Four Governors' Agreement, is an extension of that philosophy and an extension of that approach.

I have invited representatives from six northeast Oregon watershed councils to attend today and I would like them to stand and be recognized. It is important for you to know that these people are the foot soldiers in Oregon of our efforts to restore and maintain healthy watersheds and they deserve our thanks and our support because it is through our watershed councils that I think we are ultimately going to be successful.

Not through regulation, although that has a role to play; not through litigation, although that occasionally may be necessary; but by empowering citizens in their local communities and by evoking the power of place and by making Oregonians full partners and full participants in the restoration activities that they have helped develop and are committed to and are important because they improve the very place where they live and raise their families.

Meeting our environmental challenges is by no means the only difficult issue facing Oregon -- and particularly rural Oregon.

I am referring specifically to our economy and to ensuring that our entire state benefits from a strong economy -- not just a part of the state.

Unfortunately, that is not happening today. The prosperity of the last six years has been focused disproportionately on urban Oregon. And while we must continue to support the economic base in Portland and in the Willamette Valley, we must take steps to extend that prosperity to Eastern Oregon, to Southern Oregon and to the Coast.

We need to recognize that in the last 20 years an important and far-reaching reversal has occurred in the fortunes of urban and rural Oregon.

Before the recession of the early 1980's rural Oregonians, on average, were wealthier than rural residents elsewhere in America. On the same token urban Oregonians, on average, were poorer than urban residents elsewhere in America.

Twenty years later this situation has completely reversed itself for two primary reasons. First, there has been a loss of relatively high paying natural resource jobs in rural Oregon causing incomes to fall below the national average. At the same time, in urban Oregon, and particularly in the tri-county area, incomes have gone up as we have added tens of thousands of well paying research, design, building and marketing jobs in the high-tech industry.

If we hope to keep Oregon together -- to maintain the Oregon community -- we cannot sustain this trend. We cannot settle for a state of rich and poor. Just as environmental stewardship is a shared responsibility, so is economic prosperity.

As I approach my last legislative session as Governor, I will be redoubling my commitment and my efforts to build the foundation for a socially, economically and environmentally sustainable rural Oregon. There are two fundamental elements to my approach: agriculture and infrastructure.

Let's start with agriculture. Agriculture has been, and will continue to be, a cornerstone of Oregon's rural economy. Furthermore, agriculture is important to the entire state for a number of reasons.

First, agriculture is important economically. Production agriculture contributed \$3.47 billion to the economy in 1998/99. Value added processing added another \$2 billion. Thus, the total agricultural contribution to the Oregon economy in 1998/99 was \$5.5 billion. This is clearly an important element of our economic base.

Second, agriculture is important to what I refer to as "Oregon the place." One of the main objectives of our land-use planning program has been to maintain the land base for agriculture and forestry. This is reflected in planning goals 3 and 4. Population growth and urbanization can threaten our natural resource based industries and our efforts to protect these lands have helped to preserve not only these industries but also the open spaces and powerful rural landscapes that help define this place we call Oregon.

Third, agriculture contributes to the Oregon community. The farming way of life -- the farming culture -- contributes to who we are as Oregonians. It is a part of the fabric and heritage of the West. Go back 150 years to those who founded our state, the fiercely independent, living close to the land, proud solid community members -- the farming culture is part of who we are.

We cannot afford to lose any of these values. Yet today much of agriculture is struggling.

Of course there are some bright spots -- the nursery and greenhouse industry, blueberries, wine grapes and hazelnuts. But many segments are struggling and others are in real trouble such as wheat, apples, mint and onions.

We have seen the bankruptcy of Agribiotech. We have seen the bankruptcy of Agripac and we have seen for the first time since 1985 a reduction in farm production in Oregon. So our challenge is to find ways to increase and maintain or to sustain, if you will, a viable agricultural industry in Oregon. I fervently believe that we can do that. Not without effort, not without investment and not without opening our minds to new possibilities. Let me just take wheat as an example.

As you all know it is a major commodity produced in this part of the state and soft white wheat yields the best pastry flour in the world. It is very important in making oriental noodles and flat breads and almost all of that wheat is exported as a bulk commodity into the international marketplace. Selling wheat into the international market for such a long time has set a pattern of behavior and activity which has helped define the wheat industry. The federal farm program has reinforced this pattern.

This mindset and the strong adherence to this practice of growing large amounts or increasing the amount per acre of an unprocessed bulk commodity is one of the main obstacles in maintaining the viability of the wheat industry in northeast Oregon. If we hitch the future of the wheat industry solely to mass production of a raw product for export into the international market then I fear for the future of that industry.

The People's Republic of China, for example, with few environmental laws and no labor laws, has the capacity to raise a lot more wheat at a much lower price than we can ever raise in northeast Oregon particularly when we are dealing in an international marketplace. So we need to be open, it seems to me, to look at alternatives. Taking whatever steps are necessary to add value. Aggressively developing domestic markets as well as international markets and considering other varieties of wheat and even other potential crops such as rapeseed for example.

Gilliam County Judge Laura Pryor, who many of you are familiar with, in a recent paper about the agricultural economy of Eastern Oregon wrote that the single greatest obstacle to finding solutions is the resistance of the local grower to objectively consider alternative practices.

The average grower will discuss seriously only those possibilities that are integral to the basic production of masses of raw product. I want you to work with me on this. I believe that if we are willing to open our minds to new possibilities, if we are willing to make significant investments in research and technology, and if we are willing to work together as partners, then we can and will continue to have a healthy agricultural industry here and throughout Oregon with all the economic and cultural benefits that come with it.

Let me now turn to the second element of my strategy: infrastructure. While agriculture and other natural resource industries continue to be a cornerstone of the rural economy -- we must also strive to broaden and diversify the economic base in rural Oregon. That means infrastructure: investments in roads, water and sewer systems, and telecommunications.

Remember that the history of economic development in the West, and in Oregon, is a history of private investment following public investment. Public investment in the railroads, the highways and more recently in telecommunication infrastructure provides the basis for private investment to stimulate new economic activity in rural Oregon. In short, rural Oregon must have adequate infrastructure if it is to diversify its economic base.

This will require two things. First, having the money to invest in infrastructure and second, ensuring that these resources are invested wisely. Let's start with the question of money for infrastructure.

In the last legislative session I was able to win passage of virtually all of the elements of what I call the Oregon Livability Initiative. This involves the 21st Century Community Fund that is capitalized with \$140 million. These funds are reserved specifically for rebuilding rural and distressed urban economies. They are available for local street networks, for community infrastructure investments in sewer and water systems, in ensuring safe drinking water, in providing community incentives to revitalize downtowns and main streets as community centers, and for affordable housing.

But we cannot stop here. Next session I will ask the Legislature to use some of the capacity we still have to issue lottery backed bonds to make additional resources available for infrastructure investments. These resources would give us the ability to bring wastewater and water systems up to water quality standards. They would give us the ability to make infrastructure investments in order to entice new businesses into a community. They can provide gap financing to help revitalize downtowns.

To understand the potential magnitude if, for example, we took full advantage of the available bonding capacity we could issue \$200 million in bonds over a three-year period. This state commitment would stimulate over \$1 billion in

state and local investments in community infrastructure over the next 10–12 years.

Because funds are only in part need based -- but are also backed by charges to pay for infrastructure -- our state revolving fund could accumulate a powerful base of capital for future investment in community infrastructure. At the end of a 10-12 year period, Oregon would be able to make infrastructure investments of \$55 million a year on a sustainable basis.

To take full advantage of these infrastructure resources, however, we must be able to target them in a coordinated way that maximizes their impact. Towards that end, I created the Community Solutions Team which is made up of the heads of those five agencies that effect how communities develop physically: Transportation, Housing, Economic Development, Land Use and Environmental Quality.

The Community Solutions Team motto is to “solve problems – not just run programs.” The Community Solutions Team was created to help solve problems that are defined by the community. I believe that it is imperative that when a community gets together to tackle a problem the state should meet that leadership with enthusiasm and with an attitude of “we are going to help this community succeed” -- rather than “here are five regulations with which you are not complying.”

The Community Solutions Team approach has met with great success and is involved in initiatives as diverse as the Pendleton downtown fire project, Oregon Trail Beef, the Boardman Convention Center, trying to locate a composition wood product manufacturing plant in Pilot Rock and in the expansion of the Tillamook dairy to Boardman.

During the last legislative session we were able to win funding for five regional Community Solution Teams – so now every region in Oregon has access to this kind of support and assistance.

But if we are going to retain agriculture and forestry as an important component of our economic base, and if we are going to wisely use infrastructure dollars to broaden and diversify rural economies and to revitalize rural communities, than the success ultimately is going to depend on you and on leadership that comes from the community.

It is going to require that rural communities throughout Oregon develop a very clear vision of what they want to be and that vision and that community leadership can't come from Salem. It has to come from the community. If the community doesn't have consensus and leadership about where they want to go and how they want to develop, then you are simply not going to get there regardless of how much infrastructure money is available.

This is a community that I think is on the leading edge of having a clear idea of who it is and where it wants to go. I want to do all I can to assist you in getting there. My goal as governor has been to create a government that can help you achieve that vision. I have fought to put in place funding so that you have access to the infrastructure dollars that you need. I fought to coordinate state agencies through the Community Solutions Team so that they will be partners to help ensure that those resources are coordinated and able to deliver the greatest return on your investments.

I have fought to put in place an approach to meet national and state environmental standards and laws in a way that not only recognizes the importance of economic and community needs but that makes individual Oregonians full partners and participants in developing and implementing strategies of environmental health.

So today let us recommit ourselves to rebuilding the Oregon community from the Pacific Ocean to Ontario, from Boardman to Lakeview. I look forward to working with you over the remaining two years and beyond in common cause to achieve this objective.

If I can sum up my message to you today it would be a message of hope. Hope that we have the wisdom to work together to restore the health of our environment. Hope that we have the tenacity to reinvent our natural resource based industries so that they are sustainable and competitive. Hope that we have the vision to invest in the foundation of wealth throughout Oregon and particularly in our rural communities. One people, one state, one destiny. That will only become a reality if we choose to make it so. Today I ask you to join me in making those words a cornerstone of Oregon's future.

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Governor John Kitzhaber

**Oregon Environmental Council Speech
Eugene, Oregon**

June 22, 2000

Good morning.

I want to start by saying how much I appreciate the work your organization does. We are allies on many causes and only occasionally on opposite sides of an issue. And when we are, I appreciate the open and frank dialogue we share about our differences.

This morning, I want to spend my time with you tying together several threads that comprise my thinking about Oregon's environment and about how we proceed in this new century to preserve not only our environment but our quality of life as well.

There are three principles I will be talking about today. First, we must recognize the inherent tension that exists between economic development and long-term environmental stewardship. A sound economy is important to the West. So is the health of the natural environment in which we must all live. Therefore, environmental policy must be developed in a way that balances a broad range of interests -- a broad range of values -- and that reduces polarization and increases collaboration.

Second, we must recognize that as we enter the 21st Century, our environmental problems are becoming more complicated and more challenging -- and have complex economic and social interconnections. And while some environmental problems will still respond to the traditional tools of regulation and litigation, we are at a point in time where we need to be open to new tools, new perspectives and new approaches.

Third, we must recognize that environmental policy must be based on a commitment to sustainability -- which I define as managing the use, development, and protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs.

The work of the Willamette Restoration Initiative Board and the board's recent report, "Renewing Our Commitment" reflect these principles -- and I offer it as an example.

Let me start with the first principle: developing environmental policy which balances a broad range of interests or values and which reduces polarization and increases collaboration.

As many of you know, we have been working for the last two years to develop a restoration strategy for the Willamette River Basin as a new chapter to the Oregon Plan for Salmon and Watersheds. Unlike our ongoing coastal watershed restoration efforts, however, the Willamette Basin poses a particular challenge because it involves not only agriculture

and forest issues, but is also the home to most of Oregon's urban population. The issue is further complicated by hydroelectric facilities on some of the river's major tributaries.

In the past, the Willamette Basin was breath-takingly beautiful -- a valley whose glory was a meandering river with tributaries surrounded by diverse landscapes of wetlands, prairies, and forests. Fish were plentiful, and for thousands of years, Native Americans depended on the Willamette River for their physical and spiritual sustenance. The Willamette River was the River of Life. However, the 19th century settlement of the Willamette Basin and our subsequent use of the natural resources of the basin have taken a toll on the river and its landscape.

Hundreds of miles of riparian areas have been damaged by industrial activities, harvest and grazing practices, road building, urbanisation, and agricultural practices. Ironically, the long term results have not been good for anyone. On the one hand, a number of species that depend on a healthy watershed have suffered severe declines. On the other hand, natural resource based communities have seen declines in employment.

Rejecting the traditional tools of conflict and confrontation, the WRI Board set about to establish a restoration strategy for the basin that will both restore ecosystem health and preserve the economic vitality of the communities in the basin. This effort involved a board of highly respected citizens and stakeholders from the Willamette Basin. Their work led to a broadly supported set of 17 recommended actions for restoring the health of the Willamette Basin Ecosystem.

The WRI Board, working with my office, other local, state and federal agencies and with the private citizens of the Willamette Basin, is now engaged in adding details and identifying and filling in the gaps in the proposed strategy. Their final recommendations will be subject to extensive public review.

Undertaking such an effort to balance different values is an approach that is helping to recast the debate between economic development and environmental health. And it is not easy largely because this debate has historically been cast as a black and white one -- with stakeholders on opposite sides of the issue operating from deeply entrenched positions. For well over a century, it has been cast as an either or debate in which economic benefits are pitted against environmental health -- a debate in which there must always be a winner and a loser.

To recast the debate requires that management plans -- such as the one being proposed by the WRI -- be built on the foundation of a single, overarching policy objective, in this case, the restoration of watershed health.

It is important to point out that by focusing on protecting and restoring watershed health we are not elevating the importance of one particular value over another. Rather, the objective is to restore a healthy, productive and sustainable ecosystem that, over time and across the landscape, can provide a full range of social, economic, and environmental benefits.

Thus, having watershed health as the overarching policy objective does not place one value ahead of any other value because watershed health encompasses each of these other values. We cannot provide sustainable forest products, for example, assure clean water and provide habitat for species unless we first have a healthy functioning ecosystem. The three legs upon which the strategy stands -- social, environmental and economic -- are all interwoven and are all dependent first on a healthy functioning watershed.

Now, the second principle -- that we must be open to new tools, new perspectives and new approaches when tackling environmental challenges -- is also reflected in the Oregon Plan, of which the WRI is a major chapter. To illustrate this principle, let me offer a bit of history.

Shortly after my first election in 1994, the National Marine Fishery Service gave notice of a possible listing of our coastal coho salmon. Having lived through the polarizing aftermath of the 1990 listing of the Northern Spotted Owl, I began to look for a different way to comply with the Endangered Species Act -- not just to avoid another divisive natural resource war (although that is an important objective in itself), but because I did not believe that relying solely on this act would ultimately save the salmon.

We must remember that the primary role of the federal government under the ESA is a regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the

wrong things but it provides no incentive for them to do the right thing.

So while the ESA can prevent landowners from engaging in activities that result in an intentional or unintentional kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70 percent of coho salmon habitat in Oregon lies on privately owned land and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding take.

As a result, the Oregon Plan for Salmon and Watersheds was designed to involve, empower and encourage private landowners to make voluntary commitments to watershed restoration and habitat restoration. And it works. Over the past three years these voluntary efforts have:

- Taken more than 400 stream miles off the EPA list of streams out of compliance with the Clean Water Act;
- Reopened over 430 miles of habitat by replacing culverts which were impeding fish passage;
- Decommissioned or upgraded over 1470 miles of roads to reduce erosion, and;
- fenced more than 400 miles of stream to improve riparian areas.

This represents far more on the ground progress than could ever have been compelled by the regulatory aspects of the Endangered Species Act alone.

The ESA was passed in 1973 to "... provide a means whereby the ecosystems upon which endangered species and threatened species depend may be conserved." With ecosystem conservation as the objective, application of the ESA is a means to that end -- not the end in itself. Therefore, the question we need to ask ourselves is not whether we should prevent a species from being pushed into extinction -- I think all of us would answer "yes" to that question. Rather, the question we should be asking is whether our traditional tools are the most effective way to achieve that end.

The Endangered Species Act was enacted for a noble purpose. I still believe in that purpose. But now, over a quarter of a century later, we need to have the courage to ask ourselves whether the traditional application of the Act by NMFS is achieving that purpose. With more than 1000 species now listed and dozens more proposed for listing -- and few species on the road to recovery -- it is clear to me that we need to be open to new approaches.

If the federal agencies insist on clinging rigidly to the existing lengthy, complex and contentious process of developing recovery plans under the ESA, they will doom many of these species to extinction long before anything happens on the ground.

The Willamette River Basin poses the same challenge because of its large urban population and the private ownership of much of the valley. Thus, to be effective, we must recognize the futility of relying solely on the traditional tools of regulation and litigation to advance the cause of environmental health.

I believe we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that calls for, and result in, greater individual responsibility and accountability for our air, land and water.

Take the issue of water quality as a case in point.

Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing the late Governor McCall when he led the effort to clean up Oregon's Willamette River in the 1970's. Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing nonpoint-source pollution -- perhaps the major challenge facing us on the Willamette River and throughout the West today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber

land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, Eugene and, indeed all of urban Oregon. This involves what people put on their lawns, whether or not they wash their cars in the driveway with detergent, and hundreds of other individual actions that contribute to the nonpoint source pollution load.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will require sustained environmental stewardship -- a long term commitment to change behavior -- by millions of people living in the watershed -- most of them living in the city.

You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts. You can only achieve that through a collaborative and cooperative process that engages thousands of people and gives them a stake in the problem and some degree of ownership in the solution. And that is exactly the process of the Willamette Restoration Initiative -- a process that I believe will ultimately lead to restoration of the Willamette Basin ecosystem.

Finally, let me expand briefly on my third principle: a commitment to sustainability. As I mentioned, I define sustainability as managing the use, development, and protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs.

What is important to understand here is that this definition requires simultaneously meeting environmental, economic, and community needs. Imagine, if you will, three overlapping circles -- one representing economic needs, one representing environmental needs and one representing community or social needs. The area where the three circles overlap is the area of sustainability. Historically, the debate between environmental and economic interests has been cast in a way that views these three circles as separate, unrelated entities. Our challenge in the 21 century is to understand that environmental, economic and community needs are interrelated and we must manage them with this in mind.

Toward that end, I signed an executive order last month which commits the state of Oregon to achieving sustainability in its operations within one generation. I have also lent my voice of support to organizations and businesses who are pursuing this same goal.

I recognize that the term "sustainability" is in vogue today -- almost a cliché -- and it means different things to different people.

But Oregon writer Kim Stafford, in an essay published in 1996, eloquently captures the sense and the spirit of what sustainability means.

Lloyd Reynolds, the international citizen of Portland, spent his last days in pain, silent, unable to speak or to write, lying in his hospital bed. On his last day at home, as his wife scurried to pack his suitcase for the hospital, Lloyd made his way outside to the garden, and there she found him on his knees, with a spoon, awkwardly planting flower bulbs.

"Lloyd, she said, "you will never see these flowers bloom."

He smiled at her. "They are not for me," he said, "they are for you."

The salmon coming home? They are for you. The calls of wild geese? They are for you. The last old trees? They are for you and your children, to the seventh generation and beyond. They are all blooming into being for you.

This definition of sustainability is a joint as well as an individual responsibility. And part of our challenge is to communicate over and over again that sustainability begins at home as much as it is a set of practices an organization can and should undertake, it is also a frame of mind that says "my individual decisions have environmental consequence and I must strive to act in accordance with that fact. To leave a small footprint."

This is a very exciting time, as we stand at the beginning of a new century. The date is both a moment on the calendar

and a metaphor for change, for a new beginning. We have come so far together in improving and sustaining the environment in this state. And yet, today, the challenges grow more difficult and the debate seems louder and more entrenched.

Let us not allow Oregon to become a victim of this conflict. Rather, let us pledge to seize this moment and pursue new methods and new tools to advance the cause of environmental health. And let us do so not only in the spirit of natural preservation, but in the spirit of sustaining our community and our common ground.

Let me make it clear that I do not reject or discredit the tools of the past, nor do I take lightly the significant gains they have achieved. I believe that we will always need a solid framework of environmental laws and regulations. We will always need access to the courts. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically re-evaluate the effectiveness of our tools and the way in which we have traditionally applied them.

What I am suggesting to you today is that the longstanding debate between economic development and environmental stewardship does not have to be a contentious, win-lose, zero-sum game.

It is not about sacrificing economic benefits for environmental health -- it is about working together to have both. It may be too much to expect the stakeholders in this struggle to abandon entirely their entrenched positions. But it is imperative that they make the effort to see beyond them. The Willamette Restoration Initiative is a sterling example of such an effort.

As William Jennings Bryan pointed out: "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved.

The Oregon Environmental Council -- and you, its business supporters -- are uniquely poised to shape Oregon' destiny in this new century. It is your opportunity to, as Wallace Stegner wrote, "outlive our origins" and "build a society to match our scenery."

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Governor John Kitzhaber

Federal Land Management Speech Boise, Idaho

June 1, 2000

The objective of this conference is to provide some guidance for the next Administration concerning the management of public lands in the West. This is a worthwhile and timely exercise and must begin with a recognition of three things.

First, we must recognize that the reason the management of public lands is an issue is primarily because of the growing conflict between economic interests and environmental interests over how they are managed and what they are managed for. Therefore, management must be based on a policy that balances a broad range of interests -- a broad range of values -- and that reduces polarization and increases collaboration.

Second, we must recognize that as we enter the 21st Century, our environmental problems are becoming more complicated and more challenging -- and have complex economic and social interconnections. And while some environmental problems will still respond to the traditional tools of regulation and litigation, we are at a point in time where we need to be open to new tools, new perspectives and new approaches.

Third, we must recognize that the management of public lands must be based on a commitment to sustainability. I define sustainability as managing the use, development, and protection of our natural, social and environmental resources in a way and at a rate that enables people to meet their current needs without compromising the ability of future generations to meet their needs

It is important to understand that this definition requires simultaneously meeting environmental, economic, and community needs. Imagine, if you will, three overlapping circles -- one representing economic needs, one representing environmental needs and one representing community or social needs. The area where the three circles overlap is the area of sustainability. Historically, the debate over public land management has been cast in a way that views these three circles as separate, unrelated entities. Our challenge in the 21 century is to understand that environmental, economic and community needs are interrelated and we must manage them with this in mind.

Let's begin our discussion with the federal lands which comprise a significant portion of the land west of the 100th meridian. It is here where we are witnessing a growing conflict between economic and environmental interests. This is not new. There has always been a tension in the West -- between economic development and the powerful landscapes that define this region -- between the extraction of natural resources and concern over long term environmental protection.

For decades, the western economy has depended, to a large extent, on the extraction of natural resources from federal lands. Timber harvest, irrigated agriculture, grazing and mining have provided jobs for millions of westerners and have brought significant economic benefits to the region and to its people.

The rivers and streams that link federal land to private land have contributed to the natural resource-based economy of the West through federal policy that has both encouraged and subsidized their development -- from the Desert Land Act

of 1877, to the Newlands Reclamation Act of 1902, to the huge federal western water projects of the last century. The publicly financed hydroelectric system on the Columbia and Snake rivers, for example, has brought to the Pacific Northwest some of the cheapest power in the country, irrigated agriculture and a low-cost transportation route all from the Pacific Ocean all the way to Lewiston Idaho, over 800 miles inland.

At the same time, this single-minded pursuit of economic development and natural resource extraction has come at a substantial cost -- one that we are only now beginning to appreciate. The growing number of threatened and endangered species in the region -- as well as the thousands of stream miles with severely compromised water quality -- is evidence of the fact that we have reached, if not exceeded, the carrying capacity of our ecosystem.

A sound economy is important to the West. So is the health of the natural environment in which we all must live. The collision between these two equally legitimate values has led to an escalating conflict. People have taken sides -- taken stakes, if you will. We call them stakeholders and their primary battle grounds have been the United States Congress, state legislatures, and the courts.

The 1990 listing of the Northern Spotted Owl under the Endangered Species Act illustrates how this conflict is being played out across the West. The listing, and the subsequent court orders to back it up, led to a dramatic reduction in timber harvest off the national forests of Oregon and other western states. And although the debate ultimately led to the Northwest Forest Plan, the polarization literally tore communities apart and left scars in parts of rural Oregon that have yet to heal.

Thus, one of the primary objectives of federal land management in the West must be to reduce this kind of polarization and to arrive at a sustainable balance between environmental and economic interests in a way that builds community, rather than disrupts it. And that can only be done by an Administration committed to involving Western stakeholders in a meaningful dialog about shared objectives and sustainable solutions.

I recognize that this is not an insignificant challenge because the debate over the management of federal lands has historically been a black and white one -- with stakeholders on opposite sides of the issue operating from deeply entrenched positions. For well over a century, it has been cast as an either or debate in which economic benefits are pitted against environmental health -- a debate in which there must always be a winner and a loser.

It has to a large extent become a debate about symbols -- the lower Snake River dams being a case in point. To the environmental community -- a symbol of the subjugation of a great river and the degradation of an ecosystem. To the economic stakeholders -- a symbol of the regional economic benefits brought about by the Columbia River hydroelectric system. To find meaningful solutions, however, we must be willing to move beyond symbolism and conduct debate on a higher plane.

To recast this debate, federal land management in the West must be built on the foundation of a single, overarching policy objective which drives the management plan. I would argue that this policy objective should be watershed or ecosystem health.

Let me illustrate this concept with a timely example from my own state: forest health. Five years ago, we started looking at what could be done to try to improve the health of the federal lands on the east side of Oregon - particularly the pine forests that have been ravaged by insects and disease.

Like much of the rest of the Intermountain West, the federal forests of Eastern Oregon were once blessed with huge stands of old growth pine covering millions of acres. For much of the last century, however, forest management policy was characterized by active fire suppression and harvesting of valuable old growth pine. This transformed these forests to their present state: overstocked stands of young fir and pine, thousands of acres of dead and dying timber infested with insects, and a high risk of catastrophic fire.

Thousands of miles of riparian areas have been damaged by harvest and grazing practices, as well as by road building and urbanization. On the one hand, a number of species that depend on a healthy watershed have suffered severe declines. On the other hand, timber dependent communities have seen tragic declines in employment.

Rejecting the traditional tools of conflict and confrontation, we set about to find ways to both restore ecosystem health

and provide wood to communities in an environmentally sound manner. This effort involved a panel of highly respected scientists from throughout the Northwest and a "forest health advisory committee," consisting of a diverse group of eastern Oregon citizens and stakeholders. Their work led to a broadly supported set of eleven guiding principles for restoring ecosystem health.

In a nutshell, this "11-point plan" calls for using active management to promote ecosystem health, while avoiding areas of high public controversy. It also emphasizes learning from our efforts through monitoring. Restoration treatments include understory thinning and commercial thinning; road maintenance, closure and obliteration; prescribed burning; noxious weed treatment and prevention measures; and riparian planting and stream rehabilitation. A by-product of many of the thinning treatments is wood for local mills to help stabilize these rural communities. Thinning also reduces the risk of catastrophic fires that have increased significantly as forest health has deteriorated.

The eastside panel, working with my office and other state agencies, then started visiting project sites on Forest Service and the Bureau of Land Management land and identified nearly 60 Forest Service and Bureau of Land Management projects that exemplify the 11-point plan. This offers a clear demonstration that it is possible to engage in broadly-supported watershed and forest restoration work that both improves ecosystem health and provides economic benefits to local communities. In balancing different values, this approach is helping to recast the debate over federal land management in the West.

I want to emphasize that the key to our success lies in having a single, overarching policy objective driving the management plan, in this case: restoring watershed health. After all, a healthy watershed is the fundamental building block from which all beneficial uses of our forest flow: clean water, a thriving forest, abundant timber, and healthy populations of species.

It is also important to point out that by focusing on protecting and restoring watershed health we are not elevating the importance of one particular value over another. Rather, our objective is to restore a healthy, productive and sustainable forest ecosystems that, over time and across the landscape, can provide a full range of social, economic, and environmental benefits.

Having watershed health as the overarching policy objective does not place one value ahead of any value because watershed health encompasses each of these other values. We cannot provide sustainable forest products, for example, assure clean water and provide habitat for species unless we first have a healthy functioning ecosystem. The three legs upon which the strategy stands -- social, environmental and economic -- are all interwoven and are dependent first on a healthy functioning watershed.

We have recently expanded our effort by moving beyond the consideration of separate, individual projects to a consideration of how we can integrate restoration projects within an entire watershed. Approved by the U.S. Forest Service in June of last year, the "Blue Mountain Demonstration Project," in eastern Oregon covers almost 3 million acres and includes federal, state, tribal and private lands. Federal, state, and local tribal agencies are working with private land owners, environmentalists and community stakeholders with the shared objective of improving the health of forest ecosystems and local economies.

Again, success depends on defining a common policy objective that unifies, rather than divides the interests -- one which provides a common denominator that serves to balance the competing values.

Now, while the management of federal lands themselves is an issue of vital importance to the West, so are the federal policies which affect the management of private lands. Chief among these are the policies used to implement and enforce such federal environmental laws as the Endangered Species Act and the Clean Water Act.

Since meeting the requirement of these laws cannot be achieved on public land alone -- but must necessarily involve private lands as well -- how these laws are implemented by the federal government must be included in any discussion of federal land management. Let me illustrate this point by using another Oregon example, in this case involving the Endangered Species Act.

Shortly after my first election in 1994, the National Marine Fishery Service gave notice of a possible listing of our

coastal coho salmon. Having lived through the polarizing aftermath of the 1990 listing of the Northern Spotted Owl, I began to look for a different way to comply with the Endangered Species Act – not just to avoid another divisive natural resource war (although that is an important objective in itself), but because I did not believe that relying solely on this act would ultimately save the salmon.

We must remember that the primary role of the federal government under the ESA is a regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the wrong things but it provides no incentive for them to do the right thing.

So while the ESA can prevent landowners from engaging in activities that result in an intentional or unintentional kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70% of coho salmon habitat in Oregon lies on privately owned land and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding take.

As a result, Oregon's effort to comply with the Endangered Species Act – called the Oregon Plan for Salmon and Watersheds -- was designed to involve, empower and incent private landowners to make voluntary commitments to watershed restoration and habitat restoration. The commitments are built on a solid foundation of federal, state and local regulation - including harvest limits, Clean Water Act requirements, forest practice requirements, land use laws and state water law.

The primary tool with which we implement our efforts on the ground is the local watershed council -- made up of community members representing a broad range of stakeholders working together to implement a plan they helped develop to improve the health of their own watershed.

And it works. Over the past three years these voluntary efforts have:

- taken more than 400 stream miles off the EPA list of streams out of compliance with the Clean Water Act,
- reopened over 430 miles of habitat by replacing culverts which were impeding fish passage;
- decommissioned or upgraded over 1470 miles of roads to reduce erosion, and;
- fenced more than 400 miles of stream to improve riparian areas.

This represents far more on the ground progress than could ever have been completed by the regulatory aspects of the Endangered Species Act alone.

Working with private landowners is fundamentally different than working with public agencies -- especially in the West – and it is critically important that federal policy reflect an understanding of this. In my 18 years of involvement in western state politics, I have experienced over and over again the fact that an approach which involves private landowners in the decision-making -- which gives them some ownership and investment in the work being done -- has a greater and more immediate positive impact on the resource than simply applying regulations that tell them what to do. Telling people what to do with their land in the West is an explosive proposition. Ask any western governor.

The point is that we cannot recover the coastal coho unless private landowners take restoration actions that go well beyond the "avoidance of take." So the question becomes: by what means can we achieve these kinds of activities on private lands? Simply listing a species does not accomplish this, a fact demonstrated by the Snake River Chinook which were listed under the ESA in 1992. In the intervening eight years the National Marine Fisheries Service has taken virtually no action to compel a change in management practices on private land anywhere in the basin.

The ESA was passed in 1973 to "... provide a means whereby the ecosystems upon which endangered species and threatened species depend may be conserved." With ecosystem conservation as the objective, application of the ESA is a means to that end -- not the end in itself. Therefore, the question we need to ask ourselves is not whether we should prevent a species from being pushed into extinction -- I think all of us would answer "no" to that question. Rather, the

question we should be asking is whether our traditional tools are the most effective way to achieve that end

The Endangered Species Act was enacted for a noble purpose. I still believe in that purpose. But now, over a quarter of a century later, we need to have the courage to ask ourselves whether the traditional application of the Act by NMFS is achieving that purpose. With more than 1000 species now listed and dozens more proposed for listing -- and few species on the road to recovery -- it is clear to me that we need to be open to new approaches. If the federal agencies insist on clinging rigidly to the existing lengthy, complex and contentious process of developing recovery plans under the ESA, they will doom many of these species to extinction before anything happens on the ground.

To avoid that outcome, we must recognize the futility of relying solely on the traditional tools of regulation and litigation to advance the cause of environmental health. Take the issue of water quality as a case in point.

Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing the late Governor McCall when he led the effort to clean up Oregon's Willamette River in the 1970's. Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing nonpoint-source pollution -- perhaps the major challenge facing us on the Willamette River and throughout the West today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, Eugene and, indeed all of urban Oregon. This involves what people put on their lawns, whether or not they wash their cars in the driveway with detergent, and hundreds of other individual actions that contribute to the nonpoint source pollution load.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will require sustained environmental stewardship -- a long term commitment to change behavior -- by millions of people living in the watershed -- most of them living in the city.

I believe we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that calls for, and result in, greater individual responsibility and accountability for our air, land and water.

You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts. You can only achieve that through a collaborative and cooperative process that engages thousands of people and gives them a stake in the problem and some degree of ownership in the solution.

It was this belief, coupled with personal experience in seeing it work, that inspired me and Governor Leavitt from Utah, to extract a common set of principles that describe this approach to environmental management. We call these eight principles Enlibra -- a hybrid Latin word, coined by Governor Leavitt -- which means "to move toward balance.

In the first principle, for example, "National Standards, Neighborhood Solutions" -- Enlibra recognizes the importance of national environmental standards -- and of the need to be able to enforce them -- but urges flexibility and the empowerment of other levels of government to develop approaches that meet or exceed those standards without set federal prescriptions.

Enlibra also calls for good science. It calls for a good understanding of the broad costs and benefits of various strategies, including those to society. It calls for a recognition of the power of incentives and of the importance of collaboration. It calls for a focus on results; and for looking at the scope of the problem along natural boundaries, not artificial political ones. And, finally, Enlibra recognizes that people need to understand their connection to the environment and their stewardship responsibilities if we are to enjoy not only environmental, but also social and economic health.

Let me make it clear that I do not reject or discredit the tools of the past, nor do I take lightly the significant gains they have achieved. I believe that we will always need a solid framework of environmental laws and regulations. We will

always need access to the courts. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the way in which we have traditionally applied them.

What I am suggesting to you today is that federal land management and the implementation of federal environmental laws in the West does not have to be a contentious, win-lose, zero-sum game.

This is not about sacrificing economic benefits for environmental health -- it is about working together as a region to have both. It is about striking a victory for regionalism over parochialism. To quote Wallace Stegner, it is about "outliving our origins" and "building a society to match our scenery."

It may be too much to expect the stakeholders in this struggle over land management to abandon their entrenched positions. But it is imperative that they make the effort to see beyond them. The next administration can help us by adopting land management policies that unify rather than divide constituencies; by embracing sustainability as central objective; and by being open to new and innovative approaches to achieving federal environmental standards.

In the end, however, we need to come together ourselves as western states and as a region. As William Jennings Bryan pointed out: "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved.

I invite all of you -- but particularly the next administration -- to join me on this journey.

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Governor John Kitzhaber
Sustainable Agriculture Conference Speech
March 7, 2000

It's an honor to have a chance to speak to this Western Sustainable Agricultural Conference today. To those of you who hail from beyond our borders -- let me welcome you to Oregon. To all of you, let me offer my admiration and support for your leadership in the area of sustainable agriculture.

My remarks will be brief this morning, but I would like to share with you several broad thoughts that I hope will inform your work at this conference over the next few days.

The word "sustainability" is en vogue today. It means different things to different people. So let me take a moment and share with you what I mean by this term.

To many, the sustainability movement is about conducting a business, or a government, or, indeed, our individual lives in a way that, over the long haul, reduces the impact of our activities on our natural environment. It sustains clean air and clean water and does not deplete our natural resources.

The mission statement of Sustainable Northwest takes a different tact. This organization is dedicated to helping businesses become sustainable. It's mission statement reads: "To build partnerships that strengthen local capacity to promote environmentally sound economic development in communities of the Pacific Northwest."

I agree with both definitions. But, I add an additional perspective when it comes to agriculture and forestry. And, I draw it from the definition of "to sustain" found in Webster's Dictionary: "(1) to keep an existence; to keep up; to maintain or prolong."

Given this definition, the fundamental question that we must consider is this: How do we "keep an existence; maintain and prolong" our agricultural industry? Without an agricultural industry, we can't have sustainable agriculture. And, increasingly, without sustainable agriculture, we can't have an agricultural industry.

Let me start by making a couple of observations. First, the agricultural industry plays a very important role in Oregon in a number of ways.

It is important economically. Oregon production agriculture contributed \$3.47 billion to Oregon's economy in 1998/99. Value added processing added another \$2 billion. Thus, the total agricultural contribution to Oregon's economy in 1998/99 was \$5.5 billion. Agriculture is, and will continue to be, a key element in Oregon's economy

Second, agriculture to, what I will call "Oregon, the Place." One of the main objectives of our land use planning program is to maintain the land base for agriculture and forestry. This is reflected in planning goals 3 and 4. Population growth and urbanization can threaten our natural resource based industries. Our efforts in this state to protect these lands have helped preserve not only these industries, but also the open spaces and powerful rural landscapes that help define this place we call Oregon.

Third, agriculture contributes to the Oregon community. The farming way of life -- the farming culture -- contributes to who we are as Oregonians, with roots going back to the Pioneers who founded our state more than 150 years ago. Fiercely independent, living close to the land, proud, good community members -- the farming culture is part of who we are.

We cannot afford to lose any of these values.

This brings us to my second observation: That much of agriculture is struggling today. Of course, there are some bright spots. The Oregon nursery and greenhouse industry had its eighth consecutive excellent year. In 1999, this segment experienced a new record high sales total of over \$453 million. Blueberries, cherries, wine grapes, hazelnuts and Christmas trees also had a great year in 1999.

Other segments of the agricultural economy, however, are either struggling (pears, hops, processed vegetables) or, although holding their own, are not making money (potatoes, cattle, dairy).

Finally, some segments of the agricultural economy are in real trouble. This would include wheat, apples, cranberries, strawberries, onions and mint.

We have also seen the bankruptcy of Agribiotech in spite of a good year for most grass seed varieties. This casts a cloud over the future of the grass seed industry just as we are opening the doors of The People's Republic of China to grass seed exports from Oregon.

In addition, we've seen the bankruptcy of Agripac and watched farm production recently drop in Oregon for the first time since 1985.

What does all this tell us? What does it mean that some segments of Oregon's agricultural economy are doing well, some are struggling and some are in real trouble? To me, it tells us that one of the strengths of Oregon agriculture is its diversity.

We have over 250 commercial agriculture commodities. It is very important for Oregon to continue to foster and promote that diversity for two reasons. First, because it helps hold the overall industry together. Second, because in marketing agricultural products around the world, diversity and quality are among our greatest advantages.

So, how do we sustain our agricultural industry in Oregon -- both those segments that are doing well and those segments that are struggling? I suppose there are many answers to that question, but let me offer two for your consideration today.

First, we must continue to promote sustainable agriculture as a strategy for the future. By that, I do mean conducting agricultural operations in a way that reduces and minimizes the impact of those activities on our natural environment -- especially on water quality.

I encourage this not just because it is environmentally sound -- but because it is, or certainly can be, economically sound as well. For example, technology has allowed us to use agricultural inputs in a smarter fashion than we have before. This gives us a better understanding of nutrient management so that we can be more precise about what we use. The result? Less fertilizer -- which means better economics and healthier environment. I'm sure you can find many parallels to this example.

To move in this direction, we must continue to invest in agricultural research. We must continue to develop markets for the products of sustainable agriculture. And, we must provide incentives and additional help for certain segments of our agriculture industry to make this difficult, but promising transition.

Second, we need a unified strategy on how to meet the requirements of federal environmental legislation like the Clean Water Act. This must be done in a way that does not disadvantage our agricultural industry but, rather, gives it some stake in the problem and some ownership in the solution.

Senate Bill 1010 and Oregon's Healthy Streams Partnership offer a case in point. For those of you outside of Oregon, let me give you a brief description of this effort.

In 1996, Oregon agriculture faced a ballot measure (BM 38) the so-called, "Clean Streams Initiative". This was a very onerous, punitive, and litigious effort to improve water quality. I opposed this measure because I thought it would hurt agriculture and because I did not believe that it would improve water quality. Why? Because most of the action resulting from the ballot measure would have taken place in the court room, rather than on the ground where the resource could actually realize some benefit.

At the same time, however, I called on leaders of Oregon agriculture to work with me to develop a better way to comply with the Clean Water Act. Clearly, clean water is in everyone's interest. The result was the Healthy Streams Partnership which is based on Senate Bill 1010 (passed in 1993). It uses a flexible, outcomes based approach to meet water quality standards. It has enforcement provisions, but involves and respects individual landowners and is administered through the Oregon Department of Agriculture.

We have made some significant progress through this effort, although, not without controversy. But, throughout the months, the leaders of the Oregon agricultural community have remained supportive of this approach and I applaud their commitment and their vision. We cannot be successful without them.

But, after all, part of sustainable agriculture is sustaining water quality. And, I remain convinced that we can develop solutions here in Oregon that work better for us -- and make more real progress on the ground -- than solutions based solely on federal regulations or those enforced through ballot measures.

Let me close with one thought. Agriculture is going through a change. Change is always difficult and often frightening. In this, change is being driven by technology, the globalization of our economy, population growth and by a growing public concern over the state of our environment. There's nothing we can do to stop this. The question is whether we can swing aboard this horse and actually help direct where its headed.

I predict that Oregon agriculture will weather this change, but to do so, we must be willing to do two things. First, we must be willing to evaluate our agricultural practices. That's really what sustainable agriculture is all about. That is what you are doing on a daily basis. The problem is that critics often confuse the people with the practices -- or deliberately paint with the same dark brush. But, to attack farmers and the farming culture is to attack our own roots as Oregonians. It makes no sense, it is divisive, it is inappropriate and ineffective, and it should not be tolerated in this important public policy debate.

At the same time, however, agriculture must be willing to look at its own practices and must be willing to change them when necessary. And, when you stop to think about it, this is not a new concept.

For example, we used to think that there was nothing wrong with planting the same crop in the same field year after year. Now we know that, for some commodities, rotating crops helps break the cycle of pests and disease. It helps keep soil fertile by not exhausting the nutrients. What did we do when we discovered this question mark? We changed our practices.

I am simply suggesting that we continue to be open to that -- especially to the modification of those agricultural practices that reduce the impact on our environment. By the same token, the rest of us need to work with you to make these new practices economically viable.

Finally, agriculture must build bridges with urban and suburban Oregon. I believe that the greatest threat to agriculture today is not federal regulation, it is not onerous ballot measures, and it is not lawsuits. The greatest threat to Oregon agriculture today is demographics.

There are nearly 50,000 people moving to Oregon each year. Most of them come from cities and suburbs. Many don't understand the farming culture. They are unaware of the contribution you make and don't know what you need to survive. For many, farmland and forest land are seen as recreational opportunities and development opportunities -- not as a vital part of Oregon's economy and a vital part of Oregon's way of life.

To counter that, we must build bridges. We must work together and try to understand each other. We must reach out to each other and find solutions that are mutually supportive.

Let me conclude with a quote from Wallace Stegner's small book, [The Sound of Mountain Music](#). This passage frames, as well as anything else, the challenge that faces agriculture in the West and, indeed, the challenge that faces all of us who call this region home.

“One cannot be pessimistic about the West. This is the native home of hope. When it learns that cooperation, not rugged individualism, is the quality that most characterizes it and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery.”

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Governor John Kitzhaber

Sustainable Products Training Speech

March 7, 2000

Good morning and thank you for having me here today.

I am heartened to see all of you here today, getting involved in and committed to the concept of sustainability.

Today, I want to speak to you about what I think that word means, not as the CEO of a large enterprise -- the State of Oregon -- but as someone who has been involved in environmental issues since he dipped his toe into the world of politics in 1978.

And I want to speak to you today as a father of a two-year old because I never want to reach the day when I turn to my son and say "as beautiful as Oregon is today, you should have seen it 20 years ago."

We are together at a moment of great opportunity, at the beginning of this new decade, this new century and this new millennium. It is a moment of opportunity because it is increasingly evident that we must change the way we do business or we will slowly but surely exhaust the air, land and water which sustains us.

It is a moment of opportunity because this awareness is matched by an era of prosperity, technological change and global competitiveness. Prosperity and technology give us the wealth and the tools to change the way we do business and global competitiveness supplies the market imperative to accomplish the essence of sustainability: do more with less.

I want to talk a little today about how I view that from the perspective Oregon governor and what we as a state are doing to match your commitment to sustainability.

But first, I want to make a broader statement about sustainability and leave you with two important ideas regarding this concept.

First, the adoption of sustainable practices by business and government will do as much and possibly more for environmental quality in the next 30 years as the Clean Water Act, the Clean Air Act and the Endangered Species Act did in the last 30 years.

Second, this has nothing to do with why you should adopt sustainable business practices.

Instead, we should all be interested in sustainability because it is efficient, economic and profitable. The fact that it will deliver an environmental benefit to society at large is a fortunate consequence.

Let me spend a minute on sustainability as it relates to the environment and share with you why I think sustainability can have a significant impact on environmental quality.

Over the last 30 years, I believe we have picked the low fruit, if you will, of environmental remediation. We have done the easy things. We have gone to the paper mills and the steel mills and the aluminum mills and radically reduced their contributions to air and water pollution.

And we have gone to municipalities and helped them change their sewage treatment practices and radically cut pollution from our cities and towns into our rivers and lakes.

In short, we have gone to what is known in the business as “point source” pollution and very successfully reduced it.

What we have not been so successful at is going to the “non-point source” polluter and getting them to reduce their impact on air, land and water.

Who is the “non-point source polluter?” That’s you and me.

And our actions, our choices, our decisions about use of resources are the next great unconquered territory in environmental policy.

Let me give you an example from right here in Oregon of how our environmental challenge has changed from compelling corporate or municipal behavior to one of encouraging individual behavior.

Thirty years ago, our state decided to clean up the Willamette River. We did a great job, and the benefit to people, animals and to our quality of life cannot be underestimated. But we did most of it by changing the law and hence the practices of cities, towns and private business.

Today, we face again a water quality challenge on the Willamette River. We must improve the water quality to make it more hospitable to fish and to preserve it as a resource for human consumption.

But, we cannot fall back on the old tools of regulation. We must, instead, begin the process of changing the behavior of millions of people:

We must help farmers change their practices so as to reduce pesticide, herbicide and animal waste runoff into streams -- and do so in a way that doesn’t put them out of business.

We must work with cities and counties and other governments as the plan and implement development policies so that we do not cause undue runoff into the streams of the Willamette Basin.

And we must work with individual Oregonians and convince them that it does make a difference what they put on their lawns and gardens.

We must, in essence, carry a message of sustainability to people in our state in their everyday lives. Because, we won’t succeed at sustaining Oregon as a great place to live simply by promulgating environmental regulations. Instead, we will keep this a great place to live by convincing Oregonians that the accumulation of actions by millions of people will make a difference. It will make a difference in how clean our air is. It will make a difference in how clean our water is. And it will make a difference in how -- and how much -- we use our limited supply of land.

Therefore, when I talk about sustainability, it is not some vague concept, but the core principal in of environmental policy for the next generation.

But that’s just me. What about you?

I am encouraging you to learn about and adopt principles of sustainability in your business because they will create an environmental benefit for our state and for coming generations. But, there is more.

I firmly believe that sustainability will be successful not because it is environmentally sound, but because it is economically sound.

That is why I have my staff working on an executive order to bring sustainability principles to the operation of state government. As an organization, we employ more than 40,000 people, have an annual budget of around \$5 billion, manage properties all over the state and develop projects such as prisons and roads. We leave a pretty big footprint.

The challenge I have made to my bureaucracy is this: Make the state of Oregon a leader in sustainability. If we are successful, we will be saving taxpayers' money and saving the environment for our children and grandchildren.

You have the same opportunities at your businesses. I urge you to pursue them.

Let me leave you with this idea: sustainability is not just some new age, West Coast concept. It is a smart way of doing business -- one demanded by an ever more competitive global economy.

And it is the guiding principle of environmental policy for the next 30 years.

We've got our work cut out for us, so I'll let you get back to the seminar. Good luck to all of you.

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Governor John Kitzhaber

American Fisheries Society Speech

February 18, 2000

Good Afternoon. It's an honor to appear before the American Fisheries Society which, for years, has provided such distinguished service in the cause of sustainable fisheries management.

It is also quite fitting that a public official, such as myself, should appear before a group of scientists in what may be seen as a symbolic "hand-off" regarding a challenge of great importance to all of us here -- and, indeed, to all of the citizens throughout the Northwest.

That challenge is to restore a healthy ecosystem to the Columbia River Basin and recover the salmon of the Columbia -- once the greatest runs on the face of the earth.

Like all significant environmental challenges, our response here must be a combination of good science and good public policy.

And my reference to a "hand-off" is a recognition that you -- as fisheries scientists -- have done your job.

You have provided the science that the region needs to begin to address our Columbia Basin challenge.

That is not to say that the science is perfect, or that we now know all that we will ever need to know, to inform our efforts. But we will never have perfectly accurate or complete science and we can no longer use that as an excuse for inaction.

There are those who continue to believe that science will give us the answer. It won't. What science can give us is a range of options, each of which carries varying degrees of economic and ecological risk. Science can describe the risks inherent in various policy options -- not eliminate them.

In the end, the answer will be a political one -- informed by good science -- but based on a set of values and on the degree of economic and ecological risks the region is willing to accept. It is time that we shoulder our responsibilities and develop a blueprint for action.

To do so, we must engage the citizens of the Northwest. Engage them in making clear what is at stake in the Columbia Basin and what our goal must be in response to this challenge. Engaging them concerning the alternatives we have to achieve that goal. Engaging them in describing the trade-offs inherent in each option. And that will require an unprecedented level of political leadership and collaboration throughout the region.

Let's start by discussing what is at stake in the Columbia Basin. In a very real sense, the stakes can be summed up in the following questions:

- Will we, as a region, act to save the salmon or let them go extinct?

- Will we, as a region, meet the requirements of the Endangered Species Act, the Clean Water Act, and the Northwest Power Act?
- Will we, as a region, meet our sacred obligations -- the treaties between the people of the United States and the sovereign Indian tribes of the Northwest?

To me there is but one answer to these questions -- we must. We must save our wild salmon; we must strive to meet the standards of our federal environmental statutes and the Northwest Power Act; we must honor our obligations to the tribes.

In short, we must restore a healthy, functioning ecosystem to the Columbia Basin. Only then will we have hope of restoring abundant runs of salmon and the clean, cool water that for centuries characterized the Columbia River. To me, this is not just about doing what the law requires -- it is about doing what we know to be right.

A functioning ecosystem -- one that can provide for the needs of both humans and animals -- demonstrates our willingness to live our lives in a sustainable fashion; a willingness to take the legacy we have been handed and to pass it on to the next generation of westerners.

But if our salmon runs are not healthy, then our watersheds are not healthy. And if our watersheds are not healthy, then we are putting at risk our future and that of our children and grandchildren. A highly degraded ecosystem -- which is where we are headed today -- represents a decision to mortgage the legacy with which we have been blessed for our own short-term benefit. I believe that we are better than that.

These environmental laws and treaties -- which seem at once so arcane and so detailed -- constitute the means by which we seek to connect our past, our present, and our future. And at the heart of this debate lies one question that each and every one of us must answer: are we willing to honor that connection?

I believe that we are. I believe that the people of the Northwest are ready to meet this challenge -- and our goal must be nothing short of a functioning ecosystem in the Columbia Basin. We must accept no less.

That brings us to the question of the alternatives available to achieve our goal and the trade-offs that are involved. The recently unveiled multi-species framework process -- spearheaded by the Northwest Power Planning Council -- illustrates the choices before us more clearly than perhaps any other study.

As you know, the framework analyzed a range of seven alternatives that might achieve the goal of ecosystem restoration and salmon recovery. Each alternative addresses, in varying degrees, the damage to the ecosystem caused by the so-called "4-H's": the hydroelectric system, harvest policies, habitat restoration and hatchery practices.

At one end of the range is Alternative One, which essentially returns the river to a free-flowing natural state. This alternative involves breaching the four Lower Snake River dams and also breaching McNary Dam and John Day Dam on the mainstem. It involves intensive habitat restoration on both public and private land, the elimination of hatchery production; and the curtailment of all salmon harvest except tribal harvest.

At the other end of the range is Alternative Seven, which essentially manages the river to maximize economic benefits. This option includes increased power production, increased irrigation, and increased fishing under scientific management.

Alternative One offers the least environmental risk in terms of the ecosystem and salmon restoration, but the greatest human risk in terms of the economic impact on the region. Alternative Seven, on the other hand, offers the least human risk, but the greatest environmental risk.

The alternatives between One and Seven fall somewhere along this risk spectrum with alternatives Three through Five having the greatest balance between environmental and economic risk.

An examination of the differences between Alternative Three and Alternative Five best illustrates the choices that face us as a region. Both alternatives yield significantly greater salmon returns than the status quo and of approximately the same magnitude. Alternative Three yields 2.8 times more salmon than current returns. Alternative Five produces 2.5 times more salmon than current returns. (The range runs from 1.5 times current returns in Alternative Seven to 2.9 times in Alternative Two).

Both Alternative Three and Alternative Five amend harvest and hatchery practices and involve habitat restoration activities. The chief differences between these two alternatives lie in how they address the hydrosystem, the intensity of habitat restoration activities and the nature of harvest and hatchery policies.

Let's start with the most controversial difference between Alternative Three and Alternative Five -- dam breaching. Alternative Five is a breaching strategy involving the four Lower Snake River dams. Alternative Five can be characterized as an "everything but breaching strategy".

Dam breaching has acquired a life of its own in the Northwest -- dominating the political debate, the news stories, and the editorials -- almost to the exclusion of everything else. It is important, therefore, that we put this issue into context and bring it into perspective.

Dam breaching alone -- while it will certainly help some runs of salmon -- will not necessarily restore them. Regardless of whether we choose a breaching strategy (such as Alternative Three) or a non-breaching strategy (such as Alternative Five) we must also come to terms with other steps that will be necessary:

- The hydroelectric system

All dams on the Columbia and Snake Rivers (whether any are breached or not) must operate in a way that addresses dissolved gas and temperature problems and which comply with the Clean Water Act.

We must increase flows to help fish move downstream.

Where appropriate, we must improve fish passage by using bypass collectors and turbine screens. And, as turbines are scheduled for replacement, they must be upgraded with so-called "fish-friendly" turbines.

- Habitat

We must move aggressively to restore degraded habitat. While some progress has been made, our ongoing water management and agricultural practices, urban uses, and timber harvests continue to add sediment and other pollutants to rivers and streams. This raises water temperature and dries up critical spawning and rearing habitat.

To reverse this will require a coordinated and cooperative effort between state, federal, and tribal governments and private landowners to develop and implement a comprehensive program for habitat protection and restoration. This effort must be based both on incentives for action and on enforcement of our existing regulatory framework.

- Hatcheries

We have come to understand that the historic promise of hatcheries to replace natural production lost to economic development has been largely a myth. The tools of artificial production must be immediately recast to meet this new challenge.

Hatcheries that are used to supplement and restore threatened and endangered salmon stocks must be operated on a

scale, and in a manner, that reflects the essentially experimental nature of this undertaking.

Further, hatcheries used to augment fishing should, in both mission and location, move away from mainstream fisheries that impact listed and other weak stocks in favor of terminal fisheries located in the mouth and tributaries of the Columbia River.

- Harvest

Over the past decades, harvest rates have been steadily decreased to a point where, today, harvest occurs only at a fraction of historic levels.

In fact, for many of the wild salmon stocks -- such as the spring and summer Chinook and Sockeye -- no in-river harvest has occurred for over three decades.

Northwest Native Americans have been especially hurt by these reductions. Salmon fishing for them is more than just an activity or even a way of life -- it is truly spiritual.

Yet, further reductions must be achieved in fall Chinook if we are to achieve our goal. Yet, in spite of these recovery strategies (all of which must be undertaken in some degree), the public debate remains stalled on the question of whether or not to breach the four dams on the Lower Snake River. You would think, given all the focus on this issue, that breaching is the “silver bullet” that alone could allow us to reach the goal of a functioning ecosystem and abundant salmon runs. It is not a silver bullet.

You know, and I know, that breaching the Snake River dams alone will not get the job done. To say that breaching alone will save the salmon is as much a fallacy as saying that you cannot save them without breaching.

Why then all the focus on dam breaching? The answer lies in the fact that the breaching debate has become a debate that is more about symbols than about solutions.

On the environmental side, dams are symbols of man’s subjugation of the mighty Columbia River and of the ecological degradation that has flowed from that subjugation. And thus, removal of the dams becomes an end in itself -- set apart from the effect on overall salmon recovery or watershed health.

On the other side, dams are symbols of the economic benefits which have flowed from the taming of the Columbia River. And thus, their removal threatens the economic interests because it legitimizes a discussion of the environmental cost with which these economic benefits have been purchased.

So if removing the four Lower Snake River dams is not a “silver bullet”, and should not be an end in itself, what is its importance? The answer lies within the numerous scientific studies undertaken over the past several years for the purpose of informing our efforts to recover salmon, steelhead and other fish and wildlife in the Columbia Basin.

While partisans and the press dwell on the differences in these studies, the conclusions and information that are common to virtually all of them are very significant. This information includes the fact that:

- Any successful effort to recover salmon and restore a functioning ecosystem must address not only the harm caused by the hydrosystem -- but also the harm caused by a degraded habitat, unscientific hatchery practices, and outdated harvest policies.
- Removing the four Lower Snake River dams is, at least for the Snake River salmon listed under the Endangered Species Act, the single most beneficial action we can take.
- If we don’t remove the four Lower Snake River dams, we will need to do more and with greater intensity in the

areas of hatcheries, habitat and harvest to achieve the ecosystem restoration and salmon recovery we seek.

Again, let me use Alternative Three and Alternative Five to illustrate this point. While Alternative Five does not breach the dams, it does a number of other things which are not contemplated under Alternative Three. For example, Alternative Five requires intensive habitat restoration efforts not just on public land, but on private land as well.

Furthermore, it requires not just continuing the current moratorium on the issuance of new water rights in the basin -- it contemplates an actual reduction in existing water rights.

In other words, the tradeoff for maintaining the four Lower Snake River dams is an increased responsibility for habitat restoration by private landowners and a reduction in existing water rights in the region.

Other studies, such as the federal government's "All H" paper, suggests additional trade-offs. For example, to recover the Snake River Fall Chinook without removing dams would require a 50-75 percent additional reduction in ocean and river harvest from the already historic low current levels. Furthermore, the use of an additional one million acre-feet of water to augment Spring and Summer flows would probably be necessary.

It is also important to point out that while both alternatives yield about the same number of Chinook -- the philosophy that underpins the means by which they reach that end are very different.

The philosophy behind Alternative Three is to benefit salmon by recreating a more normative and resilient ecosystem capable of functioning without a significant amount of human technologic support. It also removes dams to restore almost 140 miles of free-flowing river for better spawning, rearing and migration conditions.

Alternative Five goes in the opposite direction -- calling for an increased reliance on hatcheries and on sophisticated dam passage technologies in lieu of a return to a more naturally functioning ecosystem.

The difference is not insignificant because Alternative Three produces almost two-thirds more natural fish than Alternative Five. The importance of this lies in the fact that one of the purposes of our effort is to satisfy the Endangered Species Act, which determines recovery based on the number of natural fish.

My point is this: if we can move beyond the symbolism of the four Snake River dams -- and look at the policy trade-offs involved, at the other choices we must make if we choose to leave them intact -- breaching emerges as a responsible and cost-effective option. It is not the only option, but it is a responsible one that should not be disregarded out of hand.

Some will say that we have not done enough science. I say that we can always play that card as an excuse for inaction and as a justification for avoiding tough choices. But exactly what additional scientific experiment is necessary to demonstrate that it is easier for salmon to migrate in a free-flowing river than to negotiate a several hundred foot high concrete barrier?

Some will say that it is too expensive. I say, look at the other alternatives. There are similar -- if not greater -- costs associated with a non-breach strategy.

Some will say that it is too controversial. I say, what isn't? Who here thinks that it is not controversial to cut harvest levels? To change agricultural and timber practices on private land to significantly augment flows?

There is no doubt in my mind that we can move ahead with salmon recovery without breaching the dams. All I am saying to you today is that we have to stop deluding ourselves into believing that our choices will be easier and cheaper if we just leave the dams alone.

Our choices won't be easier. They'll be just as tough. Our costs might be lower, but only on the margin.

The regional challenge here is to develop an ecosystem recovery strategy that spreads the costs as broadly as possible -- so that no one economic interest bears a disproportionate burden. And these costs must involve not only the cost of the

recovery strategy itself, but also the cost of mitigating -- to the greatest extent possible -- the economic consequences, whatever they may be: from increased regional power rates, to harvest reductions, to transportation alternatives, to covering the increased cost of pumping for irrigation, to the job loss at various ports along the river.

This does not have to be a zero sum equation. This does not have to be a win-lose proposition and we must not allow it to be framed in that way.

I am well aware of the economic trade-offs inherent in restoring this regional ecosystem. The dams and the hydroelectric generating capacity in the Columbia River Basin have brought huge economic benefits to the region: low cost power, irrigated agriculture, jobs, transportation and much more.

This is not about sacrificing economic benefits for environmental health -- it is about working together as a region to have both. It is about striking a victory for regionalism over parochialism. To quote Wallace Stegner, it is about "outliving our origins" and "building a society to match our scenery."

I believe that one way to accomplish that and to equitably spread the economic burden is to build a recovery strategy that includes breaching the four Lower Snake River dams. I also appreciate that my position on this issue is, at least at present, a lonely one among the Northwest political establishment.

The other governors of the Northwest -- for whom I have enormous respect -- hold a different view. If my colleagues in the region insist that any recovery strategy must leave the dams intact, I can work with that as well, as long as we are prepared and willing to intensify our efforts in other areas:

- Going the extra mile in habitat restoration on both public and private land.
- Radically limiting harvest in both ocean and river.
- Totally restructuring how we operate our hatcheries.
- Changing the way we run the entire hydrosystem from Grand Coulee to Bonneville.

I will work with the political leadership in the region in pursuing either path -- but we must choose. . . and act. Because in all of this, delay is the enemy.

The federal government in particular must both take a position on a course of action and provide a significant contribution of financial resources towards the recovery strategy.

For twenty years the Bonneville Power Administration has been the primary funding source for salmon recovery with the dollars coming from the region's electricity ratepayers. But ratepayers cannot reasonably be expected to provide all of the funds needed to achieve the recovery of this ecosystem and the fish and wildlife that depend on it -- especially when our goals are to protect national resources and to honor national obligations.

Therefore, the federal government must provide substantial additional funds for a Columbia River Basin restoration effort. To date we have not seen the level of commitment needed to succeed. For all our hard-fought efforts last year, Oregon received only \$9 million from the federal government for coastal salmon restoration. That won't make it for the basin.

I call on this administration to demonstrate its commitment for Columbia River ecosystem restoration in the President's fiscal year 2001 budget. I call on the Northwest Congressional Delegation to take the lead in assuring that Congress appropriates the dollars needed this year.

It is time to act. We have the federal caucus "All H Paper". We have the Army Corps of Engineer's Environmental Impact Statement. We have the Northwest Power Planning Council's multi-species framework process. It is now time for the region to step up to the plate and make some choices.

To quote Theodore Roosevelt, one of the greatest environmental stewards to serve as President of the United States: “In any moment of decision, the best thing you can do is the right thing. The worst thing you can do is nothing.”

Delay is not some benign and prudent placeholder. It is a choice to abandon the Columbia River ecosystem.

The salmon can't wait. The Independent Scientific Advisory Board -- created to advise the National Marine Fisheries Service and the Northwest Power Planning Council -- has concluded that the risk of extinction (even in the next ten years) is substantial.

The people can't wait. The uncertainty of not knowing when, if ever, the region will begin a science-based recovery effort, with a clear goal stated at the outset -- the uncertainty of not knowing what role the various stakeholders will play in this effort -- is distracting, and ultimately destructive to the good will and energy upon which a successful recovery strategy must depend.

If salmon extinctions occur, it will not be the first time in our history and probably not the last. But it will be the first time a species has been allowed to become extinct in Oregon and in the Northwest -- in the face of strong evidence of how that fate might be avoided.

My choice is to reject the guiltless complacency that has permitted this drift toward extinction and to simply do what needs to be done.

I ask you in the Northwest Region to make the same choice. I ask you embrace this vision I have of a Pacific Northwest that remains ecological, spiritually, and, yes, economically and politically, intact.

Together, we can make this a reality.

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Governor John Kitzhaber

State of the State

January 21, 2000

Today I want to talk to you about Oregon's future. In particular, I want to talk about two of the most central challenges facing our state as we enter the new century: improving our system of public education and increasing the number of Oregonians with access to healthcare.

Beyond that, however, I want to discuss a larger and perhaps more fundamental issue as a way of providing some context for these specific challenges. Because I have deep concerns about Oregon's future -- fostered, ironically, by the very prosperity and quality of life with which we begin the 21st Century.

To quote Dickens -- "It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness..." To my mind, this opening line from "A Tale of Two Cities" describes Oregon in the year 2000.

It is the best of times because the economy is so good. We have record low unemployment. There is no crisis on the horizon that commands public attention. There is no sense of urgency. And we continue to enjoy this incredible natural environment, from our beaches to the Cascades to the high desert, from the Columbia Basin to this Willamette Valley to Crater Lake on down to the Rogue River.

It is the worst of times because our very prosperity has created a kind of complacency. It is masking our need, not only for each other, but for our government which provides us with those things we cannot provide for ourselves individually.

It is a subtle thing, yet one that can have a profound and long-term impact on this state of ours.

When we talk about Oregon's greatness, we always talk about our public beaches. We talk about our land use planning program and our protected farm and forestlands and open spaces. And that has given this state more options, more choices in how we grow and develop than probably any other state in America. We talk about our parks system. We talk about the Bottle Bill.

All of these things are, indeed, part of the Oregon heritage, the Oregon ethic, the "Oregon Mystique" as Gov. Tom McCall referred to it. It is a spirit of community building and preserving this special place, this home of ours. It is a spirit and an ethic that defines us as much as the powerful landscapes that surround us.

I don't want to lose that. I don't want to lose it for myself. I don't want to lose it for my family and I don't want to lose it especially for my son.

I don't think anyone here wants to lose it. It is part of who we are here. It is why we came to Oregon. It is why we stay here.

But consider this. Since 1990 we have welcomed almost half a million new Oregonians -- since 1975 over a million of new Oregonians.

In other words, nearly a third of our population arrived here, or were born here after all these things that we cherish and point to had been put in place. Responsible civic involvement and foresighted leadership in both the public and private sector and progressive action by the Oregon State Legislature created the very heritage that we point to with such pride.

We tend to assume that all Oregonians share this ethic of community responsibility, of civic action and of environmental stewardship. I am not sure we can make that assumption.

For people who moved into it, or for many people who were born into it, I think it is very easy to take for granted the gifts that we have in this state. For people who didn't have to struggle and fight for these things, I think it is easy to undervalue what we have here.

My father, for example, was a child of the Great Depression. At age 16 he was going to high school and working six hours a day, seven days a week for 12 ½ cents an hour to help pay the family rent.

He served in WWII. He got a college education under the GI Bill. He became a university professor and he retired after a successful teaching career at the University of Oregon. To this day, he values and appreciates what he has far more than do many members of my generation.

The point is that this Oregon ethic, this heritage that we point to so proudly, this quality of life that we enjoy in this state, this booming economy -- didn't just happen. These things are not inherent in the soil and the water. They didn't come with the place. Although I think the place helped to inspire them.

The fact is, that these things that we cherish about Oregon have to be constantly renewed in ourselves and in our community. And bringing our citizens to recognize that is a major challenge. Bringing them to see that if we continue to do no more than point to a heritage built by others -- and do nothing ourselves to nurture and renew that heritage for the future -- then we run the substantial risk of seeing both our quality of life and our good economy slip from our grasp.

There are many words to describe this challenge -- this commitment to do what is necessary to ensure that what is good about Oregon remains good. One word is sustainability.

As many of you may know, I plan to issue an executive order in March to make state government a leader in the fight to sustain our environment and quality of life in the face of a growing population.

What I am suggesting to you today is that the same kind of effort will be needed if we are to sustain the other things we value about Oregon -- one of which is our system of public education.

Public education is the cornerstone of a progressive, democratic society. And when I say public education I am referring to the entire educational continuum from kindergarten to post-secondary education to lifelong learning.

We will not build a 21st Century economy with high school graduates alone and this community in particular must extend its vocal support of education beyond primary and secondary schools -- as important as they are -- to include our post-secondary system as well.

From grade school to grad school, we must be willing to do more than pay lip service to public education. We must be willing to back that rhetoric with action. Let's start with K-12.

As you may know -- along with Superintendent of Public Instruction Stan Bunn and Standard Insurance President Ron Timpe -- I have filed two initiatives to improve the stability, equity and adequacy of funding for schools.

The first measure -- the Stability in School Funding Act -- creates a fund to maintain school budgets in the event of an economic downturn. We know that sooner or later this economy is going to slow down and we cannot afford to simply stop educating a generation of children because of a fluctuation in our economy.

This fund will be capitalized with four existing sources of revenue: 15 percent of lottery proceeds, 25 percent of the National Tobacco Settlement, interest earnings from the Common School Fund, and half of future surplus tax revenue with the other half being rebated.

I expect that some will criticize how we propose to pay for the stability fund. But I challenge anyone to make the argument that we do not need financial reserves for perhaps the single most important public service we provide -- educating the next generation of Oregonians.

The second measure -- the Accountability and Equity in School Funding Act -- does two things.

First, it ensures that quality education is not an accident of geography by correcting a serious flaw in the local option law passed by the last Legislature.

By requiring the Legislature to equalize the revenue generated by the local option between property poor and property rich districts, it gives a child living in Coos Bay or Fossil the same educational opportunities as a child living in Lake Oswego or Beaverton.

Second, this measure constitutionally requires the Legislature to provide funding adequate to meet the quality education goals established by law -- and to explain how the legislatively adopted budget meets those goals. In short, this is about accountability.

It will force the K-12 debate in Salem to take place not around large, abstract numbers -- \$5.8 billion, \$4.9 billion -- but rather around what we want those dollars to achieve in the classroom to advance the goals of the Education Act.

Both initiatives are now ready for signature gathering and I ask for your active support to not only get these measures before the voters, but to ensure their passage in the November general election.

I will also forward two proposals to help improve the training and development of Oregon's teachers.

The first proposal aims at increasing the number of Oregon teachers certified by the National Board for Professional Teaching Standards. This highly respected certification process results in better-trained teachers who are a resource not only to our children, but to others in their profession as well.

To accomplish that, my next budget will provide funding sufficient to pay for the certification of 500 Oregon teachers by 2003. In addition, I will propose that these teachers receive a bonus if they are successfully certified.

The second proposal addresses the growing problem of teacher retention. Nationally, only 20 percent of the teachers who enter their first year of teaching are still teaching after three years.

In urban districts, close to half of new teachers leave the profession during their first five years.

For many, this exodus reflects the fact that they didn't get the support they needed as they moved from students to classroom teachers.

Therefore, in my next budget, I will propose funding for a mentor program that will allow school districts to use some of the time of their best, most experienced teachers to help new teachers transition into the classroom.

This will not only make for better-trained, higher quality teachers; it will also help us reap the rewards of the substantial investment we as a society are making to train teachers.

Finally, just as we invest in teachers, so must we invest in our school buildings themselves. Oregon is facing a staggering accumulation of capital construction and deferred maintenance needs in our schools, colleges and universities.

To address this, I will propose a state-backed bond fund for construction and maintenance. We cannot continue to

provide quality education in a rundown, crumbling infrastructure -- and we cannot accommodate enrollment growth and reduce class size without new capacity. My proposal will address both.

In addition to these investments in our primary and secondary system, we must also invest in our universities and community colleges.

First, we must help Oregon's community colleges serve their growing population of students.

For many Oregonians, our community colleges are the front door to better jobs and better futures. They are not only the community resource needed to keep professional skills up to date, but are often the first step toward a four-year degree.

Yet the last legislative session provided no increase in funding to cover the dramatic enrollment growth faced by our community colleges. This is not acceptable and my next budget will include resources to begin to address the increasing enrollment at these vital centers of learning.

Second, I propose that we move aggressively to expand geographic access to four year degrees throughout Oregon. Central Oregon Community College -- both because it lies in our state's fastest growing region, and because it is already offering expanded courses -- is the logical place to begin this bold effort.

In a different era, we might simply move to create a central Oregon university. But today we can and must choose a different path, taking advantage of the Oregon University System's innovative University Center, which brokers four-year degrees and which has been operating in Bend since 1995.

Last year, through this program, 100 students living in central Oregon earned degrees from six different institutions without leaving the Central Oregon Community College campus. Using satellite-based instruction and the Internet -- coupled with a strong community college presence and solid community support -- we should be able to quadruple that number.

To advance this cause, I will direct the Oregon Board of Higher Education to develop a proposal and a budget to build on this partnership and expand -- on a stable and permanent basis -- four-year degree offerings in Bend as a prototype for other community colleges across the state.

Third, I believe our university system must expand its technology offerings to meet the demand for these disciplines in the future.

In the previous century, Oregon invested heavily in its schools of agriculture and forestry -- our economic mainstays.

Today -- while still offering support to our traditional natural resource-based industries -- we must make a similar commitment to the economic mainstay of the 21st Century; technology.

Therefore, I will propose a program to both double engineering graduates from Oregon institutions in the next five years and to create a tier one engineering school within the borders of this state by the year 2010. As a part of this effort I will expect a substantial private contribution from Oregon's technology industry to match the public commitment to meet this objective.

But let me add that our technology future is not electronics alone. Therefore, I will direct the Board of Higher Education to examine how Oregon can take advantage of the growing bio-science sector as an integral part of our economic base in the future.

One more thing on the education front: I ask you to join me the week of April 24-28 in going back to school. Working with the statewide organization for schools, I will be headed back to spend some time in the classroom -- hopefully at my alma mater South Eugene -- if they are willing to overlook the decidedly pedestrian GPA that I carried away with my diploma.

The fact is that more than 75 percent of Oregon adults have no children in public schools -- and yet have a huge stake in

successfully educating the next generation.

I am convinced that the simple act of seeing the state of our schools, the challenges faced by teachers and the tough curriculum we ask our students to master will create a larger base of support for the enterprise of public education.

I applaud this effort and would like two of its founders, Don and Denise Frisbee, to stand. Thank you both for your hard work on this great project. If anybody wants to find out more about the Statewide Organization for Schools, the Frisbees will be glad to help you.

As we move forward to meet the challenge of educating our citizens, we must also make a similar commitment to their health.

Oregon has been a national leader in this area with the passage and implementation of the Oregon Health Plan. We set out to ensure access to a basic level of care for all Oregonians and we have made substantial progress toward that goal.

We have lowered the percent of Oregonians without health insurance from 18 percent in 1994 to 10 percent in 2000. Among children the progress has been even more dramatic, dropping from 21 percent uninsured to just over seven percent.

At the same time, the cost of providing quality care under the plan remains one of the lowest in the nation.

Expenditure growth in the Oregon Health Plan has been 22 percent less than the growth of health expenditures nationally.

Yet, in spite of that progress, one out of ten Oregonians, more than 300,000 people, are still without health insurance coverage -- more than 66,000 of them are children. That is simply indefensible.

So today, I ask you to join me in recommitting ourselves to make Oregon the first state in the nation with universal health insurance coverage.

Why is this important?

First, because it is the right thing to do. The fact is that uninsured Americans receive less care than to those with insurance, they receive that care later, and they are four times more likely to require hospitalization and emergency room care.

Second, because increasing cost threatens all of us. This is not a problem restricted to the Oregon Health Plan alone -- as some in the Legislature would have us believe. This is a challenge facing both the public and the private sectors because we will never be able to manage overall costs as long as there is a large segment of the population without insurance coverage.

Why? Because those without coverage ultimately get care. When they get sick enough they show up in the emergency room -- one of the most expensive care settings -- where they are treated late in the course of their illness, when costs are higher and outcomes poorer.

And the costs incurred are simply shifted back through the system and reflected in the premium increases being experienced by government, business and individuals.

This is one of the reasons that private sector premium costs are increasing 12 to 20 percent per year, a trend that is clearly unsustainable over time

Thus, what I will be proposing to the 2001 Legislature will address not only the uninsured, but the entire structure of our health care system. And while it is beyond the scope of this speech to lay out the details of my proposal, it will be based on the following principles:

First, we must move toward a system of universal coverage.

Second, the government must define the floor -- that is the minimum (basic) level of care provided to all citizens.

Third, because some individuals cannot afford to purchase coverage, the government must provide subsidies to make insurance affordable to all citizens.

Fourth, all subsidies must be explicit -- and public subsidies must be based on ability to pay and restricted to the cost of purchasing the basic level of care.

Finally, the respective responsibilities of governments, businesses and individuals must be clearly and explicitly defined.

In addition to these guiding principles, the proposal will make use of the state's purchasing power as a major payer in the health care system -- and, if at all possible, in collaboration with private sector payers -- to target and reduce runaway cost centers such as prescription drugs.

Oregon is uniquely qualified to develop such a proposal. Our experience in dealing with the financial limits of the health care system and with setting priorities, give us the knowledge and the discipline to once again lead the nation.

To build the public support needed for this proposal to become a reality, I will ask the Oregon Health Council to conduct a series of town-hall meetings throughout the state to examine and debate these concepts.

In addition, I will convene an Oregon Health Policy Summit in order to discuss these issues with legislators and other public and private sector leaders throughout Oregon.

The recommendations flowing from these efforts will form the basis of legislation for the 2001 legislative session.

For any of these efforts to go forward, however, we must defeat Bill Sizemore's initiative to remove the cap on the deductibility of federal income tax from state income tax.

If this measure is passed, it will result in a \$1.6 billion reduction in the state revenue for the next biennium -- 15 percent of the General Fund.

Worse still, it is retroactive to January 1, 2000 which means we will be faced with a billion dollar deficit in the current biennium.

If we let this happen -- reflect for a moment on what it says about our priorities and our values as Oregonians.

- Do we really believe that our schools have 15 percent more than they need to educate the workforce and the citizens of the 21st Century?
- Is it acceptable that 66,000 Oregon children have no financial access to health care?
- Are we willing to walk away from children at risk? To stop investing in our environment?

These things are not a part of Oregon's heritage; they are not a part of Oregon's ethic; and they should not be a part of Oregon's future -- and I intend to debate Mr. Sizemore on these very points.

Let us also remember that these issues will not be decided by the Legislative Assembly, but directly by you, the voters of Oregon. The course that our state takes over the next decade is going to be settled even before the Legislature convenes in 2001.

My friends, our challenge today goes well beyond the specific issues of education and health care and environmental stewardship. It transcends our efforts to finance our transportation system, to reduce juvenile crime and to maintain a strong economy.

Our challenge lies in the growing public disconnect between the vision of a livable, prosperous Oregon on the one hand, and the investment and the collective personal effort it takes to get us there -- and keep us there -- on the other.

If we cannot re-engage Oregonians in this task, we stand to lose a great deal.

And again, our very success makes this challenge more difficult. It is not dissimilar to the challenge I have faced as a doctor trying to make the case that if you smoke too many cigarettes, drink to excess and eat a high fat diet, you are going to have some serious heart problems down the road.

Try telling that to a 21 year-old college student who takes his good health for granted.

Likewise, we have enjoyed this good economy and this exceptional quality of life for so long that we take it for granted. We really don't believe that we have to do anything to maintain it.

But all the prosperity in the world will not preserve our special quality of life if we do not share a common vision for Oregon -- and a commitment to sustain it.

In the final analysis, we need each other more than we need our provincial interests. What we desperately need is a victory for community over individual self-interest. And that starts right here in this room.

This is not just a question of what we can expect from our government. It is a question of what we will demand of ourselves. Both long term and new Oregonians must work together in common cause to secure the future of our state.

There are simply too many people on the sidelines. Our voter turnouts are depressingly low. Charles Keating once said, "My interest is in the future, because I will spend the rest of my life there."

That statement is particularly true for our younger voters, yet in last year's primary, only six percent of those 18 to 34 years old voted. Only six percent -- while every day the future they will live in is being decided initiative-by-initiative and legislative session-by-legislative session.

That is not a formula for a sustainable Oregon.

Your job and mine is no less than to rekindle both the spirit and the consensus that has marked this state's proud past -- a vision and a commitment to Oregon that has given us a robust economy, a remarkable quality of life and a whole host of options for how we grow and develop into the future.

We need to recommit ourselves to that vision and shoulder our responsibility to do what is necessary to move it closer to its full potential.

So the question before us today is larger than whether we can sustain our quality of life and our economy.

The question is whether we are willing to invest the time and energy to rebuild the Oregon community. Because the fate of the first question rests on the answer to the second.

It has less to do with government as it does with commitment to place.

If we do no more than continue to point proudly to a heritage that someone else created, without making the commitment ourselves to sustain that heritage and that ethic for future generations, than we have surely forsaken our roots and forgotten what it means to be an Oregonian.

I call on each and every one of you to reject that path and to reclaim Oregon for ourselves and for the future.

Let me close with a quote from Wallace Stegner's small book "The Sound of Mountain Water." He wrote this about the West in general, but I think as much as anything it frames the challenge that we Oregonians face in the 21st Century.

It reads: "One cannot be pessimistic about the West. This is the native home of hope. When it fully learns that

cooperation not rugged individualism is the quality that most characterizes and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery."

No less than that is our goal.

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Governor John Kitzhaber

U of O Convocation

January 19, 2000

Good afternoon. It's a pleasure to be here to help kick off this school year (a little belatedly, since the original convocation had to be postponed) and at the same time to join you in celebrating Martin Luther King Day. I'd also like to take this opportunity to say how delighted I am that President Frohnmeyer is back in the saddle. His leadership and the innumerable contributions he has made to the State of Oregon over the years are both beyond question and beyond measure.

Let me begin by saying that although the University of Oregon is not my Alma Mater, I have close personal ties to this school. My father was on the faculty for many years. My mother also taught here for a time. My sister received her doctorate here and my nephew recently graduated from the U of O Law School.

Also, when I was in high school, I worked here one summer setting sprinklers for the grounds crew -- where I learned, among other things, that most of the buildings on the campus were connected by a system of larger underground steam tunnels.

And actually (a little known fact) I attended the U of O my freshman year -- where I was known as the "terror of Bean Hall" due, in part, to my knowledge of these steam tunnels and the various creative projects to which I applied that knowledge.

I might add that if anyone had told me then that someday in the distant future I'd be addressing a Convocation as Governor of Oregon, I'd have thought it was a joke -- and so would a lot of other people. Some still do. So it is a very real honor to be here today.

I suppose there is something symbolic about the fact that this particular academic year bridges not only two centuries but two millennia. Yet as the German writer Thomas Mann once pointed out, time itself has no divisions to mark its passage; rather, it is we humans who divide it into segments and attach significance to them.

What I'd like to explore with you this afternoon is just that: our very human habit of establishing artificial demarcations to separate one thing from another. We do it with time, we do it with our education system, and regrettably we also do it with regard to each other.

On one level this is an understandable effort to assert control over a bewildering environment -- an environment that becomes more and more bewildering as we move forward in an age of sophisticated technology and limitless, unfiltered information.

On another level, I've come to believe that this very human tendency may blind us to the common denominators which are, in the final analysis, far more important than the differences.

Education is a good example. Up until recently we have tended to view our education system in segments: preschool,

elementary school, high school, college, graduate study. What we have not focused on is the necessary connection between the parts.

It's true that for the past several years here in Oregon the focus has centered on our primary and secondary schools: the new higher academic standards we are now holding them to and our struggle to provide them with adequate, equitable funding. In the process, it may seem that higher education has been eclipsed, but I want to assure you today that I have never for one moment forgotten the vital importance of its role.

Education is in fact a continuum, where each part builds on what has gone before, and lays the foundation for what will come after. The entire spectrum of education must be a seamless sequence of steps, all driving toward one end: the betterment of the individual and of society.

It is the whole that gives meaning and validity to the parts, and the whole is greater than the sum of its parts. Yet each part still plays a critical role, without which the entire structure would collapse. So let me focus for a moment on one of those essential parts, namely higher education.

Today, more than ever before, our individual and collective future depends on education after high school, whatever form it may take. Here again we have tended to make artificial -- even adversarial -- distinctions.

We differentiate between community colleges and four-year colleges and universities; between public and private institutions; between professional schools, continuing education, and lifelong learning. Such distinctions are not only artificial; they are detrimental, because they obscure the fact that each of these aspects of post-secondary education has exactly the same goal: to produce better people capable of creating a better world.

Why else are we here?

Yet today, our post-secondary institutions -- all of them -- face a number of challenges.

First, as we're all aware, today's economy is intensely competitive. This means that the demand for higher education is growing almost faster than we can keep up with it. More employers will be demanding more highly skilled employees and more students will want to enroll -- and need to enroll -- in post-secondary institutions in order to gain those skills.

Second, meeting these demands does not come without a price-tag. As we're all aware, funding for higher education -- at least here in Oregon -- has lagged far behind demand for longer than I care to think about. If you consider that in a capitalistic society, what we value is what we're willing to spend money on, then the chronic underfunding of higher education in this state is nothing less than a disgrace.

And although we made a substantial increase in funding for the Oregon University System during the last legislative session, the fiscal challenges facing higher education in Oregon have not been laid to rest.

In the meantime, there are things we can do -- and things we are doing. This is neither the time nor the place for a detailed discussion of educational policy, but I will say this. The goals of higher education -- and of education in general -- are too critical to be put "on the back burner" while bureaucrats and administrators and legislators fiddle around with how to run programs. Every day, every hour, every minute that this kind of political debate goes on, some child's education could be taking a step forward -- or taking a step backward, or just not taking a step at all. That is not acceptable, and I don't believe we can afford that kind of delay.

What we need to be focusing on is not how to run programs, but how to solve problems, or rather, how to meet challenges. What challenges am I talking about?

For one, there's the challenge of access. How do we expand our post-secondary capacity in order to serve the needs of an ever-increasing student body and a more diverse student body? How do we help students overcome the financial, geographic, and cultural barriers that stand in the way of achieving a good college education?

There is also the challenge of quality. How do we manage to attract and retain the caliber of professionals who can give

these students the kind of education they need? How can we encourage greater investment in research and development, which is one of the keys to economic success in the 21st century?

And then there's the challenge of responsiveness: how do we ascertain and meet the demands of the marketplace our students will enter, and how do we give them the tools they will need in order to succeed?

For better or for worse, we no longer live in a world where colleges and universities can dictate, in academic isolation, what a student needs to know in order to be called "educated." In today's world, success -- without exaggeration I might even say survival -- depends on what employers need and what they are willing to pay for. For better or for worse, that's the way things are. And the challenge is for our post-secondary schools to respond to that reality, without abdicating their responsibility to what has always been called "higher learning."

I do not underestimate the difficulty in meeting these challenges, but neither do I shrink from them. I believe they can and will be met. We are now in the process of rethinking our whole approach to education, from pre-Kindergarten through college and university. We are attempting to link education to the economy -- to address workforce needs, research needs, and the overarching need for a continuously educable populace with not only the necessary job skills, but also the humane outcomes of a good liberal education.

The University of Oregon is an active participant in this whole process. Despite the funding cutbacks of recent years, it has moved steadily forward. It has been listed as one of the nation's "best buys" for those seeking a college education. A 1997 study ranked it sixth in the nation among "rising" public universities. It has one of the nation's best university computer networks. It ranks fifth among the nation's college and universities in producing Peace Corps volunteers. There is no question in my mind that your choice to study or to work here or to send your children here is a good one.

Thirty-four years ago when I entered college, right here on this campus, a college education was considered a privilege. Today it is still a privilege, but it has also increasingly become a necessity. As the novelist H.G. Wells wrote in the early 20th century: "The history of society is rapidly becoming a race between education and catastrophe." That statement is more true today than at any other time in our history.

An education becomes the permanent, personal possession of every man or woman who earns one, and it is perhaps the one thing in life that no one can ever take away from you, once you have it. And it is more than just a "meal ticker." Yes, it provides economic security but it should also open the gates of vision.

In what was perhaps his greatest speech, Martin Luther King, Jr., whose birthday we celebrate today, outlined a vision - a dream -- of a world where people could learn to respect one another's differences and live together in harmony.

If there is one thought -- or vision or dream, if you will -- that I would leave you with today, it is this: to remember that we are all here for the same reason, and that what we share is greater and more important than the ways in which we differ. And that brings me to my final point.

The University of Oregon -- like most others across the nation -- has an increasingly diverse student body. I'm aware that last spring this campus experienced some potentially unpleasant diversity issues, and I want to commend the school, the students, and the administration for taking swift steps to deal with this. I understand that the summer internship program was a success, and I am confident that these efforts will continue.

But I think we need to remember that diversity takes many forms. Even those who belong to the so-called cultural and ethnic majority are themselves a diverse group. You all come from different backgrounds and different places. Some of you are recent high school graduates, while others are older students returning to school to continue or extend your education or to prepare for a different career. And we all have different interests and different goals and different opinions. In other words, we are all individuals.

We must honor and respect our differences, whatever form they may take. They enrich our lives and enlarge our perspective. But we are also all human, and we must not lose sight of what we share.

I've already mentioned our tendency to divide time into segments and attach isolated significance to the parts. We've

done the same thing in our approach to education. And when we single out those who are culturally or ethnically different, and treat them differently because they are different, we're doing exactly the same thing with each other: making superficial distinctions. And that is the most dangerous distinction of all, because it blinds us to the great underlying bond of our common humanity. If education teaches one thing above all others, it should certainly be that.

What really matters is not where we came from but where we are going. Again in the words of Martin Luther King, Jr., "we cannot walk alone."

Though we have now walked across the threshold of a new century and a new millennium, what really matters is not when we live, but how we live. Wherever it may fall in the calendar of years, what matters is how we use the time that is given to us.

And it is education that holds the key to using it well. By unlocking human potential, it helps us look beyond the world we are living in toward a vision of the world we'd like to live in -- and it gives us the tools for getting there.

In that sense, American educator James B. Conant was right when he said, "Whoever sets foot inside a university walks on hallowed ground." It is for us today to uphold that tradition.

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Governor John Kitzhaber

Minority Summit 2000

January 14, 2000

It is a privilege to have been asked to provide opening remarks for this Minority Summit 2000. I am encouraged to see so many of you here today. To me, it shows a willingness to do whatever it takes to meet one of the greatest challenges facing our society as we cross the threshold of the 21st century. Because diversity and inclusiveness in the workplace is among the priorities of my administration, the goals of this Summit both reinforce and complement what my Office of Affirmative Action is trying to do.

The American poet Walt Whitman once wrote, "Not until the sun excludes you will I exclude you." Those are words we should all take to heart. But it is a lesson not easily learned.

I say that because one hundred years later, Martin Luther King, Jr. stood before a crowd of 100,000 people and voiced a dream: a dream of a world where people would be judged by the content of their character and not by the color of their skin -- a dream that one day ALL our citizens -- however diverse -- would be able to work together and accept each other as equals.

Since then we have come a long way toward realizing that dream. Today American minorities occupy positions of leadership in every walk of life and are some of our most respected community members. But despite the progress we have made, we have not come far enough.

We all know that our communities are becoming more and more diverse -- a trend we can expect to continue as we move forward in this new millennium. African Americans, Asian Americans, Native Americans, and our growing Hispanic residents all bring with them a cultural diversity which can enrich our lives and enlarge our perspective.

They have contributed to our communities in many positive ways, despite the legal and social obstacles they still too frequently encounter. Yet despite the progress we have made, the sinister shadow of intolerance, discrimination, racism, and hostility still hangs over us.

Across the nation, attacks on affirmative action are occurring with alarming frequency . . . in the form of California's Proposition 187, the initiative restricting immigration; in the form of Washington State's Measure 1-200, California's Proposition 209, and similar efforts in Michigan and Florida -- efforts to abolish all forms of affirmative action; and in the form of court rulings that some affirmative action programs conflict with today's interpretation of the law.

If the idea of individual opportunity -- EQUAL opportunity -- is to retain any meaning at all, it must find expression in a system that is culturally diverse and inclusive.

This means, among other things, learning to work in a non-blaming environment where all employees can reach their full potential.

It means examining our own programs and businesses to detect the presence of minority bias, however inadvertent, and finding ways to address it.

It means fostering greater awareness of and sensitivity to minority issues.

It means empowering people and acquiring the knowledge and skills that will enable us to live and work in a diverse culture.

And the benefits of taking these proactive steps will accrue to ALL of us:

- by giving us a chance to gain new ideas;
- by helping employers attract the best candidates when filling vacancies;
- by getting better performance from ALL employees;
- and above all, by reminding us what makes us truly human.

We have to remember that diversity takes many forms. Even those who belong to the so-called cultural and ethnic majority are themselves a diverse group.

They too come from different backgrounds and different places. And all of us -- majority and minority alike -- have different interests and different goals and different opinions.

In other words, we are all individuals.

We must honor and respect our differences, whatever form they may take, for the gifts of diversity reach beyond the traditional measures of merit, and they must always have a place in the rich fabric of our communities and our world. But we are also all human, and what we share is greater and in the long run more important than how we differ.

While he was sitting in a jail cell in Birmingham, Alabama -- himself the victim of racial discrimination -- Martin Luther King wrote, "We are caught in an inescapable net of mutuality, tied in a single garment of destiny. Whatever affects one directly, affects all indirectly."

In other words, our lives and our fates are bound together. Whenever one person is denied equal opportunity or is subjected to discriminatory treatment, that is one person too many, and all of us are the poorer for it.

Why? Because making superficial or prejudicial distinctions based on our differences blinds us to the great underlying bond of our common humanity and robs us of what we can gain from living and working together on equal footing and in harmony.

This is not something that government or legislation alone can accomplish. It requires first and foremost a change in attitude, and that must come not from the "top" but from the "bottom. In other words, it must begin with individuals. We can never achieve genuine inclusiveness which honors and draws strength from diversity without the firm commitment and active participation of people like you -- individuals who care, individuals who believe that unless this is a good place for ALL of us to work, it won't be a good place for ANY of us to work.

The outcome measures which this Summit aims to establish will set the course for a vital aspect of our future. In light of that, I want to offer you my encouragement and assure you of my support.

Thank you again for inviting me to be here today.

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Governor John Kitzhaber

**Transportation Speech
Welches, Oregon**

January 14, 2000

Thank you for the opportunity to address this group as you struggle with the question of how to establish a collaborative regional transportation policy. What I would like to add to your deliberations today are some thoughts regarding several of the obstacles that are preventing you from achieving your objective, and how we might overcome them. I will approach this from a broad, big-picture perspective and leave details for our question and answer opportunity after my remarks.

Before I do, however, to a larger and more fundamental issue as a way of providing some context for the challenge you are undertaking – because I believe that, ironically, one of the greatest obstacle to your success is Oregon’s booming economy itself.

To quote Dickens – “ It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness...” To my mind, this opening line from A Tale of Two Cities applies perfectly to Oregon in the year 2000.

It is the best of times because the economy is so good. We have record low unemployment. There is no crisis on the horizon that commands public attention. There is no sense of urgency. And we continue to enjoy this incredible natural environment, from our beaches to the Cascades to the high desert, from the Columbia Basin to this Willamette Valley to Crater Lake on down to the Rogue River.

It is the worst of times because our very prosperity has created a kind of complacency. It is masking our need, not only for each other, but for our government which provides us with those things we cannot provide for ourselves individually – not the least of which is a transportation system. It is a subtle thing, yet one that can have a profound and long-term impact on this state of ours.

When we talk about Oregon’s greatness, we always talk about our public beaches. We talk about our land use planning program and its protected farm and forestlands and open spaces. And that has given this state more options, more choices in how we grow and develop than probably any other state in America. We talk about our parks system. We talk about the bottle bill. Some talk about our excellent transportation system and about legends like Glenn Jackson who helped make it happen.

All of these things are, indeed, part of the Oregon heritage. The Oregon ethic, the Oregon mystique as McCall referred to it. It is a spirit of community building and preserving this special place, this home of ours. It is a spirit and an ethic that defines us as much as the powerful landscapes it surrounds.

I don’t want to lose that. I don’t want to lose it for myself. I don’t want to lose it for my family and I don’t want to lose it especially for my son.

I don't think anyone here wants to lose it. It is part of who we are here. It is why we came to Oregon. It is why we stay here.

But I think we are at risk of losing all this – and here's why. Since 1990 we have welcomed almost half a million new Oregonians -- since 1975 over a million of new Oregonians.

In other words, nearly a third of our population arrived here, or were born here after all these things that we cherish and point to had been created. After responsible civic leadership and foresighted leadership in both the public and private sector and progressive action by the Oregon State Legislature created the very heritage that we point to with such pride.

I think we tend to assume that all Oregonians share this ethic of community responsibility and of civic action and of environmental stewardship. I am not sure we can make that assumption.

For people who moved into it, or for many people who were born into it, I think it is very easy to take for granted the gifts that we have in this state. For people who didn't have to struggle and fight for these things, I think it is easy to undervalue what we have here.

My father, for example, was a child of the great depression. At age 16 he was going to High School and working six hours a day, seven days a week for 12 ½ cents an hour to help pay the family rent.

He served in WWII. He got a college education under the GI bill. He became a university professor and he retired after a successful teaching career at the University of Oregon. To this day, he values and appreciates what he has far more than do many members of my generation.

The point that I am trying to make is that this Oregon ethic, this heritage that we so proudly point to and refer to, this quality of life that we enjoy in this state, this booming economy -- didn't just happen. These things are not inherent in the soil and the water. They didn't come with the place. Although I think the place helped to inspire them.

The fact is, that these things that we cherish about Oregon have to be constantly renewed in ourselves and in our community. So breaking through the complacency is a major challenge. We must bring people to see that if we continue to do no more than point to a heritage built by others – and do nothing ourselves to nurture and renew that heritage for the future – then we run the substantial risk of seeing both our quality of life and our good economy slip away.

To avoid that outcome we need to be very clear on not only what we want, but what we need to do today to secure it. So what do we want? Let's start with the need for a common vision.

I was asked to share my vision for transportation in the Portland region. But a transportation vision -- a regional transportation policy -- cannot exist in isolation. Rather, it must be developed within the context of a larger community vision. After all, our transportation system is a means to an end, not an end in itself. The end is to support our economy by moving people and products efficiently from place to place. The end is to increase the mobility of our citizens in a way that enhances community livability and quality of life.

Furthermore, these ends -- of supporting our economy and enhancing our quality of life, are not just a functions of the roads themselves. For example, we can have the best roads in the world from an engineering standpoint, but if we put jobs on one side of town and housing on the other side, we will overload the system, create traffic problems, and erode quality of life. Access management is another example. No matter how good our roads from a physical standpoint, if we allow various towns to capture a section of a state highway as a local mainstreet, we will delay transit and undermine our economy.

The point is that we don't start with a transportation policy. We start with a community vision and then develop our transportation policy to serve that vision – which means that it must be developed in the context of a variety of other decisions concerning housing, land use and economic development.

I think we already have a community vision, and it isn't new. In fact, it was born 30 years ago when we first enacted

Oregon's land use planning program. And that vision went something like this: A state of wide green open spaces with abundant farm and forest land. Compact development inside an urban growth boundary set in the beautiful landscape of the region – development that integrated our human habitation with the natural place we have inherited. Vibrant downtowns and mainstreets where our citizens could find their housing, retail, recreational, cultural and community needs met in a way that made them feel connected to one another as Oregonians. In short, a vision which valued both quality of life and a strong sense of community.

That is still my vision for Oregon in general and for the Portland metro area in particular. And I don't think I am alone. This vision is one of those things we point to with pride inside the state and that people outside the state point to with envy. We memorialized the vision in our comprehensive plans, all of which have a 20 year planning horizon. Portland's downtown is a child of this vision, as is East/West Light Rail. Metro, too, flowed from this vision as an effort to coordinate its implementation across the region.

But that was 30 years ago. And Oregon was a different place. There were fewer of us then. Our economy was natural resource-based. And there was not only a broader sense of civic responsibility, but a widespread view of government as an essential partner in resolving common problems.

Today, things are different. There are a lot more of us for one thing – more than 3 million at last count. Our economy now relies as much on technology and tourism as it does timber and agriculture. Transportation is much more important because of our growing export economy which involves moving products through the Port of Portland to world markets. There is a diminishing sense of community and, unlike 30 years ago, our political institutions are held in disrepute.

So the vision remains the same, but the environment in which we are trying to realize it, is much different than in the past. There is a public disconnect between the vision of a livable and prosperous Oregon on the one hand, and the investment it takes to get us there -- and keep us there -- on the other. We must make the case that without infrastructure investments, we will maintain neither our quality of life or our robust economy.

And again, our very success makes this challenge more difficult. It is not dissimilar to the challenge I have faced as a doctor trying to make the case that if you smoke too many cigarettes, drink to excess and eat a high fat diet, you are going to have some serious heart problems down the road. Try telling that to a 21 year old college student who takes his good health for granted.

Likewise, we have enjoyed this good economy and this exceptional quality of life for so long that we take it for granted. We really don't believe that we have to do anything to maintain it . A case in point: in the face of unprecedented growth, we have failed to pass a gas tax increase in Oregon for over a decade. That is not the formula for keeping what we have.

So our challenge is an educational one as much as anything. First, we need to redefine the terms of the debate. Right now the debate is being defined by two groups. One the one hand are those who want to shrink government and who view infrastructure investments as just more wasteful governmental spending. On the other hand are those who want to limit growth and who believe that "if you build it they will come."

As long as those are the terms of the debate, we are not going to prevail. So we need a coordinated effort to cast this debate in terms of our economic vitality and of the livability of our communities. We need to show how our transportation system supports both a robust economy and a high quality of life. And we need a very wide range of community leaders -- from diverse backgrounds -- moving this message in an aggressive and coordinated manner.

Second, this region must make common cause with the rest of Oregon: the Willamette Valley, the Coast, Southern, Central and Eastern Oregon. The reason is simple: funding for transportation infrastructure will continue to be contingent on the legislature -- and most likely on statewide referendums like the one we face in May . And, at least for the next legislative session – perhaps longer – the legislature will be dominated by those from rural Oregon.

It will be difficult for this region to fund infrastructure on its own. That means we must put Metropolitan area transportation and funding needs in the context of statewide needs. Truck routes through Portland, for example, are to a large extent state and interstate highways which connect cities within Oregon and connect Oregon to other states.

We have took a first halting step toward this goal when we were able to pass out of the legislature in its dying days a transportation finance package that will be good for all of Oregon. But everyone in this room knows it wasn't easy. And everybody in this room knows that we must defend that package against an ill-considered assault by the AAA. It will be a tough fight. As you may have noticed, Oregonians are not exactly in a taxing mood.

But a campaign is always a teachable moment. And there is going to be an enormous amount of money spent on this campaign to influence how Oregonians view this issue. It offers the opportunity to move the message that infrastructure is important to both our economy and to quality, livable communities -- and that that the investment must be made statewide, not just in the Metropolitan area. We need to make sure that this happens.

Finally, this region must get its own house together. And that means recommitting yourselves to working through and resolving your differences.

And there are differences, right here in this room. There are differences over the question of how and where we grow. There are differences over whether and how we expand the urban growth boundary. There are differences over priorities in terms of where the next investment should go.

These differences are not new. They have always existed. What is new is that there are more people, less money and a growing public imperative for coordinated action. All the money in the world will not preserve the quality of life in this region if you do not share a common community vision. And the hard fact is that, in the final analysis, you need each other more than you need your provincial interests. What we desperately need is a victory for regionalism over parochialism. And that starts right here in this room.

This group represents some of the best this region has to offer. Your job - and mine - is no less than rekindling both the spirit and the consensus that existed 30 years ago when we started down this road together. The vision that guided us then - managing growth in a way that fosters a strong economy and protects what is special about Oregon - has given us both a remarkable quality of life and a whole host of options for how we grow and develop. We need to recommit ourselves to that vision and shoulder our responsibility to do what is necessary to move it closer to its full potential.

So the question before you today, really, is larger than just how to create a regional transportation policy. The question is whether you are willing to invest the time and energy to rebuild the Oregon community. Because the fate of the first question rests on the answer to the second.

If we do no more than continue to point proudly to a heritage that someone else created, without making the commitment ourselves to sustain that heritage and that ethic for future generations, than we have surely forsaken our roots and forgotten what it means to be an Oregonian.

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Governor John Kitzhaber

Founders of the New Northwest Speech

January 11, 2000

I am honored to be here tonight to address this esteemed group of leaders and to pay homage to the people in the room who have been selected as Founders of the New Northwest. Actions speak louder than words and your actions are literally changing the face of the Northwest. You are leaders showing the rest of the nation and the rest of the region how we can live in greater harmony with our environment.

Not only are you leaders -- you are risk-takers . . . bold prophets of the new century. You have seen the signs telling us that we must make some significant changes in the way we live individually and collectively if we want to sustain life and our quality of life. You have taken to heart and put into action the mission statement of Sustainable Northwest: to build partnerships that strengthen local capacity to promote environmentally-sound economic development in communities of the Pacific Northwest.

That is no small challenge -- because not only is Oregon prospering, it is also changing. It is growing rapidly -- more people, more roads, more buildings, more fragmentation and destruction of habitat, more declining species, more conflict. There is a growing sense that what defined us in the last century is slipping away.

Think about it. When we talk about Oregon's greatness, we always talk about our public beaches. We talk about our land use planning program and its protected farm and forestlands and open spaces. And that has given this state more options, more choices in how we grow and develop than probably any other state in America. We talk about our parks system. We talk about the bottle bill.

And all of these things are a part of the Oregon heritage, the Oregon ethic, the Oregon mystique as Gov. Tom McCall referred to it. It is a spirit of community building and of preserving this special place, this home of ours. It is a spirit and an ethic that I think defines us as much as the powerful landscapes that surround us.

I don't want to lose that. I don't want to lose it for myself. I don't want to lose it for my family and I don't want to lose it especially for my son. And I know that no one here wants to lose it. It is part of who we are here. It is why we came to Oregon. It is why we stay here.

But, consider this. Since 1990 we have welcomed almost half a million new Oregonians -- since 1975 over a million of new Oregonians.

In other words, nearly a third of our population arrived here, or were born here after all these things that we cherish and point to had been created. After responsible civic involvement and foresighted leadership -- in both the public and private sector -- and progressive action by the Oregon State Legislature created the very heritage that we point to with such pride.

I think we tend to assume that all Oregonians share this ethic of community responsibility and of civic action and of environmental stewardship. I am not sure we can make that assumption.

For people who moved into it, or for many people who were born into it, I think it is very easy to take for granted the gifts that we have in this state. For people who didn't have to struggle and fight for these things, I think it is easy to undervalue what we have here.

My father, for example, was a child of the great depression. At age 16 he was going to High School and working six hours a day, seven days a week for 12 ½ cents an hour to help pay the family rent.

He served in WWII. He got a college education under the GI bill. He became a university professor and he retired after a successful teaching career at the University of Oregon. To this day, he values and appreciates what he has far more than do many members of my generation.

The point that I am trying to make is that this Oregon ethic, this heritage that we so proudly point to and refer to, this quality of life that we enjoy in this state didn't just happen. It is not inherent in the soil and the water. It didn't come with the place. Although I think the place helped to inspire it.

The fact is, that these things that we cherish about Oregon have to be constantly renewed in ourselves and in our community. They have to be constantly tended and nurtured, lest they slip from our grasp -- quietly before we are even aware they are gone.

But this organization -- with its guiding principals -- is the antidote for what otherwise might be a grim picture. This Organization -- Sustainable Northwest -- is a living example of what is emerging as a new shared doctrine of environmental management. And it is this new perspective, this new approach, that I would like to discuss here tonight.

One of the things that has become increasingly clear to me is that our environmental problems are becoming more complex and challenging. They also have complex economic and social interconnections. And while some environmental problems will still respond to the traditional tools of regulation and litigation, I believe we are at a point in time where we need to develop new tools, new perspectives, and new approaches to deal with the growth that besets us and the environmental challenges and conflicts that come with it.

Take the issue of water quality as a case in point. Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing Governor McCall when he led the effort to clean up the Willamette River in the 1970's. Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing non-point-source pollution -- perhaps the major challenge facing us on the Willamette River today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, Eugene and, indeed all of urban Oregon. This involves what people put on their lawns, whether or not they wash their cars in the driveway with detergent, and hundreds of other individual actions that contribute to the non-point source pollution load.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will require sustained environmental stewardship -- a long term commitment to change behavior -- by millions of people living in the watershed -- most of them living in the city.

I believe we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that calls for, and result in, greater individual responsibility and accountability for our air, land and water. You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts.

You can only achieve that through a collaborative and cooperative process that engages thousands of Oregonians and gives them a stake in the problem and some degree of ownership in the solution.

This concept -- which lies at the heart of sustainability -- is embodied in a set of principles developed by me and Governor Mike Leavitt of Utah to describe the common elements found in such success stories as the Oregon Plan for

Salmon and Watershed Restoration. We call this set of principles Enlibra -- a hybrid Latin word coined by Governor Leavitt -- which mean "to move toward balance."

Enlibra emphasizes the importance of many of the elements that are informing and motivating your own decisions to pursue sustainable products, practices or behaviors.

It calls for good science. It calls for a good understanding of the broad costs and benefits of various strategies, including those to society. It calls for a recognition of the power of incentives and of the importance of collaboration. It calls for a focus on results; and for looking at the scope of the problem along natural boundaries, not artificial political ones.

Enlibra also recognizes that people need to understand their connection to the environment and their stewardship responsibilities if we are to enjoy not only environmental, but also social and economic health. Finally, it urges flexibility in how we meet national environmental standards to allow for locally-developed solutions.

Hopefully, by articulating what we have in mind with Enlibra, we can help our institutions and governments empower the kinds of efforts that you are undertaking at a local level. I also believe that by using this approach to solve complex problems, we will gain the buy-in and ownership by individual citizens which is necessary for long-term sustainable environmental stewardship.

And I can tell you that it works. While still evolving, the Oregon Plan for Salmon and Watershed Restoration has yielded tangible results that illustrate the potential of this approach. Over the past three years we have:

- Taken more than 400 stream miles off the EPA list of streams out of compliance with the Clean Water Act;
- Reopened over 430 miles of habitat by replacing culverts which were impeding fish passage;
- Recommissioned or upgraded over 1,470 miles of roads to reduce erosion, and;
- Fenced more than 400 miles of stream to improve riparian areas.

Around the state, a diverse and curious group of ranchers, farmers, loggers environmentalist and community members are putting your ideas of sustainability to work. And I am dedicated to making sure this continues to happen and that our salmon and watershed restoration efforts do not end with this administration.

I am also dedicated to making the state government itself a leader in sustainability.

Toward that end, I am in the process of developing an executive order on sustainability for the state of Oregon. Why? Because the state of Oregon is, in essence, a huge developer and a very large employer. The state directs investment for economic development; sets the rules for where and how communities can grow; and establishes the parameters for environmental management. It also consumes reams of paper; builds offices, buys power, paves roads, and manages forests and rangeland.

Does all this happen with the overarching goal of fostering sustainable economic growth that is respectful of both our environment and our communities? I cannot tell you that it does ... but I should be able to.

My commitment to you this evening is to produce and implement an executive order that makes Oregon State Government a leader in sustainability. Furthermore, I will take this concept to the Western Governor's Association and promote it state by state.

After all, you are leading by example -- transforming ideas into reality and showing the way; taking the risks because it is the right thing to do for our collective future -- not just for personal gain. You should expect no less from me or from your state government.

You are showing the rest of us how we can make progress toward building a just, sustainable, and compassionate world.

You are pioneering new ways to solve common problems -- sometimes bringing us back to us fundamental truths and

practices -- but also integrating these with new innovations that together respond to the challenges of growth and change facing Oregon and the Pacific Northwest.

You are demonstrating new ways of living that are accessible and inspirational to many, not just to a few; that will benefit tomorrow's children, not just ourselves today; and that will send ripples of hope through an endless succession of days, touching the lives of those who come after us.

As I look out into this room of leaders -- across such a broad range of talent -- I want to thank you for daring to be different -- for daring to make a difference. I want to thank you for demonstrating a new kind of progress -- the kind we too often only talk and read about, and too seldom translate into action.

The kind of progress that considers more than our own private interests, but understands that the welfare of others is vital to our own.

The kind of progress that does not regard compromise as weakness.

The kind of progress that sees diversity not as a threat, but as a treasure; an opportunity to enrich and strengthen the fabric of our society.

The kind of progress that values timeless principles over transient popularity -- principles like truth and honor and courage and compassion and service and sacrifice.

And cannot overemphasize how important this is.

Because if we do no more than continue to point proudly to a heritage that someone else created -- without making the commitment to sustain that heritage and that ethic for future generations -- than we have surely forsaken our roots and forgotten what it means to be an Oregonian.

What you are doing gives Oregonians a tangible way to fulfill that commitment. To renew and replenish the Oregon ethic in themselves and in their communities.

You are both examples and catalysts. Your inspiration and achievements have proved a powerful tool in making sustainability tangible to a growing audience. You demonstrate that the possibility for a bright future exists.

You give us hope as well as direction -- and for this, I thank you.

And for this, the citizens of Oregon and the Northwest should give you thanks.

Not only for what you have done. But also, because your examples give us a way to talk about the idea of sustainability. It adds meat to the bones. It gives us a way to teach the concept -- a way to spread the word.

I will be an active partner in this. I will do my best to make the state government a living example of sustainability. And I look forward to being here next year to celebrate and promote not only the idea of sustainable development, but its actual examples in the community: You, the Founders of the New Northwest.

Thank you.

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Governor John Kitzhaber

The Oregon Approach to Environmental Problems

January 6, 2000

From Science to Public Action:

The Oregon Approach to Environmental Problems

January 6, 2000

Oregon State University

Today I want to talk to you about the Oregon Plan for Salmon and Watershed Restoration, or as it is more widely referred to, simply the Oregon Plan. I also want to examine the principles on which it is based because they form what I believe is the backbone of a new environmental approach in Oregon and potentially represent a model of environmental problem solving for the West.

But first, a little context.

Over the weekend as we entered the new millennium, I was struck by how connected we have truly become. With so much global focus on this one event, we could truly feel how we are part of a whole. We could feel our common humanity and shared sense of hope for the future as each time zone, each country, brought in the new millennium over the airwaves into our homes.

Here in Oregon, I was struck by our good fortune. We are living in good times. And we still live in one of the most beautiful places on earth. The people of this state have had great courage and foresight to provide for us the quality of life we enjoy today.

And though I am still filled with a great sense of hope, I know we only need to look below the surface to discover the challenges still before us.

We are growing rapidly – more people, more roads, more buildings, more fragmentation and destruction of habitat, declining species and their diversity, more conflict. There is a growing sense that what has defined us is slipping away.

In particular, salmon -- one of our great icons here in the Northwest is in trouble. If, as Norman Maclean says, "eventually all things merge into one and a river runs through it," then salmon swim through it – twice. What better indicator of our collective health.

And with all of the declining salmon runs, I believe it is safe to say we may be in trouble. If the salmon runs are not healthy, then our watersheds are not healthy -- and if our watersheds are not healthy, we have lost our collective connection and sense of stewardship responsibility to the land and to each other. Then we have truly mortgaged the future. I do not intend to leave that as my legacy.

There's no question in my mind that our environmental problems are becoming more complex and challenging. They also have complex economic and social interconnections. And while some environmental problems will still respond to our traditional tools of regulation and litigation, I believe we are at a point in time where we need to develop new tools,

new perspectives, and new approaches to deal with the growth that besets us and the environmental challenges and conflicts that come with it.

Take the issue of water quality as a case in point. Problems of point source pollution, for example, lend themselves well to a regulatory approach. That was really the challenge facing Governor McCall when he led the effort to clean up the Willamette River in the 1970's. Municipal sewage discharge points and pipes carrying industrial effluent can be identified, regulated, fined or shut down. But reducing nonpoint-source pollution -- perhaps the major challenge facing us on the Willamette River today -- is a different question entirely.

It involves not only runoff from agricultural lands carry pesticides and other chemicals; not only runoff from timber land carrying silt into our streams; but also runoff from roads and lawns and driveways and roof tops in Portland, Salem, Albany, Eugene and, indeed all of urban Oregon. This involves what people put on their lawns, whether or not they wash their cars in the driveway with detergent, and hundreds of other individual actions that contribute to the nonpoint source pollution load.

There is no law or regulation that will miraculously change the behavior of hundreds of thousands of urban and suburban Oregonians. Rather, it will require sustained environmental stewardship -- a long term commitment to change behavior -- by millions of people living in the watershed -- most of them living in the city.

I believe we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that calls for, and result in, greater individual responsibility and accountability for our air, land and water. You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts.

You can only achieve that through a collaborative and cooperative process that engages thousands of Oregonians and gives them a stake in the problem and some degree of ownership in the solution.

This kind of collaboration is not new to Oregon. Some 60 years ago, catastrophic fires destroyed hundreds of thousands of acres of forest -- an event we now call the Tillamook Burn. It took a generation to replant the forest, but it was done, tree-by-tree by volunteers and by school children. You'd be surprised how many people you meet in Oregon today -- in fact I bet there's a couple of you in the audience -- who took a school field trip to help replant the Tillamook Burn.

It was the same kind of broad-based collaborative effort that cleaned up the Willamette River in the 1970's under the administration of Governor Tom McCall. It was this community sense of environmental responsibility that let us to make our beaches public and to pass returnable bottle bill which has made littering tantamount to betraying your roots as an Oregonian.

With that kind history of cooperation and community response to environmental challenges, the consequences of the listing of the Northern Spotted Owl in 1990 were especially traumatic to Oregonians. The polarization tore communities apart and left scars in parts of rural Oregon that have yet to heal.

As a consequence, when -- shortly after my election in 1994 -- the National Marine Fishery Service gave notice of a possible listing of our coastal coho salmon, I began to look for a way to address the problem that would not result in another divisive natural resource war.

On the other hand, I was then, and remain now, deeply committed to the survival of our salmon runs. There is an almost mythic connection with Salmon among the people who live in the Pacific Northwest. It is a powerful connection that cannot be overestimated -- the power of history, the power of identity, the power of the past's promise to the future.

It is this deep sense of connection and common purpose that has fueled the Oregon Plan for Salmon and Watershed Restoration. I suspect that there are many here in this audience that are playing a role, if not a significant role, in this historic effort. And it is historic for a few reasons.

First, it is historic because of the level of effort and voluntary commitment to our common goal of restoring our salmon and watersheds and the scale at which it is happening. This is happening by individual property owners, watershed

councils, scientists, industry folks, environmentalists and communities across the state. It is not a partisan effort. It is an Oregon effort. (This could be further expanded.)

Second, it is historic because it is demonstrating to the nation a new way of tackling and making progress on complex and formerly intractable problems. In fact, our approach was one of a handful of success stories in the West that inspired me and Governor Leavitt from Utah, to extract the common principles that have guided us in our success.

We called this collective set of principles Enlibra -- A hybrid Latin word, coined by Governor Leavitt -- which means "to move toward balance." I will elaborate on these principles in a moment, but first let me turn to the Oregon Plan itself. It illustrates the limitations we face in our existing laws, the need for new tools, and the power of coming together in a new way.

It is important to recognize that the objective of the Oregon Plan has never been to avoid a listing under the Endangered Species Act. Rather, the objective has been -- and continues to be -- to make the greatest progress possible in restoring species and restoring watersheds.

It is also important to recognize that relying solely on the ESA to recover salmon in Oregon would not only have triggered another divisive battle, but would ultimately fail to recover salmon.

We need to remember that the primary role of the federal government under the ESA is a regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the wrong things but it provides no incentive for them to do the right thing.

So while the ESA can prevent landowners from engaging in activities that result in an intentional or unintentional kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70% of coho habitat lies in private ownership and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding take.

And in my 20 years of involvement in western state politics, I have experienced over and over again the fact that an approach which involves private landowners in the decision-making -- which gives them some ownership and investment in the work being done -- has a greater and more immediate positive impact on the resource than simply applying regulations that tell them what to do. Telling people what to do with their land in the West is an explosive proposition

As a result, the Oregon Plan was designed to involve, empower and incent private landowners to make voluntary commitments to watershed restoration and habitat restoration. The commitments are built on a solid foundation of federal, state and local regulation -- including harvest limits, Clean Water Act requirements, forest practice requirements, land use laws, state water law, and so forth.

But the increment that will make a difference in how quickly and successfully we recover salmon and watersheds comes largely from the voluntary commitments by landowners and communities working alone or through their local watershed councils.

These efforts do not have to wait for long federal planning processes to be completed. They can begin right away. I have observed that when there is a compelling goal, people can change their relationship to the land and to each other quite quickly. This is significant.

We have been engaged in this experiment in new governance and new relationships with each other and with the land for five years. It is more than a government program. Rather, it is a statewide, bipartisan commitment to restore our runs of salmon, steelhead and trout -- and the watersheds in which they spawn. And it is an experiment in implementing the provisions of the ESA that is at once sensitive to local needs and more effective in actually making habitat improvements happen on the ground.

We have results we can be very proud of in our watersheds and in our communities. Let me use some of these successes to illustrate the Enlibra principles on which the plan is based.

National Standards, Neighborhood Solutions.

This principle recognizes the appropriateness of national standards, but also of empowering other levels of government to come up with solutions that meet or exceed those standards without set federal prescriptions.

The Clean Water Act, the Clean Air Act and the Endangered Species Act are examples of national standards designed to protect the collective environmental values of the nations – but they do not, in themselves, constitute a blueprint for success. The blueprint arises when it reflects a local community's desire to create environmental health – not just a private interest's desire to avoid violating regulations. This kind of local buy-in underpins the success of the Oregon Plan. And the buy-in is based on the flexibility to pursue local solutions in the effort to meet national standards.

Collaboration, Not Polarization

This principle recognizes the importance of using collaborative processes to break down barriers and to find common solutions. It recognizes that we are reaching the limits of regulation and litigation to achieve our environmental goals.

For example, starting in 1994, the Coquille Watershed Association brought together loggers, farmers, environmentalists, fishing interests and governmental agencies to identify the factors endangering salmon in this southwest Oregon river basin.

Over 300 landowners have participated in projects which have resulted in 80 miles of stream bank fenced, 22 culverts replaced to improve fish passage, 200 instream structures built – and 10 displaced timber workers and fishers employed year round.

Reward Results, Not Programs

This recognizes the importance of moving to a performance-based system. We need to solve problems, not just run programs. The Oregon Plan, for example, is not a program as much as a series of commitments by federal, state and local agencies and private interests to address watershed health through actions that can show measurable results. In other words, the objective is not simply to have a program to fend off the federal government with an endless series of workshops and meeting. The objective is to get something done on the ground.

Monitoring, which is an essential part of the Oregon Plan, has already demonstrated that more than:

- 400 stream miles taken off the EPA list of streams out of compliance with the Clean Water Act
- 430 miles spawning habitat reopened through culvert removal;
- 1470 miles of road decommissioned or upgraded to reduce erosion; and
- 400 miles of stream bank fenced to improve riparian health.

It is these kinds of measurable improvements – which will restore salmon and improve watershed health – that are rewarded by the Oregon Plan.

Science for Facts, Process for Priorities

This principle recognizes the importance of good science to well-informed decision-making. It also recognizes that there is often some degree of uncertainty in the science and that difficult policy decisions cannot always await science to provide a clear and unambiguous direction. For example, the lack of "perfect" science on the Columbia has been used by a variety of interests to thwart any meaningful action at all.

When science is ambiguous, a public process must be used to set priorities and make subject decisions informed by the best objective data gathering available. The lack of perfect science should not be used as a justification for paralysis.

I want to take a moment here to acknowledge the significant contribution made by many scientists here at OSU, some of whom may be in this room. You have contributed some of the best science there is to this effort and it has helped us make difficult decisions.

Markets Before Mandates

This principle recognizes that economic incentives can often garner the good will necessary to achieve sustained efforts at environmental problem-solving that go beyond the reach of regulation or litigation.

The Oregon Plan offers a range of economic incentives which lead to faster compliance and in a more efficient, cost-effective manner than pure regulation. In addition, we have found that economic incentives can encourage changes in management and behavior that go beyond what is required by law.

Change a Heart, Change a Nation

This principle recognizes that individuals must be brought to understand their relationship to the environment and their stewardship responsibilities. If this happens broadly at the individual level, it can have a profound impact at the state and even national level.

Thus, education and outreach are very important parts of the Oregon Plan. If people understand the connection between their daily decisions and impacts on the environment, they will respond. Furthermore, if they can be provided with an enriching opportunity to actually help improve the environment, the experience is likely to stay with them.

Recognition of Benefits and Costs

This principle recognizes that decisions must be fully informed with an understanding of the environmental costs and benefits of various actions. Had we done this historically, our watersheds might not be as stressed as they are today. In terms of environmental problem-solving, informed decisions can help us to shape options and to ensure an equitable distribution of the burden.

Solutions Transcend Political Boundaries

This principle recognizes that environmental problems – watersheds and airsheds, for example – do not respect arbitrary political lines drawn on a map. This means that solutions will require common cause and collaboration, at the very least, on a regional basis.

These are the principles that underlie the Oregon Plan for Salmon and Watershed Restoration. They also represent the foundation for a new way to look at environmental problem-solving -- a new perspective, a new tool and a new approach.

Let me say again, however, that by embracing the concept of a new shared doctrine for environmental management, I am not rejecting or discrediting the tools of the past. I believe in the need for a strong framework of federal environmental laws, I believe in the need to have the ability to enforce them, and I believe in access to the courts. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the way in which we have traditionally applied them.

I recognize that the environmental debate is peopled by a vast range of stakeholders engaged in a mighty struggle. The challenge is not for the various constituencies to give up on their entrenched positions. It is to see beyond them. If we can recreate a forest in Oregon, then we can recreate watersheds. If we can find peace in Northern Ireland, then surely we can find peace in the West

As Wallace Stegner wrote in *The Sound of Mountain Water*:

"...one cannot be pessimistic about the West. This is the native home of hope. When it fully learns that cooperation, not rugged individualism, is the quality that most characterizes and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery."

That is what we are trying to do here in Oregon. At stake is more than salmon and watersheds. At stake is whether this new approach -- with its strong foundation in science and in respect for communities -- will be accepted and help us solve the environmental challenges of the new century. At stake is whether we can find a way to pursue our individual and often conflicting objectives that builds community rather than disrupts it.

And if this is to come to pass, it will take your support and cooperation.

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Governor John Kitzhaber

Washington County Public Affairs Speech

November 1, 1999

It is a pleasure to be here before the Washington County Public Affairs Forum to discuss my ideas for strengthening our system of school finance.

Before I start, however, I feel it is fair to warn you: In a recent editorial Steve Forester, of the Daily Astorian, wrote: "No one would fall in love with John Kitzhaber's speaking, as one might with Gov. McCall's."

So, now is your chance to head for the doors or grab that last cup of coffee. Because, I'm here to talk about ideas and while I can't promise that this will be entertaining, I can promise it will be informative.

And it will be simple: My speech today is really about three things: Stability, Adequacy and Equity.

Stability, Adequacy and Equity. You will hear me say those three words over and over again for the next year. Because stability, adequacy and equity are the three challenges for school funding. And the two initiatives I am working to put on the ballot address those challenges. I will share with you some of the "how" in a minute.

First, I want to talk with you about the "why?" Why bother to pursue these changes to the way we pay for schools? What's wrong with how we do it today? And if we fail to make changes, what's really at stake?

The fact of the matter is that Oregon's students are doing well in school. On statewide tests, Oregon students continue to show improvement. In national and international comparisons, Oregon's students rank consistently well. And teachers and administrators are, by and large, doing a good job of teaching to higher standards in a changing world.

But that is no reason to be complacent.

That is no reason to sit on our hands and hope for the best.

Because there are clear and identifiable problems with how we pay for schools -- problems that we have the resources and intelligence to solve.

And those problems are, not surprisingly: stability, adequacy and equity.

Let me tackle them one at a time -- stability first.

The most important change in state government and school finance in the last decade is fallout from 1990's Ballot Measure 5. Whether you supported it or opposed it -- or were even in the state when it was voted on -- the indisputable fact is that it shifted the responsibility for paying for schools from local property taxes to the state income tax.

The level of school funding used to be decided locally, in local levy elections. It wasn't a perfect system, but, being based on property taxes, it provided a very stable source of revenue for our schools. Roughly 70 percent of school

funding came from local district patrons and 30 percent from the Legislature.

Measure 5 turned that equation on its head. Now, more than 70 percent of your schools funding comes from the state income tax and the level of funding is decided by the Legislature.

This isn't a perfect system either. It has its pluses and minuses. But the biggest problem I see with it is Stability. Income taxes are simply not as stable as property taxes. And when, not if, we have an economic downturn, we'll be looking at either raising taxes to keep schools in good shape or we'll be looking at severely cutting school funding.

Now, I feel a little like a doctor warning about eating too much fat or smoking too many cigarettes. Those are bad practices which could someday result in poor health. But, it's pretty tough to convince a 25-year-old of that.

Similarly, it's pretty tough these days to get Oregonians worried about a recession or economic slowdown. We haven't really seen one in this decade.

But who here is planning their personal or business finances on the assumption of never-ending good times? Probably not very many of you. My bet is that prudent people are using prosperity as an opportunity to save, invest and be prepared for leaner times.

With luck, those leaner times are far away. But I refuse to run this state on the assumption of good luck. I refuse to tell you and your children that the best we can do for stable school funding is to knock on wood, cross our fingers, carry a rabbit's foot and hope for a continued strong economy.

Instead, in conjunction with State Superintendent of Public Instruction Stan Bunn and Standard Insurance President Ron Timpe, both Republicans, I have filed a bipartisan initiative to create a school stability fund.

This initiative, the Stability in School Funding Act, creates a Stabilization Fund made up of four existing revenue sources: 15 percent of lottery funds, a portion of Common School Fund earnings, 25 percent of the National Tobacco Settlement, and -- through the establishment of an "invest and return" policy -- half of any future excess state revenues with the other half being refunded.

There are airtight controls on accessing the Stabilization Fund. The fund can solely be used for shortfalls in the education budget and will be capped at 10 percent of the state's general fund. It will automatically back the two-year budget for K-12 when there is a resource deficit of 2 percent or greater. For the Legislature to use it in the development of a future budget, will require the approval of the people of Oregon in a public vote to ratify the use of the fund. In other words, this proposal directly places the power to use the School Stabilization Fund with the people.

I can guarantee you, people will find ways to argue about how we should accomplish this. But I challenge anyone to deny that we should not save for the event of an economic downturn. I challenge anyone to make the argument that financial reserves are not necessary for the single most important public service we provide -- the education of our children.

A stability fund is plain, simple, straight-forward common sense. The next year of campaigning will make that abundantly clear and I am optimistic that Oregonians will support it at the polls.

I am also confident that they will see the need for the second amendment I am proposing which addresses the adequacy of school funding and the equity of school funding among the approximately 200 school districts in Oregon.

But, again, let me spend time first on why this is important before I describe how this measure would work. Let me start by talking about equity.

It's a simple concept. A child in Beaverton should have access to the same quality education as a child in Bend. Quality of education should not be an accident of geography. The state has an obligation to ensure this equity, and, over the last decade, we have substantially equalized spending levels between districts.

In the last legislative session, we took the step to allow school districts a local option to supplement property taxes with funding the State provides.

I signed that bill with some reluctance. Because, frankly, if you are a property rich district like Portland, Eugene or Corvallis, a local property tax option is probably affordable.

But if you live in a property poor rural community -- which so much of our great state is now and will continue to be -- then you probably can't afford a local property tax increase.

So, we stand the chance now of re-opening the quality gap between urban and rural school districts. We can't let that happen.

That's why the second initiative I have proposed, the Accountability and Equity in School Funding Act, will require the legislature to help equalize differences between wealthy and poor districts that enact local option measures to support schools. This will ensure that in every corner of Oregon, regardless of the wealth of a given district, the local taxpayer investment will provide similar benefits for local schools.

This measure also addresses the concept of Adequacy. The question we must begin to answer at the legislature is "How much is enough money to pay for schools?"

Today, in the Legislature, the debate is about large, obscure numbers -- \$5.1 billion, \$4.81 billion -- and not about what those dollars mean to student performance. We need to change this debate if we are going to improve education in Oregon.

We must move the budget discussion in Salem from one of big numbers to a debate that focuses on the tangible benefits and changes those dollars can bring to the classrooms and to the students. In short, we need to understand what we are buying.

For example, in elementary school we should be talking about achieving:

- Class size with one teacher for every 20 students.
- All day kindergarten.
- Specialists for arts, music, physical education, second language, and counseling.
- Additional time and focus on students having trouble meeting standards.
- Adequate school maintenance (so instructional funds are not diverted from the classroom).

In middle schools, we also should look for additional changes.

- Slightly higher class size with one teacher for every 29 students.
- An additional teacher or two to provide more options in math, English, and science.
- Summer school for students having trouble reaching the standards.
- And, in these changing and uncertain times in the development of our young people, one counselor for every 250 students.

In high school, we should add many of the same changes including:

- School to work coordinators.
- Adequate campus security.
- And alternative programs for special need students.

These are the kind of tangible improvements to our elementary, middle, and high schools that the Legislature should debating and not merely some large number in a vacuum.

We need to give the Legislature a mission and a mandate to focus on the quality of education. By so doing, we can reconnect education funding with what happens in the classroom.

Today, the Legislature needs to act more like a local school board with a high concern for education quality and fiscal accountability rather than like a disconnected political body arguing about the dollars going into the budget. This can be done -- and this second initiative I will describe provides this new direction and mandate.

The first constitutional amendment, boiled down to its essence, provides the direction I have been talking about. It says that the Legislature must provide sufficient funding to meet the quality education goals established by law -- and that the Legislature must explain how the funding provided meets or does not meet these goals. Simply put, this is about accountability.

This measure provides the direction necessary for the Legislature to produce a high quality product. It does not require (or call) for millions of new dollars. Rather it requires that we understand how we are spending our dollars and what we are getting -- or not getting -- for that investment.

Today I am asking you for your support for these measures and to be a part of this positive vision. Early next year I need your help to get the signatures to qualify them for the ballot, and next fall we need your active and visible support for adequate, equitable, and stable school funding.

You are the shareholders in this corporation of Oregon. It is your government, your business, and your money. As the CEO, I'm advising that we do what other businesses are doing: invest to protect our future by creating a stability fund for schools; create the tools to hold the Legislature accountable for adequate school funding and, finally, ensure that we maintain equity in funding for all Oregon schools.

I said it at the start. I'll say it at the end: Stability, Adequacy, Equity. These are the things our schools need -- these are the things our students need. Over the next year, I'll be working to get your support for the initiatives that will make this vision a reality.

Let me leave you with one thought: sure, these initiatives are about money. And they are about changing the way we do business when it comes to school finance. But they are mostly about our children, our grandchildren, nieces, nephews and cousins. They are about the children we send to school everyday.

These initiatives say to the children of Oregon -- "we'll give you the best shot possible to succeed." That's what we were given. We owe no less to this generation.

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Governor John Kitzhaber

**Minority Overrepresentation
Summit Speech**

October 20, 1999

Thank you for participating in this Summit. I'm glad to see so many of you here -- individual Oregonians whose professions bring them into contact with troubled youth and whose commitment to helping these kids is beyond question.

I'd also like to extend a special welcome to Emily Martin, who will be our next speaker.

Emily is a national expert on minority issues and juvenile crime prevention. She has served as Deputy Director of the Midwest Regional Office of Community Relations for the US Department of Justice and Citizen Participation Advisor for the Model Cities Administration at HUD. Currently she is Director of Training and Technical Assistance for cultural competency issues for the US Office of Juvenile Justice and Delinquency Prevention.

We are honored to have Emily with us today.

The fact that we are gathered now for the third year in a row is encouraging. It tells me that we are serious about meeting the challenge of minority over-representation in our juvenile justice system. But it also tells me that, in spite of the progress we have made in the last couple of years, we all know that there is still a long road ahead of us. Let me take just a moment to review where we started and how far we have come so that we can see where we need to go from here.

First of all, none of us can fail to recognize either the problem we are here to address, or the threat it poses to our future. We all agree that juvenile crime is far too high. We all agree that when ANY child becomes involved in criminal activity, that is one child too many. But we also agree that the disproportionate number of minority youth who drift -- or who are driven -- into lives of crime reflects an unfortunate and unacceptable racial imbalance. That is why we're here for the third year in a row, and the question we face is -- what are we going to do about it?

We all know that there is a predictable chain of circumstances that leads kids into trouble with the law. The road to trouble may begin in the home -- sometimes even at birth, with the social or economic or ethnic slot into which a child is born. The trouble may begin at school, for a variety of reasons. If it is not arrested there, it soon it spills over into the neighborhood and the larger community, until it draws the involvement of law enforcement, the courts and the correctional system. Along the way, counselors and various church and social service groups may become involved, and certainly the lives of innocent citizens are affected when they fall victim to juvenile crime.

We all know the risk factors: poverty, unstable family backgrounds, domestic violence, substance abuse, negative peer associations, and school failure and drop-out. We also know which children are at risk. But there are two critical facts here that we cannot afford to ignore -- if we are serious about laying this issue to rest.

First, whatever the circumstances into which these children are born, they are still CHILDREN -- children we brought into being, children with the same inherent potential as any other child, children who deserve the same opportunities as any other child.

And second, the chain of circumstances that funnels these kids into the juvenile justice system is a chain that CAN be

broken -- at any point along the way. There are things we can and must do to reach out to these children. The kids we heard from this morning make that powerfully clear.

The groups represented here today touch the lives of these troubled kids at various points along the road, or at various links in the chain. When that happens, we all try to do the job we're called upon to do, and I firmly believe we try to do our best.

But if that alone were the answer -- if doing our best when our lives and theirs intersect were the whole solution -- then there would be no reason for us to be meeting here for the third year in a row to address a problem that is not yet resolved. WE HAVE TO DO MORE.

When I convened this Summit for the first time two years ago, each group made a voluntary commitment to take proactive steps toward finding and achieving a solution. The first stage of our strategy involved looking inward -- each part of the system examining its own programs and policies to detect the presence of minority bias, however inadvertent, to foster greater awareness of and sensitivity to minority issues, and to increase cultural competency, and expand minority hiring practices.

Last year we agreed that the next step was to begin looking outward -- by starting to develop programs that would actually help minority youth turn their lives around. In this area, some progress has been made:

- Minority youth as a group were not over-represented in the arrest population in 1998;
- The percentage of minority youth in the OYA closed custody population has declined slightly; and
- Asian and Hispanic youth were under-represented in the arrest population.

Later today we will be paying tribute to some of the people who have made significant headway toward achieving our goal, and I ask that you stay to help celebrate and recognize those accomplishments.

But much remains to be done. As I said to you a year ago, as long as young people of color are over-represented among our children at risk, as long as they are disproportionately present at every stage of the juvenile justice process -- and despite our best efforts they still are -- then we still have a long way to go. So what is the next step?

Let me mention some of the things my administration is trying to contribute towards a solution.

- We have appropriated \$20 million specifically ear-marked for juvenile crime prevention. And, we have required a plan that shows culturally appropriate services will be delivered in order to access these dollars. We have also established a team of experts in cultural issues who stand ready to assist you in your efforts to reduce over-representation.
- We are working on an initiative that would establish a statewide mentoring program which would involve churches, social service agencies, businesses and community members in reaching out to troubled kids on a one-to-one basis. I'm aware that such programs already exist in various Oregon communities, and these efforts are commendable. But this problem is so immense and so threatening to our future that it cannot be approached in a patch-work manner. We desperately need a consistent, statewide program with clear accountability.
- The proposals I am advancing for school funding will also contribute to a solution. As long as many of our schools are struggling just to maintain the status quo, they will have few resources to devote to children with special needs for children at risk. Adequate, stable and equitable funding for our primary and secondary schools will be a step towards ensuring that ALL our students -- and especially those whose minority status places them greater risk -- will have an equal opportunity to succeed.

I believe these steps will help, but they are not enough. Even the steps each of you are taking in your own particular part of the system won't be enough unless we find some way to consolidate our efforts. Acting separately, we can never hope to reduce the terrible epidemic of juvenile crime, or to reverse the shameful over-representation of minority youth in our juvenile justice system. That is a point I tried to make a year ago and it still needs to happen.

This is not a problem we can effectively deal with as a loosely affiliated group of interested parties, however sincere our efforts. It is not a problem that can be attacked piecemeal. Only if we fully understand each others' roles, only if we figure out how we can connect our efforts and work in concert, rather than separately, will we gain any appreciable foothold.

I do not pretend that we face an easy task or that we will resolve this issue overnight. But neither will I pretend that this is not a matter of great urgency. Every day, while we sit here trying to figure out what OUR next step should be, some new child takes his or her first step down the wrong road, or is somehow pushed by circumstances into doing so. That's why we must seek ways to collaborate -- ways for the various parts of the system to work together to help these kids either from getting involved in the first place or from penetrating the system any further.

- For example, the relationship between District Attorneys and defense attorneys is normally an adversarial one; they are engaged in a win-lose proposition, one side trying to convict, the other trying to defend. Instead, they might work together to find the best way to help the child involved to prevent further penetration into the system.
- As another example, judges have wide discretion in terms of sentencing, but incarceration is not the only option and in fact may in the long run be detrimental not only to the child but to society at large. Other possibilities might be treatment for mental or emotional disorders or substance abuse, ordering family members or social service agencies to become actively involved in a child's rehabilitation, and then providing adequate monitoring to see that the order is carried out.
- Law enforcement can contribute more than just arresting juvenile defenders. Law enforcement groups are already establishing after-school programs for at-risk students in many of our communities and this is something that should be encouraged across the state.
- Businesses and community members can get involved in reaching out to kids who need support and encouragement -- by mentoring, by offering productive work opportunities, or simply by being visible role models as responsible, successful, law-abiding citizens.

The point is that as long as we continue to view the whole spectrum of the juvenile justice system -- which truly begins with the home and ends with jail -- as a collection of separate parts, our success will surely be limited. And I say that's not acceptable.

If a chain of events leads minority youth to cross the line of the law, then we must form a chain of our own -- a chain of prevention. But as long as there are disconnected links in that chain, too many children -- especially too many minority children -- will surely slip through the cracks. And I say that's not acceptable.

We can do better than that. And we **MUST**.

When I try to think of how to explain this challenge in a way that will stick, I remember that Greek warriors locked their shields to form a strong line of defense against an advancing enemy. As long as they fought separately, some of the enemy always got through. But once the shield-line was locked, victory was almost always assured.

I don't think I exaggerate in saying that today we too face an enemy -- an enemy that threatens the very fabric of our society, an enemy that endangers not only the lives of our young people, but of innocent people as well. An enemy that must somehow be stopped. But no matter how hard we try, no matter how strong our resolve, we'll never accomplish that if we continue to fight separately.

Please don't misunderstand me. I recognize and appreciate and applaud what you have done over the last two years. And you have done a lot. You have taken the first critical steps in this battle. You have recognized the enemy. You have outlined a strategy. Now, together, we must put it into action.

There are chains that bind and chains that protect. Just as there is a chain of circumstances that entraps minority youth

and leads them into trouble, so there is a chain of defense that could prevent this from happening.

We need to "lock the shield-line." And we already have the shields -- compassion, comprehension, commitment. If to these we add CONNECTION -- if we work together to break the chains that bind our minority children to a future without hope, we will be much closer to ensuring that each and every one of these children is given an equal opportunity to succeed.

Even while we honor and respect the cultural identity of our growing minority populations, we must remember that they are part of us. They enrich our lives and enlarge our perspective. We owe it not only to them but to ourselves to give them the rights most of us take for granted: life, liberty, and the pursuit of happiness. No less than that should be our goal.

Once again I thank you for your efforts and your commitment, and urge you to continue the work you have begun.

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Governor John Kitzhaber

Comments to the Seattle City Club

September 17, 1999

It is a great honor to speak to you today about an issue of enormous regional significance: the challenge of maintaining for future generations two invaluable and interrelated assets of the Pacific Northwest -- both associated with the Columbia River. The first is the health of our shared ecosystem -- the heart of the natural wonder that helps define those of us fortunate enough to live in this region. The second is the reliable, low-cost supply of power produced for the Northwest by federal dams on the Columbia River.

If there is one thing I want you to take away from my talk today, it is this: that we are at grave risk of losing these assets; that the one cannot be saved without saving the other; and that neither can be saved without bold, decisive action taken by the region as a whole. Let me touch on each of these issues in turn.

The most visible sign of our ecosystem's decline is the plight of Northwest salmon. We have an almost mythic connection with salmon. They represent the power of history, the power of identity, the power of the past's promise to the future. But beyond that, if salmon runs are not healthy, then our watersheds are not healthy -- and if our watersheds are not healthy, we have truly mortgaged the future.

Yet, today, we find 11 populations of Columbia Basin salmon, steelhead and bull trout listed as threatened or endangered under the Endangered Species Act. For some of these species, it is too late. For others, their depressed numbers point to a very uncertain future.

The reasons for this decline are many, but primary among them are past harvest practices, hatchery policies, habitat degradation and the impact of the Columbia hydropower system on water quantity, water quality and fish passage. Harvest, hatcheries, habitat and hydro -- these are the 4 H's of recovery, all of which must be addressed if we are to both save our salmon and maintain the integrity of the Columbia Basin ecosystem.

Yet our record to date has been disappointing. In the last 16 years, we have spent more than \$3 billion dollars on an effort that now employs 2,000 people. And while we may have kept some populations from slipping over the brink of extinction, no runs in the basin are clearly on their way to recovery. This effort, started with high hopes, has foundered on a fundamental lack of agreement:

A lack of agreement on the objective of the recovery effort, lack of agreement on sound science, lack of agreement on a common plan of action and a lack of agreement on who is accountable for expenditures.

It is not difficult to see how that lack of agreement arose. The Columbia River is our own answer to the Balkans. It is controlled by two nations, four states and 13 sovereign tribes. There are seven major federal agencies that have jurisdiction in the basin. They have different statutory missions with virtually no requirement for coordinated action and no way to resolve conflicts between themselves.

A case in point. Today, water quality standards established under the Clean Water Act are routinely violated in the Columbia and Snake Rivers. Data developed by the federal government itself demonstrates that federal dams are

contributing to this problem.

Last spring, a lawsuit was filed in U.S. District Court in Portland to bring the federal dams into compliance with the Clean Water Act. At issue is whether the actions of the agencies of the federal government are subject to the same federal laws and standards under which states must abide. In this case, whether the Army Corps of Engineers must operate the federal dams in compliance with the standards of the Clean Water Act.

I believe the federal government must play by the same rules as everyone else.

For this reason, Oregon will file an amicus brief in this legal action to ensure that the federal government shoulder its share of the responsibility for cleaning up the Columbia River.

But even if the federal government could speak with one clear voice in the basin, the state and tribal governments in the region have their own separate objectives and policies that also impact the esthetic and economic benefits of the Columbia.

And even if we had agreement on how to proceed and good science to guide our decisions, we have no effective regional body through which we can act collectively.

Until recently, there was not even a regional forum at which all these governmental entities were represented. Membership on the Northwest Power Planning Council -- our only existing regional governmental entity -- is restricted to the four states. There is no formal representation for the Columbia River tribes or for the federal government, nor can the Council compel coordinated action by federal agencies. For that reason, the Power Planning Council -- as it is currently structured -- will never be the body that can forge and execute a regional agreement on what is to be done on the Columbia.

And although all these entities are represented on the recently created Columbia Basin Forum -- which I strongly support and which can contribute to the consensus we seek -- the Forum, like the Power Council, lacks the statutory authority to actually implement a plan.

This fragmentation of decision-making authority -- and the resulting loss of accountability -- is one of the major obstacles to meaningful action.

On the power side, the federal dams of the Columbia and Snake rivers are a tremendous asset, blessing the region with abundant, low-cost power. Half of the Northwest's electric power comes from this source and at a price that is much lower than in any other area of the country.

And as time goes on, the prices we pay for federal power in the Northwest will become even cheaper. Once the debt from the Washington Public Power Supply System is paid off in less than 20 years -- and the dam construction debt to the U.S. Treasury is paid off 10 years after that -- the cost of providing hydropower could be half of what it is today.

In short, this is an increasingly valuable resource our region cannot afford to lose -- yet like the salmon, its future too is uncertain. People outside the region are increasingly voicing the belief that power generated by the federal dams in the Columbia Basin is a national resource that should benefit all citizens. To be blunt, they view the current situation as the U.S. taxpayers subsidizing Northwest electricity rates.

This notion is not new. It surfaced in the early 1980s during the Reagan administration, when Budget Director David Stockman proposed to sell all the federal dams outright to the highest bidders, and use the proceeds to help balance the federal budget.

Over the past 15 years, other proposals to lay claim to the federal power have come before Congress. To date, our Northwest delegation has always been in the position to successfully fend off those efforts. But that may not always be the case -- and let me tell you how fast it can happen.

When Oregon lost Senators Bob Packwood and Mark Hatfield in the space of one year, we went from having 56 years

of senatorial experience to having none -- from number one in Senate seniority among the states to number 50.

This year there are again bills before Congress that would require BPA to sell federal power at a rate competitive with other wholesalers in the Northwest power market. That would mean our rates would go up and the resulting windfall would go to the federal government.

Senator Moynihan of New York, a sponsor of one of the bills, has stated "the discounted rates provided by public power are a benefit which goes to a relatively few recipients at a tremendous expense to the American taxpayer." Moynihan's bill is supported by a formal coalition of 114 representatives and 36 senators from the Northeast and Midwest.

Although no bills are likely to pass this session of Congress, momentum is building. The chance of some bill passing in Congress continues to grow.

And it will continue to grow in part because the electricity industry is moving from a heavily regulated market towards one that is open and competitive. Some question why the government is selling electricity and, in effect, locking out private competitors.

There are also questions of fairness. Why should some businesses have an edge over others solely because of their access to federal power?

As power markets become more competitive, the Bonneville Power Administration -- as a federally subsidized, cost-based system -- will stick out more and more. And the only way we are going to fend off those who want to sell the dams or force the BPA to sell power at market rates is to build a regional consensus.

We ignore this problem at our own peril. The stakes are huge. Pricing federal power at market would amount to at least a half billion dollar annual loss to our region. Our loss is the federal government's gain. Pricing federal power at market rates would bring the U.S. Treasury a considerable amount of money year after year.

Our defense of the Columbia River hydrosystem is further weakened because too many people in the Northwest are indifferent to whether we lose this source of low-cost power. The reason is simple: they do not have access to it. In fact, 60 percent of Northwesterners have no priority access to the power sold by the Bonneville Power Administration, because they are served by investor-owned electric companies.

This disparity will grow. A region where most of the customers get no federal power or only what BPA chooses to allocate is not one that can defend itself against powerful outside interests.

So, not only does the Northwest face the loss of our salmon runs and the further degradation of our regional ecosystem, the low cost power that has benefited our region for decades is also at risk.

These two challenges and their solutions are inseparably linked.

Changing the operation of federal dams to help fish or mitigate water quality problems affects the amount and cost of power produced as well as other economic stakeholders in the basin, from barging to agriculture. Furthermore, the sale of power from the federal system provides the main source of funding for fish and wildlife recovery in the basin.

If the Northwest does not propose a regional solution for fish and power, these issues will be decided for us. They will be decided by a Congress that is more interested in the value of our power than in the health of our environment. Further, if we do not present a four-state united front in Congress, the Bonneville Power Administration is also at significant risk.

To arrive at a unified regional position will require two important steps -- neither of them easy, both of them crucial.

First, we need a new regional governance structure for the Columbia Basin to replace the Northwest Power Planning Council. This new entity must have the proper mission, representation and authority to develop and implement a comprehensive plan that addresses not only fish and wildlife recovery and regional power needs, but also the trade-offs

between the two.

I have been working closely with Governor Racicot of Montana to develop a set of principles to guide the creation of such a structure. The proposal envisions a regional entity that includes appropriate representation for the state and tribal governments of the Columbia Basin, for the federal government, and for Canada.

The comprehensive plan developed by this new body would specifically address hydropower operations, as well as habitat, hatchery and harvest practices, as they relate to fish and wildlife restoration.

The plan would be required to meet the requirements of the Endangered Species Act, the Clean Water Act, and other state and federal environmental statutes, state water rights, and Indian treaty and trust obligations.

The plan, and all work undertaken by the new body, would also be required to be scientifically-based, economically sound, and appropriately sensitive to culture and history.

The plan would meet these standards with a composition of strategies and measures that reflect and build upon the region's values and preferences.

If the region's comprehensive plan meets all the relevant standards, then the federal agencies whose activities affect the basin's fish and wildlife would be required to implement the plan by tailoring their activities to be consistent with it.

Second -- in addition to the establishment of a new Columbia Basin governance structure -- we must also present a regional consensus on how to recast the BPA in light of a competitive power market.

This consensus must address at least three issues.

First, how BPA will sell its power in a competitive marketplace that is in keeping with the fact that it is a federal agency, not a private competitor. Bonneville cannot expect to act as an entrepreneur making profits at the expense of risk-taking, tax-paying private entities.

Second, how to prevent BPA from using its transmission system monopoly to keep competitors out of the Northwest power market. There are simply too many opportunities for BPA to take advantage of its transmission monopoly.

Third, how to achieve greater regional control over, and accountability for, the actions of BPA.

I am intrigued by proposals that have surfaced recently for the Northwest to "buy" the BPA, essentially to ensure that the benefits of the power systems accrue to our region into the future. In fact, your governor, Gary Locke, has argued that such an idea should be seriously considered by the four northwest states and by the electricity industry, both private and public. I agree.

Proposals of this magnitude -- on both fish and power -- will be controversial. Both Gov. Locke and Gov. Kempthorne of Idaho -- who have been active participants in these discussions -- have raised legitimate questions about the new Columbia Basin governance proposal that Gov. Racicot and I have developed.

And while these questions merit serious examination, I believe that without changes of this kind, we will cede control of the destiny of the Pacific Northwest to interests outside the region. That is simply not acceptable to me.

If we are to build the kind of regional consensus needed to move forward on both fish and power -- and, thus, to protect our common long term interests -- we must exert leadership within the Northwest to change what is essentially a parochial mind-set.

There are two things we can do to further this objective and to create a climate more conducive to united action.

First, we must act as not just as economic interests but as common residents of a remarkable region: the great Pacific Northwest that possesses qualities that are worth fighting for. And we can only do that together.

Certainly, all of us have economic interests -- and the sheer number of those interests affected by changes in the management of the Columbia River Basin is stunning: agriculture, recreation, aluminum smelters, barge companies, ports, utilities (both public and private) and the residential customers who depend on them. In other words, all of us.

Clearly, we must address the concerns of the economic stakeholders in any proposed plan and the costs of doing so must be clearly identified and incorporated as a part of implementation. But there is no reason that we cannot do this together. And if we do not do it together, we will all lose in the long run.

The current political posturing over dam breaching is a case in point. Some in Congress and in the region have stated unequivocally that "dam breaching is off the table." By implication, then, the burden of fish and wildlife recovery must be shouldered by someone else. Yet those who have taken this position do not say whether that somebody is the timber industry, the aluminum industry, sportsfishing or some other economic stakeholder.

Similarly, on the power side, access to low-cost federal power pits state against state, customer against customer, and utility against utility.

If we allow this kind of politics to continue -- politics driven solely by subsets of the economic interests in the region, with little consideration for the larger regional interest -- we will sacrifice our ability to secure the environmental integrity of the Columbia Basin for this and future generations.

These fights will worsen over time unless we look for solutions that unite the region, rather than divide it.

Such solutions may seem beyond our grasp today, but they are not entirely beyond our vision. We have but to commit ourselves to finding them. As Robert Browning wrote in 1855: "A man's reach should exceed his grasp, or what's a heaven for?"

In that vein, I propose the following:

First, that the four Northwest Governors convene, as soon as possible, to build on the dialog we have already begun, with the objective of developing a proposal for a new regional governance structure for the Columbia Basin -- including consideration of acquiring the BPA and its assets.

Second, that this new governance entity be vested with the proper mission, representation and authority to develop and implement a comprehensive plan that addresses not only fish and wildlife recovery and regional power needs, but also the trade-offs between the two.

And, third, that this proposal be taken -- before the end of the year -- to the Northwest delegation for consideration by the United States Congress.

I recognize that meeting this challenge will be difficult -- riddled with many opportunities to take the easy, but not the right path. Our success will depend, in large part, on our willingness to move beyond parochial concerns to a broader appreciation of regional interest. I believe that we are up to the task.

Let me conclude by saying again that we are faced with a two-pronged challenge of enormous regional significance and implication. We cannot resolve the fish and wildlife issues without resolving the power issues. We cannot resolve the power issues without resolving the fish and wildlife issues. And, we cannot resolve either unless we can score a victory for regionalism over parochialism.

At stake is our future. As turn of the century essayist G.K. Chesterton pointed out, the future is a matter of choice, not a matter of chance. I believe that. Our choice is whether we will be victims of someone else's future or whether we will be masters of our own destiny.

The choice is ours.

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Governor John Kitzhaber

Society of American Foresters

September 13, 1999

Welcome to Oregon. We are honored to have the annual meeting of the Society of American Foresters here in Portland.

As I'm sure you are aware, management of this nation's forestlands and the practice of forestry are in the public spotlight as never before. You can hardly pick up a newspaper without reading about a controversial timber sale, a successful habitat restoration project, a court injunction, or a mill closure. In this light I think it is especially fortunate that the SAF chose to come to Oregon this year -- because in this state we have taken a different approach to resource management -- and I am hopeful there are some things we have learned that are worth sharing.

To residents of many other states, Oregon seems like an idyllic place. But trouble is brewing in paradise. Land management practices over the last century have changed the face of the state. In eastern Oregon, the exclusion of fire, removal of old growth pine, and overgrazing have all combined to tip the natural balance and threaten the ecological stability of millions of acres of forests. Conversion of native grasslands to agricultural uses and harvesting of old growth forests has destroyed habitat that many sensitive species depend upon for their survival.

In my 14 years in the State Legislature and five years as Governor I have focused on natural resource issues. In that time I have learned a few things -- one of which is that forestry has the power to change the world, to make it a better place for the creatures that populate this planet.

The Society of American Foresters can be and should be a leader in that effort. How can SAF do that? I won't pretend to know the answer to that question, but I can tell you about some things we've tried in Oregon and you can decide if they would be useful in furthering your natural resource objectives.

We've tried to follow a few key principles in shaping our approaches to natural resources here in Oregon.

First, Begin by using the best interdisciplinary science available. Solicit input from your colleagues in fisheries, landscape ecology, and hydrology. Do so with an open mind and avoid the temptation to listen only to the scientists who agree with you.

Secondly use a landscape-level perspective. Rather than continuing to manage on a project by project basis, look instead at how all the pieces fit together. I am aware that the SAF has supported this strategy for some time and I am probably preaching to the choir. This landscape approach will encourage consideration of what else is happening in the watershed. Considering factors such as sensitive, threatened or endangered species, community health, risk of fire and management on neighboring ownerships are critical in forest planning if we are to do what is best for forests and the communities that depend upon them.

The third step is to make land management decisions with the underlying objective of restoring ecosystem health. There are few, if any managed watersheds that couldn't benefit from some level of ecosystem restoration. Managing toward a goal of watershed restoration means considering the whole ecosystem -- and designing treatments that will lead to healthier streams, forests and fish and wildlife habitat. It means considering the natural processes that govern the

landscape such as historic composition of the forest and the frequency of fire and other disturbance.

Fourth: solicit community involvement in the decisions that affect your watersheds. By working with local affected interests, we not only build public trust, but we also make better decisions.

Our eastern Oregon forest restoration effort is a good example of using the four principles I just outlined to make significant progress in forest policy. The State has taken a very active role in shaping how federal lands are managed within the state. We've established an excellent partnership with the Forest Service under former Regional Forester Bob Williams, acting Regional Forester Nancy Greybeal, and Oregon BLM Director Elaine Zielinski.

What we have done is to advocate for managing the forest with a goal of ecosystem restoration. In eastern Oregon, where management activities have moved forests well away from their historic condition, we have supported using active management to improve watershed health. Using prescribed fire, thinning from below, road obliteration and riparian restoration, we have identified a strategy that, over the long term, will improve the health of these forests and streams while providing wood products to rural communities dependent on them. Forest Service Chief Mike Dombeck recently designated three million acres of northeast Oregon as a "Demonstration Area" where these principles will be employed.

Our eastside strategy began with the science. In early 1995 I appointed a panel of ten respected scientists to examine the question of how we could improve the health of the forests of northwest Oregon while protecting environmental values such as runs of salmon on the endangered species list. The Panel was diverse in its perspective, yet it came back with a set of consensus recommendations. Those recommendations have formed the basis for four years of work on the issue.

We have promoted a landscape approach to forest management in the Blue Mountain Demonstration Area. The Demonstration includes Forest Service land, BLM land, state land, grazing land, towns, cities, streams, rivers, wilderness areas, municipal watersheds, and critical fish and wildlife habitat. One of the key tenets of the effort will be planning across these boundaries.

The third principle -- managing toward a goal of restoring healthy ecosystems -- has been the underlying standard of our eastside forest effort. By focusing first on what healthy forests, streams and watersheds should look like in the Blue Mountains, we have been able to identify management strategies that will move these ecosystems toward a healthier state. We have assembled an 11-point strategy that has guided restoration efforts over the last two and a half years and is based on these ideas.

And finally, the role of community involvement. Following the completion of the science report, I appointed a panel of nine respected eastern Oregon citizens to provide me with advice on eastside forest health issues. The panel has played an important role over the last few years because relying on sound science alone is not enough. The science needs to be blended with citizen values if it is going to mean anything.

Early in the process we learned that a lack of trust in the federal land management agencies was going to be a big problem. We have addressed this issue head on is by concentrating the active forest management in areas where there is relatively low controversy -- where there is broad public support for treatments. By focusing first on areas where the public supports these efforts, we have made tremendous strides in restoring trust in the federal land management agencies, and in the ability of forest science itself to improve ecosystem health.

By using these four principles in eastern Oregon I think we have positioned ourselves for some significant progress over the next few years.

In western Oregon, the state has been an active supporter of the President's Forest Plan. I believe that scientifically-based and regional scale planning is the appropriate approach to managing these huge areas of forestland. Although the plan is far from perfect, we should not forget that it ended the gridlock that ruled federal forests in the Northwest six years ago.

Forest management under the plan has the potential to be an excellent laboratory for demonstrating how a combination

of active management and a reserve based system might be able to improve habitat for sensitive species. The state has supported active management designed to benefit riparian habitat, and advocates for thinning in Late Successional Reserves where intended to promote the growth of older forest habitat. Unfortunately implementation of active management in these areas has been constrained by sometimes unwieldy paperwork requirements and a hesitation to “take the risk.”

Lets look at how development of the Northwest Forest Plan fits with our four principles. Clearly the plan did an excellent job of using an interdisciplinary team of respected scientists on which to build its foundation. Wildlife biologists, and forests scientists worked together over months to design a plan that would achieve the goals laid out by the President.

The Plan also met the test – in fact it set the standard – for a landscape-based approach to resource management. It was almost unheard of at the time, and still constitutes that largest ecosystem planning effort in the world. By setting aside artificial forest by forest boundaries and instead focusing on the entire range of certain sensitive species, the planning team put together a plan that has withstood scientific scrutiny over six years.

The President’s Forest Plan, however, falls short of meeting the other two standards I have highlighted today. The Plan has not had ecosystem restoration as its primary goal. Instead the planning team had a diverse set of objectives. Among these were: protection of habitat for the Northern Spotted Owl, protection of riparian habitat, providing a predictable and sustainable level of timber sales, meeting requirements of federal environmental laws, and improving interagency coordination. The result was a plan -- based on sound science -- that became a political compromise.

Although things are much calmer in the woods and in the communities than they were seven years ago, there is still a great deal of tension surrounding the plan. The Plan creates this tension by, on the one hand acknowledging that any additional harvest of old growth forests will further threaten sensitive species dependent on these forests, while on the other hand expecting this same old growth forest to provide 80 percent of the projected timber volume over the next twenty years. By trying to maintain parity between multiple goals the Plan is constantly vulnerable to ebbs and flows in public priorities.

I’m not suggesting we throw the Plan out. Instead I’m suggesting that when the time is right to revise the plan, we should work to make its forest management strategies more consistent with watershed health objectives, natural disturbance regimes and historic ecosystem processes.

With respect to community involvement, the fourth principle, it is well known that the Forest Plan was developed in a closed setting. To this day it lacks the “buy in” of the affected parties – and thus the Plan doesn’t have a constituency to come to its defense when it is challenged.

I want to conclude with a word of caution to consider over the next few days as you enjoy what Oregon has to offer. As I have said, I am a strong supporter of active management to return our forests to a healthy condition. At the same time, I am not completely confident that this is the right approach -- that we have figured it out once and for all.

Thank you very much for listening. I do believe that forestry can make the world a better place, and the people in this room are the ones to do it. We have learned a few lessons in Oregon, and I ask you to consider whether they might be helpful in your efforts.

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Governor John Kitzhaber

**STABLE, EQUAL, ADEQUATE:
THE KITZHABER EDUCATION INITIATIVES**

September 9, 1999

We all recognize the importance of education to our state's future -- to our economy and to our society. That is why, in 1991, we enacted the Education Act for the 21st Century and established new higher academic standards for our schools. We adopted these high standards for a reason -- because that is what will be demanded of our children by the real world and the real economy into which they will be graduating. This is a world that we created and we have the responsibility to ensure that our children have the skills and the knowledge not just to succeed, but to excel.

And we are making progress toward our goal as demonstrated by the test scores released last week. But those scores also show how far we still have to go -- and if we are truly committed to giving all of Oregon's children the quality education they need and deserve, then we must also commit to providing stable funding for our schools that is adequate to meet this challenge.

I am here today to discuss how, together, we can accomplish that. My effort is built around three proposed constitutional amendments to address the adequacy, equity and stability of school funding.

First is the issue of adequacy.

As you know, the debate over long-term, stable funding for our schools is not a new one. The solution has generally been sought through various efforts to overhaul our tax system. And I have viewed the solution in those terms myself in the past. But, contrary to conventional wisdom, I have come to see that tax reform and adequate school funding are not one and the same thing.

Over the past year I have convened two distinguished panels -- chaired by John Mitchell and Ron Timpe -- to examine Oregon's tax structure. They raised concerns over the stability of the system during a recession and over how the tax burden is distributed. They raised questions about the impact of the current tax structure on our economic, social and environmental objectives. But they did not find anything wrong with our system's ability to produce revenue. In other words, there is nothing inherently inadequate about the current tax system. Adequacy is not a function of tax structure, but rather a function of political will.

I come to you today on the heels of a legislative session that had within its grasp the means to fully fund schools -- and chose not to. This is a legislative failure -- a failure of legislative leadership -- not a failure of our tax system.

So while there are many valid reasons to restructure Oregon's tax system -- and while many of these reasons should be pursued -- restructuring the tax system will not, in itself, produce adequate funding for our schools. Adequate funding will come only when the people of Oregon, through their elected representatives, are willing to back their stated commitment to the goals of the Education Act with the financial resources to achieve them.

That is not what the recently adjourned legislature did. Rather, it engaged in a deeply political debate around large

numbers with virtually no thoughtful discussion about the relationship between the funding level and the ability to meet the quality educational goals enacted in 1991. There was no accountability. And while it could be argued that the Legislature met its constitutional requirement to provide a "uniform, common system of schools"-- that is not good enough in 1999.

So my first ballot initiative will seek to amend the Oregon Constitution to require the Legislature to provide funding adequate to meet the quality education goals established by law; or, if it fails to do so, to outline the reasons for this failure and the consequences in terms of meeting the goals.

This amendment will focus the budget debate on the adequacy of the K-12 appropriation to achieve the goals of the Education Act and will force the Legislature to be accountable for its appropriation.

This is not a K-12 "schools first" amendment. Rather it is a constitutional mandate that will create real accountability around the question of adequate school funding. And since the amendment speaks to "educational goals established by law," it opens the door for the introduction next session of a statutory definition of the goals of the other parts of our education continuum: community colleges and higher education.

In preparation for the 2001 Legislative Session, I will create, by Executive Order, The Commission on Quality Education which will continue work on the Quality Education Model. Prior to the session, this Commission will produce a refined model and the estimated cost needed to achieve the goals of the Education Act. This will serve as the Quality Education Benchmark for both the Governor's Recommended Budget and for the legislative appropriation for K-12. It is my intention to introduce legislation to establish this commission by law for future biennia and to expand its charge to deal with post-secondary education as well.

My second ballot initiative will address the issue of equity.

As you know, last week I signed into law an option for districts to raise a limited amount of money locally for their schools. I did so with two reservations. First, that a local option might be viewed as relieving the Legislature of its responsibility for school funding. Nothing could be farther from the truth -- and I want to assure you that I would not have signed the local option bill had I not been planning to propose a constitutional amendment that clarified the legislative responsibility for providing adequate school funding. And I fully expect that those districts planning to exercise this new local option take a lead role in making sure that this constitutional amendment is approved.

My second concern with the local option was that it is not, in reality, an option for many property-poor districts which would have to tax themselves at a very high rate to generate the same amount of money per student that property-rich districts could raise at a much lower rate.

To address this problem of equity, I will propose a second constitutional amendment that directs the state to equalize, within limits, the tax effort of property-poor districts. In other words for given tax effort -- say 25 cents per \$1,000 of assessed value -- the Myrtle Creek School District could raise the same amount per pupil as could the Beaverton School District.

While the amount per pupil and Measure Five caps which are in existing law will remain in place, I will propose that local option elections for additional school finance can be passed by a majority of those voting.

My third ballot initiative deals with the problem of stability -- with the fact that we have no cushion against the effect on our schools of a cyclical economy.

It is clear that when this state experiences its next recession -- and eventually it will -- we will have no choice but to raise taxes to keep our schools running, or to make deep cuts in the educational budget. It is equally clear that the commitment to educate our children to world class standards cannot be abandoned because of economic circumstances.

We cannot afford to compromise the success of a generation of Oregon children during the next recession. A well-capitalized, tightly-restricted reserve fund would ensure stability in our school funding. We have the resources in this economy to create such a fund, my tax committee endorsed the concept, and it would be irresponsible not to proceed.

I will propose that the stabilization fund be established as a sub-account within the Common School Fund to maximize investment earning opportunities -- and that it be initially capitalized from three sources of revenue. First, I propose that a portion of the investment earnings from the Common School Fund be obligated to the stabilization fund. This could potentially amount to as much as \$50 million per biennium.

Second, I propose directing the revenue stream for the Education Endowment Fund, established in 1995, into the stability fund. This would mean that 15 percent of all lottery proceeds -- approximately \$80 million per biennium -- would go into the new fund. These two sources of revenue alone will provide at least \$130 million per biennium toward school stabilization.

Adding to this revenue stream, I will also propose directing a portion of any future surplus income tax revenue into the stability fund. I am still considering options on how to structure this part of the proposal, but, over the last three biennia, corporate and individual kicker revenues have exceeded \$1 billion. I firmly believe that if Oregon voters are given a reasonable proposal to save some portion of future surplus revenues to ensure quality schools, they will approve it.

This constitutional measure will also ensure that the fund can only be used to respond to revenue losses from a downturn in the economy and that it is capped at a percentage of the total state budget.

Adequacy, equity and stability. This proposal, if adopted, will fundamentally change how we develop and fund Oregon's education budget. First, it will clarify the Legislature's responsibility to provide adequate funding for schools. It will ensure that the budget is built around an effort to achieve specific quality education goals and will require the school system to justify the dollars being spent against those goals. It will force the Legislature to be accountable for the relationship between its education appropriation and the ability of Oregon students to achieve the standards we have set for them.

Second, this proposal reflects the fact that we rely primarily on state income taxes for school funding, and thus, prudence demands that we create a savings account to stabilize revenue during future downturns in the economy.

Finally, this proposal creates the opportunity for some additional revenue for schools -- and will help reconnect citizens with their schools -- through a limited local option. With state support for property-poor districts, it ensures that all districts have an equal opportunity to exercise this option, thus maintaining the equal funding that the law and common sense demands.

Between now and the middle of October I will develop the specific language for these proposals and present them as ballot measures to the Secretary of State.

In closing, I want to emphasize -- what most Oregonians already recognize: that we have good schools in Oregon. Teachers, administrators, parents and students are making admirable educational progress in a less than perfect environment. And, even though we have not reached the goals we have set for the year 2000, our schools are better for having set out to meet those goals ... and we are making steady progress toward them.

What I am proposing today will ensure that we continue to make progress and do not leave anyone behind. What I am proposing is the next step in the evolution that our school system has been undergoing for the past decade. I will start today to make the case to Oregonians that these are reasonable and prudent proposals that will make our system of school finance more stable, preserve its equity, and create the conditions for a school funding debate based on what it takes to achieve, for all Oregon students, the high standards on which we have pinned our future.

Thank you.

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Governor John Kitzhaber
Confederation of Oregon School Administrators
August 4, 1999

It is good to be in the room with the people who will be administering the expenditure of roughly half of our state's general fund -- the superintendents and principals of Oregon's schools. Today I want to discuss two things -- one short-term and one long-term. First, I want to put the recently adjourned legislative session into context. Second, I want to discuss ways in which we can improve school finance and stability into the next century.

Let's start with the 70th legislative assembly which adjourned only 11 days ago. This legislature set itself apart in three distinctive ways. First, it was the third longest in Oregon's history. Second, it was by far the most divisive and the most partisan of the ten sessions in which I have participated. Third, it fell considerably short of the challenge I set forth in my speech of March 15 when I called for a \$4.95 billion K-12 budget.

Now, in the immediate post-session period, the political spinmasters are out in force trying to sell their version of the 70th legislature in general -- and of the school funding debate in particular -- to the public and to the Oregon education community. I am aware of the accusations -- accusations being parroted by some members of this organization -- that we could have had another \$50 million for schools -- if the governor had not insisted we spend it on fish. So let's talk for a moment about the overall budget -- and the add-back list approved on the last day of the session.

Was there an add-back list? Yes, there was -- there is one every session. Did it reflect \$64 million dollars of my priorities and those of other democrats? Again -- yes. And almost to the dollar, these priorities reflected programs that had been in my original budget and which had been eliminated by the Ways and Means Committee. Finally -- and perhaps most importantly -- do I apologize to you or to anyone else? Absolutely not.

Why? Let me remind you of two points I made in my March 15 speech. First, I said that we must stop pitting one part of our school system against another. We must stop pretending that our education system starts in kindergarten and ends with high school graduation. We must face the fact that robbing early childhood programs and higher education in order to help fund K-12 is not an acceptable tradeoff.

We must recognize that the success of our schools depends on whether our children are healthy, well-fed and ready to learn when they arrive at kindergarten. And today, more than ever, we must recognize the importance of education beyond high school in community colleges and universities.

Second, I pointed out that we must stop pitting our schools against other important values like health care, keeping our children out of crime, meeting the needs of our elderly citizens -- and, yes, protecting for future generations our natural environment, clean water, healthy ecosystems -- Oregon's legacy of livability.

We managed to get an additional \$260 million more into our K-12 system over what was recommended in my original budget -- that is reflected in the \$4.81 billion budget the legislature approved. It is a lot of money -- but I think it fell short of the \$400 million more I believe we needed -- and which we clearly could have afforded.

As I also pointed out in March, we do not have enough revenue in this budget to adequately provide for the education of our children without making unacceptable trade offs that will devastate other important services that Oregonians value

and need. To address that fact I made additional cuts in March -- sparing only the education budgets.

I also proposed, at one time or another, using the kicker for schools, raising the corporate income tax -- and, finally -- using a portion of the \$180 million in tobacco settlement revenue that the state expects over the course of this biennium.

And those who are pushing the "fish versus children" spin on the session -- people like Rep. Max Williams of Beaverton, Rep. Jim Hill of Hillsboro, and Rep. Rob Patridge of Medford -- all opposed investing the kicker in schools, all opposed raising the corporate income tax for schools, and all opposed using any portion of the tobacco settlement revenue for schools -- and all went so far as to refer the tobacco settlement to the voters to ensure that none of it went to K-12.

And what did they support? All supported referring a measure to the voters that would raise the amount of federal income tax that could be deducted from state taxes -- a measure that, if adopted, would reduce general fund revenues next biennium by \$158 million and by nearly a quarter of a billion dollars by 2003-05. And they all supported the \$4.81 billion budget.

At the end of the day, my friends ... the fact is that if Mr. Williams and Mr. Hill and others like them in the majority party don't like the level of funding that this legislature approved ... they shouldn't have voted for it. The money was there -- and it was there without pitting children against children, children against the elderly, or children against the sick. Those kinds of tradeoffs are unnecessary, irresponsible -- and I will not support them.

But the fact remains that the 70th Legislature came up short in our K-12 budget. \$4.81 billion is not an insignificant budget. For many schools it will maintain the status quo. But for some it will mean significant cuts. And for most it will mean very little additional progress toward achieving the goals of the Education Act -- and that is not good enough.

We adopted these new, higher standards for a reason -- because that is what will be demanded of our children by the real world and the real economy into which they will be graduating. Because we want our children to be successful. But we cannot expect them to be successful -- we cannot expect them to achieve these standards -- if we are unwilling to adequately fund the educational system on which their success depends.

And that brings me to the question of a long term strategy -- which I had intended to be in a position to announce by August first. But before you spend any more time in breathless anticipation, let me tell you that I am not here to make that announcement today. The legislature has gotten off schedule and I am off schedule as well.

But the objectives of a long-term strategy remain the same. First, to increase the stability of school funding. Second, to provide more accountability by giving the state greater authority to control costs at the district level. Third, to return to school districts some greater degree of autonomy to raise revenue at the local level. And, finally, to add balance and equity to the overall tax system.

By the time school starts next month, I will provide you with the details of that strategy, including those elements which I feel should be on the general election ballot in 2000.

Today, I want to talk about the issue of adequacy -- the issue of how we can meet the challenge of ensuring that the revenue available to our schools is adequate to achieve the goals of the Education Act.

As I mentioned, from your standpoint, the most important thing that happened in Salem in the last seven months was this: with over \$150 million in surplus "kicker" revenue in the budget -- and with \$180 million in tobacco settlement revenue headed our way, we left the K-12 system \$140 million short of an adequate funding level.

It is not overly dramatic to say that the next legislative election will be a referendum on that decision -- and I have been saying recently, only partly in jest, that a key part of my long-term funding strategy for schools is to elect a democratic legislature in 2000.

It is also not overly dramatic to say that the single greatest political challenge before you today is the fact that while a majority of Oregonians support schools, they also believe that no new taxes are necessary to run them, that government

has plenty of money already and that they don't trust that new money will go into the classroom.

That attitude -- right or wrong -- is the political foundation that allowed the legislative leadership to adopt what I consider to be a significant underfunding of our schools for the next two years. And it is that attitude that defines the reality of what will and will not be possible in terms of a long-term strategy.

And if we don't figure out why so many Oregonians hold this attitude -- and how we can change it -- then we can expect school funding to remain a topic often-discussed but never resolved. In my view there are three major challenges that must be addressed in a comprehensive manner before the beginning of the next legislative session if we hope to successfully make the case for adequate school funding -- both to the legislature and to the general public.

First is the challenge of governance brought about by the fact that the individuals with the authority to spend money in the K-12 system are not the individuals responsible for raising the money. We imagined a lot of fallout from Measure 5 in 1990 -- but few imagined a situation where the state would provide over 80 percent of all school funding, but that spending decisions would be made by 198 locally elected school districts. It is as if the state government now has 198 new departments with completely independent agency heads, acting with autonomy on their individual budgets.

I believe the public intuitively understands this -- and thus any strategy for increasing or stabilizing school revenue must acknowledge and address the disconnection that Measure 5 created between our state funded school system and its local governance mechanism.

Second is the challenge of defining adequacy. For as long as I have been in public life, we have been faced with the daunting task of trying to ensure that schools were adequately funded. To the best of my knowledge, we have never succeeded -- in part because we have never been able to define "adequate." Again, if we are to convince Oregonians that we need a significant increase in school funding, we must be able to demonstrate and dramatize the difference those dollars will make on student performance.

Third is the challenge of re-engaging the community in the life of the school. Today there are fewer and fewer incentives -- and more and more obstacles -- to a community being involved with its school. Money is no longer raised locally for schools; fewer members of the community actually have children in school; and parents and other adults are pushed to the limit by two career families, and by ever more demanding careers. And, of course, the social context in which education takes place is far different than it has been in the past. Families are under more stress, there is a higher divorce rate and more children are being born to unwed mothers.

Now, while these are significant challenges, I am not pessimistic about our ability to meet them. On the contrary, we have already made a good start.

For example, the challenge of governance -- or "accountability" -- was debated in the recent legislative session. There is, in fact, a growing recognition of the problem, but not yet a consensus on how to address it. Senator Bryant of Bend advanced a proposal that would have essentially placed a salary cap on teachers -- in a de-facto end of collective bargaining. I sought a different solution to the issue of financial accountability between the state and local school districts.

I proposed a system under which the state would develop an "allowable annual growth factor" which would both inform school districts in making their budget decisions and create a higher level of accountability for the trade-offs required to live within this expenditure level.

The point is that we ignore this governance challenge at our own peril. Without recognizing and addressing the altered relationship between the state and local school districts, we will not be able to successfully argue for adequate school funding before the legislature, nor make a compelling case to the public.

Let me emphasize that the imperative to address this issue does not flow from a distrust of local school districts, school board members, administrators or teachers. Rather, it is a reflection of the simple fact that when we decide to spend income tax dollars in the classroom, we are also deciding not to spend them on the elderly, the poor, the ill or other vulnerable or at-risk Oregonians. And it is in the best interest of education to be able to demonstrate to skeptical

legislators that school districts are living within the means of state allocations, all of which now compete with the K-12 budget. My pledge is to be a partner -- not an adversary -- in creating this type of financial accountability.

Concerning the challenge of defining adequacy, we have already come a long way. As you know, the first iteration of the Quality Education Model was completed earlier this year. It represents the first effort to create a rational, data-driven model of what it should cost to educate our children -- in particular, what it should cost to achieve the objective of the Education Act. It was this model that provided us with the justification for the \$4.95 billion budget level.

Admittedly, the model in its current form is still rough, and largely unfamiliar to the public. But it is a significant start and represents the bold beginning of an objective process for determining the level of school funding necessary to meet our educational objectives.

I will soon recreate the former "Speakers Council" through Executive Order and I have obtained a \$300,000 line item in the legislatively approved budget to continue the work of refining and expanding the Quality Education Model. It is my intention to aggressively promote this model to the public and to establish it as the financial measuring tool for what constitutes adequate funding.

In addition, the legislatively adopted budget contains \$7 million to expand our database pilot project statewide which will allow us to compare expenditures between districts and between schools in the same district. This database, in conjunction with the Quality Education Model, will put us in an increasingly strong position to objectively define "adequate" school funding and I will use both for guidance in putting together my budget for the 2001-2003 biennium.

Finally, let me touch on the challenge of increasing community involvement with the schools. One of the most damaging consequences of Ballot Measure 5 was the loss of the local levy election which was an effective tool for engaging the citizens of a district in what was happening in their schools. It also afforded citizens in a given district some degree of local control. As you know, I have on my desk HB 2753 which would allow a "local option" and bring back the possibility of local levy elections -- at least on a limited basis.

On the surface this would seem to be a good thing to do -- yet I remain undecided on the bill's fate and am leaning toward a veto. Why? For three reasons. First, because it is not, in fact, an option for many districts. In property poor districts across Oregon, the local option is simply not a realistic possibility because it would mean unacceptably large increases in property taxes.

Second, because it took us nearly a decade to equalize per pupil spending and I am concerned about the specter of returning to an era of "good schools for wealthy communities" and "poor schools for poor communities."

And third, I am concerned that over time wealthier districts may well become disinterested in the statewide public school funding debate -- and the issue of adequate funding for our schools must mean adequate funding for all of our schools. And to achieve that will require the combined efforts of all of us.

I will remain open on the fate of HB 2753 until I have heard from the proponents, but I am leaning toward a veto for the reasons I just outlined.

In summary, we could have done better for education in the 70th Legislature. But we failed to do so. We failed in large part because of the fact that, although a majority of Oregonians support schools, they also believe that no new taxes are necessary to run them, that government has plenty of money already and that they don't trust that new money will go into the classroom.

And it was that attitude that formed the political foundation that enabled the legislative leadership to adopt an inadequate level of funding for our schools. And it is that attitude that defines the reality of what will and will not be possible in terms of a long term strategy -- a strategy that I will announce next month.

So our challenge, in addition to advancing a long-term strategy for school finance in Oregon, is to confront and address those underlying factors which lead to the contradictory view that education must be supported, but not by increasing overall revenues. I believe that the three central factors involve the issue of governance, the difficulty in defining

"adequacy," and the need for greater community involvement in our schools.

And, perhaps most important of all, as we move forward together to meet the challenges before us, let us never forget that our mission, our goals, our hopes and aspirations, are not driven by large numbers, or budget debates, or union fights -- they are driven by a commitment to children and to helping them succeed. I know that you know that. It is what you do -- and despite a level of public skepticism, most people think schools, and especially the teachers in the classroom are doing a good job. So do I.

Our job -- mine as governor, yours as leaders of your profession -- is to help those teachers by giving them the tools they need, and the thanks they deserve.

From me to you, I don't forget for a minute how hard your jobs are. Let's move forward together to make Oregon's schools the best in the country.

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Governor John Kitzhaber

McNary High School Graduation Speech

June 11, 1999

It's a privilege to be here tonight to share this very special occasion with you. Graduation is traditionally a time of celebration -- for what you have achieved -- and a time of optimism -- for the future you are about to encounter. And yet there is no denying that the future you are about to plunge into holds some serious challenges.

It has been 34 years since I stood in your place and received my diploma from South Eugene High School. Since then a lot has happened -- both in my own life and in the world we live in.

Like you, I stood on the threshold of adulthood, ready to leave home and make my own way in the world. Like you, I was elated at having successfully completed the first leg of my journey through life. And like you, I was full of hopes and dreams, goals and aspirations. While I looked back with a little sadness that one part of my life was now over, I also looked ahead with eagerness and could hardly wait to strike out into unknown territory -- a yet untrodden road.

But unlike you, the world I entered at the age of 18 was very different from the world you will face. In many ways it was a much simpler world -- and a much safer and saner world.

In those days, the idea of the Internet would have been considered science fiction. In those days, no one had even heard of AIDS. In those days, parents never questioned that when they sent their children out the door, to school or to play, that they would be safe.

At the same time, the world in which I came of age was an era of intense political unrest. Between 1963 and 1965, America witnessed the assassinations of four major public figures. Our National Guard fired on and killed students at an American University. There were plenty of social "drop-outs" -- people who didn't like the way things were going and chose to live their own lives apart from the mainstream -- the "flower children" and the hippies -- if you've seen "Forest Gump" you know what I'm talking about.

But here's the important point: while they may have dropped out, they didn't strike back. There was clearly an undercurrent of dissatisfaction with government and with society, but nowhere did we feel or see the undercurrent of alienation and rage that today erupts from time to time with devastating consequences. Certainly there was violence involved with the Civil Rights movement. There was violence connected with the Vietnam War protests. But NOT the senseless and wanton destruction of life and property for no apparent reason -- violence not in defense of some ideal, but violence for its own sake.

My point is this: in the world of yesterday, people's actions -- good or bad -- were generally motivated by some larger principle. I'm not sure that can be said today.

And yet the message I want to convey to you tonight is a message of hope -- a firm conviction that each of you, in your own individual way and by your own voluntary contributions, is capable of changing the world for the better.

That conviction has guided my own actions for the past 30 years, and to explain how I arrived at it let me share a personal story -- about some things that happened to me when I was about your age and which changed the course of my life.

It may surprise some people to learn that for the first two decades of my life I was completely apolitical. In fact, politics bored me and I couldn't imagine myself ever developing an interest in it. After I graduated from high school I went to Dartmouth College, where I spent quite a lot of my time pursuing activities that were not entirely academic. Nor were they political, even though it was an era of intense student activism.

The Civil Rights Movement was in full swing. The war was raging in Vietnam, and the draft was hanging over our heads. But if anyone had suggested to me then that I might someday run for office, much less be a governor, I would have thought it was joke, and so would a lot of other people.

Then suddenly, in the spring of 1968, my junior year, everything changed.

On April 4, Martin Luther King, Jr. was shot down in Memphis, followed in June by the assassination of Robert Kennedy. These two deaths made a profound impact on me. Here were two men -- regardless of how you viewed their policies -- acting on their own individual beliefs, but working within the system, and who were making a huge difference.

Martin Luther King was conducting "sit-ins" in segregated restaurants for which he was arrested and for which he expected to be arrested. He believed in the rule of law and he believed that those who broke the law, including himself, should bear the consequences. But he had the courage to break the laws which he felt were unjust in order to highlight the issue of racial discrimination. He believed in the system and worked within the system and, in so doing, changed the course of American history.

Robert Kennedy was campaigning for the democratic presidential nomination on an anti-war platform. He strongly opposed sending thousands of young men, many of them too young to vote, halfway around the world to fight and die for a murky policy they'd had no voice in developing. And he was working within the system to change that.

I'm not sure what it was about the events of that spring or about these two deaths that affected me so deeply. Perhaps it was simply because I was young and naive and idealistic. I know I felt as though a vision of a better world had died with these two men -- both of whom believed in the power of our public institutions to effect positive social change. In any case, it was from the moment that Robert Kennedy died in Los Angeles that I knew I wanted to hold elective office -- that I wanted to make a difference, and do it by working, as an individual, within our democratic system, and for something larger than my own individual satisfaction or benefit.

Ten years after the events of that fateful spring, while practicing emergency medicine in Roseburg, I won a seat in the Oregon House of Representatives. That was in 1978 -- twenty years ago -- and I have been active in politics ever since.

Yet in the intervening years, I've watched something happening not only to our system of public enterprise, but also to our concept of individualism. And I think it's largely a matter of perspective.

While King and Kennedy clearly understood the relationship between individual effort and the effectiveness of our public institutions, today that view is not very popular. It's true that in the years since Vietnam, we have been repeatedly disillusioned -- by Watergate, by Iran-Contra, and most recently by the attempt to impeach the American president and all the degrading particulars that surrounded it.

As a result, the individual has become distanced, even alienated from the system of government that has served us so well for more than two hundred years, which has survived a civil war, two world wars, and a world-rocking Depression.

We are dangerously close to abandoning our political heritage -- a heritage deeply rooted in common goals and concerted action -- and enshrining it its place the individual -- as a self-serving free agent with no ties and no responsibilities to the larger whole.

And an even greater danger is that this attitude not only alienates us from our public institutions; it also alienates us from each other and fragments our communities. Working with each other has taken a back seat to competing against each other.

Yes, individualism -- of a certain sort -- is part of our heritage. When this country was being settled, and people were physically separated from each other by huge distances, independence and self-reliance were not only virtues -- they were essential to survival. But today's world isn't like that any more.

Today we find ourselves in much closer physical proximity with others -- packed together in housing complexes, crowding into classrooms, bumping up against each other in shopping malls, passing within a few feet of each other in our cars.

But at the same time we are more disconnected than at any other time in our history. And perhaps the greatest casualty has been our sense of community.

We shop at mega-outlets on the edge of town, rather than at a neighborhood market -- of which there are very few left. And while schools were once the hub of a community, now the increasing number of alternative schools, as well as a more mobile population mean that kids don't grow up together as they once did, and their parents hardly know each other.

At a time in our history when working together is absolutely essential, we have erected physical and psychological barriers that keep us apart and we are losing our sense of community.

At a time in our history when kids need more guidance and more support than ever before, we are losing our sense of family.

At a time in our history when more than ever we need our public institutions to function as they were originally intended to, we are withdrawing from them, abandoning them. And I assure you that is not the answer.

The answers are both personal and political. We must change ourselves first, and our own priorities; but after that we must look outward, beyond ourselves. Because we live in the larger society, and what happens to it will inevitably affect us.

President Eisenhower once reminded us that "Politics should be the part-time profession of every citizen." He was right. I believe there are things worth fighting for, and this is one of them.

Of course there are things that have gone wrong in the public sector. This is not a perfect world. But speaking as a doctor, I can tell you that, when you diagnose an illness, it's not much help to prescribe death as a cure.

And I can also tell you that if you don't like the way the tide of government is flowing, the answer is not to stay out of the water and sit safely on the shore. That kind of safety is temporary, at best, and it will betray you in the end. The only real answer is to plunge in, grapple with the tide, take a few risks, and turn risk into victory.

Democracy, as Winston Churchill once said, is the worst form of government ever devised by man -- except for all the others. It can work. It has worked. And the only reason it might stop working is if individual citizens refuse to make it work. I hope we're not going to let that happen.

But the future lies with you. As you worked your way through high school, a great part of the emphasis was put on your ability to get jobs in the world of the 21st Century. Naturally, that is important. But remember, too, that you are not only the workforce of the future, expected to fuel the economy that will make everything else possible. You are also the citizens of the future -- in whose hands lies the success or failure of our form of government. And most important of all, you are the parents of the generation that will one day take your place. I urge you to pledge here tonight that the world in which YOUR children graduate will be better than the one we live in today.

Think for a minute how lucky we are. We live in a nation where each individual has the freedom and the power to shape his or her own future -- and through that the future of the world. In the whole course of history, no other nation has offered any comparable opportunity. Don't waste it. Make the most of it. And when my own son stands where you are -- in about the year 2015 -- I hope I'll have the satisfaction of knowing that those of you gathered here tonight have

helped to give him the gift of a society that is free and stable and secure.

I'm sure I can count on you. Let me offer you my sincere congratulations and my best wishes for a happy and successful future.

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Governor John Kitzhaber

OUR SCHOOLS

Eugene/Springfield Kiwanis

May 19, 1999

Good Afternoon. It's a pleasure to be here in the Eugene-Springfield community -- a community in part built on the foundation of our state's thirst for learning.

My mother and father are both a part of that community, having spent the majority of their working years in schools -- my mother in elementary and secondary schools and my father teaching English at the university level, including here at the University of Oregon.

If you think working with a legislature controlled by the opposing party is tough, try explaining a bad grade in my house.

I may joke about it, but I can tell you, my parents gave me the greatest gift: a love of learning. And it is about learning -- and the opportunities we are affording our children -- that I want to speak today.

As you know, we are in what I would optimistically describe as the home stretch of our biennial legislative session. There is much work left to be done and most importantly, we must approve a blueprint for funding our schools to serve the 550,000 students in Oregon grade schools and high schools -- as well as for those in our community colleges and universities.

Yesterday, as you know, I proposed a way to invest the \$4.95 billion I believe we need for our K-12 system over the next two years -- as well as increased funding for higher education -- without raising taxes and without using the kicker. To do so will require some bonding as well as using more money from the tobacco suit settlement -- neither of which I would ordinarily support, nor which represent the best policy options. But since the legislative leadership is adamantly opposed to any new revenue or to using the kicker, then this offers the next best way to provide adequate funding for our schools.

But the real challenge lies ahead of us -- not during this particular legislative session. The real challenge involves finding a long-term, stable funding source for our schools. So that providing for our children's education doesn't have to be a contentious debate in every legislative session. So that our schools can plan beyond a two year period -- and know what revenue they will have to work with.

Although most of us are focused on this legislative session, today I would like to ask that we cast our eyes forward and think about the greater challenge of creating the schools our children deserve and paying for them fairly and equitably.

This is the task I have committed to for the next 18 months. As I announced in March, I will place on the November 2000 general election ballot, a measure to provide adequate and stable funding for our children's education. I would not be doing this if I did not believe that it was absolutely necessary -- and the best thing for Oregon and for our future.

We have to recognize that our world is more complex, more diverse, more technology-oriented, more knowledge-based

and more competitive than ever before. It is a different state, a different country and a different world than the one you and I grew up in.

That means that our children and grandchildren are growing up in a demanding time -- more demanding than we could have ever imagined only a generation ago. And I'd venture to guess that there isn't a person in this audience who doesn't intuitively understand that. Let me give you just three examples.

First, when we were in our teens, what was the likelihood that we would hear another language spoken in our neighborhood, in our grocery store or in our schools? Not much -- which was a good thing given my lack of skill in foreign languages.

But today, other languages abound as our culture becomes more diverse. It's not uncommon to have schools and school districts where several languages are spoken. And it is not uncommon to need to speak a second language at your workplace. For instance, given the time I have spent promoting trade with the Pacific Rim -- I would be so far ahead if I could speak Japanese. And so would Oregon.

Second, what was the likelihood -- when we were growing up -- that our parents would change jobs, let alone change careers? Not likely at all. But today, your children and grandchildren will change jobs several times -- and will probably change careers more than once. If they are not lifelong learners, they are at risk of not keeping pace in their chosen fields.

Finally, how many here believe that your children can find economic and social success on the basis of a high school diploma alone? Twenty years ago that was the case -- but not anymore.

When I was first elected to the Legislature from Douglas County in 1978, kids at Roseburg High could drop out of school in the tenth or eleventh grade -- and get high-paying jobs in the woods or in the mills, with good benefits and with the reasonable expectation that they would hold those jobs for the rest of their lives.

Those days are gone forever.

The reality is that today our children need to have greater skills than were demanded of us. Our economy and our culture is more global, more diverse and -- above all -- more competitive.

Today you might well work for a German-held company alongside a fellow worker who was born in Taiwan, educated in England and has just transferred in from California. The products you make may be shipped to Mexico and assembled for final sale anywhere in the world.

As I have traveled the world -- and as I have traveled our state -- I am more convinced than ever that we must do all in our power to help the next generation of Oregonians be prepared for this world.

That means schools that aren't just OK. It means schools that are excellent. We have good schools in Oregon. But they are going to have to be better.

It means schools with textbooks that are new and up to date. Not textbooks that still refer to Reaganomics or show the Soviet Union dominating the map of Asia.

It means schools where learning a second language is an expectation -- not a luxury.

It means schools with the latest generation of computers -- not museum models.

It means schools where the day doesn't necessarily end with the last period, but where there are a number of after-school activities, from sports to speech to drama to science -- whatever it takes to keep young minds engaged in learning.

And it means schools where those children who are struggling get the extra time they need -- get the personal attention

from the teacher -- that they need to understand and to learn.

That is the kind of school we need to give our children if they are going to be prepared to meet the challenge of their future.

Our parents did no less for us.

I was ten years old when Sputnik went into space -- one of the first things I ever saw on our family's first television. I remember sitting with my mother on a white hook rug in our house in Lawrence, Kansas watching wide-eyed as the first man-made object entered orbit around the Earth. Something most of us today take for granted. The launch and safe return of a space shuttle rarely even makes front page news.

I imagine that many in this room recall that launch and the subsequent response of our nation to promote math and science education. It worked. It worked on me. I became fascinated by science -- from launching crickets and mice in model rockets to biology.

And my school -- South Eugene High School -- made the time for me to conduct experiments and investigations much too gruesome to discuss over lunch. And I got the time and encouragement to pursue this interest from not just one teacher, but many. It was this foundation of encouragement which helped me become to become a doctor.

Our grandparents did no less for our parents.

My father, and millions like him, went to war, won, and returned home. They returned home not only to the thanks of a nation -- but to the GI Bill and the opportunity of a lifetime: a college education. They returned home to become the most educated generation in American history -- and to build the nation and the society and the prosperity that has benefited each and every one of us.

So question to you today is simple: what will be the legacy we leave to our children, and to our grandchildren? Right now, it is not a very bright one.

In the last four weeks, I have been to eight communities around the state, toured schools and heard from dozens of school superintendents, students, teachers and parents from nearly 30 school districts. Last week in Salem, I saw a school that's still using first generation Macintosh computers and can't afford to fix its roofs.

In Ontario, the only way you can do lab experiments is simulate them on the computer because there is simply not enough physical space for conventional labs. But there aren't enough computers in the computer science program to accommodate student demand, so students are turned away from computer classes.

In Vale, Oregon, social studies texts are 15 years old -- and even these must be shared between three classes so instead of one child one book, it's three children one book. In Redmond, some reading books date from 1948.

In Portland, some students are unable to get into science classes because they are oversubscribed and many middle school students are trying to learn algebra in classes of 35, 40 and more.

In Burnt River and Union, they've cut schools back to four days a week to save on heating costs.

And all over the state, schools have cut counselors -- forcing the job onto teachers, cutting into instructional time for the rest of the students in the classroom. We've cut music classes. We've cut after school activities in middle schools, leaving many students with a large block of unstructured and unsupervised time. It should come as no surprise that the highest percent of juvenile crime occurs between 3 and 7 p.m.

In short we've asked schools to teach to higher standards demanded by today's more competitive world -- and asked our children to meet those standards -- but not given them the tools to succeed.

Instead, we've done just the opposite. Across Oregon, schools are hanging on, making do, patching things together and

trying to give kids the best education they can. But we can't continue this duct tape and bailing wire approach forever.

We may limp through this session with an acceptable level of funding for the next two years, but we can't continue this crisis budgeting when the schools face constant uncertainty and can't plan curriculum for more than two years into the future.

That's why I will spend the next year working to develop a school finance proposal for you to consider in the November 2000 general election. Because if we are to do better for our children, it will simply take more. More time, more effort, and yes, more money.

But I do not want to leave you today with the impression that money is the only answer. It's an important part -- but it is only a part. There are two other things we must do. First, we must pursue greater accountability and change the way we conduct the business of education in Oregon. Second, we must reconnect citizens with their schools.

We all know that since the passage of Ballot Measure 5 school funding has become the Legislature's responsibility. No longer are the funding decisions made by the local school district which involved the citizens through periodic levy elections. Today, the Legislature acts like a giant, biennial school board that makes the decisions about how much to spend -- decisions that not only determine the local school budget, but also drive the rest of the state budget from public safety to economic development to the Oregon Health Plan.

For that reason we need to establish greater levels of accountability for how the school districts spend this money and for the results we expect to get from it in terms of student achievement.

I promise you -- any new money for education will come only with new levels of accountability. I think there is no one in this room that would disagree with that, and few people in local school districts. Our challenge is to put these accountability measures in place without usurping legitimate and useful local control. I will be working toward that objective over the next year.

The issues of funding and accountability can be addressed through legislation or as a part of a ballot measure as matters of policy. What can't be legislated, however, is parental involvement and community involvement in our schools.

Just a show of hands: who has gone to their neighborhood school this year?

Another show of hands: how many of you have volunteered at a school in the last year?

Finally, how many have attended a meeting of your local school board, to gain a better understanding of the challenges our schools and our children are facing today?

Clearly, many of you are already personally involved in the day-to-day operations of our schools, and for that I commend and thank you. But the educational success of our children in the 21st Century will take more than the active involvement of just a few. It will take the combined commitment and involvement of ALL of us.

So I call on all of you -- on all Oregon citizens -- to go to your school. Call your district office. Ask how you can help. Volunteer for a day. Because unless it is clear that the people themselves stand squarely behind what we are asking our schools to deliver and our students to achieve, we cannot create the kind of future we all would like to see.

In the early years of this century, H.G. Wells wrote, "Our history is becoming more and more a race between education and catastrophe." Today those words are more true than Wells could ever have imagined. Yet we are not without hope, because the future can be as bright as we choose to make it.

I believe in the Oregon people. I always have. And I cannot believe we will choose to cast our children headlong into catastrophe. Instead, I have every confidence that, together, we will do everything in our power to ensure their success -- by doing everything we can to provide them with an education second to none and thus equip them for the world they will inherit.

If each of us does our part, then we will surely succeed.

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Governor John Kitzhaber

Democratizing Environmental Policy:

Setting the Agenda

April 28, 1999

It is a great honor to be speaking to this distinguished audience on a topic I consider vitally important.

This Summit takes as its starting point the indisputable link between the quality of our environment and the quality of our lives. Because of that link, we all have a stake in setting the priorities that will ultimately shape environmental policy. And we should all be equal and active partners in that process.

The issues you will be discussing today and tomorrow all bear on restoring, improving, and caring for the tangible body of our nation -- on defining our shared environmental objectives, and finding the most effective ways of achieving them.

On the basis of my own experience, I believe this will require an approach that engages not only all levels of government, but every business, every homeowner, every landowner -- virtually every citizen.

In short, it will require a new environmental ethic, one which stresses partnership rather than polarity, and replaces the politics of confrontation with the politics of community.

We are learning, at least in my part of the country -- and hopefully not too late -- that if the West is to remain in Wallace Stegner's words, "the native home of hope" -- then we must develop new tools and new approaches to deal with the growth that besets us and the environmental challenges and conflicts that come with it.

At the same time, I want to make it clear that while I am convinced that a new and more collaborative approach is needed, I do not reject the tools of the past, nor take lightly the significant gains they have achieved.

Sometimes conflict is a necessary prerequisite for collaboration. In fact, much of the progress we have made on behalf of our natural environment in the last few decades has been the result of conflict -- which is a point worth noting.

There has long been a tension in this nation between the need for economic development and the need to preserve the powerful and various landscapes that define this land of ours -- between the extraction of natural resources and a concern over long-term environmental stewardship.

For decades economic development and natural resource extraction were pursued with a single-mindedness that has left scars upon the land. At the same time, these same activities brought with them significant economic benefits to the region and to its people and helped make our country one of the richest and most powerful on earth.

Not surprisingly, this collision of legitimate values led to an escalating conflict. The primary battlegrounds have been the U.S. Congress, state legislatures, city council chambers, and the courts.

Yet this very conflict led to the passage of such significant environmental legislation as the Clean Air Act, the Clean Water Act, and the Endangered Species Act. And court battles over the implementation of these laws generated a wave of more holistic and regional planning on federal lands.

Indeed, I have employed the tools of confrontation and litigation myself to block the operation of the Winchester Hydroelectric Project on the North Umpqua River near Roseburg, Oregon. Without the use of these traditional tools, the turbines would still be operating and chewing up the steelhead run. As it is, this remains one of the few projects in the nation that had a FERC license and was generating power and was subsequently shut down and the turbines removed.

So my point in promoting a more cooperative approach to a better environment is not to reject or discredit the tools of the past. I believe in the need for a strong framework of federal environmental laws, in the need to enforce them, and in access to the courts. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the ways in which we have traditionally applied them.

Let me give you an example from my home state. Nearly four years ago I began working with Oregonians to develop a plan to restore Oregon's watersheds. The plan has been in place for two years now, and has become more than just a government program. It has become a statewide, bipartisan commitment across all of Oregon to restore our salmon, our clean water, and return our watersheds to healthy systems.

This kind of collaboration is not new to Oregon. Some sixty years ago, catastrophic fires destroyed hundreds of thousands of acres of forest in Northwest Oregon. Known as the Tillamook Burn, this land came into state ownership. It took a generation to replant the forest, but it was done -- tree by tree -- by volunteers and by school kids. You'd be surprised how many people you can still meet today who once took a school field trip to help replant the Tillamook Burn.

It was the same kind of broad-based collaborative effort that cleaned up the Willamette River in the 1970's under the administration of Governor Tom McCall. It was this community sense of environmental responsibility that allowed us to declare our beaches public, and to pass a returnable bottle bill which made littering tantamount to betraying your roots as an Oregonian.

With that kind of history of cooperation and community response to environmental challenge, the consequences of the listing of the Northern Spotted Owl in 1990 were especially traumatic to Oregonians. The end result of this debate was a pretty good federal forest plan that made allocations and established reserves across 23 million acres. But the intervening polarization literally tore communities apart and left scars in parts of rural Oregon that have yet to heal.

As a consequence, when -- shortly after my election in 1994 -- the National Marine Fishery Service gave notice of a possible listing of our coastal coho salmon, I began to look for a better way. In my view, the community that calls itself Oregon could not afford another divisive natural resource war.

On the other hand I was, and remain, deeply committed to the survival of our salmon runs. There is an almost mythic connection with salmon among the people who live in the Pacific Northwest. It is a powerful connection that cannot be overestimated -- the power of history, the power of identity, the power of the past's promise to the future. But even beyond that, if the salmon runs are not healthy, then our watersheds are not healthy -- and if our watersheds are not healthy then we have truly mortgaged the future. I do not intend to leave that as my legacy.

Thus, it is important to recognize that the objective of the Oregon Plan has never been to avoid a listing under the Endangered Species Act. Rather, the objective has been -- and continues to be -- to make the greatest progress possible in restoring species and restoring watersheds.

It is also important to recognize that relying solely on the ESA to recover salmon in Oregon would not only have triggered another divisive battle, but would ultimately fail to recover the fish.

We need to remember that the primary role of the federal government under the ESA is a regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the wrong things but it provides no incentive for them to do the right thing.

So while the ESA can prevent landowners from engaging in activities that result in an intentional or unintentional kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70 percent of coho habitat lies in private ownership and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding a take.

And in my 20 years of involvement in western state politics, I have experienced over and over again the fact that an approach which involves private landowners in the decision-making -- which gives them some ownership and investment in the work being done -- has a greater and more immediate positive impact on the resource than simply applying regulations that tell them what to do. Telling people what to do with their land in the West is an explosive proposition

As a result, the Oregon Plan was designed to involve, empower and provide incentives for private landowners to make voluntary commitments to watershed restoration and habitat restoration. The commitments are built on a solid foundation of federal, state and local regulation -- including harvest limits, Clean Water Act requirements, forest practice requirements, land use laws, state water law, and so forth.

But the increment that will make a difference in how quickly and successfully we recover salmon and watersheds comes largely from the voluntary commitments by landowners and communities working alone or through their local watershed councils.

While skeptics of the Plan have underrated some of these voluntary actions, they are significant. The timber industry has committed to make \$130 million in road improvements on logging roads and culvert replacement over the next 10 years, not to mention agreeing to a harvest tax to provide \$13.5 million in direct on-the-ground projects. This far beyond anything that could be legally compelled under the ESA. Furthermore, the Legislature has offered strong bipartisan support with the appropriation of another \$32 million to support the plan.

Perhaps most exciting of all, however, is that this effort is beginning to change the environmental ethic in our state. The Oregon Business Council has become involved, and over 80 local watershed councils have put in place more 1,200 on-the-ground projects in the last two years. And the enthusiasm continues to grow, despite a court-mandated ESA listing based on pre-Oregon Plan data.

It is this local cooperative effort to restore our watersheds that helps build the kind of grassroots support needed for long-term environmental stewardship. It makes people more aware of the environmental consequences of their own actions on their own land.

In my view, that is what Democratizing Environmental Policy should be about. It is about recognizing the fact that with over 1,000 species listed -- the lengthy, complex and contentious process of actually developing recovery plans under the ESA and our other tools will doom many of these species to extinction long before anything happens on the ground. Quite frankly, we don't have the time.

As we approach the 21st Century our environmental problems are becoming more complex and I believe it will be increasingly important to gain this kind of buy-in, ownership and support from individual citizens.

Problems of point-source pollution, for example, lend themselves well to a regulatory approach. But reducing non-point-source pollution -- one of the major challenges facing us on the Willamette River in Oregon and throughout the West -- will require far more than simply passing laws and regulations. It will require sustained environmental stewardship -- a long term commitment to change behavior -- by hundreds of thousands of people living in the watershed -- most of them living in the city.

Again, that is not to say that there is no longer a place for the more traditional tools of regulation and litigation. We will always need an underlying framework of environmental law and regulation. We will always need access to the courts.

But we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that call for, and result in, greater individual responsibility and accountability for our air, land, water, and our neighborhoods. You cannot achieve that through

regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts.

You can only achieve it through the kind of cooperation and collaboration I have just described.

If I may leave you with one thought, it is simply this: that we cannot underestimate the importance of community or the power of place in shaping the future of this country. In spite of our areas of disagreement, we share a common heritage and will surely leave a common legacy.

Yet as our population increases, as we become more ethnically and culturally diverse, as growth continues to alter our landscapes and bring into question the limits of our resources -- we are facing challenges we have never before had to deal with.

We should never forget that it is the rare bounty and unrivaled beauty and unique quality of life that this country has to offer that have drawn people here from every corner of the world. And if we lose that quality of place -- that livability - - we lose not only our identity, but our heritage as well.

I recognize that we are all stakeholders in a mighty struggle, and that our positions will often be at variance. But we can be partners as well, if we keep our eyes focused on the broad values that transcend our differences.

The challenge is not to resign ourselves to the entrenched positions of various constituencies. It is to see beyond them. If we can recreate a forest in Oregon, we can recreate a watershed. And if we can do it in Oregon, we can do it anywhere.

Let me close by returning to the Wallace Stegner quote I cited earlier -- it is from "The Sound of Mountain Water." It was written about the West in particular, but I think it is applicable to our nation as a whole.

It reads in full "...one cannot be pessimistic about the West. This is the native home of hope. When it fully learns that cooperation, not rugged individualism, is the quality that most characterizes and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery."

No less than that is our goal -- to create a new environmental ethic for the 21st Century.

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Governor John Kitzhaber

Portland City Club/ Oregon PTA Speech

April 16, 1999

Good afternoon.

Last month I outlined both a short term and a long term strategy for meeting the challenge of educating Oregon's children. Today I would like to elaborate on both strategies.

Clearly, most of the controversy to date has centered on my short-term proposal to raise additional revenue for our schools. But if we allow this debate to be framed simply in terms of whether or not we raise taxes, we will have missed the real issue -- which is this: what will it take to provide our children with the education they need to succeed in the workplace and as members of our society?

This is the most central question before Oregonians today -- because unless our children -- not just some of them, but all of them -- receive the best education possible, they will not be prepared to compete for jobs in the 21st Century. And when our children fail in school, all of us suffer. There is, as you know, a high correlation between school failure, juvenile crime and poverty.

I am not suggesting that we view our schools as simply job training centers and employment agencies. A good education gives us the perspective, the judgment, and the values to be good citizens -- but certainly success in the workplace is one of the goals of our school system.

Most Oregonians agree that giving our children the education they need is in everyone's best interest. And I also think there is general agreement that we need to invest more money in our schools -- not only primary and secondary schools, but community colleges and universities as well.

Whereas I will speak mostly about our primary and secondary schools today, I want everyone to know that I will continue to push for improved resources for our state's colleges and universities.

Because the world is changing and how we fund and run our schools -- from kindergarten to Ph.D. -- must change with it. Let me give you an example.

In 1978, when I was first elected to the Legislature from Roseburg, kids could drop out of high school in the tenth or eleventh grade and get a well-paying job in the woods or in the mill with good benefits and with the expectation that they would hold that job for the rest of their working life. Those days are gone forever.

Technology is now a bigger employer in Oregon than timber and has been for a couple of years. This trend will increase, not disappear. And it's not only technology. The most rapidly growing parts of our economy are in professional services, health care, telecommunications and other knowledge-based industries. In today's economy you are more likely to create value with your mind than with your hands.

To prepare a child for this kind of world will take an education system that is both different and better than the one Oregon has today. That's why we passed the Education Act for the 21st Century -- to change our schools to reflect the

needs and demands of a new, more diverse global culture and economy.

But we have been falling short.

Our dollars have not followed our rhetoric. In fact, just the opposite. Since passage of this landmark education act, class sizes have increased, not decreased. Electives and after school activities have been cut. And many schools have outdated textbooks; many are not wired to the Internet and some have only one computer for every 88 children.

It is not that our schools are bad. They aren't. Children are still graduating and, on average, kids in Oregon still test well against the nation and the world. What I am here to tell you today is that we can do a lot better.

The fact is that the world is becoming more competitive, more challenging, more demanding -- and our schools are not changing fast enough to keep up with it. On the contrary, they are getting stretched thinner and thinner as we ask them to do more, but provide them less with which to do it.

At Beaverton High School, for example, program offerings have been cut by nearly a third since 1990 while enrollment has increased by 26 percent.

And at many middle schools, children are trying to learn algebra in classes of 34-35 students. Think about what that means. In an hour period, if there is 30 minutes of instruction, each child will have less than one minute for personal attention from the instructor.

A 15-year old girl told me two weeks ago that if you can't get your question answered in class, your best hope is to call a friend when you get home and hope that they can answer it for you. This may not be dramatic -- or newsworthy -- but it is unfair to our children and it shouldn't be acceptable to us.

It's not acceptable to me. And that is why I have recommended an additional \$400 million in education funding over the next two years to address this problem. The \$400 million figure I have recommended -- for a total school budget of \$4.95 billion -- was not just pulled out of a hat. It is based on a long term study undertaken by business leaders, educators, parents and legislators -- a study which identifies the components of a good school and builds a budget around them.

But if this debate is only about money, we are doing ourselves a disservice. This debate should be about the kinds of schools we want for our kids -- the kind most of us attended when we were children. So let me take a moment to tell you what those schools should look like -- what we will be buying with the investment I have recommended.

The schools we are trying to create will eventually have smaller classes. We are putting a down payment on the goal of having 20 children for each teacher in our elementary schools. We will move toward full days of kindergarten, not half days. We will provide enough staff to give extra time to children who are having difficulty. We will make sure that every elementary school provides art, PE, music or foreign languages.

In middle schools and high schools, we will lower class sizes to no more than 29 students per teacher, and provide at least one counselor for every 250 students. At all levels, we will improve access to computers and up-to-date textbooks -- and provide additional instructional time for students not meeting the high standards we have set.

If Oregonians want to know what it is we are buying for the extra dollars I have proposed it is simply this: time. We are buying greater time and personal attention for each child in an Oregon public school. More adult supervision. More counseling. More computer time. More attention to those who need it.

Time and individual attention. That is what we need to give the children in our schools if they are going to be prepared to meet not only the economic challenges of the next millennium, but the social challenges as well.

It is important to note that the legislative leadership also believes that more money is needed for our schools. The point is that the debate in Salem is not about whether to increase school funding -- but by how much, and how to pay for it.

I believe that in order to reach the \$4.95 billion funding level -- without unacceptable cuts in other state programs -- we will need additional revenue. The legislative leadership disagrees, although they have not, to date, produced any plan that shows how they propose to resolve this dilemma.

But let me make it clear again that I am not willing to pit one part of our school system against another or to pretend that our education system starts in kindergarten and ends with high school graduation. We must face the fact that robbing early childhood programs and higher education in order to help fund K-12 is not an acceptable tradeoff.

And by the same token, I am not willing to pit our schools against other important values like health care, keeping our children out of crime, making college affordable, meeting the needs of our elderly citizens, or helping rural communities grow.

If -- as the Senate President and the Speaker of the House claim -- we can significantly increase school funding without devastating other parts of the budget -- no one will be happier than I. But I will remain skeptical until they are willing to release a plan which shows Oregonians how the increase in the school budget will be paid for. I urge them to do so.

Now, I wouldn't be asking for this additional investment unless I could guarantee to Oregonians that these dollars will be going directly into the classroom and that they will produce real results in terms of student performance. This isn't "business as usual" plus \$400 million. It is \$400 million for which we will expect tangible results and a high level of accountability.

Let me just take a moment to repeat what I have said before: We will not make our schools better with money alone. I believe we need additional investments in our schools, but we won't reach our goals without additional parental and community involvement. That kind of involvement cannot be legislated or bought.

What we can do however, is increase the accountability of our school system. To accomplish this, I will make three proposals to the Legislature.

First, I will propose that these resources be explicitly tied to those activities which have a proven track record for increasing student achievement. This goal will be achieved through the legislation I introduced at the beginning of the session to create the "School Improvement Fund."

This system will still allow locally-elected school boards to determine the specific funding priorities for their own districts, but will require them to choose from a "menu" of activities such as reducing class size, readiness to learn, providing extra time for students who are having trouble, alternative learning opportunities and professional development.

Second, we should set a goal of having at least 90 percent of our students meet the higher standards of the Education Act over time. Before receiving the additional resources, each school district must submit an application showing how it intends to spend the money and what its improvement goals are. In the 1999-2001 biennium, the goal for each school will be to get at least 90 percent of third graders to standards, or to show significant progress toward that goal -- and to show improvement at other grades as well.

Schools that do not show sufficient progress will be subject to a series of progressive interventions designed to improve performance. The goal is not to penalize schools and their students, but to provide them with the assistance necessary to improve.

However, if schools still fail to show sufficient progress, students may be given the right to transfer to another school with transportation guaranteed, or the district may be required to contract for programs. If a district is unable or unwilling to institute these requirements, the district may be dissolved and annexed to neighboring districts. The goal is to ensure that we never have to do that and that our students excel.

In other words, while I believe we need to invest more money in our schools, I also believe that Oregonians need and deserve to know that the schools will be held strictly accountable for how these resources are spent and for the results that are produced. We are not simply giving them additional dollars, but demanding that those dollars be focused in

such a way that student achievement is demonstrably improved.

Finally, we must deal with the problem created by moving school funding responsibilities to the state while leaving governance decisions at the local level. Previously, school money was raised locally and spent locally -- there was a clear line of accountability.

Today, however, the state provides on average 80 percent of school funding. However, this money is spent by 198 locally-elected school boards. When local school boards take actions which increase costs beyond what has been anticipated in the state budget, pressure is put -- not on the board members -- but on state legislators to provide whatever additional revenue may be necessary to cover those costs. In other words, those spending the money are not responsible for raising it.

This arrangement could potentially make it very difficult for the state to control the growth of the school budget over time. If we are going to significantly increase our investment in schools, then we must, at the same time, address this problem.

There is currently legislation in Salem which addresses this issue, but I believe it goes too far. I am committed to working with the sponsors of that bill and the education community to reach a compromise which provides a new level of accountability for school costs.

This brings us to the question of the long term strategy. While the additional \$400 million investment -- and the accountability measures that are tied to it -- will stabilize our K-12 system over the next two years, this is only an interim step. We are still left with the most important question -- that of securing stable, long term funding for our schools. This will involve some modification in our tax system to address its adequacy as well as its stability and balance.

As we do that, I want Oregonians to know that we will not pursue a tax policy which undercuts our basic economic strengths. We must ensure that Oregon's climate for business is not undermined; that businesses large and small can continue to grow, provide jobs, minimize the need for public subsidies and thus deliver the revenues for education and other essential services.

I am not complacent about our economic base. The long term success of our state's businesses is vital to reaching our goals for education -- just as a strong education system is vital for the success of our businesses. Hence, whatever measures we put on the ballot for school funding must increase and stabilize revenues for education while not putting Oregon at a competitive disadvantage.

This effort will be informed and assisted by the work of two task forces I appointed to review our tax system -- chaired by John Mitchell and Ron Tempe. They have produced a comprehensive overview as well as a series of recommendations and I will be using this information as the basis for a series of individual meetings with business, community and education leaders throughout Oregon.

I expect to produce a school funding proposal no later than August 1 of this year and then spend two months meeting with Oregonians to get input and comment. Then I will begin the task of collecting signatures to put this measure on the November 2000 ballot.

As soon as the legislative session adjourns, I will form a political action committee to raise the funds necessary to educate Oregonians on this school finance proposal.

To the greatest extent possible -- and hopefully within the same ballot title -- I will seek to tie any new revenue to the kinds of objective, identifiable investments that have a high impact on student achievement. And the one single thing I will ensure for our children with new dollars is time. Time with teachers, time with counselors, time for the students who are falling behind to work with adults; time so that they don't become discouraged and drop out.

I am acutely aware that many have been down this road before. And all have failed to gain a consensus among Oregonians about how to pay for our schools. But today, three things are fundamentally different in public education.

First, we have clear, high standards for our schools to teach and our children to learn -- standards demanded by an increasingly competitive world.

Second, we have an objective assessment of what it costs to pay for this kind of education.

Finally, we will have in place tough new measures of accountability for controlling costs and for improving student performance.

So I am here today to reiterate my commitment to our public schools -- and also my commitment to back that rhetoric with resources. Because good schools carry a price tag -- and the bottom line is that we get what we pay for.

If we continue on the path we have been following, we will be choosing to deny thousands of young Oregonians an equal opportunity to become productive, responsible adults. I refuse to believe that is a choice we really want to make.

Perhaps more than any other endeavor, education demands foresight and long-range planning. It's a long, drawn-out process -- it takes twelve years or more to educate a child and the effects of an under-performing school system are not immediately apparent. But make no mistake about it, they are very real and very devastating and often irreversible.

I ask you to believe that I would not be making these proposals if I did not believe that this is the best thing for Oregon. The seeds we sow today will determine the crop we reap tomorrow. I ask you to bear that in mind as you weigh the merits of my proposal.

In the balance hangs the future of our children -- and the future of our state.

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Governor John Kitzhaber

School Funding Remarks

March 15, 1999

No matter how old you are, I think everyone shares a special feeling and warm memories being inside a school. It was here that the foundations of our future were laid. And our own children's future is bound up in the time they spend here, the things they learn here, the friends they make here.

Today, I want to talk to you about that future. Because our state is beginning the difficult process of creating a school budget -- one that will say a lot about the kind of schools our children will have, about the number of teachers they will learn from, and about the quality of education they will receive.

This debate will also say a lot about our values as Oregonians, about our commitment to our children, and about our willingness to give them the education they need -- and that they deserve.

For years the debate over school budgets has been in terms of what we can afford with the resources available. I am here today to re-frame the debate about public education in Oregon -- by suggesting that the real issue here is not what we think we can afford, but what we are willing to do for our children's future -- and for the future of this state -- for both the short term and the long term. I am here to ask that we face the facts.

The short term fact is that we do not have enough revenue in this budget to adequately provide for the education of our children without making unacceptable trade offs that will devastate other important services that Oregonians value and need.

The long term fact is that we have a tax system that lacks the adequacy, the stability and the balance to meet the varied needs this state will experience in the next century.

First, the short term. During this legislative session -- we must address three specific challenges.

First, we must be willing to recast the debate -- to ask not just what kind of education we can afford with the resources available in this budget -- but, more importantly, what do we need to give our children for the kind of education they deserve.

Second, we must stop pitting one part of our school system against another. We must stop pretending that our education system starts in kindergarten and ends with high school graduation. We must face the fact that robbing early childhood programs and higher education in order to help fund K-12 is not an acceptable tradeoff.

Today, we must recognize that the success of our schools depends on whether our children are healthy, well-fed and ready to learn when they arrive at Kindergarten. And today, more than ever, we must recognize the importance of education beyond high school in community colleges and universities.

Third, we must stop pitting our schools against other important values like health care, keeping our children out of

crime, making college affordable, meeting the needs of our elderly citizens, or helping rural communities grow.

For too long, we have looked at our schools and asked "what can we afford" -- regardless of whether that was enough.

Well, today, we have a much better idea than ever before about what it takes to make our children successful. We know that the high academic standards we are now asking our schools to deliver and our students to achieve are clearly and explicitly designed to help our children meet the social and economic challenges of the 21st Century. And if we value our children's future, then we need to act on that knowledge during this legislative session.

First, I believe we must commit no less than \$4.95 billion from the state to our schools in the next two years. We must face the fact that less than that will not allow us to meet the goals of the Education Act for the 21st Century. Instead, it will suggest a willingness to continue a decade-long decline in the quality of public education. Is that a value we want to express?

Second, we must face the fact that we cannot provide the revenue to meet that budget goal with what is available today. And that means that we are going to need some modest, temporary tax increases. If we choose to invest the two percent kicker in our schools as we did in 1991 and 1993 we will need less -- if we don't we will need more.

So my proposal to secure the revenue necessary to achieve a \$4.95 billion K-12 budget is as follows:

First, to invest the kicker in our school budget.

Second, to increase the contribution from the Common School Fund by at least \$40 million.

Third, direct \$70 million from the tobacco settlement to the Oregon Health Plan and use the general fund savings for schools.

Fourth, I propose a one time two percent increase in the tax rate on corporate income from 6.6 to 8.8 percent. This tax increase should be sun-setted in two years and replaced with a more comprehensive reform of our tax system -- a point I will return to in a moment.

Let me say that my revenue proposals for schools are a starting point -- I am willing to consider other options. But I am strongly committed to securing the revenue necessary to achieve our goal. The May forecast may make our job easier -- and I hope it is -- but I do not believe that it will eliminate the need for new revenue.

Finally, let me make it clear that I will not sign a budget for our schools until such time as the legislature demonstrates that it can reach an acceptable level of funding for our K-12 system without devastating the rest of the services Oregonians rely on from the State.

It is time to face the fact that we cannot continue to do what we have been doing since 1990, when paying for schools became the primary responsibility of state government. Since then, we have been involved in what can best be described as a death by a thousand cuts. Just look around you today.

All across the state, schools are laying off teachers, cutting programs, and increasing class size. One recent study demonstrates that our state has on average the fourth-highest class sizes in the country.

All across Oregon schools are deferring routine maintenance and repair of buildings. Roofs are leaking, heating and air conditioning are wearing out and infrastructure is crumbling. This does not enhance the learning environment and in some cases could even jeopardize our children's safety. Is this really what we want?

After school programs, often including sports, are being eliminated in schools across the state. It is no coincidence that juvenile crime has risen at the same time that availability of after school programs has decreased. Is this what we want?

But perhaps the most insidious fact is that we have secured what amounts to an inadequate primary and secondary school budget at the expense of other important investments.

Since the state assumed responsibility for paying for K-12, college tuition has increased by over 80 percent -- until we froze it last year. In effect, we have undermined the quality of our post-secondary institutions and made them too expensive for many Oregon high school graduates to attend.

We have also reduced our ability to reach out to children who are at risk -- eliminating school counselors, cutting back on early childhood intervention, and on programs designed to help teens who are getting into trouble -- creating no response to our young teens who are getting into trouble. In effect, we have given up on a generation of young Oregonians -- and acquiesced to a rising level of school failure, school dropout, juvenile crime and violence.

Are these the values we want to endorse? Do we believe that a high school education alone will allow our children to succeed in the next century? Do we care whether or not our children can get a top quality college education here in Oregon? Do we care about keeping troubled teens from turning to lives of crime, or about helping at-risk children become successful and productive citizens?

Well, I care -- and I think that most Oregonians do as well.

The fact is that we have been keeping our K-12 system afloat -- and just barely afloat -- at the expense of programs that could make a real difference in our children's future.

But oddly, no one will admit this. It is time that we all stand up and face the truth. And the truth of our budget is this: we are willing to deny one child health care so that another has schools which are barely adequate. We are willing to turn our backs on a generation of children who are at risk and straying toward lives of crime so that we can have barely adequate schools. We are willing to tolerate a situation where, increasingly, only the wealthy can afford to go to college so that we can have a barely adequate school budget.

These are unacceptable tradeoffs and we cannot keep making them. I appeal to all Oregonians not to let this happen -- to our children, to our state or to our future.

Eight years after we cut property taxes with Measure 5, four years after we embarked on a billion dollar prison-building effort with Measure 11, and two years after we cut property taxes again with Measure 47 and 50 -- it is time to face the fact that the status quo is not working for us. On the contrary, it is undermining our highest aspirations as Oregonians.

The short term proposal I have outlined today will begin to turn that around. It will stabilize our resources, and will refocus the debate toward what is ultimately far more important -- a long term solution that will serve our state and all of our citizens in the new millennium.

This must necessarily involve some fundamental structural changes in Oregon's tax system. I will begin work on this immediately and will announce more details on how I plan to in my April 9 speech to the Portland City Club. But I will tell you now that this work will be guided by four goals.

First, to make our tax system -- and thus the funding of our schools -- more stable by broadening the tax base;

Second, to add balance to the tax system and redress inequities that have been created over the past 20 years;

Third, to return to school districts some greater degree of autonomy to raise revenue at the local level; and

Fourth, to provide more accountability by giving the state greater authority to control costs at the district level.

It is my intention to bring this plan forward as an initiative on the 2000 general election ballot. Between now and then, I will devote my energy, the good will I have built up in this state, and all the resources of this office to provide the leadership necessary to ensure our ultimate success.

We all know that every administration since Tom McCall has tried to develop long term, adequate, stable funding for our schools. And every administration since Tom McCall has failed to gain the consensus necessary to do so.

I believe that in large part that failure was the result of not being able to answer the three essential questions that underlie any budget decision: "What do we want to buy?" -- "How much does it cost?" and "Are we willing to pay for it?"

Now, for the first time, we have the information necessary to answer the first two questions.

The Education Act for the 21st Century tells us what we want to buy: an education for every Oregon child that will allow them to achieve the certificates of initial and advanced mastery -- an education that will ensure their success in society and in the workplace.

The Quality Education Model gives us a method for calculating how much such an education costs. While still rough, this model is based on valid assumptions that suggest over the next two years \$4.95 billion will be required to keep the commitments we made to our children when we passed the Education Act.

At this level we would fully implement the Quality Education Model for grades K-3 for the next biennium. This level of commitment could support class sizes of 20, staffing for elementary specialists such as art, music and second language, and adequate instructional support such as technology and computers.

In addition, this funding level would allow us to make investments at all grade levels in the areas of professional development and additional instructional time for students not meeting the standards.

That is what we will be able to buy at this higher funding level.

And that brings us to the third question -- "Are we willing to pay for it?" The answer to this question is not a matter of data or information. It is a matter of values -- a matter of will. Never before have we been in a position to make such an explicit and accountable choice. While we have endorsed and supported the goals of the Education Act, we have never been confronted so clearly with whether we are actually willing to back up this rhetoric with resources. Either we are, or we aren't. It is a simple question of "yes" or "no."

For myself, as I mentioned earlier, I endorse a short term funding level of \$4.95 billion and will fight for it this legislative session.

There are those who will say that this is impossible to achieve in a "zero sum" budget. That our hands are tied. That whatever revenue is currently available will just have to be enough and the consequences be damned.

I simply refuse to accept that.

The truth is that this is not a "zero-sum" game, unless our lack of courage and commitment makes it one. This does not have to be a choice between inadequate schools, unaffordable universities, and at risk children. And we cannot afford to make it one.

On the contrary, this is simply a matter of political will. We can give our children good schools for the next two years without unacceptable tradeoffs if we are willing to raise state revenue by just a few percentage points.

I think our children are worth it. And I think Oregon is worth it.

Will this be easy? No. Will it involve some sacrifice? Of course it will. But our greatest victories as Oregonians have not been won by seeking the easy way out or by shirking our responsibilities.

The fact is that if we continue on the path we have been following for the last several years, we will do a grave -- I believe irreparable -- disservice to our children and to the future of this state.

I ask you to believe that I would not be making these recommendations if I were not completely convinced that this is the best thing for Oregon -- and the only way we can assure a better future for all of us.

As we stand here today, the better Oregon we want lies just beyond our grasp. Help me reach just that much further --

and we will never regret what we have done.

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Governor John Kitzhaber

Oregon Logging Conference Speech

February 26, 1999

Good morning and thank you for having me here today.

Before I start today, I just want to thank your association's support of the work Gov. Leavitt of Utah and I have done on creating a blueprint for environmental consensus -- a blueprint we call Enlibra.

I just want to say a couple of words about that blue print.

First, I didn't come up with the name. It's too short for a hardened policy guy like me and it's in Latin, which, after years of medical school and residency, still makes me cringe.

Second, your support of the concept, and its implicit assumption there can be environmental win-wins, is very important. We need to continue to communicate that message throughout natural resource industries and throughout our environmental community as well.

As many of you know, I worked as an emergency room doctor in Roseburg. During that time, I came to know a good many loggers and their families. (good place for the "Splinter" story.) And for fourteen years I represented Douglas County in the Oregon Legislature. So in a way I feel my ties to the logging community go back a long ways. But this is the first time I've spoken to this group and I'm very glad to have the opportunity.

Let me begin by sharing a small piece of personal philosophy with you -- something that not only guides me as I carry out the duties of my office, but which has guided my efforts all my life. If anyone were to ask me what I see as my main goal as governor, I would say that it is to hand this state over to my successor -- and to future generations -- in better shape than it was in when I first took office. In a way, I think that's a goal we all share. Why else are we here, if not to make the world a better place?

There are a lot of gifts that go along with living in Oregon. But it's not our job just to TAKE; we need to GIVE something in return. And I think that message has a special relevance to those of you gathered here today.

Logging involves both taking and giving. You take the trees, but you do so in order to GIVE -- to provide for your families, and to provide society with a much-needed commodity. It seems a simple enough exchange, one we all engage in one way or another. Yet for you, and for all of us, the picture has become more complicated in recent years.

The fact is that in the late years of the 20th Century we have finally come up against the reality of limits. In the days of westward expansion, that thought was unimaginable. The West had no limits. Its riches were infinite. Whatever we took, whatever we did, would make no difference; there would always be more.

Now we know that the gifts we once took for granted do carry a price: the price of wise stewardship. Now we know that it is possible to pollute our rivers and streams, to destroy wildlife habitat, to endanger species -- even to drive them into extinction. And we know that at some point we will pass the point of no return. At some point, it will no longer be

possible to give back what we have taken. And that is a point I am determined not to reach. Because if we do ever get there, then giving and taking will become academic questions. There will be nothing left to take and therefore nothing to give back.

That is a future none of us wants to contemplate. The question is, what can we do?

Well, the fact is that we are already doing a number of things. For example, the Oregon Plan for Salmon & Watersheds has been in operation now since 1997. And it is working. Why? Because it relies not on regulations and restrictions, which have always been the traditional approach to environmental protection, but rather on the cooperative and voluntary efforts of private landowners all across Oregon. These folks are working in concert with state government to modify their attitudes and practices in ways that will restore watershed health and fish habitat. If dreams and visions are never achieved through regulations, and The Oregon Plan is founded on the recognition that cooperation, not coercion, is the key to reaching our goal.

The logging community is at the front-line of this effort. And when I say the logging community, I don't mean the corporate executives or the legislators whose decisions affect timber interests. I mean YOU -- the people on the ground. It's true that the Oregon Plan seeks broad changes across all sectors of our community. But the plain truth is that you people here today, together with your colleagues around the state, are in a position to make a huge impact on watershed health. No one dictates to you the exact nature of the on-the-ground decisions you make on a day-to-day basis, yet the cumulative effect of those decisions can make or break the Oregon Plan.

The truth is that you have a wide latitude for making discretionary decisions about where and how to cut. At the same time, I know that you care for the land. I know you understand the critical importance of restoring healthy runs of salmon, steelhead and trout, and the importance of making educated choices that promote rather than degrade the health of our watersheds. If you keep that goal constantly in mind as you carry out your work, it will be an enormous contribution toward our ultimate success, and I know we can count on you to do just that.

What else are we doing? Well, we now have a group, the Forest Practice Advisory Committee, that is studying whether there are areas where the Forest Practices Act might be improved. I think we can all agree that the Act itself is one of the strongest in the nation and that it has served us well. But that doesn't mean there isn't room for improvement, and we are looking at three areas in particular: the protection of small streams, minimizing the adverse effects of landslides, and the issue of cumulative effects. The Forest Practices Advisory Committee is a very balanced group, and I am looking forward to studying its recommendations. Tom Hirons of Lyons is representing timber operators at the conference.

With regard to the 1999 legislative session, you're probably aware that the two-year moratorium on the clear-cutting of steep slopes is due to expire, and legislation is in the works to extend the moratorium. I want to tell you that I support an approach that relies on the concept of shared responsibility. This would affect the harvesting decisions of upslope landowners and the home-building decisions of downslope landowners, and would require county zoning authorities to avoid hazardous areas when deciding where to site structures.

In fact, the whole idea of shared responsibility is critical to watershed restoration. This is not just an issue for loggers or ranchers or people in rural parts of the state. It is an issue for EVERYONE, because no matter who you are or where you live or what you do for a living, you are in a watershed and the cumulative effects of the actions of hundreds of thousands of Oregonians all over the state -- including those who live in urban centers -- affect our water quality and the overall health of our watersheds.

Gone are the days when we could arrest the problem by plugging up a couple of industrial or municipal discharge pipes. The greatest challenge today is non-point-source pollution. Or, as those English-speaking members of the audience would say, run-off.

And we all contribute to it. For that reason, I will not let any one group become the scapegoat for this problem. And I will not let any one group defer its responsibility for helping solve the problem. So when we ask the logging community to do its part, rest assured that we are asking no less of others. Our commitment is to distribute fairly

throughout the state the burden of improving water quality and restoring salmon species. If we each do our part, the burden will not be too heavy for anyone to bear. If we each do our part, we will surely succeed in passing on to future generations a state which is even better than the one we live in today. Again, regulations alone are not the answer. We must get at the heart of the problem by changing attitudes and practices. And make no mistake: it is a shared responsibility.

The final point I want to make is this. I know that the logging community was among the hardest hit by the recession of the '80s, and for a number of years since then you have continued to suffer economic losses, largely due to changes in federal forest management policy. I also know you have felt caught in the middle between the demands of environmentalists and those of the corporate timber industry. And as we --and the rest of the nation and the world -- move toward a predominantly information-driven economy, as opposed to one that is predominantly labor-driven, those who make their living in the woods may be experiencing a sense of uncertainty about the future.

In view of all that, I want to take this opportunity to assure you of two things. First, natural resource protection and healthy economic growth are not mutually exclusive. It is not a matter of choosing one or the other. It is possible to have both, and here in Oregon we have demonstrated that we know how to accomplish that.

Second, while a large part of our current economic expansion is due to the new high-tech industries, the fact is that our natural resource industries will continue to be a cornerstone of Oregon's economy. Here in Oregon we still grow trees better than anyone else in the world, and without your contributions we wouldn't have lumber for our homes, paper for our fax machines, or boxes to transport our high-tech equipment from factory to office.

But your contributions can reach even beyond that practical level. Because you work so closely with the land, because you care for the land, because you care what happens to it and to our watersheds, because you are in an almost unique position to make a major difference, you are also in a position to lead, to teach by example that wise stewardship of our rich natural heritage is the responsibility of each and every one of us.

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Governor John Kitzhaber

Oregon Conference (Education) Speech

February 5 1999

It's a great pleasure to be with you today. As you're aware, education is among my top priorities, and before I turn to the thoughts I'd like to share with you today, I'd like to take a moment to acknowledge some of those in attendance and the roles you play.

I know that many of you here today are involved in the field of Special Education. I don't need to tell anyone how important your work is, given the growing number of children whose education must be individually structured. This is a time-consuming and often frustrating task, particularly in light of the federal restrictions and guidelines you must operate under, and I'd like to commend your efforts and your dedication.

I'd also like to acknowledge those of you connected with Schools of Education and educational research, since in a very real sense it can be said that "the buck stops" with you. The quality of education we offer our children in the classroom depends on how well you do your job, so I'd also like to pay tribute to you and the work you're committed to.

As for those of you who work in the trenches -- in the day-to-day delivery of education to our children -- teachers and district administrators -- your job is so critical to our future that I'm not sure it can be adequately acknowledged -- except by saying that the debt we owe you is a very great one.

What I'd like to do now is to touch on two topics -- issues which will both affect and involve all of you in one way or another in the coming years. The first has to do with charter schools; the second, with ways of keeping kids healthy in every respect -- and thus able to take advantage of the educational opportunities we offer.

As you know, the charter school movement is fairly recent. It began less than a decade ago and it has gained considerable momentum in recent years. I believe that around 30 states currently permit charter schools. So far, Oregon is not one of them, but the 1999 legislature is already working on charter school legislation. I thought this might be a good opportunity to clarify my own position.

The whole concept of charter schools has much to recommend it. These schools can offer a wider range of choices to parents and students, they can allow for greater creativity and flexibility in the ways we deliver education to our children. But at the same time, the whole idea must be considered with care. Charter schools have the potential to enrich and enhance our system of public education. They must never be conceived or implemented in a way that undermines or weakens that system.

One of my most firmly held beliefs is my belief not just in education, but in public education, because in my view it represents the best chance we have of ensuring equal opportunity for all our children. That's a tradition that reaches back nearly four centuries, when the Massachusetts Bay Colony passed the first public education law on this continent, requiring that every child must be taught how to read.

Since then, although we have come from different backgrounds, from different countries, from different cultures, from different sides of the track, by and large over the years we have shared a common experience of public schools. Public

education is a tradition that has served America well. It has kept us free, it has kept us united, and while there may be ways to improve upon it, this is no time to abandon it.

My fear is that if we allow our education system to be splintered into an interest-based set of private schools, the kids who need the most help will just fall through the cracks. For them, equal opportunity will be a promise unfulfilled, and they deserve more than that. We as a society deserve more than that. And that's why I believe in public schools, publicly funded, available and open to all, and of the very highest quality.

It is my hope that charter schools can be part of that picture. But I do have some concerns.

In a word, it all boils down to accountability: accountability to our children, accountability to the taxpayers, accountability to the future. Let me elaborate.

First of all, our public schools are a microcosm of the world in which our children will have to live and function after they graduate. To educate them in an environment that misrepresents the make-up of that world would do them a grave disservice. Instead, we are accountable to give them an experience that conforms to reality. For that reason, I believe that charter schools must include the same cross-section of society we find in our public schools. I cannot support any form of selectivity based on such criteria as race, ethnicity, economic position, or academic ability.

Second, we are also accountable to see that every child has equal access to an education of the very highest quality. That means, whatever school these kids attend, they must have qualified teachers, a curriculum that fits the demands of the 21st Century, and an assessment process that ensures their mastery of that curriculum.

This is what we are requiring of Oregon's public schools, under the Educational Act for the 21st Century. Charter schools must be held to the same standard. The standards and assessments of the Educational Act must not be waived nor compromised. Charter school curriculum, however it is conceived and delivered, must address the standards.

And we must be assured that charter school professional staff is fully competent in every respect. Let me make it clear that I recognize the value of drawing on community resources to enhance and expand the educational opportunities we can offer our children, and there are alternative forms of licensure available through TSPC. We can and should take greater advantage of these, but the bottom line is that there must be a "gatekeeper." And the taxpayers need to be assured that the education they are paying for is of the highest quality.

Finally, given the continuing difficulties in providing an acceptable level of state funding for public education in Oregon, the funding mechanism for charter schools must be dealt with in a way that does not divert public resources from our K-12 schools. I support the concept of local control over charter schools, with authority over and accountability for such schools resting with local school boards, and I therefore oppose any direct funding by the state. There are a number of alternatives available and I am more than willing to work with the proponents of charter school legislation to reach some kind of agreement on an appropriate funding source.

Let me turn now to my second point: ensuring that all our children are in a position to take advantage of the educational opportunities we offer them. And to me that means doing something to stem the terrible tide of juvenile violence in Oregon. Let me clear: this is not just a law enforcement issue. It is not even really just a juvenile crime issue. Its implications are far broader than that.

I am convinced that juvenile crime is a symptom -- a symptom of trouble that touches the very roots of our society. We have to treat the symptom, yes, and that is a law enforcement issue. But we will never eradicate the epidemic of juvenile crime unless we are prepared to treat the causes. And that will take the active involvement of every one of us who comes into contact with troubled youth.

This message should have a special relevance for educators. From the time they are five until the time they are eighteen, our children spend the majority of time under your care and supervision. You are in a better position than most of us to pinpoint which kids are headed for trouble, since there is a very clear correlation between school failure and involvement in criminal activity. Today about 9.4 percent of all Oregon students are at risk of failure in school. That's far too many children to turn our backs on. But what can we do about it?

Largely, I think, it's a matter of revising our priorities. The state juvenile corrections budget has doubled in just the last three years, and projected costs to house violent and chronic juvenile offenders reach into the hundreds of millions of dollars. Wouldn't it be better -- for all of us -- to see that the next dollar we spend on public safety goes toward keeping a child from walking through the front door of a prison, rather than toward a cell to lock him up in? Again, it's a matter of priorities.

It's a matter of expanding early childhood programs that will help kids enter school physically and emotionally healthy and ready to learn.

It's a matter of intervening with troubled families through community-based programs BEFORE children are damaged beyond repair.

It's a matter of stemming the tide of domestic abuse, since it is in the home that patterns of violent behavior are passed from one generation to the next.

It's a matter of coming to grips with the enormous problem of substance abuse, which takes lives and ruins lives and provides endless fodder for our court and correctional systems.

And it's a matter of bringing our schools into the loop of juvenile crime prevention planning, and of giving them the resources they need to ensure that ALL students have a chance for educational success. We intend to allow local school districts some flexibility in the use of additional state education dollars, so they can better support students who are at risk of school failure -- this would include special needs funding, teacher training, and providing counselors in schools. We will also improve the lines of communication between school districts and juvenile departments, so that students needing help can get it through community-based programs.

What we need, in other words, is a comprehensive, integrated approach to treating both the symptoms AND the underlying causes of juvenile crime. In that effort schools must play a major role. Troubled children are not only a problem in themselves; they disrupt the learning environment for other students as well. And when any child turns down the wrong path, ALL of us pay the price, often for years to come. I hope I can count on your support in this.

Let me say in closing that no one has a heavier responsibility than those of you entrusted with the education of our children. Aristotle once said that on the education of youth hangs the fate of nations. He was right. With the children who sit in our classrooms today lies the shape of the 21st Century, and what they will make of it depends very largely upon you. I want you to know that I recognize and honor your efforts and that you have my full and continuing support.

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Governor John Kitzhaber

Willamette University "Last Lecture"

February 3, 1999

Thank you very much for inviting me to participate in Willamette's "Last Lecture" Series. This is an interesting concept: What would I say if this were the last time I would ever speak in public? -- with the topic entirely up to me.

Well, first of all, I want you to know that I never aspired to be a public speaker, though I seem to have done quite a lot of it in the last few years -- and maybe some people would like this to be my last appearance before a captive audience. But since I'm now in my final term as governor, it's nice to know that I can say whatever I want without having to worry about the next election.

There are a number of things I could talk about -- if this were my last opportunity -- things I consider important, like whitewater rafting or fly fishing, or living with a very busy 15-month-old child. But it will probably surprise no one to hear that, instead, I want to read you a civics lesson.

I don't intend to spoil your digestion by getting too serious at lunchtime, but I'd like to give you a couple of things to think about, based on my own experience. They have to do with the role of the individual in today's world and the relationship which I think needs to exist between individuals and the larger community if we hope to preserve the essence and not just the trappings of American democracy.

And I hope you will take away with you a stronger realization that individual citizens -- acting as individuals but within the context of our political institutions -- can help to shape the future in a positive way.

Let me begin with a personal story -- about some things that happened to me when I was about your age and which changed the course of my life.

It may surprise some people to learn that for the first two decades of my life I was completely apolitical. In fact, politics bored me and I couldn't imagine myself ever developing an interest in it. After I graduated from high school I went to Dartmouth College, where I spent quite a lot of my time pursuing activities that were not entirely academic. Nor were they political, even though it was an era of intense student activism.

The Civil Rights Movement was in full swing. The war was raging in Vietnam, and the draft was hanging over our heads. But if anyone had suggested to me then that I might someday run for office, much less be a governor, I would have thought it was joke, and so would a lot of other people.

Then suddenly, in the spring of 1968, my junior year, everything changed.

On April 4, Martin Luther King, Jr. was shot down in Memphis, followed in June by the assassination of Robert Kennedy. These two deaths made a profound impact on me. Here were two men -- regardless of how you viewed their policies -- acting on their own individual beliefs, but working within the system, and who were making a huge difference.

Martin Luther King was conducting "sit-ins" in segregated restaurants for which he was arrested and for which he

expected to be arrested. He believed in the rule of law and he believed that those who broke the law, including himself, should bear the consequences. But he had the courage to break the laws which he felt were unjust in order to highlight the issue of racial discrimination. He believed in the system and worked within the system and, in so doing, changed the course of American history.

Robert Kennedy was campaigning for the democratic presidential nomination on an anti-war platform. He strongly opposed sending thousands of young men, many of them too young to vote, halfway around the world to fight and die for a murky policy they'd had no voice in developing. And he was working within the system to change that.

I'm not sure what it was about the events of that spring or about these two deaths that affected me so deeply. Perhaps it was simply because I was young and naive and idealistic. I know I felt as though a vision of a better world had died with these two men -- both of whom believed in the power of our public institutions to effect positive social change. In any case, it was from the moment that Robert Kennedy died in Los Angeles that I knew I wanted to hold elective office -- that I wanted to make a difference, and do it by working, as an individual, within our democratic system, and for something larger than my own individual satisfaction or benefit.

Ten years after the events of that fateful spring, while practicing emergency medicine in Roseburg, I won a seat in the Oregon House of Representatives. That was in 1978 -- twenty years ago -- and I have been active in politics ever since.

Yet in the intervening years, I've watched something happening not only to our system of public enterprise, but also to our concept of individualism. And I think it's largely a matter of perspective.

While King and Kennedy clearly understood the relationship between individual effort and the effectiveness of our public institutions, today that view is not very popular. It's true that in the years since Vietnam, we have been repeatedly disillusioned -- by Watergate, by Iran-Contra, and by the drama -- I might almost say "melodrama," except for what's at stake -- which is now unfolding in our nation's capital.

As a result, the individual has become distanced, even alienated from the system of government that has served us so well for more than two hundred years, which has survived a civil war, two world wars, and a world-rocking Depression.

We are dangerously close to abandoning our political heritage -- a heritage deeply rooted in common goals and concerted action -- and enshrining it its place the individual -- as a self-serving free agent with no ties and no responsibilities to the larger whole.

Think about it. How many people today see government as a mere waster of individual wealth? How many people today believe the best thing government can do is simply to get out of the way so that individuals can accumulate more money and keep more money and spend more money -- on themselves? How many people concentrate their best energies on getting something out of society, rather than on giving something to society?

And an even greater danger is that this attitude not only alienates us from our public institutions; it also alienates us from each other and fragments our communities. Working with each other has taken a back seat to competing against each other.

Yes, individualism -- of a certain sort -- is part of our heritage. When this country was being settled, and people were physically separated from each other by huge distances, independence and self-reliance were not only virtues -- they were essential to survival. But today's world isn't like that any more.

Today we find ourselves in much closer physical proximity with others -- packed together in housing complexes, crowding into classrooms, bumping up against each other in shopping malls, passing within a few feet of each other in our cars.

But at the same time we are more disconnected than at any other time in our history. And perhaps the greatest casualty has been our sense of community. We deliberately isolate ourselves from each other. We live behind six-foot fences. We walk from the garage directly into the house, and never see our neighbors.

We shop at mega-outlets on the edge of town, rather than at a neighborhood market -- of which there are very few left. And while schools were once the hub of a community, now the increasing number of alternative schools, as well as a more mobile population mean that kids don't grow up together as they once did, and their parents hardly know each other.

At a time in our history when working together is absolutely essential, we have erected physical and psychological barriers that keep us apart and we are losing our sense of community.

At a time in our history when more than ever we need our public institutions to function as they were originally intended to, we are withdrawing from them, abandoning them. And I assure you that is not the answer.

It was President Eisenhower who reminded us that "Politics should be the part-time profession of every citizen." He was right. The governmental institutions and legislative processes available to all those who live in a democratic society will only be as effective as we make them.

Of course there are things that have gone wrong in the public sector. This is not a perfect world. But speaking as a doctor, I can tell you that, when you diagnose an illness, it's not much help to prescribe death as a cure.

And I can also tell you that if you don't like the way the tide of government is flowing, the answer is not to stay out of the water and sit safely on the shore. That kind of safety is temporary, at best, and it will betray you in the end. The only real answer is to plunge in, grapple with the tide, take a few risks, and turn risk into victory.

Democracy, as Winston Churchill once said, is the worst form of government ever devised by man -- except for all the others. It can work. It has worked. And the only reason it might stop working is if individual citizens refuse to make it work. I hope we're not going to let that happen.

And I guess that's my final word -- getting back (finally) to the original topic. If this were the last time I'd ever speak in public, I'd voice my hope -- and my confidence -- that the young citizens of the new century will show the world once again what American democracy at its best can be.

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Governor John Kitzhaber

Erosion Control Conference Speech

January 28, 1999

Good morning and thank you for having me here today.

I want to start today by thanking Dennis Derby and the Department of Environmental Quality for turning what was an unfortunate incident into a constructive opportunity not only for your industry but for our state and local governments as well.

When I saw that I was scheduled to be at an erosion control conference, I assumed I'd be meeting with members of my staff to talk about the status of support in the Legislature for my various proposals.

The session is, in fact, one big exercise in controlling erosion.

So, I come before you today as someone who has had much experience, but little success, in erosion control.

Now, to the topic at hand.

The reason I wanted to come today is that this issue -- controlling erosion from new and existing buildings -- crosses some of the biggest challenges our state faces today. I would like to talk about two: first, how do we grow more compactly within the urban growth boundary without losing the consensus that sprawl is bad and hence threatening the entire land use system; second, how do we distribute fairly throughout the state the burden of improving water quality and restoring salmon species.

Preserving the land use system and improving water quality have not until recently been thought of as urban issues. The conventional wisdom was that if you lived in urban Oregon you were a strong supporter of the land use system and that the people who really had to change their behavior to improve water quality were farmers and foresters.

Now the tables have turned.

I believe the biggest threat to our land use system -- and hence, one of the greatest threats to our environmental quality throughout the state -- is from urban Oregon.

I believe that the greatest unaddressed water quality issue in Oregon has to do with the cumulative effects of the actions of the hundreds of thousands of Oregonians in urban Oregon.

And the home-building industry lies squarely in the intersection of these two issues.

Notice I say intersection. Others, not me, may say crosshairs.

Let me expand on my first point and suggest how we can work together to make your job easier and make the land use system work to deliver quality communities.

In the past five years, the land use system with its demand for an urban growth boundary -- and hence, implicitly, its demand for more efficient, compact development of our available land -- has come to actually mean something to people who live in our state's cities -- primarily Portland.

That's because, after a decade of growth, we are having to squarely face the question of where and how we grow. I believe we have wisely chosen to expand our urban growth boundary slowly and to push for greater development inside the boundary.

And there's the rub. For years, the traditional proponents of land use viewed it as a system to preserve farm and forest land. Now they realize that that act of preservation isn't free

It means there might be a fourplex on your street. It means there might be tenants in the granny flat next door. And it means that hilly lot that's been vacant for the past twenty years might suddenly sprout a half dozen row homes.

This is new. This is different. This is frightening. But the specter of compact development is much worse than the reality. In reality, if Portland and the Metro area develop according to Metro's 2040 plan, the metropolitan area will -- at 4,385 people per square mile -- be 1/3 as dense as San Francisco is today and two-thirds as dense as Seattle.

The alternative to more efficient, compact development is worse. The alternative to compact development is sprawl onto the farms and forest that lie at the edge of town. And that alternative carries a far greater environmental price tag than developing inside the UGB.

That's why I am particularly interested in creating incentives for compact development. That's why I have proposed the Oregon Livability Initiative which would fund such incentives.

And that's why I am interested in helping your industry overcome obstacles to urban development -- obstacles such as - - and here's where I tie it all together -- erosion.

Now, I must admit, I am not an erosion expert, as hard as that may be to believe. But my commitment to you, for all the reasons I've just gone over, is to be open-minded and innovative in helping you meet the challenge of developing difficult, erosion prone lots.

To that end, I understand this association is interested in pursuing the concept of regional detention basins as a way to address the erosion problem. I just want to tell you that conceptually I support that and want to work with you to see if this idea can be implemented.

Because to me, ideas like that, which create the ability to pursue quality, compact urban development are all part of the mix that is necessary if we are going to win the battle of growing while maintaining our quality of life.

And as much as we policy types want to theorize about technology and development trends and how they affect community and quality of life and civic participation, it is the actual built environment that we live in, that we drive through, that we walk around and that we work in. That is the bedrock of a neighborhood, a district, a town or a city.

And if politicians and planners say "build compactly; reinforce existing communities; don't sprawl; use land efficiently" and then we don't help make it politically and environmentally possible, then what's the point?

This is not just a rhetorical question. It is the challenge you are wisely trying to address today at this conference.

Now, let me throw one more curve at you.

And that is: in the coming months and years, as we bear the burden of changing practices so that we can clean our rivers and restore habitat, more and more of that burden will shift from rural Oregon to urban Oregon.

I believe members of your industry understand this.

But here is my warning: if the water quality challenge becomes a contest of what farmers can do to home builders or

what home builders can do to foresters or what foresters and do fishermen -- we will surely lose.

My commitment is to help ensure that the burden of meeting water quality demands will not fall disproportionately on any one group. But more importantly, I will work to educate Oregonians, especially those in urban areas, that we all must do our share if we are to clean up, for example, the Willamette River.

Gone are the days when we could pick the low fruit of stopping pollution by plugging up a couple of industrial or municipal discharge pipes. Now the challenge is non-point source pollution. Or, as those English speaking members of the audience know it, runoff.

And we all create it. Not just homebuilders, who are visible; but homeowners who aren't -- yet whose roofs, driveways and lawns all contribute their share of the problem. I promise you, I will not let any one group become the scapegoat for this problem. And I will not let any one group defer its responsibility for helping solve the problem.

Part of what I will be proposing to further that goal of fairness is an urban watershed program. I hope to be kicking this off some time in February in Eugene.

The concept is simple. Watershed Councils exist all over the state -- but rarely in metropolitan areas. The problem is that no matter where you are, you are in a watershed. To assume that because you live downtown, or in a suburb or in an urban neighborhood you are not part of a watershed is just plain wrong.

I think urban watershed councils could help foster a sense of responsibility for the impact urbanites have on water quality. And I think it could be a great teaching opportunity for children in our schools.

But, that is a long term education project.

Today, you are faced with a difficult challenge. How to build where it's tough to build, where neighbors often don't want you and where environmental regulation present expensive obstacles. Trust me, I wouldn't trade places with you.

But I will try and help. Because, ultimately, our success as a community in meeting our intertwined challenges of growth and environmental preservation, is tied to your success as business people.

Thank you again for this opportunity to speak.

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Governor John Kitzhaber

Inaugural Address

January 11, 1999

Members of the Legislature, Members of the Judiciary, Fellow Oregonians:

We convene today to celebrate our biennial exercise of democracy and I renew my oath to serve as your governor. We convene today in common commitment to those citizens who have found us worthy of leadership.

I can think of no greater honor than to have your trust, faith and confidence in leading our state for the next four years. And I can think of no more worthwhile task than rewarding that faith by working together with this legislature to meet our fundamental challenges: good schools; quality of life; healthy, successful children; and, perhaps most important of all, re-creating that sense of community and common purpose which is our heritage -- and which has made possible all that we have accomplished as Oregonians.

As we gather here today, I find myself reflecting on the sobering implications of this moment -- for me personally -- and for this state and nation politically. Personally, this will be my last oath of office as governor of the State of Oregon.

Politically, we gather in the shadow of a trial to impeach our President. These events create a moment in time from which we can look ahead and consider what is happening to civic life in our country and its implications for our future -- and from which we can look back and remember why the public enterprise makes sense in the first place.

Like most Oregonians and most Americans, I believe that what is going on in our nation's capital is a debate that is only partly about our President's personal failings or his fitness for office. To a large extent it is a debate about partisanship -- partisanship on both sides of the aisle.

This partisanship reflects the fact that politics has moved from the use of power for the public good to the gathering of power for its own sake. The accumulation of power at any cost.

Gone from our national discourse is that element of politics that actually means something to people -- what to do with power once it is obtained. Gone is the basic agreement that politics is a process by which challenges are defined and met; a process by which communities -- from local, to state, to national -- can create a vision of their own future and put in place a plan to achieve it. Gone is the belief that government is a tool by which we can achieve our common aspirations.

Instead, we are left with a partisanship -- not only in the political sense -- but in the civic sense as well. A partisanship and an attitude that has alienated citizens from their government and from one another -- that has degraded our public institutions, that has swept aside community, and has enshrined the individual in its place.

We are left with the view that all government can do is waste money . . . that government's proper rule is to simply get out of the way so that individuals can make more money and keep more money; that there is no social problem that cannot be solved by a judicious application of personal wealth . . . that no overarching sense of community is needed or, in fact, desired.

And this self-serving attitude offers predictable answers to our greatest challenges.

If you think there is too much crime . . . Buy a security system. Live in a gated community. Buy a gun.

If you don't like our public schools . . . Abandon them. Send your kids to a private school and let those who can't afford to do so fend for themselves.

If you want clean air and water . . . Move to the country. Make pollution someone else's problem.

But individual wealth alone cannot shield us from the fallout of a society that cannot educate all of its children, or keep them from crime, or make them successful, or clean its water and its air.

Don't misunderstand me -- I believe in creating wealth. And I support an individual's right to do with it what they will. But private wealth will never become a substitute for community.

Here in this chamber, we are surrounded by the names of pioneers. They did not buy their way here. They had resources, to be sure. But their migration was made possible only by joining together, by pooling those resources, by becoming a community. Then -- and only then -- would they take the risk of a lifetime; only then could they cross the Great Plains and the Shining Mountains to create the land in which we now abide. That has always been the Oregon way -- and we are its beneficiaries.

Our greatest challenge today is to preserve that way -- to recognize it for what it is: a touchstone -- a past we can invoke to inform our present. We must recreate the politics of community -- the politics of progress -- and bury the politics of partisanship. If we can do so, no dream lies beyond our grasp.

Our greatest challenge is to make our system of government work here in Oregon even as our national government veers recklessly toward the brink in Washington, D.C.

Our greatest challenge is to demonstrate that in this state we can still come together with open minds -- and in a spirit of compromise, to forward a common public agenda.

The history of this state is the history of just this kind of cooperation. Our true heritage lies in our ability to join together to create a place -- and a culture that helps define that place. We must not let that spirit vanish from Oregon and I pledge to work with every member of this assembly to help ensure that it doesn't.

As I begin my last term as governor -- and as we convene the 70th Legislative Assembly -- let me share with you some lessons I have learned from my 20 years in public service which I believe may have some relevance to this session and to the public enterprise.

First, good ideas take time. The Oregon Health Plan was first enacted in 1989 but was not fully implemented until 1993. The Oregon Plan for Salmon and Watershed Restoration, the Education Act for the 21st Century -- these are works in progress that will take numerous legislative sessions to fully implement, yet which will reap benefits for generations to come.

This means that we must have clear goals and the patience and consistency to see them realized. It means that we must have the capacity to compromise as long as we continue to move toward our goals.

As Governor Tom McCall said in his second inaugural: Compromise indeed is bad for the spirit if it limits one's ideas or goals. At the same time, if we renounce realism and gradualism, we may -- paradoxically -- be frustrated in our ideals, and see the realization of our goals delayed.

Second, there has always been partisanship -- but in the past it has been adversarial, not antagonistic. It was played out with civility and collegiality in a debate over different goals and visions, or -- more frequently -- over different approaches to realizing common goals and visions.

We owe it to ourselves, to Oregonians and to the integrity of this public institution -- the government of this state -- to conduct ourselves and our debate with this same level of civility. We must have the capacity and the maturity to separate politics from personalities -- to never allow disagreements on matters of policy be reflected in the kind of character assassination that has dominated the national debate over the past month.

Third, what Oregonians expect from us is that we get things done. Oregonians recognize that the major issues with which we must deal -- things like education, transportation, public safety, growth and sound environmental stewardship -- these issues are not partisan in nature. They affect all Oregonians regardless of where they live, what they do, how much they earn, or what party they belong to. And Oregonians expect us to deal with them. They don't expect that we always agree, but they expect us to be constructive and sincere in addressing the common challenges that face our state.

I have spent much of the last four years -- and the last year in particular -- defining these challenges and proposing possible solutions. This Oregon Challenge -- as I have referred to it over the past year -- calls for definitive action in at least three broad areas crucial to Oregon's future.

One of these challenges involves our system of public education, from pre-kindergarten through higher education and lifelong learning. Nothing is more important or more central to our future than meeting the obligation to educate -- and to keep educating -- the next generation of Oregonians.

We have the means to do so. The question is -- do we also have the will? We stand on the threshold of a new century, and the doors of opportunity are open wide. Our challenge is to equip our children -- all our children -- to walk through them. Let us pledge ourselves to that.

A second great challenge involves preventing crime, especially among juveniles. How we meet this challenge will send a message to the future as to what we really value.

The massive expansion of our prison system shows very clearly that we value punishment. But don't we also value our children enough to keep them out of prison in the first place? Don't we value our families, our neighbors and friends enough to keep them from falling victim to crime? Our challenge is to make a commitment to prevention that is at least as strong as the commitment we have made to punishment. Let us pledge ourselves to do that.

A third great challenge involves planning and managing growth in a way that will actually make a positive difference in how this state develops over the next twenty years. Oregon is bound to attract growth, simply because of what it is. Yet growth is a double-edged sword.

Handled right, it can offer a path to a bright and prosperous future. Handled wrong, it will slice to shreds everything that makes living here worthwhile. And if that happens -- if we lose the qualities and attributes that define Oregon itself -- we will lose not only our future, but our very identity. Our challenge is to find a way to accommodate growth without sacrificing the special quality of place that makes our state unique. Let us pledge ourselves to do that as well.

This is the Oregon Challenge -- and tomorrow we will take up our task of meeting it.

And while I am firmly convinced that resolving these issues is central to our future, I do not presume that the specific proposals I have suggested are the only way to do so. I have no doubt that we will debate these ideas and others in the coming months. But I also know that Oregonians will properly hold us accountable for reaching -- or not reaching -- agreement on how to move forward.

If we are to be successful in this endeavor, we must recreate the sense of common purpose which has long been the foundation of the community we call Oregon. The nation has often looked to us for inspiration in responsible government, for decency in public affairs, for civil personal relationships and for a respect for the natural world.

These are the virtues that build a community. These are the virtues that have built our state. We must never underestimate the importance -- indeed the necessity -- of community and the power of place in shaping Oregon's future. For in spite of our differences and our areas of disagreement, we share a common history, a common heritage and we will surely leave a common legacy.

Yet as the stain of rancor and partisanship spreads westward from our nation's capitol, as our population increases, as we become more ethnically and culturally diverse, as growth begins to alter our landscape and bring into question the limits of our resources -- we are beginning to lose this shared sense of ourselves as Oregonians.

We are losing our sense of common history and common purpose -- our sense of connection and of community which has bound us together.

And if we lose this connection with one another, this spirit of community and commitment to place -- then we will lose not only our identity, but our heritage as well. We cannot, we must not --and we will not allow that to happen.

So today, as we begin the last legislative session of the 20th Century -- let us heed well the words of Wallace Stegner from the Sound of Mountain Water. Words written about the West, but clearly inspired by Oregon.

...one cannot be pessimistic about the West. This is the native home of hope. When it fully learns that cooperation, not rugged individualism, is the quality that most characterizes and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery."

No less than that is our goal. One state, one people, one destiny.

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Governor John Kitzhaber

WGA Enlibra Speech

December 4, 1998

Standing here tonight in this incredible setting, I am reminded again why so many people are drawn to the West. The West is a place of special places like this canyon -- places that are not only beautiful, but which have the power to inspire and fill us with wonder and awe.

This sense of awe defines the West. We are touched by its landscapes and shaped by its ruggedness.

But the West is growing. More people, more roads, more buildings, more conflict -- and a growing sense that what has defined us as a region is slipping away.

We are learning -- hopefully not too late -- that if the West is to remain in Wallace Stegner's words, "the native home of hope" -- then we must develop new tools and new approaches to deal with the growth that besets us and the environmental challenges and conflicts that come with it.

And that is the purpose of this conference -- to explore the possibility of developing a new shared doctrine for environmental management -- a new perspective, new tools and a new approach. And I want to thank all who have agreed to participate in this exercise. I realize that there are many here who come from quite opposite but equally entrenched positions concerning environmental issues. And I am also aware that there remains much skepticism about this effort. I ask only that you keep your minds and hearts open to the possibility of a different way of pursuing our individual objectives in a way that builds community rather than disrupts it.

At the same time I want to make it clear that, while I am convinced that a new more collaborative and less confrontational approach is needed, I do not reject the tools of the past, nor take lightly the significant gains they have achieved.

Sometimes conflict is a necessary prerequisite for collaboration. In fact, much of the progress we have made on behalf of our natural environment in the last few decades has been the result of conflict and confrontation -- which is a point worth noting.

There has always been a tension in the West -- between economic development and the powerful landscapes that define this region -- between the extraction of natural resources and concern over long-term environmental stewardship.

And for decades economic development and natural resource extraction in the West were pursued with a single-mindedness that has left scars upon the land. At the same time, these same activities brought with them significant economic benefits to the region and to its people. Not surprisingly, this collision of legitimate values led to an escalating conflict. People took stakes in both sides of this debate. We call them stakeholders today and many are represented here this evening. The primary battlegrounds were the U.S. Congress, state legislatures and the courts.

The conflict between stakeholders led to the passage of such significant environmental legislation as the Clean Air Act

in 1970, the Clean Water Act in 1973 and the Endangered Species Act in 1973. Court battles over the implementation of this legislation -- in particular the Endangered Species Act, led to a wave of regional and more holistic planning on federal lands, beginning with the Northwest Forest Plan. The listing of the Delta Smelt led to a major clean up effort in San Francisco Bay.

Indeed, I have employed the tools of confrontation and litigation myself to block the operation of the Winchester Hydroelectric Project on the North Umpqua River near Roseburg, Oregon. Without the use of these traditional tools, the turbines would still be operating -- chewing up the North Umpqua steelhead run. As it is, this remains one of the few projects in the country that had a FERC license and was generating power and was subsequently shut down and the turbines removed.

So my point, in embracing the concept of a shared doctrine for environmental management is not to reject or discredit the tools of the past. I believe in the need for a strong framework of federal environmental laws, I believe in the need to have the ability to enforce them, and I believe in access to the courts. But I also believe -- just as strongly -- that we need to have both the wisdom and the courage to periodically reevaluate the effectiveness of our tools and the way in which we have traditionally applied them.

Let me give you an example -- the Oregon Plan for Salmon and Watersheds. This effort, now more than two years old, has become far more than just a government program -- it has become a statewide, bipartisan commitment in Oregon to restore our runs of Coastal Coho and the watersheds in which they spawn.

This kind of collaboration is not new to Oregon. Some sixty years ago, catastrophic fires destroyed hundreds of thousands of acres of forest in Northwest Oregon. Known as the Tillamook Burn, this land came into state ownership. It took a generation to replant the forest, but it was done, tree-by tree by volunteers and by school kids. You'd be surprised how many people you meet in Oregon today that took a school field trip to help replant the Tillamook Burn.

It was the same kind of broad-based collaborative effort that cleaned up the Willamette River in the 1970's under the administration of Governor Tom McCall. It was this community sense of environmental responsibility that let us to make our beaches public and to pass returnable bottle bill which has made littering tantamount to betraying your roots as an Oregonian.

With that kind of history of cooperation and community response to environmental challenges, the consequences of the listing of the Northern Spotted Owl in 1990 were especially traumatic to Oregonians. And although the end result of this debate was the Northwest Forest Plan, the intervening polarization literally tore communities apart and left scars in parts of rural Oregon that have yet to heal.

As a consequence, when -- shortly after my election in 1994 -- the National Marine Fishery Service gave notice of a possible listing of our coastal coho salmon, I began to look for a better way. In my view, the community that calls itself Oregon could not afford another divisive natural resource war.

On the other hand I was, and remain, deeply committed to the survival of our salmon runs. There is an almost mythic connection with Salmon among the people who live in the Pacific Northwest. It is a powerful connection that cannot be overestimated -- the power of history, the power of identity, the power of the past's promise to the future. But even beyond that, if the salmon runs are not healthy, then our watersheds are not healthy -- and if our watersheds are not healthy then we have truly mortgaged the future. I do not intend to leave that as my legacy.

Thus, it is important to recognize that the objective of the Oregon Plan has never been to avoid a listing under the Endangered Species Act. Rather, the objective has been -- and continues to be -- to make the greatest progress possible in restoring species and restoring watersheds.

I also important to recognize that relying solely on the ESA to recover salmon in Oregon would not only have triggered another divisive battle, but would ultimately fail to recover salmon.

We need to remember that the primary role of the federal government under the ESA is a regulatory one. And while regulation has an important role to play, there are limits to its effectiveness. Regulation can keep people from doing the

wrong things but it provides no incentive for them to do the right thing.

So while the ESA can prevent landowners from engaging in activities that result in an intentional or unintentional kill, or "take," of a listed species -- it cannot compel them to do more. Yet 60-70 percent of coho habitat lies in private ownership and therefore, recovery will only occur if private landowners undertake restoration activities that go well beyond simply avoiding take.

And in my 20 years of involvement in western state politics, I have experienced over and over again the fact that an approach which involves private landowners in the decision-making -- which gives them some ownership and investment in the work being done -- has a greater and more immediate positive impact on the resource than simply applying regulations that tell them what to do. Telling people what to do with their land in the West is an explosive proposition.

As a result, the Oregon Plan was designed to involve, empower and incent private landowners to make voluntary commitments to watershed restoration and habitat restoration. The commitments are built on a solid foundation of federal, state and local regulation -- including harvest limits, Clean Water Act requirements, forest practice requirements, land use laws, state water law, and so forth.

But the increment that will make a difference in how quickly and successfully we recover salmon and watersheds comes largely from the voluntary commitments by landowners and communities working alone or through their local watershed councils.

While skeptics of the Plan have underrated some of these voluntary actions, they are significant. The timber industry has committed to make \$130 million in road improvements on logging roads and culvert replacement over the next 10 years, not to mention agreeing to a harvest tax to provide \$13.5 million in direct on-the-ground projects. This is far beyond anything that could be legally compelled under the ESA. Furthermore, the Oregon Legislature has offered strong bipartisan support with the appropriation of another \$32 million to support the plan.

Perhaps most exciting of all, however, is how this effort is beginning to change the environmental ethic in our state. The Oregon Business Council has become involved, and over 80 local watershed councils have put in place more 1,200 on-the-ground projects in the last two years. And the enthusiasm continues to grow, despite a court-mandated ESA listing based on pre-Oregon Plan data.

And it is this local cooperative effort to restore watersheds that helps build the kind of grassroots support needed for long-term environmental stewardship. It makes people more aware of the environmental consequences of their action on their land.

And that, to me, is what Enlibra is all about. It is about recognizing the fact that with over 1000 species listed -- the lengthy, complex and contentious process of actually developing recovery plans under the ESA and our other tools will doom many of these species to extinction long before anything happens on the ground. Quite frankly, we don't have the time.

As we approach the 21st Century our environmental problems are becoming more complex and I believe it will be increasingly important to gain this kind of buy-in, ownership and support from individual citizens. Problems of point source pollution, for example, lend themselves well to a regulatory approach. But reducing nonpoint-source pollution -- one of the major challenges facing us on the Willamette River in Oregon and throughout the West -- will require far more than simply passing laws and regulations. It will require sustained environmental stewardship -- a long-term commitment to change behavior -- by hundreds of thousands of people living in the watershed -- most of them living in the city.

That is not to say that there is no longer a place for the more traditional tools of regulation and litigation. We will always need an underlying framework of environmental law and regulation. We will always need recourse to the courts.

But we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that call for, and result in, greater individual

responsibility and accountability for our air, land and water. You cannot achieve that through regulation; you cannot achieve that through confrontation; you cannot achieve that through the courts.

You can only achieve that through the kind of cooperation and collaboration that the concept of Enlibra seeks to represent.

If I may leave you with one thought, it is simply this: that we cannot underestimate the importance of community or the power of place in shaping the future of the West. In spite of our areas of disagreement, we share a common heritage and will surely leave a common legacy.

Yet as our population increases, as we become more ethnically and culturally diverse, as growth begins to alter our landscape and bring into question the limits of our resources -- we are facing new challenges in knowing who we are as westerners .

We are losing our sense of common purpose and of connection and of community, which have been part of the glue that binds us together as a region and that keeps us from cracking apart into dozens of separate pieces.

Yet that is exactly what is happening -- and that, above all else, is what we must reverse. We must never forget that the West is more than just a special place -- it is a special place to live.

It is the rare quality of life that this region has to offer that has attracted people here from across the nation and around the world. This place is somewhere people want to be.

And if we lose that quality of pace -- that livability -- we essentially lose not only our identity, but our heritage as well.

I recognize that you are all stakeholders in a mighty struggle. The challenge is not to give up on the entrenched positions of your various constituencies. It is to see beyond them. If we can recreate a forest in Oregon, then we can recreate watersheds. If we can find peace in Northern Ireland and in the Middle East, then surely we can find peace in the West

Let me close by returning to the Wallace Stegner quote I cited earlier -- it is from *The Sound of Mountain Water*.

It reads in full "...one cannot be pessimistic about the West. This is the native home of hope. When it fully learns that cooperation, not rugged individualism, is the quality that most characterizes and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery."

No less than that is our goal. Thank you.

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Governor John Kitzhaber

Housing & Human Investment Conference Speech

October 19, 1998

It's a pleasure to participate in this very important conference, whose focus is so vital to our future -- that is, addressing Oregon's unprecedented crisis in the availability of low-income affordable housing.

Winston Churchill once said that it is the duty of society as a whole to "erect balustrades upon the stairway of life" to prevent our most vulnerable citizens from falling into the abyss of dependence, despair, or destructive behavior. I believe that is true not only at the state level, but at the community level as well. And one of the most critical balustrades people need to lean on for support as they climb the stairway of life is adequate shelter.

We all know that people whose basic human needs are not met are in no position to even think about being productive, contributing members of society. We know that insufficient housing has been linked with public health risks, substance abuse, and crimes against people and property. None of these is good for our communities.

Yet today, far too many of our vulnerable low-income citizens are living in unsafe housing, sharing housing with other families, making frequent moves, and even becoming homeless. The most recent aarp survey indicates that older americans wish to "age in place" and yet, older residents are making premature moves to assisted living centers because their current housing is too large and demands too much time and money to maintain, and their current neighborhoods provide no other options. Statistics indicate that divorced mothers with children are often forced by financial necessity to sell the family house, severing children's ties to neighborhood and school -- which are important associations in the prevention of risky behavior -- and relocate often to housing that has little accommodation for them.

Historically, lower income Oregonians have counted on inexpensive housing as a way to balance their budgets. But by 1996, 45 percent of low income home owners and 60 percent of low income renters did not have affordable housing. What that means is that most minimum wage workers and welfare recipients are at serious risk of being unable to obtain acceptable shelter, unless they have some kind of subsidy. And right now in Oregon there is a severe shortage of subsidized housing available.

In 1996, 26,600 Oregon households were waiting for assisted housing -- a total of 75,103 Oregonians. Annual shelter counts indicate that between 7,000 and 10,000 households are homeless in Oregon on any given night. Meanwhile, reforms occurring at the federal level will only make things worse -- for example, hud's decision to close out expiring use permits., And the likelihood that the next congress will pass new section 8 eligibility restrictions.

The widening gap between income growth and housing costs has also contributed to the problem. Yet Oregon's strong economy makes this an opportune time to stabilize affordable housing in distressed areas and for at-risk populations.

I'm sure you know the statistics better than I do. But what I do know is that the current housing crisis is intolerable and unacceptable and it has very far-reaching implications for all of us. In fact, it has a direct or indirect bearing on

everything else we want to accomplish as a state.

The goals which lie at the heart of the Oregon challenge -- a superior education for every Oregon child, a reduction in juvenile crime, managing growth in a way that safeguards our quality of life -- all of these are potentially threatened by the housing crisis.

How can we expect a child to learn whose "home" is a fifth-wheel with no running water and no cooking facilities? How can we expect to teach a child who attends four or five different schools a year because her family's inability to pay rent causes repeated evictions?

How can we expect children to have the kind of stable home life that is so essential to reducing juvenile crime when they don't have a home at all, or have only a series of temporary homes, or a home that is unfit for human habitation?

How can we manage growth unless we provide affordable housing inside the urban growth boundaries, where most low-income people need to work? Many of these folks are moving from the welfare rolls to the workforce. How can we expect them to make that transition successfully without decent, affordable housing located near their jobs?

If meeting the Oregon challenge is important to our future -- and I believe it is -- then we cannot leave the housing crisis unaddressed. The work you people are engaged in is clearly a step in the right direction, and your efforts certainly deserve praise. But we all know that much remains to be done.

One of the main objectives of my administration is to improve Oregon's social and economic health in ways that will be sustainable over time. I believe that the most fundamental way to accomplish that goal is by investing in people -- by helping individual Oregonians to become as self-sufficient and productive as possible. The long-term health and stability of our communities depends upon it.

At last year's conference, you heard a presentation on the Oregon strategy for social support, and I understand that tomorrow you will be getting an update. So it might be helpful if I took a moment to review the principles underlying the Oregon strategy.

First, we recognize that not all citizens are equally productive and self-sufficient, and that many of them must rely -- temporarily or permanently -- on some form of support from others.

We have identified 26 core social supports which are most critical to achieving independence and productivity. One of these is adequate, affordable housing. For that reason, investments which would increase housing opportunities for high-risk, cost-burdened Oregonians would be a simultaneous investment in their independence and productivity.

Think about it. If these people didn't have to worry about where they would live or how they would pay for it, they would have much greater freedom to turn their energies elsewhere -- to add to their education and employability, to raise their children well, to contribute to their communities.

That is the ultimate goal of the Oregon strategy for social support. At the same time, we believe it is a shared responsibility among state and local, public and private partners, including individual Oregonians. Just as this is a problem which affects us all, so we must all be part of the solution. This is not something state government alone can accomplish.

What we're looking at, then, is a major shift in the way many state agencies fulfill their roles and responsibilities. In the past, the state has been widely and actively involved in providing direct services to those in need.

Under the new approach, the state would provide fewer direct services and would instead partner with communities in the design and delivery of the core social supports. The rationale is that because such services affect individual lives, they will be most effective if they are provided directly by local community organizations, which are more in touch with individual needs than the state could possibly be.

Let me turn now to some of the steps we are taking at the state level to address the housing crisis. This will also give

me the opportunity to announce some new and very promising partnerships.

First, we are making some internal changes within state government. We are assessing the work of all agencies that deal with housing needs of low-income Oregonians with a view toward eliminating redundancies and improving efficiency. I am also directing those agencies to use housing supports more strategically to increase the stock of low-income housing. Right now, some supports that target housing needs of low-income clients provide temporary rather than permanent relief. I am directing those agencies to explore whether some housing supports would be better targeted toward permanent solutions.

Another possibility involves finding ways to increase density in established residential neighborhoods, rather than looking to new developments, which are often at some distance from the workplace. While existing neighborhoods have tended to resist such a step, on the assumption that it will result in neighborhood decline, studies indicate that that is not necessarily the case.

In fact, greater diversity in a neighborhood, with increased density as a by-product, can be beneficial. It often builds a sense of community, by responding to today's wide range of household types, and by accommodating the varied social, economic, and physical needs of residents across the life-span.

Re-zoning to allow for multi-family dwellings and scaling down minimum lot size requirements so that property owners could subdivide and add a second dwelling are some of the possibilities. There is evidence from older neighborhoods that creative modification or downsizing of living space enables residents to remain productive community members.

Such steps would allow older Oregonians to stay in their own neighborhoods, in smaller homes, rather than being forced into retirement communities where they have no ties. Divorced mothers might avoid having to uproot their children by moving away to find cheaper housing.

We believe this is something worth considering, although let me emphasize that such changes must always be community-driven, not mandated top-down. But, we should find ways to encourage local communities to be more creative in fostering opportunities to increase the supply of affordable housing. And we will.

We are also exploring creative ways to expand the housing trust fund. For example, we might offer trust fund recipients the option of taking a loan, rather than a grant. We might raise the cap of the housing tax credit program. We might remove some of the restrictions on the trust fund's corpus investments. And although it is too early to make a firm dollar commitment, we are exploring the possibility of providing some funding in the budget to help capitalize the housing trust fund.

As for partnerships, we are initiating a public/private liaison to address the problem of expiring use affordability. We will use our interest and loan capability to do a guaranteed take on the units in question, which will allow us to extend their use as low income affordable units for another 30 years or so.

We are also establishing a partnership with us bank and the portland development commission which will provide funding for a pilot project that will help low-income home buyers with their mortgage payment for up to 4 years. At the end of that time, buyers will be expected to make their own payments, but this will get them started. If the pilot project is successful, it will be implemented statewide in my budget for the 2001-2003 biennium.

Finally, I am very pleased to announce a new partnership between Oregon's housing and community services department and Fannie Mae, the nation's largest source of home mortgage funds. Fannie Mae will be making us a \$1 million loan as a pre-development fund to build affordable housing. This is a very important and very encouraging state-federal partnership, and I will be formally signing papers of agreement later today.

In closing, let me re-emphasize how important I believe this issue is.

Housing is among the most essential "balustrades on the stairway of life." There are others, of course -- adequate childcare for working parents, alternative educational opportunities for disadvantaged students, early intervention with youth who may be leaning toward criminal activity. Yet decent housing is certainly near, if not at, the top of the list.

If it is true that the health of our communities depends on the integrity of our homes, then an obvious prerequisite is that people have homes -- homes that are both affordable and fit to live in.

Ensuring that they have that is an investment in people, and an investment in our future.

I want to express my personal appreciation to all of you for the work you are doing, and I assure you of my full support.

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Governor John Kitzhaber
PSU Conference on Columbia River Governance
October 15, 1998

Good Morning and thank you for having me here today.

I'm pleased to be on the same dais with Sen. Mark Hatfield. Without the Senator's work, we would be decades behind in the arduous task of recovering fish and wildlife in the Columbia River Basin.

His pioneering work and leadership has brought us to the point we are today, where we can begin to debate how to change and improve the governance structure for the Columbia River.

When Congress enacted the Northwest Power Act in 1980 under the Senator's leadership, the Northwest Power Planning Council was created to develop a plan to mitigate for fish and wildlife losses caused by dams.

Then when Snake River sockeye salmon were listed as an endangered species in 1991 and were followed by Chinook in 1992, the Endangered Species Act obligated the National Marine Fisheries Service to develop a recovery plan.

But herein lies the problem: In neither instance has a plan been created that meets what I consider to be the criteria for success: comprehensive, grounded in science, economically sound, culturally and socially sensitive, and created by the region in a fair and inclusive process.

Without such a plan, problems have persisted and, in some instances, have gotten worse:

Environmental degradation in the Columbia Basin has continued, measured in diminishing survivals of already listed salmon stocks, and in the listing or potential listing of additional species, such as steelhead and bull trout.

Further, "grass roots" local recovery efforts have been increasingly marginalized in favor of an entirely "top down" federal effort. This has added to public frustration and cynicism, and has swamped regional recovery perspectives in a sea of federal agency process and mandates.

Continuation of the environmental and species decline and uncertainty about the future have caused the region's states, Indian tribes, and private interests to mistrust one another, and ironically, to compete with one another for influence in the federal recovery process which they unanimously disparage.

Our failure to achieve a regional plan that is comprehensive, grounded in science, economically sound, culturally and socially sensitive, and is fairly and inclusively created by the region, is really a failure of the region to have in place a system of regional governance up to the task.

Our current regional governance structure —the Northwest Power Planning Council — has failed to deliver, not because of a lack of effort on the part of the well intentioned and serious people involved in the Council's work. Rather, the Council has failed because it lacks three things that, individually and in combination, are necessary to craft and

implement a regional plan calculated to succeed: the proper mission; the proper representation; and the proper authority.

The proper mission of our new regional governance structure must be nothing less than to create and see implemented the plan for recovery of fish and wildlife in the Columbia Basin through restoring the environment. As I said earlier in my remarks, the plan must be achieved collaboratively and must be scientifically grounded, economically sound, and culturally and socially sensitive.

Proper representation must include the Basin's states and Indian tribes. To improve collaboration and coordination, there should also be a role for the federal government, and perhaps even for Canada. The public must also have a direct and well-established role in the processes and decisions of the regional governance structure.

Finally, the proper authority of a new regional governance structure must be broad enough to create the plan and make sure that it is actually implemented. This authority must include the ability to influence management of the hydrosystem, fish harvest, hatcheries, and habitat.

For the past year, the region's states, tribes, and private interests have worked with the federal government to bring about this long-overdue, improved regional governance and decision making.

The effort grew out of a meeting I hosted in Portland in June of 1997 for the Governors of Washington, Idaho and Montana, the heads of the Columbia Basin's thirteen federally-recognized Indian tribes, and several high level federal officials. All parties at the meeting recognized that the lack of a comprehensive and well-conceived plan had left the region with little more than a "laundry list" of recovery efforts and measures that were, at best, uncoordinated, and, at worst, sometimes unproven and inconsistent.

For months, we worked to achieve the better governance structure through the "Three Sovereigns Process," which was focused on a consensus structure to be created through a Memorandum of Agreement among the states, tribes and federal agencies.

That structure is now called the Columbia River Basin Forum, and currently the draft Memorandum of Agreement that would create the Forum is under review by the parties.

The Forum would be an improvement over current regional governance, because its mission and representation are improved. Its mission would be to consider and address all factors affecting Columbia Basin fish and wildlife and related habitat. It includes direct representation for the states, tribes and federal agencies, with additional representation for the public provided through well-described outreach and involvement processes.

The other significant positive attribute of the Forum is that because it requires no legislation to create it, it would be immediately available as a means for the region to collaborate on pressing issues, first and foremost of which is the NMFS 1999 decision on hydrosystem reconfiguration.

On the other hand, the major lacking of the Forum is that because it is not legislated and therefore allows all the various federal, state, and tribal agencies currently with decision making authority to retain that authority, the Forum would have no greater authority to plan or implement a regional plan than does current regional governance.

But even with its mission simply to have all parties discuss issues, and with its authority only to issue consensus recommendations, we should not underestimate the regional benefits from the Forum in terms of trust and relationship building, and greater coordination. Nor should we underrate the potential power of a regional consensus recommendation to influence an agency's decision. For these reasons I continue to support creation of the Columbia River Basin Forum as soon as possible.

Because some parties were unsatisfied with the Forum, the governors of Washington, Montana, Idaho and I have initiated a public discussion to determine what a better long-term structure might be. That process is well underway.

I met with the other three governors most recently on October 5 in Boise. We have established an aggressive schedule for ourselves and our staffs to work through the issues of mission, representation and authority and, if possible, to find

the common ground on those issues that could translate into draft legislation to be submitted to Congress.

In closing, let me say a few words about the notion of vesting a regional body with real authority to meaningfully guide the management of an ecosystem as diverse and as significant as the Columbia River Basin.

Authorizing a regional body will no doubt be the most controversial aspect of the new governance structure we seek. But controversy can be a good thing, to the extent it motivates all of us to think critically, and to ask and seek answers to the tough questions. Let me pose two such questions, and provide my answers.

First, will a regional governance structure with real authority mean a relaxation of federal environmental laws? No, the authority given the region must be to meet the highest standards of federal environmental laws, not authority to ignore or otherwise deviate from those laws.

Second, if the standards to be met will remain unchanged, why does it matter whether the authority rests in the region or in Washington, D.C.? The answer to this question is really at the heart of the Oregon Plan for Salmon and Watersheds. The Oregon Plan has unequivocally demonstrated how regional authority, and the "bottom-up", collaborative approaches that regional authority can promote, truly empowered people to assume the roles and responsibilities of environmental stewardship.

And finally, we should not forget that with authority come two other things: responsibility to exercise the authority properly and accountability for what we do or fail to do.

Because right now, it is difficult to hold anyone accountable for work in the Columbia. We have not made the politics or the costs of recovering salmon explicit. That is the ultimate goal of the process we have embarked upon.

For too long, we have labored under the assumption that we can recover salmon without incurring political or economic costs. We can't.

The bottom line is that effective salmon recovery, based on sound science, is going to cost somebody something. What we haven't done is figure out who or how much.

Until we do that, we cannot really make an accountable decision.

Until we do that, we cannot really know what salmon recovery costs.

Until we do that, we cannot really make progress on saving salmon.

A new regional governance structure of the type I've discussed with you today is, in my judgment, the only real way to make this progress. I invite you to join me in working on this significant effort, and, together, make a difference for the generations that will inherit this great river and the fish and wildlife that call it home.

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Governor John Kitzhaber
Minority Over-representation Speech
October 14, 1998

Before I begin, let me take just a moment to recognize the special contribution of one of our participants -- Lonnie Jackson, who currently manages OYA's Office of Minority Services. His recent book, Gangbusters, not only offers valuable insights into gang behavior, but also presents a number of intervention strategies. It's something we can all learn from, and I'd be honored, Lonnie, to have you autograph my copy.

I am delighted to welcome so many of you back to this second Summit on Minority Over-representation in Oregon's Juvenile Justice System. When we met a year ago, you made voluntarily commitments to take proactive steps toward correcting what is essentially an unfortunate and unacceptable racial imbalance.

I want to commend the work you have done over the past year to carry out those commitments -- things like . . .

- Increasing the awareness and sensitivity of your colleagues and staffs to minority issues and the possibility of bias, even if it's inadvertent;
- Establishing programs to increase cultural competency; and
- Expanding minority hiring practices.

This is important work which must continue. Much of it has involved looking inward, by examining your own programs and policies. Obviously, this is a necessary first step. But today it's time to take the next step and look outward, by starting to develop programs that will actually help minority youth turn their lives around. Some of your groups have already started that process, for example by developing extra learning opportunities for minority students, or by trying to ensure that minority families who seek help from social service agencies get the kind of help they need.

Later on today I'll be meeting with your groups to talk about what your next steps should be. And as an introduction to that part of the Summit, I'd like to consider the whole problem of minority over-representation from a different angle -- actually from a broader perspective.

Thirty five years ago, Martin Luther King, Jr. stood before a crowd of 100,000 people and voiced a dream: a dream of a world where people would be judged by the content of their characters and not by the color of their skin.

Since then, we have come a long way toward realizing that dream. Today American minorities occupy positions of leadership in every walk of life and are some of our most respected community members. Yet we have not come far enough.

Because in order to be fairly judged by the content of your character, you have to stay on the right side of the law. Otherwise, you are judged -- and rightly -- by your actions. And sometimes -- wrongly -- by the color of your skin.

That's why I say that, in spite of the progress we have made, we have not come far enough. As long as young people of color are over-represented among our children at risk, as long as they are disproportionately present at every stage of the juvenile justice process -- from arrest through incarceration -- then we have not come far enough. We have not done enough to give them what every child deserves: an equal opportunity to become a productive, law-abiding adult. Nor have we done enough to protect those who fall victim to the crimes committed by these kids.

No child asks to be born. That's our choice, not theirs. But once they are, it is our responsibility -- as individuals and as a society -- to see that they have every possible opportunity to grow up well, and to develop their characters in positive ways, so that they in their turn can help make this a better world.

Unfortunately, not all of our choices have had that effect. It is very clear to me that some of our choices have diminished our children's opportunities rather than expanding them.

One of these choices is our failure -- for whatever reason -- to intervene with many of our troubled youth before it's too late, before they get into trouble with the law, before they ruin their lives and the lives of others.

Instead, we have chosen to focus on punishing these kids after they cross the line. Since I took office we have doubled the state juvenile corrections capacity by building five regional facilities and two youth accountability camps. It is estimated that we will spend \$1 billion by the year 2005 on the Oregon Youth Authority -- the state agency which now has jurisdiction over youthful offenders -- in other words, the kids we failed to help in time, the ones who have to be locked up.

Unless something changes, we can expect in the next two years to see a 19 percent increase in the number of youngsters who become involved in our juvenile justice system, and a lot of this has to do with changing demographic trends.

We all know that Oregon's population is becoming more and more diverse. African Americans, Asian Americans, Native Americans, and our growing Hispanic residents all bring with them a cultural diversity which can enrich our lives and enlarge our perspective. But there is a downside as well -- not only for the minorities themselves, but for all Oregonians. These people -- and especially their youth -- have a much higher than average chance of becoming involved with the wrong side of the law.

This may reflect a bias in one or more parts of our justice system, and to the extent that that's the case, it has to be dealt with. Many of the commitments made at last year's Summit had that goal. But even that is not enough. We must address the factors which drive our minority youth into trouble in the first place. We must address the social conditions which propel kids to cross the line of the law. That must be our focus this year, even while our other efforts continue.

Let us be clear. This is not just a law enforcement issue. And it is not even really just a juvenile crime issue. Its implications are far broader than that, and they threaten the entire fabric of our society -- and of our future.

I am convinced that juvenile crime -- whether it involves majority or minority youth -- is a symptom. We have to treat the symptom, yes. People who break the law -- whatever their age and whatever their ethnic background -- must be held strictly accountable.

But we will never eradicate the epidemic of juvenile crime or even reduce it significantly unless we are prepared to treat the causes. And that will take the active involvement of every one of us who comes into contact with troubled youth.

We all know what the causes are: poverty; unstable family backgrounds which include a history of domestic violence, substance abuse, and criminal records among other family members; negative peer associations; and school failure and drop-out. We know exactly which kids are at risk. They live in our communities. They go to school with our children. And we also know that these characteristic risk factors appear to be especially prevalent among minority youth.

But the question I want to put to you is this: How can we possibly say that children with these strikes against them have an equal opportunity to mature into responsible adults? To turn our backs on these kids, to intervene only after they have turned in the direction of crime -- that to me is a crime in itself -- a crime committed by us as a society against our children and our future.

I'm not willing to stand aside and just watch that happen. Neither are you. That's why we're here today.

And we know what to do. It's simply a matter of revising our priorities. It's a matter of seeing that the next dollar we spend on public safety goes toward keeping a child from walking through the front door of a prison, rather than toward a cell to lock him up in.

It's a matter of expanding early childhood programs that will help kids enter school physically and emotionally healthy and ready to learn.

It's a matter of intervening with troubled families through community-based programs BEFORE children are damaged beyond repair.

It's a matter of bringing our schools into the loop of juvenile crime prevention planning, and of giving them the resources they need to ensure that ALL students have a chance for educational success.

It's a matter of stemming the tide of domestic abuse, since it is in the home that patterns of violent behavior are passed from one generation to the next.

And it's a matter of coming to grips with the enormous problem of substance abuse, which takes lives and ruins lives and provides endless fodder for our court and correctional systems.

We can do better than that. We must do better than that.

And, with your help, and the help of other dedicated Oregonians, we WILL do better than that.

Our children -- ALL of them, majority and minority alike-- are our pledge to the future. They transmit our values, our hopes, our highest aspirations to a time we will not live to see. But they will also transmit our mistakes, our errors of judgment. If I had my way, these would be few and far between. And there is no need to repeat them.

The bottom line is that children are our responsibility. That they are here at all is because of us. And we know we have the ability and the means to ensure that they make the right choices.

In closing, let me refer once more to Martin Luther King -- obviously one of my own personal heroes. While he sat in a jail cell in Birmingham, Alabama -- himself the victim of racial discrimination -- he wrote that we are all "caught in an inescapable net of mutuality." In other words, our lives and our fates, for better or for worse, are bound together -- by our choices. That goes for the young people whose crimes reverberate throughout society. And it also goes for us, who are in a position to craft a solution.

Acting separately, we can never hope to reduce the terrible epidemic of juvenile crime, or to reverse the shameful over-representation of minority youth in our juvenile justice system. But if we work together, then I believe we will ultimately succeed.

Let me thank you again for your efforts so far, and encourage you to take the next steps. I can assure you of my full support.



Governor John Kitzhaber

Governor Kitzhaber's Education Agenda

September 15, 1998

Good morning. It's a pleasure to be with you again and to join the AEA in considering not just the role of education in our lives but more importantly, some of the things we can do together to ensure that the education we offer to Oregonians of all ages will prepare them to meet the demands of today's world.

In the early years of this century, the American novelist H. G. Wells wrote, "Human history is becoming more and more a race between education and catastrophe."

Wells could not have foreseen the vast social, economic and technological changes that have brought us to the very brink of the 21st century. And yet his words are even more true today than when he wrote them.

We all know that there is an inseparable link between the quality of our education systems and the quality of our future. No one would argue otherwise. But the real question is -- what are we prepared to do about it? Because if we genuinely intend to take charge of our own destiny, then we must back our words with action.

That's what I'd like to focus on this morning -- some of the things I am proposing for the entire spectrum of education in Oregon, and for which I hope I will have your support.

But before I come to that, I'd like to share with you my own personal credo about education -- some of the things I most strongly believe -- because they form the basis for the actions I am convinced we must take -- together.

First of all, I believe in education. I was very fortunate to grow up in a family of teachers who never let me forget that education was in fact the key which alone could open not only the doors of opportunity, but also the gates of vision.

Not every child -- either then or now -- is as lucky as I was. But fortunately, this nation has from its very beginnings been committed to making a public education available to every child.

We may come from diverse backgrounds; from different countries; from different cultures; from different sides of the track. But by and large over the years we have shared a common experience of public schools.

That's the second thing I believe in: not just education, but public education, because in my view, it is the best chance we have of ensuring equal opportunity for all our children.

My fear is that if our education system is splintered into an interest-based set of private schools, the kids who need the most help will just fall through the cracks. They will not have an equal opportunity to become the next generation of doctors, scientists, writers, and thinkers -- or our next generation of leaders.

We cannot allow that to happen. And that's why I believe in public schools, publicly funded, available and open to all, and of the very highest quality.

Third, I believe that education has both an extrinsic and an intrinsic value. Obviously, it paves the way to economic security. But we must remember that in addition to being members of the workforce, we are also parents and citizens of a free society. Our schools are much more than mere job-training centers and employment agencies. They prepare us not only to make a living--but to live, in the best possible sense. We must never forget that.

Finally, I believe that education is in fact a cradle-to-grave proposition -- not a collection of separate parts, but a continuum, where each segment must build on what has gone before, and lay the foundation for what will follow. If our children aren't healthy and ready to learn when they get to school, it won't matter how superior our K-12 programs are. If our high school graduates are unable to attend a college or university because there isn't room or because of fiscal, geographic, or cultural barriers, then no matter how well prepared they are, we cannot possibly produce a high-quality workforce for the 21st Century. And because today's reality is that people can expect to change jobs and even careers more often than ever before, the availability of life-long learning is an absolute necessity.

These are some of the things I believe about education. They have shaped my priorities and guided my decisions during the entire time I have served as governor. I am now asking for the privilege of serving for another four years, and one of the main reasons is my determination to meet the challenges which face our education system, because I believe that our very future hangs in the balance.

What are these challenges?

There's the challenge of ensuring that our young children enter school healthy and ready to learn.

There's the challenge of ensuring that our primary and secondary students achieve real mastery of the basics and are also able to apply what they have learned to real-life situations.

And there's the challenge of creating greater financial and geographic access to post-secondary learning for all Oregonians, and the challenge of increasing the responsiveness of our post-secondary institutions to the needs of students and their potential employers, and of improving the opportunities for life-long learning.

Now let me just briefly outline some of my proposals for meeting these challenges. In some cases these are a matter of continuing work we are already engaged in, or of taking the next steps in a process we have already begun.

First -- the challenge inherent in the early childhood years. It's no secret that children from disadvantaged backgrounds not only come to schools with problems of their own, but they can disrupt the learning environment for other students as well. It is therefore imperative that we find ways to nip these problems in the bud -- before they begin to erode educational opportunity for everyone.

And we have already made a strong beginning. The Oregon Pre-Kindergarten program, which provides early education and support services to preschoolers from low-income families, now covers 47 percent of all eligible children and our goal is to expand that coverage to meet the benchmark of 50 percent during the next biennium.

We have also expanded health care coverage to children up to 170 percent of the federal poverty level. Our Early Intervention and Special Education programs now serve an additional 1900 children with identified disabilities. And through the Oregon Healthy Start program we are providing support and counseling for new parents in an effort to intervene and change behaviors before problems develop.

In the upcoming biennium we will continue to improve the effectiveness, coordination, and scope of our early childhood programs. In particular, we will explore creative uses of available funds and will employ "best practices" to serve more children and families in need and to help ensure that when these children reach school age they are genuinely ready to learn.

Second -- the challenge posed by primary and secondary education. We know that success in the 21st century will require both a wider range of knowledge and a higher level of skills than has ever before been necessary. As recently as ten years ago it was possible to drop out of high school and still get a good job working in the timber industry, for example.

Those days are gone forever. There are fewer and fewer low-skill jobs that pay enough to support a family. Even a high school diploma, which can still be earned with a "D-" GPA in classes totaling 22 credits, is no longer any assurance of success.

No, today's students must actually master the basics, meet high academic standards, and above all be able to apply what they have learned.

The Educational Act for the 21st Century is a means to that end, and we are now engaged in a comprehensive process of school transformation that will help students -- all students, not just the gifted few -- rise to these expectations.

Over the next four years I propose to continue that process through personal leadership in working with school boards, administrators, teachers and parents in implementing the Act. I will work to help the public understand the changes we are making and why they are so vital to our children's future.

At my request, the Association of School Superintendents has developed a list of factors that are most likely to improve student performance -- such as reduced class size, professional development, readiness to learn, remediation, alternative learning, and improved technology. This list was confirmed in my meetings around the state with school and community leaders.

I am now working with the superintendents, along with the OEA, COSA, OSBA and the Oregon Business Council, to develop a proposal which uses the superintendents' findings as a basis for setting targets which school districts will be expected to meet in terms of improvements in student performance.

I am proposing that in the coming biennium any additional funding for K-12 schools -- that is, over and above the base allocation -- must go towards those activities that can be expected to result in increased student performance. In that way both the schools and the legislature can be held accountable.

Let me add that I will also provide support for the development of tools that will help us better identify the strengths and weakness of individual students, as well as support for filling the most critical projected teacher shortage areas. We have already funded the development of a consolidated data base on a pilot-project basis which will allow us to begin comparing expenditures among Oregon school districts and examine their activities and outcomes. the next step is to expand that data base to include all school districts in the state and will allow for further research into the connections between activities, outcomes, and costs.

Third -- the challenge of post-secondary education. I should say "challenges," because in fact there are several. For one thing, we are making a number of internal changes in the State System of Higher Education in an effort to increase effectiveness and accountability.

Today higher education is truly a buyer-defined market, wherein buyers -- which means students and their potential employers -- are demanding programs that fit their needs. Yet up until now the Oregon University system's tendency to focus on central authority has prevented it from focusing as much as is now necessary on the requirements of the customer.

I have directed the State Board of Higher Education to address these issues. And I have also charged the Board to develop a new financing system that will allow tuition to follow the student, which will make institutions more responsive to the market and allow state policymakers to make explicit decisions regarding what the state should and should not subsidize.

But for your purposes in particular, I want to stress my personal commitment to a superior, home-grown Oregon workforce.

It is unacceptable for our high school graduates to have to go out-of-state to attend college because there isn't room here or they can't afford it or they can't get the courses they need. It is unacceptable for our high-tech industries to have to go out-of-state to find qualified employees. It is unacceptable to saddle our children with a debt burden of \$20,000, so that

they have to spend a good number of their working years paying off the loans that allowed them to get a college degree and a good job in the first place.

The challenge is to change all that, and here are some of the things I propose to do.

We will continue the 1997 freeze on college tuition, which had nearly doubled between 1990 and 1996. We will continue to increase the availability of distance learning, made possible by new technologies, so that geography is no longer a barrier to earning a college degree. We will continue to expand the availability of on-site customized training to Oregon employers and their employees through our colleges and universities -- something which is essential to continuing education and lifelong learning.

In addition, I propose to establish a state scholarship loan program for High School graduates who achieve the Certificate of Initial Mastery and to explore the possibility of establishing need-based grants for students who earn a CIM and also meet financial need criteria.

Let me say again that we will continue to move toward making our post-secondary institutions more accessible, more flexible, more accountable, and above all more responsive to the needs of Oregon industries and Oregon employers.

In closing, I want make it clear that I do not underestimate the difficulty of meeting these challenges. But I can tell you in no uncertain terms that we will not back away from them on my watch. We will go forward, whatever it takes, and we must go forward together.

What I mean is that the economic outlook for the coming biennium does not look quite as promising as it did a while back, and right now we are working very hard to re-prioritize within the existing budget. At the same time I cannot emphasize strongly enough that the proposals I have just outlined for strengthening and updating the whole continuum of our education system are extremely critical to our future. I believe we can get there, but I can't do it alone. I can't do it without broad public support.

If you are serious about wanting -- about needing -- a first-class workforce for the 21st century, then you must do your part. None of this will happen unless you step up to the plate and put your support behind these programs and these changes, and unless you make it clear to the 1999 Legislature where you stand.

It's time to challenge some old assumptions -- the assumption that you can get something for nothing, that hard choices can be avoided or postponed, that there are easy answers to difficult problems, that someone else will take care of things for you, that actions by individuals can't make a difference.

Today I challenge YOU to make a difference. Because this campaign and the upcoming election are not just about choosing a governor or a legislature. They're about choosing our future.

That future will be a losing race between education and catastrophe only if we refuse to do what we must do. I pledge to do my part, and I hope I can count on your support.

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Governor John Kitzhaber

Willamette River Basin Speech

May 5, 1998

Thank you for inviting me to speak this afternoon. Today I want to talk about the current condition of the Willamette River Basin, a condition which represents a very real and urgent threat to our quality of life. I want to focus on what we can do about it -- in fact, what we must do, if we are to restore the health of this mighty, life-giving river system for future generations.

The watershed of the Willamette includes some of the most fertile land in the United States, and produces a broad range of high-value agricultural products. The valley is also the hub of the state's population and economy, accounting for 69 percent of the state's population and 75 percent of the state's employment.

The Willamette River -- its tributaries, its fish habitat, the opportunities it offers for commerce, agriculture, industry, and recreation -- symbolizes, in a way, the quality of life people associate with Oregon. If we lose this part of our heritage, we will lose something irreplaceable and I cannot believe that anyone wants to see that happen. Yet that is the way we are headed. And we have been there before.

In the 1930's, the lack of oxygen in the Willamette River could kill a fish in a matter of minutes and long stretches of the river were virtually lifeless, leading to a public outcry and the first major steps to improve the water quality of protect public health.

By 1970, however, growth pressures again threatened water quality in the valley. Once more an initiative to clean the Willamette River energized the state and served as the centerpiece of a major civic movement toward greater environmental sensitivity. Led by Governor Tom McCall, Oregonians came together to reduce pollution from cities and large industries, to manage and plan for growth in the valley and to establish a "Greenway" along the Willamette.

The images of 20 or 40 years ago -- pipes dumping industrial waste and municipal sewage directly into the river, fish dying within minutes of exposure -- are, thankfully, behind us. However, protecting our environment is not something we can simply do and walk away from; it requires constant vigilance. Today, the Willamette faces threats every bit as serious as it did in Tom McCall's day. But these new threats are far more complex.

More than 1,500 miles of the Willamette River and its tributaries do not meet national water quality standards. Hazardous dioxins, PCBs, and pesticides threaten the use of drinking water supplies. Dangerous amounts of mercury and other toxics result in routine warnings against eating bass and squawfish.

In short, the Willamette River is slowly dying. The cause is not a single grievous wound inflicted by a handful of big polluters, but a thousand cuts inflicted by tens of thousands of individuals just like you and me.

Runoff from cities, farms, and lawns -- often known as non-point source pollution -- is pouring dangerous chemicals into the river. Construction in flood plains and riparian zones is destroying native habitat and crippling the Willamette River's capacity to regulate itself and to support fish and wildlife. And the region's growing population, which is expected to double in the next 30 years, is adding new pressures every day.

To begin to address this pending crisis, I appointed the Willamette River Basin Task Force in June, 1996. Its charge: to examine potential water quality problems and develop recommendations on how they can be solved. Chaired by John Miller, this was a broad-based group including representation from many sectors including industry, agriculture, conservationists, environmentalists, scientists, urban representatives, educators and utilities.

The Task Force report, issued in December, 1997, contains a blueprint for improving water quality in the Willamette Basin. But as we were beginning to plan for its implementation, we got another wake-up call.

In March of this year, the National Marine Fisheries Service (NMFS) announced it would seek federal protection for steelhead trout in the lower Columbia River which included the Willamette up to Oregon City. In the near future, NMFS is also expected to seek protection for chum and Chinook salmon in the lower Columbia and for steelhead and Chinook in the Willamette above the falls at Oregon City. This means that within a year, the entire Willamette River Basin -- from Portland to Eugene and from the west Cascades to the west Coast Range could be under Endangered Species Act listings.

These are unprecedented actions. They represent one of the first applications of the 25-year-old Endangered Species Act in a major American city. Portland is now one of the few large urban area in the entire nation with waters inside its city limits through which an endangered species migrates. The additional listings will affect an area that is home to nearly 70 percent of the state's population.

For many years, many people in urban Oregon have believed that the Endangered Species Act was something that happened in rural Oregon and had an impact only on those involved in the natural resource industries. That is no longer true. The Endangered Species Act is coming to the city.

I can put it no more plainly than by saying that we are drifting toward disaster -- unless we take action NOW. I'm not just talking about losing the river; I'm talking about losing control over our own destiny. Because if we ourselves don't act, and act soon, someone else will, probably in the federal courts.

The issue here is not whether there will be Endangered Species Act listings in the Willamette River Basin -- that has already happened and more will come -- the issues is who will be responsible for developing the recovery plan -- Oregonians or the federal courts?

To me, we will achieve more for the watershed and for the fish if Oregonians develop and implement a plan in which they have ownership. It is this local cooperative effort to restore watersheds that helps build the kind of grassroots support needed for long-term environmental stewardship. It makes people more aware of the environmental consequences of their action on their land.

As we approach the 21st Century our environmental problems are becoming more complex and I believe it will be increasingly important to gain this kind of buy-in, ownership and support from individual citizens. Problems of point source pollution, for example (the major issue in the last river clean up in the 1970s), lend themselves well to a regulatory approach -- and that is exactly what Governor McCall did. But reducing non-point-source pollution -- one of the major challenges facing us on the Willamette River today -- will require far more than simply passing laws and regulations. It will require sustained environmental stewardship -- a long term commitment to change behavior -- by hundreds of thousands of people living in the watershed. Either we all own part of cleaning up the Willamette, or it won't happen.

That is not to say that there is no longer a place for the more traditional tools of regulation and litigation. We will always need an underlying framework of environmental law and regulation. We will always need recourse to the courts. And I am well-aware of the important role that litigation has played in advancing environmental quality over the last decade.

But we are entering a new era of environmental politics -- an era where the very nature and complexity of the problems we face challenge us to seek new strategies for success -- particularly those that call for, and result in, greater individual responsibility and accountability for our air, land and water. And that is what I am offering you today.

During the last month I have met with more than 125 leaders throughout the Willamette Valley -- local and state elected officials, city managers, representatives from agricultural, conservation and business groups. I wanted to discuss with them the threats hanging over the Willamette River Basin and to consider how we might respond.

What did I learn from these discussions?

I learned that there is tremendous uncertainty about how the Endangered Species Act will affect the Willamette Valley and its economy. Already community leaders are concerned about what federal environmental laws may or may not require and how they might affect the cost of housing, electricity, and drinking water.

I learned that local leaders and officials don't want to wait for the federal courts to force a clean-up of the Willamette River. They are ready to act now. Indeed a large number of efforts are already under way, ranging from Portland's \$700 million sewer reconstruction to the Clean Water Works to the Healthy Streams Partnership.

But perhaps most importantly, I learned that these people and the organizations they represent know that they cannot restore the River Basin by themselves. They want to work together, and in fact they believe their success depends on it, but at the moment there is no structure in place that would enable us to mount a concerted, collaborative effort.

So that is where I believe we need to begin. We need a plan to improve the water quality of the Willamette River Basin and rebuild its fish runs. To succeed, such a plan must help communities comply with federal environmental laws -- especially the Endangered Species Act and the Clean Water Act -- it must build on existing local and regional efforts, and it must promote collective action.

But it must also do more than that. Restoring the health of the Willamette will require those of us who make this region our home to change the way we live and work in ways both large and small. It will require change at the personal level.

That is a challenge which is primarily cultural -- not regulatory. It requires no less than a new environmental ethic. In fact, visions are never achieved through rules, regulations and restrictions alone. They can only be reached through positive, proactive steps. And that kind of action is most likely to happen when a community makes it a priority, not when some outside party makes it a mandate.

And, we already have a model for that kind of approach, in the Oregon Plan for Salmon and Watershed Restoration which was adopted last year by the Legislature to restore salmon and steelhead in coastal streams.

The central idea behind the Oregon Plan is this: that we can accomplish more through education and cooperation than through a top-down, federally mandated approach. The Oregon Plan therefore relies on grass-roots efforts by watershed councils, voluntary measures by agricultural and timber industries, as well as by individual private landowners, and better enforcement of existing regulations.

I believe the same spirit must guide our efforts to restore and revitalize the Willamette Watershed. And I believe there are three steps we can and must take immediately.

First, we need respected citizen leaders who can oversee the preparation of a Willamette Restoration Plan. They must have excellent communication and collaboration skills and a strong commitment to improving the region's environmental health.

As a matter of fact, such a group already exists -- the Willamette River Basin Task Force. I believe that this task force -- if reorganized to broaden its membership in conjunction with efforts underway by the business community -- could easily serve as a board of directors for the preparation of a Willamette Restoration Plan.

Second, we need a highly qualified staff of technical experts, probably a dozen people in all, who can evaluate the Basin's current environmental problems, assess existing efforts to solve them, and propose strategies to plug the gaps. And this staff must know how to work with a wide range of interest groups and stakeholders.

Again, we are fortunate to have such people right here in Oregon in local, state and federal agencies, at our colleges and

universities, and in the private sector. We must assemble them into a technical team over the next four to six weeks.

Third, we need to find a way to pay for Phase I -- the initial development of the plan itself. Resources will be needed for staff salaries, office space, and equipment. We must also begin thinking of how to fund Phase II -- the plan's actual implementation.

Last week I was in Washington, D.C., where I met with several cabinet members and representatives of a number of federal departments, including the Department of the Interior (which oversees US Fish and Wildlife and BLM), the Department of Energy, the Department of Commerce (which oversees the NMFS), the Department of Agriculture (which oversees the US Forest Service) and the Environmental Protection Agency. I also met with officials from the Office of Budget Management.

As a consequence, I am pleased to announce today that the federal government has pledged to be a partner in our effort to restore the Willamette River Basin to health, and has committed \$1 million to Phase I between now and March of 1999.

What we have is an opportunity -- and federal support -- to develop a state-led recovery and restoration plan. We cannot afford to wait. By next spring, federal regulators are required to begin making decisions about the steps they will impose to restore this region's fish runs. During the same period, our legislature will be considering the state budget for the next two years, including any requests for state-funded recovery programs for the Willamette Basin. That means we must have Phase I of a Willamette Restoration Plan ready by March at the latest.

That's a tight deadline for a big job. Can we do it? Our record suggests that we can. Already we have produced a statewide program to bring Oregon's rivers and streams into compliance with the Clean Water Act. We have also drafted two major fish recovery plans for the Oregon coast.

It's true that the problems facing the Willamette are more difficult and complex than those of the Oregon Coast. In addition to agriculture and forestry issues there are hydroelectric power and flood control dams on tributaries, erosion and channelization issues, as well as an urban component. It's also true that what we do here -- or fail to do -- will have a far greater impact on a much larger number of Oregonians. And it's true that preparing a restoration plan for the Willamette River Basin is only a first step. It will take years to reverse the harm caused by 150 years of diking, damming, and development.

But this will not be the first time Oregonians have tackled what seemed an almost impossible challenge -- and come out on the winning side. Many of us here this afternoon are old enough to remember what the Willamette River was like in the 1960s, when it served as a sewer for paper mill wastes and raw sewage. We also remember how Governor Tom McCall energized Oregonians to end that pollution, manage and plan for growth in the Valley, and establish a greenway along the Willamette.

We've done it before, and we can do it again. Not because the Endangered Species Act and the Clean Water Act require it -- although they do. Not because federal courts can compel it -- although they can. But, rather, because it is the right thing to do -- for Oregon, for ourselves and, most importantly, for our children.

The Willamette River Basin is an integral part the "Oregon Mystique." It is a very special part of our heritage. It is bound up in our identity as Oregonians. As such, it deserves every ounce of effort we can put forth to ensure that we transmit it as a fitting legacy for the generations to come.

I hope I can count on your support in meeting this challenge.

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Governor John Kitzhaber

Senate Bill 100 Birthday Speech

May 1, 1998

Good evening.

It is always good to speak at a birthday which isn't your own.

And it's always good to be surrounded by your friends in a celebration of something so undeniably Oregon in its essence -- our statewide system of land use planning.

I realize most of you in the room have heard me speak a number of times about land use planning. You know I am a solid supporter and that I have been unwavering in my willingness to fight bad bills in the Legislature and veto them if they come my way.

So, tonight I don't want to spend too much time going over the glories of land use planning. Instead I just want to share two observations with you about our land use planning system.

The first is that we cannot rest on our laurels.

It is certain that the law we celebrate tonight has helped preserve farm and forest land. It has helped contain sprawl and it has helped focus growth and promote compact development.

But -- not to put too fine a point on it -- if this law is so effective, how did we ever get to the point that the entire Stafford area is a suburb with five-acre lots?

How did we get to the point that a huge Ware-mart distribution center was allowed to be sited on some of the best farmland in the world west of the freeway at Woodburn ?

And how did we get to the point that jobs and affordable housing are separated by several miles, creating additional pressure on our roads?

It seems to me that these are all situations that 25 years ago, we had hoped to be able to avoid, and we haven't. Now, don't get me wrong. I do not think land use has failed. But I do want to give you a wake up call: with the pressure of population and economic growth, we will have to work even harder than in the last 25 years to make sure that land use planning means something on the ground.

And we will have to continue to innovate to protect the landscape we cherish here in Oregon. I have become increasingly convinced during my first term that we need to take new and bolder measures to protect Oregon's special places -- especially the Oregon coast.

If I am fortunate enough to be granted a second term, I will focus a great deal of energy on this task. I do not want to finish my time as governor only to discover that our Oregon coast has become overbuilt, locked up and inaccessible. I do not want to leave office only to discover that our special places have become special resorts.

The second thing I want to tell you is that the biggest threats to our land use system are not from its opponents, but from its friends.

Let me offer you a comparison.

Just last month, the National Marine Fisheries Service listed steelhead as endangered in the Lower Columbia River -- which includes the Willamette in downtown Portland. What this means is that for the first time, the endangered species act will be implemented in an urban area.

Throughout its history, the ESA has always been something that happened in the country, not the city. And it has always been something that happened to farmers and foresters, not to urbanites.

With this new listing, that will change. And the challenge will be to maintain the support the ESA enjoys in the city as the people in the city and suburbs begin to pay the price for protecting fish and restoring watersheds.

We face the same challenge with land use planning.

It is not too far a stretch to say that for most of the life, land use planning in Oregon has been something which has primarily affected largely rural Oregonians, placing new restrictions on how farm and forest can be managed and developed.

Now, with surging growth and pressure to expand urban growth boundaries, land use planning is coming to town -- to the city. It's coming in terms of the need for more compact development and in terms of mixed use development. People on 15,000 square foot lots in the suburbs are waking up the fact that they might have an apartment complex in their neighborhood.

And they aren't always taking it well.

But our job is to work to keep our friends with us. We must make sure we maintain the consensus that land use planning is the best tool we have to ensure that our natural resources are not wasted as we grow and develop.

We must work to make sure that people understand that the same principles that make it important not to pave over farmland make it important to have more compact and intelligent development on urban and suburban land. In short, we have to make the case to our neighbors that wise land use is not just something that other people have to do, it is something we all have to do.

As we pause tonight to look back at our successes, let us take from them the courage and strength to fight the next battles. Let us renew our commitment to the wise stewardship that is the essence of land use planning. And let us bring this commitment forward as we forge the next 25 years.

Thank you.

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Governor John Kitzhaber

PTA Speech

May 1, 1998

It's a pleasure to be here today and to share even a short time with members of a group to whom we owe a great deal. The PTA is one of the best examples I can find of a working partnership -- people with different perspectives and backgrounds joined together in a common cause: namely, preparing our children to inherit the world.

And there is no challenge greater or more vital to our future. In the most general sense, I see the PTA as among our most effective tools for maintaining community consensus about the value of public education -- an institution that goes back to the very beginnings of American history and one which I wholeheartedly support.

More specifically, I also see the PTA as a critical link in our chain of efforts to secure for every Oregon child -- anywhere in the state -- an education that will prepare them to succeed in the 21st century. I say a "chain" because meeting this challenge is not just a job for schools. Rather, it will require the joint efforts of all of us -- teachers, parents, students, government, private sector business and industry -- in fact, a partnership in the truest sense of the word.

I'd like to focus my remarks today on the two major challenges facing Oregon's public education system -- namely, how we pay for schools and how we help our kids meet the high standards we have set for them.

But before I go any further, I want to emphasize that just because we are now engaged raising standards does not mean that our schools have been substandard. It simply means that the world has changed.

Educating children has always been important. In a simpler world, that was a simpler task.

But I think we all recognize that success in the 21st Century will require both a wider range of knowledge and a higher level of skills than has ever before been necessary.

How much will it cost to reach those higher skills? How much is enough? Well, the answer to that question has changed radically since 1990.

Before the passage of Ballot Measure 5, when school districts were primarily funded by local property tax levies, "enough" was what the local voters decided they were willing to pay. They were directly involved in school funding decisions and determined what they wanted for the students in their district.

Because of this local funding mechanism, there was a reasonably good match -- though not always a perfect one -- between what district patrons were paying and what they were getting for their money. But today, with the passage of Ballot Measures 5 and 47, the major funding obligation for schools has shifted from the local districts to the State.

And although the State now provides the money, it is not involved in local spending decisions, and it has no way of knowing how the money it allocates to schools is being spent.

In other words, the system lacks accountability. We have no real way to hold the schools accountable because we have

no way of connecting actual expenditures with outcomes. And we have no way to hold the Legislature accountable, because we have no way to directly link their budget decisions to what happens to our children. I think we have to accept that state funding of primary and secondary education in Oregon is here to stay, at least in the near term -- I don't see that changing.

What we do have to change is the accountability factor. We must develop a more accountable connection between what school districts do and how the state funds them. In other words, we need to ask -- and answer -- the question: What do we want to be buying with our education dollars?

And that brings me to the topic of school reform.

Today, thanks to the Educational Act for the 21st Century, we have a much clearer idea than ever before of what we want to buy -- of the outcome we are looking for: a quality education for every Oregon child, which translates into the Certificates of Initial and Advanced Mastery. But identifying the product we're after is only the first step. We also have to figure out how to get there.

The school funding debate in the 1999 legislative session can -- and must -- be far more focused than in the past. It should not be merely a debate over the dollar amount of a lump sum for K-12 education. Rather, it should involve specific appropriations which are necessary to implement the Education Act. We must be certain that the money we put into our K-12 system is tied clearly and tangibly to improved student performance. That is the only way to ensure accountability -- in the Legislature and in the classroom.

Now, that may sound like just a lot of budget management talk. But it is much more than that. What I will be proposing in the next budget is a fundamental change in the relationship between the state and local school districts.

Specifically, I will be proposing that we tie some state dollars to specific programs that are shown to have a high impact in helping students reach the new standards we have set.

Students, teachers, parents and administrators throughout the state have told me the following approaches are both important and effective:

- alternative learning methodologies for below-standard students;

- extra days or time for students performing below standards;

- more time in the building for teachers to learn and plan collaboratively;

- better preparation of incoming teachers;

- a need for increased social service partnerships to address the special needs of certain children;

- more resources for assessment;

- more vocational classes and skill centers;

- smaller class size -- especially in the early grades and in high school math and science classes;

- expansion of early childhood programs to ensure that children are ready to learn when they enter school;

- more and better technology in the schools.

I am not claiming that this is the entire answer to the challenges we face, but I do believe it is a step in the right direction. And there is yet another reason why we need to continue to move toward increased accountability.

When primary and secondary education was paid for by property tax revenues -- it may have been inequitable, it may

have been uneven from district to district -- but at least it was a relatively stable funding source.

The income tax -- which is now the primary source of K-12 funding -- is not. It is not stable because it is directly tied to the economy. We have been able to move from one funding source to the other without disruption largely because of the current economic boom.

But when -- not if, but when -- our economy slows down, our educational system will suffer a significant loss of revenue, and the problems we now have will seem small by comparison. It is therefore critical that we continue working toward a stable source of school funding.

But to achieve that goal, we will first have to do a better job of demonstrating that the tax dollars we invest in our K-12 schools are genuinely buying an education of the very highest quality. That's the direction we've been moving in over the last several years. We must continue on that road, and I count on the support of organizations like the PTA.

Before I close, let me mention a third area of challenge -- one which has received less attention than school finance and school transformation, but one which clearly impacts education.

I'm speaking of juvenile crime prevention, which is one of my highest priorities. We know that the kids who get involved in the criminal justice system have very clear risk factors and exhibit very clear warning signs -- things like school failure and drop-out, a history of domestic abuse and substance abuse, hanging out with the wrong crowd.

As it turns out, these are, in many cases, the very children who are having the most difficulty in achieving the new academic standards. They are often the same kids who disrupt the learning environment, making it more difficult for teachers to teach and for other students to learn.

And if they fail and drop out, they will place enormous burdens on other aspects of society. For example, school drop-outs account for 36 percent of incarcerated adults, 35 percent of incarcerated youth, and 14 percent of individuals receiving public assistance. Unemployment rates for high school dropouts are more than double the rates for high school graduates.

In response to Ballot Measure 11, this state has committed to spend more than \$1 billion over the next 10 years building 13,000 new jail and prison beds -- but we have invested virtually nothing to keep our children out of them. Between 1993 and 1997 public safety spending in Oregon went up 66 percent. During the same period of time state spending on higher education actually went down.

This is neither balanced, nor sustainable. Spending on prisons is reducing our ability to invest in education and education is one of the keys to reducing crime in the first place. People with an education today have better job opportunities, more economic security, and more hope for the future.

I am not suggesting that we don't need jails and prisons. We do -- and we have built them in Oregon. Now it is for Oregonians to demand of their legislature an investment in prevention that is at least as serious as the investment we are making in punishment. The next dollar this state spends on public safety must go toward keeping a child from walking through the front door of a prison, rather than toward a cell to lock him up in. And that brings me back to primary and secondary education.

The Educational Act for the 21st Century, with its emphasis on mastery for all children -- whatever their pace, however long it takes them -- is a laudable goal, but one we will not achieve by continuing to do things the same way.

Let me give you an example of what I am talking about. Earlier this week I visited a program in Forest Grove called the "Cascade Education Corp." It was an alternative education program for kids who are not making it in high school -- kids who are skipping class, who are failing their courses, who are disruptive, who are having trouble staying focused. Most of these kids are headed for suspension, expulsion or dropping out. And we know from experience that many of them would end up in the criminal justice system.

To get into the Cascade Education Corps, however, they must commit to getting a high school diploma. In this program

they still spend every other week day (Monday, Wednesday, Friday one week and Tuesday, Thursday the next week) in the public schools taking four courses. On the alternative days they work outdoors on watershed restoration projects and other types of community service.

They are given a positive incentive to complete high school. They learn discipline, cooperation and responsibility in a very structured program. They develop a group of positive peer relations, a sense of camaraderie, and significant improvement in their self esteem.

In short, they acquire the very tools they need to succeed in school and stay out of trouble with the law. They develop the basis for becoming good and productive citizens.

I believe that if we can continue to find creative ways to deal with these young people -- if we can target these at risk kids before they drop out and get into real trouble, if we are willing to make the investments that will help them become productive, law abiding adults -- then we have gone a long way toward helping meet the goals of the Education Act.

These kinds of preventive strategies amount to an indirect investment in education. At the same time, by reducing the instances of juvenile crime, we will save millions of dollars that can, in turn, be invested directly into education.

I look for your support in helping me advance this agenda in the next legislative session.

Investments in public safety -- specifically in juvenile crime prevention -- would also yield positive results for our schools. It would be an indirect investment in education, you might say. But in a more direct sense, if we can find ways to target these at-risk kids before they get into trouble, if we can make the investments that will help them become productive, law-abiding adults -- that's money we won't have to spend on locking them up when they commit a crime -- money which would then be available to invest elsewhere -- for instance, in education.

In closing, I'd like to reaffirm my support for Oregon's teachers, and to acknowledge their huge contributions to the process of school transformation. You are truly on the front line of reform, and without your efforts and your dedication we could never succeed.

I'd also like to thank the parents here today. Your willingness to take an active part in your children's education and to be closely involved with your local schools is an example for all of us.

That, too, will be a vital component of our future success. Education is, in fact, a debt owed by the present to the future, and our future can be as promising as we choose to make it. As we approach the 21st Century, the doors of opportunity stand wide. We must equip our children to walk through them. That is what this is all about.

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Governor John Kitzhaber

Oregon Arts Summit

April 17, 1998

As a politician I can tell you the work I do is rarely seen or understood as art. And I am clearly not an authority on the arts, culture, and heritage -- other than perhaps my own.

Instead, I live, eat, and breath in an environment where the principal objective is to bring people together from all over Oregon and find common purpose. This is the art of politics and governing and I'm still only a journeyman at it.

Our worlds meet at this summit today because my goal, your goal -- our goal -- is to begin the creation of a statewide effort that can increase public and private investment in Oregon's arts, culture, and heritage.

Why? Because without it, I do not believe these important attributes to our quality of life can prosper here in Oregon. And let me tell you why.

In 1996, a record number of Oregonians -- almost 3 million audience members -- attended about 11,000 public arts events in our state. That's a lot of people and a lot of tickets.

But box office revenues alone aren't enough for Oregon's arts, culture and heritage organizations to carry out their missions. Charging audience members the actual cost of mounting a performance, putting on an exhibit, or organizing a festival would mean that only the very wealthy could attend. It also would end programs that bring performers, shows, and events into our schools, our neighborhoods, and throughout rural Oregon.

Even though Oregon's arts and culture groups have been extremely successful in selling tickets and generating contributions from private source -- which are at an all time high -- just 40 percent of the funds used to support cultural events in Oregon come from unearned income. This is far lower than the national average of 55 percent.

Depending so heavily on earned income like ticket sales causes several problems. First, it makes a group vulnerable to unexpected developments, such as bad weather. Second, it often leads to the kinds of deficits that forced the closure this winter of the Portland Repertory Theater, one of only three fully professional theaters in Oregon.

In the meantime, state funding for the arts today is at the same level it was in 1993. And in spite of tremendous increases, private funding for all Oregon non-profits remains mired in the bottom fifth of all states nationally.

That's a tragedy because the arts and culture bring Oregonians together.

The arts and culture transcend geography, economics, gender, age and education. They inspire, educate and unify at a time when our society seems to be increasingly divided.

Artists live and work in communities across Oregon -- not just in our metropolitan areas. You can find art being created and enjoyed in our schools and our universities, in small shops and large galleries.

Culture and the arts in Oregon are also good for our economy, our schools, and our communities.

A 1996 study found that Oregon had almost 20,000 arts workers who earned \$480 million annually, while those employed by non-profit organizations paid more than \$1.5 million in state taxes. And those figures don't include spending by cultural institutions.

In addition employers in all parts of the economy value the skills possessed by artists and creative workers. In fact, a 1997 study by the J. Paul Getty Trust concluded that arts education is critical to the development of the highly prized "knowledge workers" that are so vital to global economic success. Here's what the Getty Trust report had to say on the subject:

"arts education . . . builds such thinking skills as analysis, synthesis, evaluation, and critical judgment. It nourishes imagination and creativity . . . it develops collaborative and teamwork skills, technological competencies, flexible thinking and an appreciation for diversity. "

The arts have an equally impressive effect on the scholastic performance of students. A review of 1993 SAT results concluded that music students received much higher verbal and math scores than students without arts experience.

The arts can also build and strengthen communities by encouraging growth and redevelopment in Oregon's cities and towns. In Baker City, for example, a team of artists and designers are working with community leaders, residents, and others to transform an area near the Powder River into park land. Their work is not only bringing a new green space to the heart of Baker City, it is also expected to enliven and revitalize adjoining neighborhoods.

So given all the benefits the arts and culture offer, why have investments in Oregon lagged so far behind other states?

I think there are three other reasons for the relatively low levels of public and private support.

First, most partnerships between arts and cultural organizations -- and there are many such partnerships across Oregon -- usually occur locally, not on a statewide basis, and never on behalf of statewide goals.

Second, arts and cultural organizations aren't taking full advantage of opportunities for collaboration with business, education, tourism, and government.

Third, Oregon's arts, cultural, and heritage institutions have never had a unified plan that sets statewide priorities. That has made it difficult for potential investors -- both private philanthropists and public lawmakers -- to invest thoughtfully for Oregon's future.

Recent legislative sessions in Salem offer a perfect example of how these issues have frustrated attempts to increase public funding for culture and the arts. Organizations have usually lobbied alone and asked for individual appropriations. Forced to sort out the competing demands, lawmakers have made decisions on a case-by-case basis without fully understanding the economic, educational, and other benefits.

One of the greatest challenges, then, is to somehow better and more broadly demonstrate how culture and the arts can continue to make Oregon a better place to live. Let me briefly share an example of this with you that I have discussed at some length with Mike Lindberg.

With the recent listing Endangered Species Act listing of steelhead in the lower Columbia -- and the expected listing of steelhead and chinook in the Willamette above Oregon City -- the most urbanized part of our state is faced with a huge environmental challenge -- and an equally great opportunity.

To restore the health of these fish runs, we must restore the health of the Willamette River watershed. And to do so we must recognize that much of the pollution in the river today comes not from industrial discharge pipes but rather from what people put on their lawns and down their storm drains. Biologists call this non-point source pollution -- you and I know it as run-off.

To clean it up will require far more than simply passing laws and regulations. It will require sustained environmental stewardship -- a long term commitment to change behavior -- by hundreds of thousands of people living in the

watershed. In short, we need to change the environmental ethic -- the way in which people see themselves in relation to their environment. Either we all own part of cleaning up the Willamette, or it won't happen.

And one of the best ways to change the environmental ethic is through culture and the arts. Music, paintings, sculpture and song -- can all connect people to their environment and give them a greater appreciation of their role in its stewardship. Mason Williams, who many of you may know, has put together a wonderful "River Concert" which is a powerful example of this concept.

The culture and the heritage of the Northwest and the Oregon Territory are rich in examples of the interdependence of humans and their watersheds. [Chief Seattle]

This is but one example how to put our heritage, culture and the arts into a broader context. I know that there are more and the challenge of this summit is to do just that -- and to knit these various strategies into a coherent whole.

In fact, I would say that the most important work you can do today is to begin the creation of a statewide strategy that can guide and increase public and private investment in Oregon's arts, culture, and heritage.

It's a difficult job. Writing such a plan means setting priorities among yourselves and it means increased accountability for all of you. But it also offers our best chance to increase Oregon's investment in arts, culture, and heritage.

Many Oregonians have laid the foundation for this kind of planning. The Oregon Arts Commission recently reviewed strategic plans and policy documents produced by 20 different groups. The Commission found support among most of the organizations for 12 different goals, ranging from education to partnership.

To build on these efforts, I propose to appoint a special Governor's task force. This group would work with you to create a policy framework for Oregon's arts, culture, and heritage. It will give you a chance to establish your own agenda, your own priorities, and your own opportunities for collaboration.

As I indicated, to be successful, the task force -- and all of you here today -- must focus on how the arts and culture can continue to make Oregon a better place to live. Of course, the task force must have statewide representation and enjoy bipartisan support. It also requires the unity of all arts, cultural, and heritage groups, not only in vision and goals, but agreement on how to move ahead. And it must help Oregonians see the connections between arts and culture and other pressing issues, such as the environment, education, public safety, and growth.

Without this kind of planning, it will be difficult for us to make the case to the legislature in January for increased state funding of arts, culture, and heritage. It will be equally difficult for legislators to make that case to their constituents. But with a statewide strategy for arts, culture, and heritage, we are likely to have much greater success than in the past.

Preparing such a plan is a tall order. But I'm confident that you can accomplish it. I look forward to working with you to develop a policy for culture, heritage and the arts is integrated, comprehensive and which improves our quality of life here in Oregon.

Thank you.

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Governor John Kitzhaber

AOI Workforce Conference Speech
April 15, 1998

Thank you for that kind introduction. It's a pleasure to be here. I also want to commend AOI for its leadership in organizing this conference.

Today, I would like to discuss three points about Oregon's economy and how our state develops its workforce.

First, the rapid change in our economy and the new demands it is making on our workforce.

Second, the state of the current workforce development system and what the state is doing to improve it.

Third, the need for partnerships between government and the private sector and for additional investments in our education system.

Let's begin with Oregon's economy.

These are good times for some parts of the state. Incomes are up and unemployment is down in the most populous sections of Oregon. In fact, the Willamette Valley is experiencing the tightest labor market in decades.

Help wanted signs are everywhere in portland, its suburbs, and other cities and towns up and down the I-5 corridor. Some employers even offer bonuses to fill these positions.

That's the good news.

But there's bad news as well. Oregon's economic growth is spotty. There are large sections of the state with high unemployment and lots of workers in need of retraining to both recruit and retain new industries.

Meanwhile, a growing number of businesses in those areas that are economically healthy are looking for workers out-of-state, or are unhappy about the local workers they do hire.

Everyone here knows what I'm talking about. Too many of our state's high school graduates haven't mastered the basics -- reading, writing, and arithmetic -- or don't have experience in the work place.

The situation isn't much better in the technical and professional fields. Employers report that some Oregon university and community college graduates have received out-of-date training and lack critical communication and team work skills.

Oregon's "skills gap" isn't limited to recent graduates. An entire generation of Oregonians now in their 40s and 50s entered the work force when you could find a well-paying family-wage job that required few skills and lasted until retirement.

Those days are long gone and the good jobs they created are disappearing. These workers need training to acquire new skills and new abilities.

What's behind these changes?

Oregon's economy and its workplaces have undergone a profound transformation in the last 15 years. Whether the employer is a high technology manufacturing company or a wood products business, economic success now rests on workers who are inventive and productive.

More change is on the way. New technology is everywhere and more and more workers can expect to be called on to come up with the ideas and make the decisions that help their organizations succeed.

Many Oregonians are responding to these challenges by taking on new roles and responsibilities.

Smart employers are now spending substantial resources on training. The reason is obvious: in many industries, the skills required for a job five years ago and less are now obsolete.

Successful workers are either improving their skills or looking for opportunities to do so. They understand that there is no such thing as a job for life, not even for a governor.

Educators and students are recognizing they can't ignore the needs of the workplace. Teachers are making connections between their curricula and the real world and offering students the higher academics, the latest technical instruction and the critical thinking skills necessary for life-long learning.

State government is changing, too. It now plays a more important role in connecting the needs of our state's workplaces to workforce training, thanks in part to two landmark laws enacted in the 1990s which are transforming how we educate and train Oregonians.

The first, the Educational Act for the 21st Century, set tough new academic standards for Oregon's K-12 students and required them to gain the kind of practical experience which employers find valuable.

The second, the workforce quality act, called for action to make Oregon's workforce second to none in the nation and in the world.

But state government must do more, especially with its existing workforce development system. Built primarily at the federal level over the last 30 years, this system has two problems.

First, it is fragmented. Most programs target specific individuals and groups rather than workers in general. Moreover, responsibility for these services is divided among different public agencies. As a result, many workers don't receive the services they need. Second, it is designed largely to serve two groups: unemployed adults and students who have never held a job. Few public dollars are set aside to serve people who already have jobs even though these workers must also develop new skills.

Let me tell you what I am doing as governor to make sure Oregon's workforce development system meets the changing needs of the workplace.

First, I have worked with business, educators, and other stakeholders to increase their ownership and involvement in making the kinds of changes necessary to fully implement the education act.

Second, I have established a governor's workforce policy cabinet, made up of state agency directors involved in workforce programs, to better coordinate our policies and programs in this area.

Third, I have placed increased emphasis on the importance of locally based strategies led by our regional workforce committees. And the private sector chairs of these committees meet regularly with my workforce policy cabinet to discuss local issues.

Partnerships between public agencies and private employers are the key to the success of these and other workforce development efforts. There are many examples of such partnerships in Oregon. Let me give you three.

First, the Professional Services Association has collaborated with Portland State University to make sure graduates have the critical communications skills these employers need. One of the first results of this effort is a new psu course for future architects, accountants, and other professionals called romancing the customer.

Second, the Oregon business council has created worksite 21 to help employers establish school-to-work partnerships. Worksite 21 specializes in work-based learning opportunities for primary and secondary students that provide valuable exposure to careers and the workplace.

Third, private employers and public agencies in southern Oregon have created an innovative office in the Rogue Valley Mall which provides easy access to information on regional education, health care, and job opportunities. Known as the education and resource center, it offers students, employers, and workers one location for education, business and community services.

These new partnerships and the new roles assumed by employers, workers, educators, and state government are important steps in creating the well-trained work force Oregon needs to compete with other states and around the world.

But these changes also require stable funding and new investments, especially in education. During the last year I have had a group of economists and tax experts working on a comprehensive review of Oregon's tax system. Earlier this spring the group began work on a draft report which makes two points I believe today's conference needs to address.

The first is that we face an important threat to education funding in Oregon. The income tax is now the primary source of K-12 education funding. Say what you will about property taxes, but they were a stable source of funding and the income tax is not. We have accomplished this transition between the two sources of money without disruption in large part because of the current economic boom. Let me paraphrase a key passage from the draft report on this point:

Oregon has become significantly dependent upon the income tax at an unusual time in the business cycle. We have had a very long expansion and rapid gains in personal income. The stability of the revenue flow to the government sector has declined, but we have not been through a period of weakness with this system.

Clearly, we must find ways to increase stability for our educational system. Because when, not if, our economy slows down, our educational system will suffer a significant loss in funding.

It used to be said about the Oregon economy that when the nation caught a cold, Oregon caught the flu. It can now be said about Oregon schools that when our economy catches a cold, it's our schools that will catch the flu.

The second point the draft report makes is that there is very little connection between our tax code and the goal of workforce training and development. I challenge each of you to think creatively about how we might change our tax system to further the goal we have set for ourselves of having a workforce second to none in the country and the world.

The tax review group's final report will appear later this month and I look forward to receiving your suggestions and your ideas.

Funding an educational system that develops the kind of workforce for tomorrow that employers say they want is good for the employers bottom line -- but it takes public investments as well.

Education funding is again likely to be one of the toughest questions the Legislature will tackle when it meets in January. And it is vitally important to anyone who cares about preparing tomorrow's workforce.

If employers want to stop paying for remedial training the school system must change and it is changing. This won't stop the need for employers to invest in training -- but it will focus employer resources on providing the technical training that we know will be a part of today's and tomorrow's economy.

I realize there are many Oregonians who are skeptical about the needs of our public schools and our public institutions of higher learning. Let me tell you what steps I have taken to address these concerns.

This winter and spring I have met with hundreds of community leaders, teachers, and students for a better understanding of what our state education dollars are buying, especially as we begin to introduce the new education standards. I have been impressed by the enthusiasm and good work being done in so many classrooms across the state.

But it is also clear to me that we need to find new ways to link state funds to improvements in student performance. I want to see us adopt an education budget that is adequate and that holds schools accountable for results.

We face different challenges in higher education. We must continue to reverse our decade-long public disinvestment in Oregon's public universities and colleges which now receive just 20 percent of their budgets from the state's general fund.

But these institutions also must change. During the last year, I have convened two task forces that have explored how to make public universities and colleges more accessible and responsive and we are now implementing many of the recommendations.

But I can't do these things alone. I need your help.

I need you to develop coalitions with other employers to better define your workplace needs.

I need you to partner with individual schools to provide school-to-work opportunities for the many students that need them.

I need you to get involved in your regional workforce committees to offer your leadership on workforce development issues at the local level.

But most importantly . . .

I need you to support an adequate and accountable budget for K-12 schools and new investments in Oregon's higher education system.

Our schools, universities, and colleges are a vital part of our efforts to develop our state's workforce. Their financial health is critical to the financial health of Oregon's economy and its businesses. Without new investments in education, the workforce problems we face today -- shortages of well-trained workers, a lack of opportunities for retraining, and curriculums that are out-of-touch with the workplace -- will only become worse.

I don't want to see a shortage of skilled workers force Oregon businesses to choose between meeting their bottom line and remaining in their home state.

I don't want to see mass departures by employers force Oregon workers with high skills to take low-wage, low-skill jobs because there is nothing else left.

I don't want to see disinvestments in education force Oregon students to enroll in universities and colleges in other states in order to receive an affordable education.

And it doesn't have to happen. We know what it takes to build the world's best educated work force in the country and in the world, one that is second to none.

We know that Oregon needs an efficient, streamlined workforce development system that meets the needs of its customers, not the bureaucracy.

We know that Oregon needs partnerships between the private and public sectors that give students, as well as business and education leaders, opportunities to understand each others needs.

And perhaps most importantly . . .

We know that Oregon needs public schools, colleges, and universities that both prepare students for an increasingly complex workplace and for a life time of learning.

We've begun to move ahead in each of these areas. And by making adequate -- and accountable -- investments in education, we can create and maintain the workforce Oregon needs to compete globally.

Thank you.

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Governor John Kitzhaber

Governor's Address to the Willamette Valley Livability Forum

April 10, 1998

Good Afternoon.

I want to start by sincerely thanking all of you for the time and effort you give to what I believe to be one of our most pressing issues: maintaining our livability; specifically, the livability of the Willamette Valley.

Oregonians across the state are concerned about growth. Our growing population is partly responsible for our current economic vitality, but it also puts additional strains on our transportation system, our schools, our sewer and water systems, our natural resources, and, oddly enough, on our sense of community.

In fact, growth presents an interesting and in some ways frightening paradox. As more and more people come to Oregon, we find ourselves in much closer physical proximity with others -- packed together in housing complexes, crowded into classrooms, bumping up against each other in shopping malls, passing by each other in our cars. Even in Oregon it is becoming more and more difficult to find places where there aren't other people -- a lot of other people.

So in one way, we are closer and more connected than ever before.

But at the same time -- and this is the paradox -- we are more disconnected than at any other time in our history. And perhaps the greatest casualty has been our sense of community. We deliberately and intentionally (or so it seems) isolate ourselves from each other. We live behind six-foot fences. We walk from the garage directly into the house, with no opportunity to exchange a word with our neighbors. Waving to someone from inside your car is not the same as exchanging a few words on the sidewalk. It does not encourage a sense of community.

We don't sit on our front porches. Indeed most of us don't even have front porches. We shop at mega-outlets on the edge of town, rather than at a neighborhood market -- most of which have become a thing of the past. And while schools were once the hub of a community, now the increasing number of alternative schools, as well as a more mobile population mean that kids don't grow up together as they once did, and their parents hardly know each other.

At a time in our history when working together is absolutely essential, we have erected physical and psychological barriers that keep us apart.

This separation extends even into government and poses a problem there as well. We have to recognize that the government system we inherited was designed for simpler times. In the past it was both efficient and effective to assign certain problems to particular agencies, and for each agency to "do its own thing," without encroaching on or having to worry about what another agency was doing. The same was more or less true for the different levels of government and for both the public and private sectors.

Today such a scenario is no longer realistic and it is certainly not the best way to solve complex public policy problems -- or to help build strong communities.

When I took office just over three years ago I brought with me a vision for Oregon's communities -- a vision that placed

our cities and towns in Oregon's pristine environment in a way that did not detract from, but rather complemented this wonderful place.

My vision is for communities that don't sprawl across our landscape; for communities which protect our valuable farm, forest lands and natural resources. I want communities that provide affordable housing for all our citizens. I want communities that have well-maintained streets and roads. I want communities that have active downtowns and centers that are vibrant, alive and safe.

And I want communities that hold a job for everyone who wants and needs to work. I want the industries and offices that provide those jobs to be located near housing that is affordable and available to the people that work there. I want the new growth we're experiencing to be designed and located in a way that helps us achieve these goals. The new growth must occur in a way that balances our communities, rather than in a way that undermines them.

You know Oregonians don't want to be forced into working in one town and living in another because that's the only place they can find an affordable home. Oregonians don't want their cities' transportation arteries clogged by congestion. Oregonians don't want farm, forest and natural resources paved over with sprawling low density development.

And having spent the last three years talking with Oregonians, I can tell you they don't want to pay the exorbitant cost that it takes to serve low-density sprawl with sewer and water facilities. They don't want to pay the cost of building by-passes around strip-commercial development along state highways or the cost of expanding a highway between cities to accommodate commuters.

Oregonians want balanced quality communities they can work, play and afford to live in. Every development plan, policy and most important every public investment we make must contribute to our goal.

Those of you here today represent the state agencies, local governments, private sector and community leaders upon whose shoulders this task falls. If we are to be successful we must work together because these community development challenges and opportunities require coordinated work.

State and local government has a special challenge. When I took office I found that our state community development agencies, transportation, land use, housing economic development and environmental quality simply did not coordinate with one another. I found that those separate state agencies weren't even designed to work together.

It hasn't been easy to change agency cultures that are designed to run programs in isolation, but we are making real progress. The Community Solutions Team which is made up of the Directors of the five community development agencies meets every two weeks and has focused our work. We now have field teams in every region of the state including the Willamette Valley that are working together to achieve state and community goals. This same level of cross-disciplinary work must also occur with regional and local governments as well.

The reason we're beginning to succeed is because we have focused on solving problems rather than running programs. In case it isn't apparent to you this has been a major change in state agency mind set.

In times long past, transportation, land use, housing, economic development and environmental quality programs could be -- and were -- carried out independently. In today's world the stakes are higher, the problems are much more complex and interrelated and we don't have sufficient public funds to afford making mistakes. Every investment we make has to count and we cannot afford to let our state investments undermine each other or a community's goals.

To do this must all adopt a different approach, One based on a concept of partnership and shared responsibility, One which encourages creativity and innovation and is characterized by collaboration.

The Willamette Valley Livability Forum will play a key role in working with communities to help define a livable future for the Willamette Valley. Because you represent a broad cross-section of valley residents, and because you have the power to bring together larger groups to chart a course for our future, you can provide the leadership that can bring us together. You will be surveying valley residents and documenting the trends affecting every community in this valley

when you produce the State of the Valley Report this fall. Through your efforts you can motivate people to be actively engaged in protecting the very qualities that brought us all here in the first place. I wish you well and offer all the assistance I can to help you on your way.

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Governor John Kitzhaber

Democracy Forum Speech

April 08, 1998

It's a privilege to join you tonight and help you launch this Forum. Its purpose -- to encourage a thoughtful consideration of the future of American Democracy -- is something with which I feel a very deep and personal connection, and not only because I've spent the last 20 years in government.

So let me take a few moments to share with you how my interest in politics came about, because the road that brought me to the office I now hold is in a way the best illustration of what I believe about our form of government.

First of all, I was fortunate to grow up in a home where civic involvement was a fact of life. As far back as I can remember, my mother was an active member of the League of Women Voters, and from her I acquired a concept of democracy much closer to that of our Founding Fathers than what often passes for democracy today. I'm talking about ideal democracy, a system based on the informed consent of the governed, and on an unwavering faith in the capacity of humans to sustain such a system -- in other words, on the belief that individuals can make a difference.

And I saw that belief modeled. I can still remember standing beside my parents when I was only about five years old, while they sent a telegram to President Truman strongly urging him not to use the atomic bomb on Korea. I don't think it occurred to them that their voice might not be heard. They just knew it was something they had to do.

But in spite of all that, I grew up not being particularly interested in politics. I know there are students in the audience this evening, and like many of you, I went to college to prepare for a career. My goal was to become a bio-engineer and design artificial organs. Despite my upbringing, and despite the fact that the world around me was coming apart, my eyes were focused on my own personal future.

Then in 1968, a year before I graduated, that bubble burst. Within three months of each other, Martin Luther King, Jr. and Robert Kennedy were both assassinated. And I think it was the combined shock of these two incidents that changed both my outlook and my life.

What was it about these two men that made their deaths so tragic? The answer is that both were dedicated to working within the democratic process to bring about change. They did not oppose government in principle. They did not oppose law, or deny the need for laws, or dispute that those who broke the law should be punished. But they were also dedicated to the principle of nonviolent civil disobedience to protest and draw attention to what they believed was wrong and unjust . . . and that takes something we don't see a lot of today: courage.

All of a sudden it seemed both shallow and irresponsible to view my education -- or my life -- only in terms of my own personal security and interest. Suddenly I wanted to do more than that. I wanted to make a difference in the world. And the avenue I eventually chose was politics.

The '60s, when I came of age, was an era now famous (or infamous) for the rise of subcultures, alternative lifestyles, attempts to seek change by withdrawing from society -- or through violence. Between 1963 and 1968, Americans witnessed the assassinations of four major public figures. There were riots in Los Angeles and violence at the 1968 Democratic National Convention in Chicago. In those years we forgot a fundamental truth: if the process doesn't work,

it's because people aren't making it work.

The violent deaths of Kennedy and King -- but more especially their lives and their actions -- reminded me that in this nation and under our form of government as it was intended there are other ways -- better ways -- to bring about change -- if one has the courage and the patience and the wisdom to seek them.

Today we need to remind ourselves again of that truth, because in many important respects I believe we have strayed from the original concept of American Democracy. The growing influence of money and the media on our decision-making process has bred a sense of personal powerlessness -- and apathy. When people doubt whether they can make a difference, they often choose to do nothing. It is not uncommon in this state to see voter turnouts of well under 50 percent.

There is also a growing sense of social irresponsibility -- a lack of independent critical judgment. I recall hearing of a student in one of our community colleges who, when asked to defend one of his statements, said, "Well, I know it's true because I saw it on TV" That's pretty frightening, when you stop to think about what it implies.

So while our government is still based on the consent of the governed (those of us who bother to vote) -- that consent is not always informed. During my own campaign four years ago I learned that a staggering number of voters make up their minds on the basis of about 2 minutes of televised political ads.

To my mind these trends pose a greater threat to the future of American Democracy -- and to our future as a nation and a free people -- than all the other threats combined.

Yet I am not without hope. There are ways to reverse this trend. One of them is education. The Educational Act for the 21st Century, with its strong emphasis on independent critical thinking, is certainly a step in the right direction.

Another is groups like this one, since the first step in solving any problem is to recognize and understand where we are now and how we got here. And if the product of the Union County Forum on Democracy can somehow be translated into action, with tangible results, you will have made a solid contribution to revitalizing both the ideals and the practical process to which we owe the greatest blessings of a free society.

Yet a third step is to find ways to make government itself more accountable, to reconnect it with the people, and to rebuild public trust in public institutions. Government must become again a power for enlightened social change, instead of a protector of the status quo. It must do more than run programs; it must solve problems. The people have a right to expect that, and it's been one of my highest priorities over the last three-and-a-half years. But it also has implications for individual citizens, because in a democracy, government is the people.

But somehow we forget that and want to hold everyone accountable but ourselves. We blame our government yet fail to participate in it. We don't vote, or when we do, we are too often swayed by candidates whose eyes are on the next election, not on the next generation. Too often we listen to those who tell us what we want to hear, instead of what we need to hear: the truth. We elect and re-elect candidates who respond to every short-term fluctuation in public mood, and only rarely to the long-term public interest.

It is true that today our society is in a state of flux, and the changes we are undergoing have the effect of driving people apart, rather than drawing them together. One of these is the growing diversity of our population, especially here in Oregon. We are no longer a "melting pot." We take pride in our differences, champion our own causes, push our own agendas. We nurture an "us vs. them" mentality, and too often regard one another as competitors, rather than compatriots. As a result, it is more difficult today than ever before to reach consensus on a common public interest. But unless we do so, our form of government will indeed be in jeopardy.

I am not willing to accept that future and I imagine that you aren't either -- or you wouldn't be here participating in this Forum. But it is not enough to understand or to see clearly. We must also be willing to act. And I can think of no challenge greater, no challenge more pressing, more noble, or more important to our future, than that posed by the apathy of the electorate, the paralysis of our institutions, and the surrender of community values and individual social responsibility to expediency and short-term personal gain.

Meeting this challenge will be the most fundamental test of the moral fabric of this nation. In 1743, the French philosopher Jean-Jacques Rousseau wrote:

Born as I was, the citizen of a free state and a member of its sovereign body, the very right to vote imposes on me the duty to instruct myself in public affairs, however little influence my voice may have in them.

225 years later, Robert Kennedy was to echo this same belief, but to reaffirm the power of the individual to make a difference, when he said in a speech before students in South Africa:

Few will have the greatness to bend history itself, but each of us can work to change a small portion of events, and in the total of all those acts will be written the history of this generation. Each time a man stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends forth a tiny ripple of hope, and crossing each other from a million different centers of energy and daring, those ripples build a current that can sweep down the mightiest walls of oppression and resistance.

When I entered politics 20 years ago, I was young, naive and idealistic. Today I am neither young nor naive -- but I am still idealistic. In the intervening years nothing -- absolutely nothing -- has shaken my steadfast belief in the ability of individuals, acting from conviction and courage, to change for the better the world in which we live.

As long as we believe that, and as long as we act on that belief by using to the fullest extent the freedoms our form of government has given us, the spirit of American Democracy will surely prevail.

I hope that the work of this Forum will lead you to the same conclusion, and I thank you very much for inviting me to participate.

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Governor John Kitzhaber

4th Annual Domestic Violence Conference Speech

April 2, 1998

It's a pleasure to have been asked, for the fourth year in a row, to participate in this conference. Since I've already addressed this group three times, I'm not sure I have anything new to say. But it gives me an opportunity to publicly and strongly reaffirm my personal commitment to addressing a problem so deadly and so pervasive that it is nothing less than a disgrace to a civilized society.

I remember that when I spoke at your first annual conference, I tried to explain why I find domestic violence so appalling. It's because I see it as an aberration. While violence of any sort is intolerable, there are still places where we shouldn't be surprised to find it -- in the war-torn countries of the middle east, under bridges at night, in the dark alleys of our cities. But when it happens in the home -- the one place of all places which should stand for security, safety, support, and freedom from fear -- that breaches the most fundamental principles of civilization.

Today I continue to be appalled by the suffering and death caused by ongoing acts of violence that occur every day, every hour, every minute -- in our homes.

Like you, I continue to be outraged that the most basic and cherished rights -- the right to be safe, the right to be free from terror, the right to live -- are stamped on every single day--in people's own homes, by members of their own families -- and that too few of us seem to notice -- or care.

We see the aftermath -- in our hospitals and schools and workplaces -- but there's always the question of whether what we suspect is really true. Somehow it's easier to look the other way. Yet every time we turn away from the evidence or even the suspicion of domestic violence, we become its accomplices.

One of the greatest services this conference and its participants have performed over the past four years is to help change the prevailing attitudes that allow domestic violence not only to continue, but to escalate. The contributions of professionals like yourselves are invaluable. Not only do you deal with both victims and perpetrators of domestic violence, you are in a position to lead the way toward raising public awareness and ultimately changing public attitudes, so that this will no longer be a crime we overlook and even tolerate -- simply because it happens in the privacy of the home.

That's the good news. At the same time, the very fact that this conference has been steadily gaining momentum and recognition shows that the problem of domestic violence is still very much with us and that your work has only just begun. For example, in Multnomah county alone, the number of domestic violence-related homicides increased by 60 percent from 1996 to 1997.

Your first order of business was to raise awareness: to make people acknowledge the deadly but too often silent crime of domestic violence, and that must be an ongoing effort. But now that you've laid the groundwork, you are ready to move from awareness to action, and I understand that this year's agenda is more solution-oriented. However, both approaches -- both awareness and action -- are essential. As I've said here before, we must first open our eyes and our ears -- our minds and our hearts, because as long as we refuse to see and hear and understand and feel the full force of this

epidemic, we cannot hope to heal.

I believe that as a society, we are finally beginning to hear, and that is due to efforts like yours. As for healing, we continue to seek better tools for dealing with domestic violence after the fact -- help and support for victims, intervention for perpetrators who choose to change, severe sanctions for those who are not. So let me take a few minutes to outline some of the things my administration has been working on this last year.

Last summer I signed into law HB 3112, which focuses on identifying domestic violence victims and helping them obtain services and treatment. I also signed SB 301 which strengthens Oregon's full faith and credit provision for foreign protection orders, so that victims of domestic violence who come to Oregon from other states will continue to be protected from their abuser.

My council on domestic violence has been conducting public hearings around the state to get citizen input about the problem of domestic violence as it manifests itself in different localities. Local domestic violence councils are being formed to address the problem in particular communities.

The domestic violence council is also conducting a statewide needs assessment which will estimate service needs of victims, identify gaps in services, and highlight current innovative and beneficial approaches. This assessment is scheduled to begin this month and be completed by June of 1999.

Attorney General Myers has been working to consolidate efforts to address domestic violence, and legislative proposals are currently being drafted in such areas as:

- Clarifying the existing mandatory arrest statute to increase its consistent implementation among Oregon law enforcement agencies;
- Modifying the family abuse prevention act to ensure better enforcement of restraining orders; and
- Modeling a law after a current California statute that makes it a felony to destroy a telephonic device. This is especially critical to victims in rural areas, where the telephone is the only way to summon help.

In addition, the state office of Services to Children and Families is in the middle of its second training grant to enhance collaboration between domestic violence advocates and child abuse. It is also in the process of developing a curriculum dealing with the intersection of domestic violence and child abuse. Those working on the curriculum envision it as a community self-study guide which will define best practices and outline steps that can be taken to address these two related issues.

These are just a few of the things we have been doing at the state level, and clearly much remains to be done. But I believe we have made a strong start, and I promise that our efforts will not only continue, but accelerate and expand.

Before I wind this up, I'd like to say a few words about my own personal perspective on the subject of domestic violence.

I've spoken before about my seventeen years as an emergency room physician and about the countless victims of domestic violence I treated during that time.

Last year I was able to add a new dimension to my perspective as doctor and as governor, when my sister's family adopted a child who for his first eight years had been the victim of domestic abuse.

I think it was then I fully realized that what I'd seen in the emergency room was only the tip of the iceberg, and that the unseen scars of domestic violence are far more deadly -- both to the victims and to society.

Yet today I can report that in the last year my newest nephew has made remarkable progress toward learning a new set of values and behaviors, which shows that healing is possible.

It's possible, yes. But why should it be necessary? Isn't the best solution is to prevent domestic violence from happening in the first place?

In my State of the State speech last January, I referred to American writer James Agee, who said that in every child who is born, no matter of what parents and no matter in what circumstances, the potential of the human race is born again. But when you stop to think about it, that statement can be read in two ways. Humans have great potential for good -- but also the potential for its opposite. They are capable of achieving great things, but they are also capable of committing the most unspeakable atrocities.

Domestic violence is among the worst of these. But it doesn't just come out of nowhere. It has a beginning. And we must somehow keep trying to stem it at its source, which means starting at the beginning, with our children. It means teaching them nonviolence, not merely as a strategy, but as a way of life. And let it be clear: the social and monetary costs of failing to do so cannot be measured.

If a child is beaten by his parents, he may end up in prison, hurting innocent victims and spending tax dollars that could be used instead for parks, for roads, for kindergartens, for universities.

If a child is sexually abused, she is more likely to become a teen mother without the resources to be an effective parent, creating another potential abuser in her child.

Worst of all, many of these children end up dead, which ends their potential altogether. I take no pride in the fact that here in Oregon, we have the second highest per capita rate of child abuse deaths in the nation. We have one of the highest rates of children in foster care. And in the last fifteen years, the number of cases being handled by the state's Services to Children and Families has doubled.

I find that totally unacceptable. But it is not something government alone can solve. It will take the combined efforts of all of us. Your own efforts, your dedication to this cause, your determination to address every aspect of domestic violence with all the means at your disposal, sets a worthy example and is clearly a step in the right direction.

Another step in the right direction is the "Hands are not for Hurting" project, which I know is not directly a part of this Conference, but is certainly a companion to it. Throughout Oregon, and even beyond our borders, school children are voluntarily pledging not to use their hands -- or their words -- to hurt themselves or others.

The program is now being introduced into hospital obstetrics wards, where new parents are given the opportunity to make the same pledge: to raise their children in an atmosphere of nonviolence which they themselves will model. In fact, as some of you know, my wife and I may have been the first new parents in Oregon to make that pledge, and Sharon and I consider it an honor to lead the way in this respect.

Children are our greatest resource. They are also our most accurate record. Not only do they carry within them the shape of tomorrow, they also bear witness to our own values and choices. They are the living messages we send to a time we won't be around to see. So it's our responsibility to see that they are nurtured in infancy, protected and trained during childhood, and guided through adolescence, so that they will emerge as positive, productive adults capable of making the world a better place.

We must continue to raise public awareness of domestic violence. We must continue to provide support for its victims -- whoever they may be. But unless we can somehow reach children and set their feet on a path which precludes violence of any kind, the scourge of domestic violence will never end.

Martin Luther King, Jr., writing about the effects of nonviolence, said:

"The nonviolent approach does not immediately change the heart of the oppressor. It first does something to the hearts and souls of those committed to it. It gives them new self-respect; it calls up resources of strength and courage that they did not know they had. Finally it reaches the opponent and so stirs his conscience that reconciliation becomes a reality."

That is the kind of future world I hope we may someday attain. And with the continued efforts of people like you, I

believe it is possible to get there.

Thank you for inviting me to be here this morning and let me assure you of my ongoing support.

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Governor John Kitzhaber

Women in Transportation Speech

February 11, 1998

I want to thank you for asking me to be here today. It's a pleasure to spend even a brief time with a group which is dedicated to some of the things I consider most critical to Oregon's future.

Our transportation system is important for a variety of reasons. Without it we couldn't get to work or to school. We would lack easy access to the special places which are part of Oregon's natural heritage. And we could not move our products to the outside markets on which our economy depends.

But in spite of all that, today it is no longer feasible to consider transportation in isolation from the other key elements that help create livable communities. Like those other elements -- such as economic development, environmental quality, and good housing -- transportation is really about people, and the reason we want quality communities is because they are important to the people who live in them.

So today I'd like to do two things. First, I want to take this opportunity to re-emphasize my own specific goals for transportation in Oregon. Second, I want to talk about some of the ways we can all contribute to building and maintaining the kind of communities where we'd like to live and work and play and raise our families.

First, let's look at my goals -- and at why I think they're important.

No one knows better than you that transportation issues are tied to the broader issue of growth, and that both transportation and growth are tied to our vision of livable communities and a high quality of life.

I know you wouldn't be here today if you weren't concerned about the dual transportation problems facing Oregon today: the need to maintain our existing roadways, and the need to reduce the traffic congestion created by huge increases in population and in vehicle miles traveled.

But in light of the failure to pass a transportation funding package during the last legislative session, we have had to make a hard choice -- either to maintain and preserve our existing roadways, or to building new roads to accommodate growth. We have chosen the former, because it makes no sense to allow our existing investment to deteriorate.

But even if we did have adequate funding for expansion, the plain fact is that we cannot build enough roads to avoid congestion. As fast as we build them, they will fill up. Instead, we must change how and when we use the transportation system, and there are a number of creative steps we can take even in the absence of funding.

Congestion is caused by when and how much certain people drive. Rush-hour congestion could be dramatically reduced -- without raising taxes to build more lanes -- if more people used car pools or took the bus. It could be even further reduced if employers promoted alternatives to standard work hours and business practices-- for example, telecommuting, flextime, a compressed work week -- or if they offered incentives such as subsidized public transit passes.

Because I believe that the state, as a major employer, has a duty to do its part to reduce the traffic load, I have just today signed an Executive Order directing all state agencies to adopt measures which will reduce their auto trip rate by at least ten percent within the next year.

There are also a number of other creative avenues we can explore. I intend to do so, and I am counting on your help. But the fact remains that at some point we are going to have to make a substantial investment in Oregon's transportation system. Just because adequate funding is currently unavailable does not mean that our transportation needs will go away. Rather, they will keep growing, and I will present to the next legislature a transportation funding plan that not only restores Oregon roads to an acceptable level of maintenance, but also provides options for dealing with congestion.

These are some of the broad transportation issues we face. But there's another aspect I'd also like to touch on today, and that is the role of transportation in community development.

I think that is a critical topic, because the fact is that right now both the livability of our communities and the sense of community that binds us together as neighbors and as Oregonians is in jeopardy. And again, one major reason is the current and anticipated growth in our population.

So let's look for a moment at growth. I believe that it is what we might call a "given." As long as Oregon has a thriving economy and remains a good place to live, people are going to keep coming here.

But Oregonians are deeply concerned about growth and its impact on their quality of life, and rightly so. I've said before to other audiences, growth is a double-edged sword. In the long term, it will be good or bad depending on how it is dealt with. Handled right, it will cleave a path to long-term, balanced prosperity -- both social and economic. Handled wrong, I can promise you it will slice to shreds the very qualities that make this state what it is.

Certainly our growing population is partly responsible for our current economic vitality, but it also puts additional strains on our transportation system, our schools, our sewer and water systems, our natural resources, and, oddly enough, on our sense of community.

In fact, growth presents an interesting and in some ways frightening paradox. As more and more people come to Oregon, we find ourselves in much closer physical proximity with others -- packed together in housing complexes, crowded into classrooms, bumping up against each other in shopping malls, passing by each other in our cars. Even in Oregon it is becoming more and more difficult to find places where there aren't other people -- a lot of other people.

So in one way, we are closer and more connected than ever before.

But at the same time -- and this is the paradox -- we are more disconnected than at any other time in our history. And perhaps the greatest casualty has been our sense of community. We deliberately and intentionally (or so it seems) isolate ourselves from each other. We live behind six-foot fences. We walk from the garage directly into the house, with no opportunity to exchange a word with our neighbors. Waving to someone from inside your car is not the same as exchanging a few words on the sidewalk. It does not encourage a sense of community.

We don't sit on our front porches. Indeed most of us don't even have front porches. We shop at mega-outlets on the edge of town, rather than at a neighborhood market -- most of which have become a thing of the past. And while schools were once the hub of a community, now the increasing number of alternative schools, as well as a more mobile population mean that kids don't grow up together as they once did, and their parents hardly know each other.

At a time in our history when working together is absolutely essential, we have erected physical and psychological barriers that keep us apart.

This separation extends even into government and poses a problem there as well. We have to recognize that the system we inherited was designed for simpler times. In the past it was both efficient and effective to assign certain problems to particular agencies, and for each agency to "do its own thing," without encroaching on or having to worry about what another agency was doing. The same was more or less true for the different levels of government and for both the public and private sectors.

Today such a scenario is no longer realistic and it is certainly not the best way to solve complex public policy problems -- or to build strong communities.

Let us be clear: today it is not enough simply to run programs; we have to solve problems. And to do so, we must adopt a different approach: one based on a concept of partnership and shared responsibility; one which encourages creativity and innovation; one characterized by collaboration in working toward a shared vision of the future.

To begin with, we have to recognize that in the looming 21st Century, nothing exists in isolation. Everything and everyone are connected. We will ignore that fact to our peril.

Transportation -- which is the major interest of this particular group -- offers a good case in point. The choices we make regarding transportation will automatically affect other things like economic development, neighborhoods, and the environment. In short, such choices will inevitably impact our communities.

Maintaining our existing roads, dealing with congestion, and approving a balanced transportation funding package are all important and, in my view, necessary. But if we are to maintain the livability of our communities, we must do even more. We must integrate the elements that contribute to healthy communities, and work together to solve problems creatively.

Let me give you an example -- an example of a problem created by a past choice that did not take into account its broader impact. And then I want to describe how that problem is now being solved -- in an integrated and creative way.

Sixteen years ago, a median and turn lanes were added to Portland's Martin Luther King, Jr. Boulevard in an effort to improve traffic movements through the Northeast section of the city. That goal was achieved. But the surrounding neighborhood suffered badly. When curbside parking was eliminated, local businesses lost customers. As traffic speed and volume increased, middle-class housing began to disappear. Deserted lots became

cluttered with debris. Crime rates rose.

The point is that trying to solve a transportation problem -- or a housing problem or a land use problem or an environmental problem -- without considering who or what else might be affected, is almost a guarantee of more and bigger problems on down the line.

In order to avoid that kind of thing in the future, the State has formed a Community Solutions Team, composed of representatives from five state agencies which have some relation to community development: Economic Development, Land Conservation and Development, Transportation, Environmental Quality, and Housing. The Team's goal is to coordinate efforts and investments among all these agencies to avoid conflict and to ensure that communities where growth is occurring are prepared to accommodate it.

The Community Solutions Team has been working with communities around the state to ascertain local needs--which will differ from one community to another--and to coordinate investments in areas which will meet those needs. The Martin Luther King Boulevard Project is one of its success stories.

Working together with local residents, businesses, non-profit agencies, and regional and local government agencies, the Community Solutions Team has helped launch an effort to revitalize the MLK Boulevard as a community main street.

Portions of the median have been removed, some turn lanes eliminated, and curbside parking reinstated on a trial basis, to check for impact on traffic safety. Environmental clean-up efforts will allow redevelopment of vacant Brownfield sites. Other transportation improvements (e.g., streetlights, transit shelters, consolidation of driveways) will create a district that is easily accessed by all modes of transportation. Housing projects will bring quality affordable new housing within reach of more residents and provide new customers for local businesses. Programs to build strong, locally owned businesses will provide needed services for the community and economic benefits to the area's residents.

When this project is completed, MLK Boulevard will be more than a thoroughfare that speeds motorists from one place to another. Instead, it will once again serve the neighborhood that surrounds it. It will be a vital part of a community,

created by a spirit of community.

I believe we need to bring a spirit of community to bear on the other major challenges we face. I am convinced that only by breaking down the barriers which keep us apart and by seeing ourselves as a community where all the parts work together can we meet those challenges successfully. Transportation is one of those parts, and this is a rich opportunity for the leadership and vision and creativity of groups like the Women in Transportation Seminar, Institute of Traffic Engineers and the Society of Women Engineers.

So let me just say in closing that I value the work you have done in the past, and I hope we can count on your continued efforts to work with other members of the Oregon community and keep this state the very best place in the world to live.

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Governor John Kitzhaber

Hispanic Chamber of Commerce Speech

January 27, 1998

Buenos Dias. Estoy muy feliz de estar aqui.

I'm glad to have the opportunity to recognize the many contributions the Hispanic Chamber of Commerce has made to the enrichment of this state, not only as business men and women, but as members of the Oregon community. The energy, talent, and unique perspective you have shared so generously have helped make Oregon a better place. And for that I thank you.

But even while we celebrate your achievements, we must recognize the challenges that are still before you -- actually before all of us. Because your success is bound up in the success of Oregon as a whole, and vice versa.

You all know that Hispanics, as Oregon's fastest growing minority population, play a vital role in our social and economic health. I'd like to take a moment or two to share some of the things we in state government and in my administration are doing to support your efforts and to further your goals.

To begin with, my administration has taken a number of steps to support Hispanic and other minority businesses. By an Executive Order which I signed in October of 1996, I have required all state agency directors and administrators of major divisions or institutions to improve outreach efforts and increase contracting participation by non-traditional businesses.

As a result, the Oregon Department of Transportation has initiated a program for emerging small businesses, setting aside about \$4 million for bidding on specific ODOT state contracts.

The Department of Human Resources has a program that will award extra points to emerging small businesses that bid on their contracts.

The Oregon State Library is working on a program that will award extra points to bidders that demonstrate an adherence to Affirmative Action Policy.

Both the Department of Corrections and the Housing and Community Services Department have very aggressive contracting programs for minorities and women.

And the Department of Administrative Services has developed a tracking system that will help us monitor the number and dollar amounts of state contracting that go to minority, women and emerging small businesses.

These are just a few of the steps we are taking in support of Hispanic and other minority business efforts. At the same time, we all recognize that while many Hispanics have achieved remarkable success, others still face serious obstacles. Even though Oregon's economy is booming right now, there are still too many who stand outside the circle of prosperity, who lack equal opportunity, and who suffer unequal treatment.

I want to assure you that my administration is committed to addressing the needs of Hispanics and other Oregonians who may be struggling to gain a stable economic footing, provide for their families, and become self-sufficient, contributing members of our society.

But I also want to emphasize my firm conviction that real solutions to the challenges we face cannot be engineered by state government alone. Instead, they require state leadership matched by community involvement and individual responsibility.

The state can build and operate prisons, but it cannot make our communities truly safe unless those within the community become actively involved in helping to prevent crimes before they happen.

The state can fund schools and set academic standards, but it cannot ensure that students achieve those standards unless communities, businesses and individual citizens become actively involved in the education of our youth.

So with that in mind, let me turn now to some of the broader policies my administration is working on which will have an important bearing on our Hispanic population. I'm thinking particularly of our efforts in juvenile crime prevention and in educational reform. I want to describe what we in state government are doing to provide leadership and also what I believe should be expected of you.

First of all, it is no secret that minority youth are enormously over-represented in our juvenile justice system. Hispanics, for example, represent only 4 percent of Oregon's youth, yet they account for 16 percent of Measure 11 charges and 20 percent of Measure 11 sentences. To me, there is something badly wrong with that picture.

Obviously this is a complex problem with many contributing causes. But we do know some things for certain. We know that poverty, substance abuse, school failure, child abuse and negative peer association are among the factors that place young people of any race at risk of becoming involved in criminal activity.

And we also know that whenever any child turns down the wrong road, the repercussions impact every one of us. Therefore, each of us bears some responsibility to see that all our children become good adults.

To accomplish that we must ensure that our public safety system balances punishment with prevention.

There is no question but that we have achieved the punishment side. Three years ago, in an effort to reduce crime in Oregon, voters passed Ballot Measure 11. In response we will spend more than \$1 billion in the next 10 years building 13,000 new jail and prison beds and hundreds of millions more to operate them.

We have complied with the provisions of Ballot Measure 11. Over the last year I have sited five prisons and three work camps. Not easy choices, although necessary ones. But now it is time to re-focus our efforts on the *prevention* of crime.

I am not suggesting that we don't need jails and prisons. We do. But we must couple the single-minded determination to make sure criminals are punished with an equal determination to prevent the commission of crimes in the first place. It is time for Oregonians to demand of their legislature a commitment to prevention that is at least as serious as the commitment we have made to punishment. And the most effective way to do that will be to target at risk kids to keep them from becoming entrapped in the criminal justice system in the first place.

We know who these kids are. We know the major risk factors associated with children who are likely to get into trouble. We know, for example, that a 15-year old who both uses drugs and has dropped out of school has better than even chance of breaking the law, creating a victim and ending up in our prison system. In the process, lives are wrecked and dollars are wasted *housing* a criminal instead of *saving a child*.

To address this I am proposing the following:

First, that we have a coordinated state and county approach to reach these young people. Today, tragically -- even though we know who they are -- we address them only in a patchwork way. Instead, we must focus our efforts where we know they will have an immediate impact. My goal is to make certain that every community in Oregon has an active and comprehensive plan to help these at risk kids -- and the resources to carry it out.

Second, I will provide technical assistance from the wide variety of state agencies involved in public safety, to help communities create the plans that work best for them. We have already identified fourteen specific strategies: from

truancy centers -- to a street workers program -- to substance abuse intervention.

There is not a "one-size-fits-all" response to this problem. Each community is different and reducing juvenile crime is more effective when a community has made it a priority than when the state has made it a mandate. In the next budget I will focus the resources of state government to plan, organize and fund proven community-based strategies to help keep kids out of crime.

But its going to take more than money. It will take individual community members reaching out and helping to families and especially children at risk. Without that ingredient, it will be very difficult to stop these kids from hurting others and, equally important, to keep them from ruining and wasting their own lives.

As for reducing risk factors, perhaps the most important step we can take is to give our children -- and that especially includes our disadvantaged children, for whom it may be a greater struggle -- the best education possible. That is what we are trying to accomplish with our program of school transformation. Our goal is to give every Oregon student the opportunity to succeed. That may sound like a fairly abstract goal, but again there are some things we know.

We know that success in the 21st century will require both a wider range of knowledge and a higher level of skills than has ever before been necessary.

We also know that those with insufficient skills will face a future of limited career prospects, low income, and unemployment. We know that these are the very conditions that tend to weaken families and communities. And we know that the high school drop-out rate for Oregon's minority students is far too high. For Hispanics in particular it is more than twice the state average, and it has actually increased from 12.5 percent in 1991-92 to 16.5 percent in 1995-96.

So to ensure that every student graduating from an Oregon high school has mastered the tools he or she will need to survive and succeed in our changing world, we are in the process of revising what we teach, how we teach it, and how we determine whether students have met the new, higher standards. And I can assure you that special attention is being given to the needs of minority students, a large number of whom are Hispanic. But here too, we need more than state leadership. We also need direct involvement by individual community members.

Shortly after I finish this speech, I'll be going to Southeast Portland with city commissioner Jim Francesconi to meet with Hispanic kids, teachers and parents. They will share with me their challenges and how they are meeting them.

My staff told them I would be speaking to you and asked a middle school councilor the single most important thing I could ask you to do for school children -- Hispanic or not. She said simply: come to the school and tutor -- help the kids who are falling behind.

But as business people you have another unique opportunity to help.

You can help kids learn the value of work by, whenever practical, getting young people into your workplace. Even if you can't employ them, there might be the opportunity for them to intern and therefore gain confidence and experience in the world outside school and their neighborhood. Most importantly you make it possible for kids to see school as relevant -- something that they can use to make a difference in their life. And making school relevant is one of the most important things you can do to keep kids in school, keep them from dropping out and getting into trouble.

I also believe it is important for us to keep an open mind about how we deliver an education to a child. Not all kids are the same. But we tend to try and put them all through the same system. Maybe that's not the best way to do it. Maybe there are some kids to whom we need to offer alternative schools so that we can keep them interested and involved.

But the fact is that unless problems like crime and education become not just state problems, but community problems -- unless individual Oregonians work together as a community -- we are not going to meet our challenges and achieve the kind of future we all hope to have. And that is an option I cannot accept.

In closing, let me assure you again that my administration is making a solid effort to support our growing Hispanic community. I am committed to that course because I understand that your welfare is vital to the welfare of our collective

future, and we intend to do our part.

At the same time, I urge you to continue your own important work toward improving conditions and increasing opportunities for your community. I also urge you to remember that even while you retain your own unique identity, there are many issues which transcend ethnic boundaries -- issues on which we must all work together as Oregonians.

Like Dr. Martin Luther King, Jr., whose birthday we celebrated this month, we all share a dream of the kind of future we want to create, a future in which every member of the Oregon community can participate. But while dreams can inspire our actions, only actions can achieve our dreams. You can count on my active support, and I hope I can count on yours.



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Governor John Kitzhaber

Speech to the Eugene City Club

January 23, 1998

I'm pleased to be able to join you today to discuss the challenges facing Oregon as we approach the dawn of a new century. We start 1998 in a very strong position.

Our economy is strong and diverse. Incomes are rising and unemployment is low.

More Oregonians today have health care than ever before. The number of children without health insurance has dropped from 21 percent to less than eight percent.

We have dramatically reduced the number of Oregonians on welfare.

We established high academic standards for students in our primary and secondary schools and have embarked on an ambitious effort to make our universities more responsive to the realities of the 21st century.

And we have launched an historic endeavor to restore watersheds across the state based on the commitment of thousands of Oregonians who have volunteered to work on their local streams and rivers.

All of these accomplishments point to a future for Oregon that we can feel good about. But as I pointed out in my State of the State address last week, none of them could have been accomplished by government alone; they required individual responsibility and community involvement as well.

Yet today this sense of community and shared responsibility is giving way to a widening breach among individual citizens and between Oregonians and their government -- a growing tendency to think not in terms of community, but in terms of "us vs. them" -- a growing unwillingness to see our problems as shared responsibilities, but rather to look to someone or something else both for scapegoats and solutions.

I want you to remember that as I discuss in some detail several of the challenges that lie ahead. I want you to remember that Oregon has always worked best and accomplished most when it has functioned not as a collection of separate people or groups or interests or institutions, but as one community -- diverse, but united in pursuit of common goals.

I want you to remember that unless problems like crime and education and growth and protecting our environment become not just state problems, but community problems -- unless individual Oregonians work together as a community -- we are not going to achieve the kind of future we all hope to have.

Last Friday in my State of the State address, I outlined a vision for what that future would look like.

A future of healthy children growing up safe and with a strong sense of self-worth. Children who are ready to learn.

A future of schools where teachers have time to deal with each student as an individual with particular needs -- and where classrooms have good textbooks and up-to-date technology.

A future where the roads are in good repair and not clogged with congestion. A future with public parks and public

libraries, with unpolluted streams and with mountains and forests that look pretty much the way they did when we were young

A future where children won't have to be checked for concealed weapons at school and where they won't be tempted to use drugs or to join gangs in order to attain social acceptance. A future where all our children will receive the kind of education that will make them successful in both the workplace and in our society.

That is the kind of future I believe we all want to build for our children -- it is a shared vision. And achieving it is a shared responsibility.

To get there we need to address a number of challenges in at least four broad areas: education, public safety, growth management and protecting our environment. Today I want to spend some time on two of these in particular: education and public safety. Why these two?" Because they are related not only as part of our vision, but because expenditures for public safety are beginning to cut into our ability to meet our educational objectives and I believe that education is perhaps the single most important investment we can make in our future.

In education we are facing two major challenges. First, ensuring that our children meet the high academic standards we have established in the Education Act for the 21st Century. Second, ensuring that our universities are not only accessible to all Oregonians who need a post-secondary education -- but also that they are responsive to the needs of both the student and the economic marketplace.

Concerning the Education Act, I recognize the magnitude of change that is being proposed, but I also believe that it is absolutely necessary if our children are to succeed in the information - driven workforce of the next century. Our immediate challenge is to build a K-12 budget for the next biennium that supports student achievement toward the standards.

This challenge is complicated by the fact that Ballot Measure 5 shifted responsibility for school funding from the local to the state level. Before the passage of Ballot Measure 5 70 percent of school funding came from the local district. Citizens in the district could determine how much was necessary to support their schools. Today, however, -- thanks to Ballot Measure 5 -- 80 percent of school funding comes from the state which means that now the legislature must determine what is adequate to fund our primary and secondary schools.

Up until now, the school funding debate in Salem has revolved around a series of computer runs that show whether a district is getting more or less than it did the previous year. Adequacy has been defined as what was spent last year plus and increase for inflation and enrollment growth. But this tells us very little about how those dollars are being spent in the classroom -- and almost nothing about whether they actually contribute to student performance.

The next budget, however, must be built around some assumptions on what different investment levels mean in terms of student achievement. Adequacy must be defined not simply by what was spent last year plus inflation -- but by what it takes for our students to meet the high standards we have established.

I am addressing this in two ways. First, through the development of the database proposed in my 1997 budget and approved by the legislature which, over time, will allow us to link activities in the classroom with outcomes -- as well as the cost of those activities. Second, through an extensive series of meetings I am conducting across the state with parents, teachers, administrators and community leaders to better understand the challenges to implementing the Education Act at the local level.

Working closely with school superintendents, I will use this information to begin to build a 1999 budget that can be defended with both the legislature and the public -- a budget we can be confident will move us toward the goals of high student achievement.

While the immediate challenge for K-12 is developing the next budget, the long term challenge relates to the stability of the funding for primary and secondary education. As you know, stability relates to how tax revenues change in response to changes in the economy. A stable revenue system is one in which revenue grows at about the same rate despite changes in the economy's growth rate. A tax system is considered unstable if fluctuations in the economy's growth rate

trigger larger percentage fluctuations in revenue.

I am concerned that Oregon's overall revenue system is more unstable now than it was in 1980. Although Oregon's economy is considered more stable than it was 15 years ago, the revenue system itself is now more sensitive to changes in the economy. The primary reason for the change is the growing share of tax revenue that comes from relatively unstable income taxes and the declining share that comes from more stable property taxes.

The implications of this for K-12 and for the Education Act cannot be understated: education funding is increasingly unstable. As I just mentioned, Measure 5 and Measure 50 have made K-12 school budgets highly dependent on relatively unstable income taxes. This means that unanticipated shortfalls are more likely to affect primary and secondary education.

Thus, increasing the stability of general fund revenues must also be a priority if we are indeed committed to helping our children achieve the high academic standards that will ensure their success in the next century. There are a number of ways in which this could be accomplished: establishing a reserve fund that would be available to education during periods of unanticipated revenue shortfalls; diversifying the revenue system so that it consists of a number of different revenue sources that have some degree of independence from one another; or by altering income taxes in a way that makes them less sensitive to economic conditions.

It is my intention to build a consensus in Oregon around the changes necessary in our tax code to ensure a long term stable funding source for our public school system. I will develop a package of recommendations to the next Legislative Assembly to achieve this objective.

The second challenge in education is ensuring that our universities are not only accessible to all Oregonians -- but also that they are responsive to the needs of both the student and the economic marketplace.

By "student marketplace" I mean not just the young person who graduates from South Eugene High School and wants to go to Oregon State University, but any Oregonian who needs a post-secondary education -- from the displaced millworker to the engineer who needs additional training because of the changing world of high technology.

By "economic marketplace" I mean the business community; those who hire the graduates of our post-secondary institutions. Today we know that many Oregon employers are having difficulty filling skilled high-wage positions with Oregonians. Instead, highly educated newcomers are taking these jobs because we have been unable to produce an adequate supply of Oregon graduates for these markets.

Let me say at this point that I am not entirely comfortable using terms like the "student marketplace" and the "economic marketplace" in the same breath with "higher education." Certainly the system does serve the needs of students and of employers. But a higher education is much more than that.

It becomes the personal possession of each man and woman who achieves one, and it bears both tangible and intangible fruit. It prepares us not only to make a living -- but to live, in the best possible sense. It provides economic security even as it opens the gates of vision.

Let me be clear, that our efforts to bring education into line with today's economic and technological realities does not mean that our post-secondary schools are merely job training centers and employment agencies. In addition to being members of the workforce, we are also parents and citizens of a free society, with a duty to preserve and transmit the perspective, the judgment, and the values that flow from a liberal education.

I assure you that I have not, and will not, lose sight of the intrinsic value of a liberal arts education. Indeed, it is one of the values that I am committed to preserving.

Having said that, I firmly believe that the most vital challenge to our system of higher education today is the diminishing ability of our colleges and universities to survive in a rapidly changing education market.

This should not be viewed as an indictment of the current system. We have a good system that has served Oregonians

well. But the world in which that system operates is changing rapidly and we must change to accommodate it if we hope to preserve our system and the important values it embodies.

To respond to these changes we must shift the focus of higher education in three critical areas:

First, we must shift the focus of the agenda from the needs of the institutions in the system to the needs and opportunities in the broader economic and student marketplace.

Second, we must shift the budgetary focus from system discipline and an effort to equitably allocate resources among the institutions to targeted investments and institutional allocations that reflect the needs in the student and economic marketplace.

Third, we must shift the management focus from the needs of the institutions and presidents to the needs of the student and economic marketplace.

To re-focus the system in this direction, I have directed the Board of Higher Education to do the following:

- Provide greater flexibility for individual institutions to offer new programs to meet the demand in the student and economic marketplace. (Allow tuition and public dollars to follow the student.
- Establish a budget process with an explicit allocation of resources, with subsidies made openly and based on clear policy decisions, and with specific strategic allocations for the outcomes the Board decides the system should produce.
- Strategically determine the specific outcomes that the system should produce to meet the needs of the state as a whole, and explicitly allocate resources to support these outcomes in the budget and enter into performance contracts with institutions to deliver those outcomes.

In addition, to make education more accessible to all Oregonians, I believe that higher ed, our community colleges and our private institutions must all be viewed as part of a common post-secondary capacity. Toward that end, I am also recommending that we:

- achieve complete program transferability among community colleges and universities, as well as facilitating transferability issues with private and out-of-state schools; and
- establish one entity that is responsible for overall program certification.

These, then, are our challenges in the area of education. And meeting these challenges are directly related to how we address the issue of public safety. Three years ago, in an effort to reduce crime in Oregon, voters passed Ballot Measure 11. In response we will spend more than \$1 billion in the next 10 years building 13,000 new jail and prison beds and hundreds of millions more to operate them. Public safety spending in Oregon went up 66 percent between 1993 and 1997. During the same period of time state spending on higher education actually went down.

What is wrong with this picture? It's not balanced, that's what's wrong . Spending on prisons is reducing our ability to invest in education and that is simply not sustainable. Education is one of the keys to reducing crime in the first place. People with an education today have better job opportunities, more economic security, and more hope for the future.

I am not suggesting that we don't need jails and prisons. We do. But we must couple the single-minded determination to make sure criminals are punished with an equal determination to prevent the commission of crimes in the first place. And that is where we have fallen down as a state.

We have complied with the provisions of Ballot Measure 11. Over the last year I have sited five prisons and three work camps. Not easy choices, but necessary ones. Now it is time to re-focus our efforts on the prevention of crime. It is time for Oregonians to demand of their legislature an investment in prevention that is at least as serious as the investment we are making in punishment. And the most effective way to do that will be to target at risk kids to keep them from becoming entrapped in the criminal justice system in the first place.

We know who these kids are. There are several major risk factors associated with children who are likely to get into

trouble, including: substance abuse, school failure, child abuse and negative peer association.

What I am proposing is the following:

First, since we know who these kids are, we must have a coordinated state and county approach to reach them. Today, tragically -- even though we know they are on the edge becoming involved in crime -- we address them only in a patchwork way. Instead, we must focus our efforts where we know they will have an immediate impact.

Let me give you an example:

Assume you know a 15-year old who both uses drugs and has dropped out of school. We know that there's a better than even chance that this person is going to end up breaking the law, creating a victim and ending up in our prison system. In the process, lives are wrecked and dollars are wasted housing a criminal instead of saving a child.

The question is: what are we doing for this person today?

In some communities, we are doing a lot. Here in Eugene, you have community-based programs like Looking Glass -- which I will visit later today -- that finds at risk kids and offers them help.

But this is the exception, not the rule. My goal is to make certain that every community in Oregon has an active and comprehensive plan to help these kids -- and the resources to carry it out.

Second, I will provide technical assistance from the wide variety of state agencies involved in public safety, to help communities create the plans that work best for them.

We have already identified fourteen specific strategies: from truancy centers -- to a street workers program -- to substance abuse intervention.

There is not a "one-size-fits-all" response to this problem. Each community is different and reducing juvenile crime is more effective when a community has made it a priority than when the state has made it a mandate.

In the next budget I will focus the resources of state government to plan, organize and fund proven community-based strategies to help keep kids out of crime.

Finally, we have to face the fact that law enforcement and crime prevention go hand in hand. For too long, we have been shifting the state's responsibility for patrolling our roads and highways to local law enforcement that would otherwise be present in the neighborhoods and communities they are sworn to protect.

Today, we have more people traveling more miles on state highways and at higher speeds than ever before. Yet there are fewer state patrol officers today than there were almost two decades ago. In 1979 there were 530 patrol troopers. Today, there are only 355.

I believe that it is time for the state to begin meeting its obligation to provide patrol coverage of state highways. More troopers means better local law enforcement and a strong tool for identifying and intervening with the kids who are on the edge. To do that, I am working with both local law enforcement and our state police to build a proposal for the 1999-2001 budget that will fill the gaps we know exist.

Meeting the high standards of the Education Act, tending to our system of post-secondary education, reducing juvenile crime: these are among the greatest challenges facing Oregon in 1998. To meet them, we cannot afford to simply look at our present prosperity and reckon that the future doesn't need tending. Because that is not the case.

Our great inheritance -- a beautiful state with a distinguished history of civic involvement and civic accomplishment -- was made possible by men and women who did not take the future for granted.

It was made possible by people who never questioned the principle that individuals with ideas can make a difference.

It was made possible by Oregonians who had the determination to put those ideas into practice.

And it was made possible by people who loved Oregon enough to get involved -- to take responsibility for meeting the challenges before our state -- and in so doing, met them.

I refuse to believe that those people no longer exist. I refuse to believe that Oregonians today are unwilling to help children learn, unwilling to keep children from turning to lives of crime.

Instead, I believe that we are as capable today as we have ever been of solving our problems and meeting our challenges. I believe that the spirit of community which made Oregon great burns as brightly today as it ever has. And that if we work together, no dream will lie beyond our grasp.

American novelist James Agee once wrote that in every child who is born, no matter in what circumstances and no matter of what parents -- the potential of the human race is born again. Let us each do our part to ensure that the state of Oregon and the community of Oregon remain, for us and for our children, the best place in the world to live.



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Governor John Kitzhaber

State of the State Speech

"Restoring the Oregon Community"

January 16, 1998

I'm pleased to be able to join you today to discuss the state of the state.

Due to a recent change in my life, I have had a lot of time in the relative quiet of the middle of the night to think about that very topic. And because of that change, better known as my son Logan, I have more cause than ever to think not just about the state of the state, but about the future of the state.

For as long as I can remember, I have had a deep personal commitment to Oregon. For the past two decades I have served this state in public office. But until I became a father, I'm not sure I fully realized the staggering responsibility I have -- not only as governor, and not only as a parent, but as a member of the Oregon community -- to contribute to and help create the kind of state I want my son to grow up in.

It is a responsibility we all have. And I believe we are starting from a position of strength.

One of the things that has always defined Oregon has been our ability to do great things -- to lead the way, to find new approaches. And the reason is that we Oregonians have historically viewed our problems as shared responsibilities. We have worked together to find solutions.

Somewhere within each of us -- flickering maybe, but not extinguished -- there burns a sense of community which has enabled us to achieve things that others might have called impossible. The landmarks of our recent history -- the Oregon Beach Bill, the Oregon Bottle Bill, the Oregon Health Plan, and now the Oregon Salmon and Watershed Restoration Plan -- all reflect the deepest values and the highest priorities -- not of government, but of the people collectively. The values and priorities of the Oregon community.

When I look around the state today at some of the things we have accomplished, I do see many signs of a bright future.

Our economy is strong and diverse. Incomes are rising and unemployment is low.

More Oregonians today have health care than ever before. The number of children without health insurance has dropped from 21 percent to less than eight percent.

We have dramatically reduced the number of Oregonians on welfare.

And we have launched an historic endeavor to restore watersheds across the state based on the commitment of thousands of Oregonians who have volunteered to work on their local streams and rivers.

All of these accomplishments point to a future for Oregon's children that we can feel good about. None of them could

have been accomplished by government alone; they required individual responsibility and community involvement as well.

But as remarkable as they are, they are only part of the picture. Many challenges remain.

The challenge of helping our students achieve the high academic standards we have set for them.

The challenge of reducing juvenile crime.

The challenge of managing growth in a way that preserves our exceptional quality of life.

The challenge of continuing to restore streams and watersheds throughout the state, including the Willamette River.

I believe we can meet all of these challenges -- if we approach them the way we have tackled problems in the past. And the fact is, we know what works.

We know that Oregon has always worked best and accomplished most when it has functioned not as a collection of separate people or groups or interests or institutions, but as one community -- diverse, but united in pursuit of common goals.

Yet today, like a cloud on the bright horizon of our future, this sense of community and shared responsibility is giving way to a widening breach among individual citizens and between Oregonians and their government -- a growing tendency to think not in terms of community, but in terms of "us vs. them" -- a growing unwillingness to see our problems as shared responsibilities.

On a number of issues vital to our future I believe individuals have become disengaged -- in the hope that their government can solve problems without them.

Juvenile crime offers a concrete example. It clearly is a state problem -- and a very serious one. But it is also a community problem, because these crimes affect the lives of individual citizens -- our own neighbors, friends and families.

Three years ago, in an effort to address this problem, Oregonians passed Ballot Measure 11. In response, we will spend more than \$1 billion in the next 10 years just building 13,000 new jail and prison beds. We will spend millions more running them.

Yet despite this enormous expenditure of public funds -- which has come primarily out of education -- Oregon is not, in fact, a safer place. In Portland alone last year there was a record number of gang-related homicides.

This irony was brought home to me a couple weeks ago by a juvenile homicide in Boston which made the national news. Why would a juvenile homicide in Boston make the national news? Because it was the first gun-related killing of a juvenile in Boston in 29 months. Twenty-nine months -- almost two and a half years. By comparison, in the last two years alone there have been six gun-related juvenile murders in Portland.

While we've been building prisons, Boston police have been teaming up with social service agencies, community groups, churches, and neighborhoods to target and directly intervene with at-risk kids and offer them alternatives to lives of crime. While jails and prisons are certainly necessary, it is equally necessary to prevent crimes before they happen -- and that takes the kind of community involvement we are seeing in Boston.

I share this with you because it highlights what we already know here in Oregon -- that real solutions require not only state leadership, but community involvement and individual responsibility. We cannot simply hand problems off to the state. Because that is another way of saying, "this is no longer my responsibility." But Oregon's challenges are our responsibilities -- individually and collectively.

Oregonians should know, better than anyone else, that unless problems like crime and education and growth and

protecting our environment become not just state problems, but community problems -- unless individual Oregonians work together as a community -- we are not going to achieve the kind of future we all hope to have.

And I do believe that we share a common vision of the future -- not something abstract and intangible, but something involving real conditions that touch the everyday lives of real people -- especially our children.

Speaking for myself -- not only as governor, but as an Oregonian, and now as a father -- I can describe for you the vision of the state I want for my son Logan and for every child in Oregon.

I want our children to be able to spend their early years in an environment where they can be healthy and safe -- an environment that fosters a sense of security and self-worth, and that opens their minds to what's best in the world -- the wonder and beauty of nature and of books, laughter, family, friends, and strong but simple values like compassion and responsibility.

When they enter school, I want them to be ready to learn.

I want them to go to schools where the teachers have time to deal with each student as an individual with particular needs. I want classrooms with good textbooks and up-to-date technology. I want courses in art and music, and vocational courses for those who are interested.

I want my son and his fellow students to travel to and from school on roads that are safe because they are in good repair and not clogged with congestion.

I want them to be able to visit parks and public libraries, to fish in unpolluted streams and hike in mountains and forests that look pretty much the way they did when I was young.

When they enter high school, I want my son and his friends to be ready to achieve the high performance standards we have set for them. I want them to go to schools where they won't have to be checked for concealed weapons and where they won't be tempted to use drugs or to join gangs in order to attain social acceptance. And when they graduate, I want them to have all the tools they will need to move on, whether to a job or to college.

That is the kind of future I want for my son and for every Oregon child. And I believe it is a shared vision, something all of us want.

How can we get there? Not expecting someone else to do it for us, but only by rekindling the sense of community and individual responsibility that have illuminated our past and which alone can light our future.

We know what we want. We know what works. It is only a question of each of us -- as members of the diverse, caring, creative and energetic community we call Oregon -- doing our part.

So now let me turn to four of the major challenges we will face in making our vision a reality: achieving high educational standards, managing growth, reducing juvenile crime and preserving the quality of our environment. I want to describe what I will do to provide leadership in these areas, and what I expect of you in terms of community involvement and individual responsibility.

First, our vision includes a future where all Oregon children have equal access to an education that will prepare them to succeed in the 21st Century. The new, higher educational standards we have established put us on that path. But success will take more than high standards and adequate funding. It will also require that we reconnect our communities to their schools -- something we lost when Ballot Measure 5 turned the problem of school funding over to state government.

Our challenge is to restore that involvement and ownership. As a citizen, I intend to lead by example, regularly spending time reading to children in the classroom, mentoring or serving as a classroom volunteer.

I have already started an extensive series meetings throughout Oregon with parents, teachers, community leaders and school administrators -- to find ways to help people get involved with their schools. I am looking for programs and

strategies that have worked.

I am asking what the schools need tomorrow that they don't have today to help our children meet the standards and I intend to use this information to create a link between the next budget and student performance.

I challenge all of you to make a similar commitment to these youngest of Oregonians. Get into schools, communicate directly with the teachers and administrators and be actively involved in your child's education. Whether you have children in school or not, try to find ways to expose students to the workplace so they can connect what they are learning with the real world outside the classroom. And I call on all Oregonians, to reach out to those children whose parents may be working two jobs just to keep food on the table, who don't have time to read to their kids or help them with their homework or give them proper guidance.

Because educating our children is a shared responsibility.

Second, our vision includes a future of congestion-free roadways, of open spaces and balanced, quality communities. Success will depend on managing growth in a way that preserves our exceptional quality of life. And that will require both state leadership and community involvement. Let me give you an example.

Corvallis, like the tri-county area, is currently grappling with the problems created by success: a growing number of jobs and people to fill those jobs -- but no place in the community for those people to live. I recently met with community leaders in Corvallis who told me that increasingly people are living in nearby Lebanon and Albany where the affordable housing is located. These towns are now filling up with people who work in Corvallis. The result is a forced commute to the workplace, congested roads and pressure to spend millions of dollars on highway improvements -- millions which, by the way, we don't have.

I believe this and similar problems around the state could be avoided if communities looked beyond their boundaries and thought about growth as a regional issue. I am not talking about creating another level of government. But I am simply suggesting that we need to create some appropriate forum for regions to plan cooperatively for growth.

I am already working to bring regions together to solve the problems that growth is bringing us.

In this region you already have a forum to do this -- Metro -- which recognizes that you don't have three separate counties up here as much as you have a common metropolitan area, and that you cannot plan for and manage growth without coordinated, region-wide decisions.

I realize that Metro has come under fire from some quarters -- and no one will argue that its governmental functions cannot be improved. I urge you to make Metro work better, yes ... but do not throw out this landmark effort to plan for and shape your own future.

I sympathize with the desire to preserve neighborhoods and we must support neighborhood efforts to maintain and restore their sense of community. But we must also understand that ultimately our community is much larger than our immediate neighborhood. Growth must be addressed as a neighborhood, city, county and a regional issue. It is a shared responsibility.

Third, our vision includes a future where Oregon citizens are safe -- in their homes, on the streets, and in our schools. The state government can build and operate prisons, and it is doing so, but we won't be truly safe until Oregonians are willing to demand of their legislature an investment in prevention that is at least as serious as the investment we are making in punishment.

Nor will our communities ever be truly safe unless those within the community reach out and help support families and especially children at risk -- unless they participate not only in neighborhood watch but also in the boys and girls club. Make no mistake: the social problems our neglected and deprived kids bring to school have an impact on every other child and on our entire education system and our whole society.

In the coming year I will make the support of community-based juvenile crime prevention my top public safety priority.

And if we could spend just a fraction of what we spend on punishment, helping kids who need help the most, then I am convinced we can begin to turn the tide of juvenile crime. We will stop these kids from hurting others, but equally important we will keep them from ruining and wasting their own lives.

We know who these high risk kids are. And we all know what will happen to them -- and to us -- if they are ignored. And I am convinced that caring and intervention at the community level can do what no government program can ever hope to accomplish. This too is a shared responsibility.

Fourth, our vision includes a natural environment marked by clean waterways and healthy fish habitat. I will spend the next year working to make the Oregon Salmon and Watershed Restoration Plan a success. I will also lead the effort to restore the health of the Willamette River by implementing the recommendations of the Willamette River Basin Task Force.

Both efforts are based on a philosophy which I deeply embrace -- that we can accomplish more for our environment -- and for our sense of community -- by helping people do the right thing than by simply punishing them for their past practices; that we will accomplish more for a watershed when a community has made it a priority than when the state has made it a mandate.

As people lucky enough to live in this beautiful state, you must also play your part by managing your life in a way that minimizes adverse impacts on the environment.

If you live by a stream, allow plants to grow beside it. Reduce erosion. Reduce your use of yard fertilizers and pesticides. Watch what you put down the sink or into the storm drain.

Become a participant in your local watershed council or soil and water conservation district. Work with the appropriate agency to develop and implement a management plan for your basin and your farm.

Recycle. Conserve water. Conserve energy. Reduce waste.

Protecting and preserving our environment is a shared responsibility. I believe that if each of us does our part no one's burden will be too heavy to bear. And the rewards will belong to us all.

Clearly I am asking much of Oregonians. But much is needed. The easy path is to look at our present prosperity and reckon that the future doesn't need tending. But that is not the case -- just as you cannot bring into the world a healthy, normal child and just assume that his or her future is assured, with no more effort or responsibility on your part.

The same applies to Oregon. Our great inheritance -- a beautiful state with a distinguished history of civic involvement and civic accomplishment -- was made possible by men and women who did not take the future for granted.

It was made possible by people who never questioned the principle that individuals with ideas can make a difference.

It was made possible by Oregonians who had the determination to put those ideas into practice.

And it was made possible by people who loved Oregon enough to get involved -- to take responsibility for meeting the challenges before our state -- and in so doing, met them.

I refuse to believe that those people no longer exist. I refuse to believe that Oregonians today are unwilling to help children learn, unwilling to keep children from turning to lives of crime, unwilling to help our communities grow well, unwilling to keep our streams and rivers clean.

Instead, I believe that we are as capable today as we have ever been of solving our problems and meeting our challenges. I believe that the spirit of community which made Oregon great burns as brightly today as it ever has. And that if we work together, no dream will lie beyond our grasp.

American novelist James Agee once wrote that in every child who is born, no matter in what circumstances and no

matter of what parents -- the potential of the human race is born again. Let us each do our part to ensure that the state of Oregon and the community of Oregon remain, for us and for our children, the best place in the world to live.

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Governor John Kitzhaber

Response To Task Force Reports On Higher Education And The Economy And College Access
December 23, 1997

Higher Education and the Economy

College Access

I appreciate this opportunity to provide you with my thoughts on the report *on Higher Education and the Economy*, as well as the other valuable report on post-secondary education issues submitted by the *College Access Task Force*.

As I begin, let me first reaffirm my commitment to our system of higher education. Both my parents are retired professors from the University of Oregon and I myself am a product of the public school system and the University of Oregon Medical School. I know the value of the system.

Throughout my comments today, I will be talking about the student marketplace and the economic marketplace -- the customers of the system, if you will. And certainly the system does serve the needs of students and of employers.

But a higher education is much more than that. It becomes the personal possession of each man and woman who achieves one, and it bears both tangible and intangible fruit. It prepares us not only to make a living -- but to live, in the best possible sense. It provides economic security even as it opens the gates of vision.

Let me be clear, that our efforts to bring education into line with today's economic and technological realities does not mean that our post-secondary schools are merely job training centers and employment agencies. In addition to being members of the workforce, we are also parents and citizens of a free society, with a duty to preserve and transmit the perspective, the judgment, and the values that flow from a liberal education.

I assure you that I have not, and will not, lose sight of the intrinsic value of a liberal arts education. Indeed, it is one of the values that I am committed to preserving.

Let me also ask you to keep two additional points in mind as I make my comments today.

First, I remain committed to full access to our post-secondary system for any qualified Oregon student. Whatever changes may be needed to the system must be consistent with my resolve to achieve full coverage. I remain committed to Principle 3 of the College Access Task Force: *(Full Coverage) No one is left out by reason of geography, economic, racial or ethnic background, time constraints, or avoidable logistical problems.* I recognize that this may mean that

certain programs or even institutions will require some degree of subsidy.

Second, I have no intention of closing any school nor of letting any institution fail. Certainly the actions I believe we must take will, in some cases, require changes in institutions, both at the community college and university levels, as well as possible partnerships with other post-secondary entities. But this is not about the closure or failure of institutions. In fact, that is the very reason I have undertaken this task -- to avoid such an outcome.

I firmly believe that the most vital challenge to our system of higher education today is the ability of our colleges and universities to survive in a rapidly changing education market. I am convinced that unless we meet that challenge, some of our institutions will fail -- not because of the change we are undertaking today, but because we failed to master the change which is all around us.

I want to make it clear that I am not criticizing the current system. We have a good system that has served Oregonians well. But the world in which that system operates is changing rapidly and we must change to accommodate it if we hope to preserve our system and the important values it embodies. I would remind you that our primary and secondary education system is going through a similar transformation initiated by the 1991 Education Act for the 21st Century.

As Herb Aschkenasy commented at the July 18 Board meeting: *"...it should be understood that this isn't criticism of the past, it's not that we did something wrong yesterday. The world changes and we've got to change with it and what worked yesterday isn't good enough for tomorrow."*

Let me share some examples of the changes which are driving us.

1. Changes in state government finance and priority

- Property tax limitations -- With the passage of Ballot Measures 5 and 50, the state has become the principle funder of primary and secondary education, an appropriation that now represents nearly half of the general fund. This has both increased our dependence on the income tax and increased competition for income tax dollars within the general fund. Higher education has not done well in that competition. In 1990 15 percent of the general fund was committed to higher education and 30 percent to primary and secondary education. Today only seven percent of the general fund goes to higher education and 47 percent to K-12.
- Public safety mandates -- The passage of Ballot Measures 11 and 17 have imposed large unfunded mandates to build more prisons and establish an inmate work program. Since 1994 public safety spending has increased by 60%. This has forced us to move income tax dollars out of education at all levels and into the construction and operation of prisons. More ballot measures of this kind -- unfunded mandates for new crimes and new prisons -- are expected next fall.

2. Changes in the "education marketplace"

I have an aversion to using the word "marketplace" in conjunction with higher education because it is not, in my view, just another commodity. But I also recognize that there are consumers of the product offered by post-secondary institutions and we need a way to talk about them.

The education marketplace -- By this I mean the Oregon State System of Higher Education (OSSHE) as well as community colleges, private institutions and other entities that also deliver post-secondary educational opportunities in the state.

The student marketplace -- By this I mean not just the young person who graduates from South Eugene High School and wants to go to Oregon State University, but any Oregonian who needs a post-secondary education -- from the displaced millworker to the engineer who needs additional training because of the changing world of high technology. More and more people are recognizing the importance (and, indeed, the economic value) of a post-secondary education. Many of them can pay and there is a market for them.

The economic marketplace -- By this I mean the business community; those who hire the graduates of our post-secondary institutions. Today we know that many Oregon employers are having difficulty filling skilled high-wage positions with Oregonians. Instead, highly educated newcomers are taking these jobs because we have been unable to produce an adequate supply of Oregon graduates for these markets.

3. Changes in how higher education is delivered

There has been a significant increase in new entities -- like the University of Phoenix, the Western Governor's University and the internet -- which are, in a real sense, competing for students. If our own post-secondary systems do not focus on becoming more customer-centered and competitive, some time in the not too distant future we will be greatly displaced by these other entities that are focused on the needs of students and of employers.

I believe that these two Task Force reports - *Higher Education and the Economy*, and *College Access* -- provide an excellent framework to begin a dialogue on how to provide more Oregonians, and indeed all Oregonians, greater access to an enriching post-secondary education, and how to meet the challenges of the sweeping changes that confront us.

When I spoke to the Board last July, I noted that by reversing the trend of higher education budget cuts that has marked the 1990's, we had turned the corner and set a new direction. I still believe that is true. But we all need to recognize that this increase in funding was only incremental and occurred in a period of exceptional economic growth. We still have a long way to go.

For that reason, I emphasized three areas where I believe we need to change our focus: agenda, budget and management. The two Task Force reports -- *Higher Education and the Economy*, and *College Access* -- provide many excellent and provocative ideas and recommendations, some of which advance the policy direction I described to the Board in July. I wish to submit those particular ideas and recommendations to you today for action.

AGENDA-- *shift the agenda focus from the needs of the system institutions to the needs and opportunities in the broader economic and educational marketplace.*

Currently, the Board spends an inordinate amount of time micromanaging course offerings at various institutions -- assigning to certain schools "rights" to particular geographic areas or curriculum. This is a cumbersome process which does not allow either individual schools or the overall system to respond in a timely fashion to student or employer needs.

- **Recommendation:** Provide greater flexibility for individual institutions to offer new programs to meet the demand in the student and economic marketplace.

The Chancellor should operate more as an "opportunity broker" rather than a "paper checker."

BUDGET -- *shift the budgetary focus from system discipline and an effort to equitably allocate resources among the institutions to targeted investments and institutional allocations that reflect the student and economic marketplace.*

The existing budget process is ponderous and favors funding existing programs rather than providing incentives to develop programs that may better meet market need. In addition, the budget process is not explicit. It is difficult to tell what specific programs are being purchased and how much the same program may cost at different institutions. Subsidies are also implicit and hidden which prevents a debate over the reasons for and merits of the subsidies.

- **Recommendation:** Allow tuition and public dollars to follow the student.

- **Recommendation:** Establish a budget process with an explicit allocation of resources, with subsidies made openly and based on clear policy decisions, and with specific strategic allocations for the outcomes the Board decides the system should produce.

- **Recommendation:** The budget process should strive to comply with Principle 1 of the College Access Task Force: *(Leverage) - The state should, whenever possible, invest in post-secondary education in a way that elicits other sources of funds as well.*

MANAGEMENT -- *shift the management focus from the needs of the institutions and presidents to the needs of the public and economic marketplaces as espoused by the Board.*

Indeed, this direction is consistent with Principle 4 of the College Access Task Force: *(Public Confidence) - Public higher education is provided in a way that merits and receives the full confidence of Oregonians.*

- **Recommendation:** The Board should strategically determine the specific outcomes that the system should produce (to meet the needs of the state as a whole), explicitly allocate resources to support these outcomes in the budget and enter into performance contracts with institutions to deliver those outcomes.

The Issue of "Institutional Autonomy" (Changing the rules)

I am not suggesting that we discard the rules which govern the system, but rather that the rules be changed to reflect the realities of the late 20th century. We must retain the central authority of the State Board of Higher Education -- I believe in a "system" -- but, at the same time, the individual institutions must be given greater autonomy in at least three areas:

- (1) In exemption from various state agency rules, such as procurement. Some of this was addressed by SB 271 of the 1995 session, but additional steps should be explored.

- (2) In determining which programs they wish to offer -- as long as those programs meet certification standards for quality.

- (3) In competing for -- and executing -- performance contracts with the Board for delivering specific outcomes.

Additional Recommendations

One of the findings of the Task Force was that our governance structure has become "compartmentalized." We currently govern universities and community colleges separately and rarely recognize the resources represented by private schools. We need to begin to view the OSSHE institutions, our community colleges and our private schools as part of a common post-secondary capacity available to serve the needs of Oregonians.

This finding is consistent with Principle 6 of the College Access Task Force: *(Seamlessness) There are no unnecessary obstacles either to student entrance to the post-secondary system or to their progress through it even though this complex system is made up of several kinds of Oregon institutions and, increasingly, out-of state and foreign institutions as well.*

To move in this direction, I support the following:

- **Recommendation:** Achieve complete program transferability among community colleges and universities, as well as facilitating transferability issues with private and out-of-state schools.

- **Recommendation:** Establish one entity that is responsible for overall program certification (this is an essential pre-requisite to increasing competition within the system).
- **Recommendation:** Think through the concept of a single budgetary and governance structure, at least for public post-secondary education, to better target scarce public resources.

The above three recommendations can -- and should -- be applied to the public system. To apply them to the private system (which I believe has merit) raises a series of thorny questions concerning tuition policy and competition. I am not suggesting that we rush to a conclusion on this matter, but I am strongly urging that we put it on the table for a serious examination and discussion.

I realize that these proposals are causing considerable anxiety -- particularly the recommendation that we create a separate entity to oversee implementation. Let me put those fears to rest. There are issues here exclusive to the state system of higher education that you are in the best position to address and for which you are directly responsible.

However, there are also issues which involve community colleges and private institutions. These issues are extremely important and we need to discuss how that coordination should take place. I have not yet determined how best to achieve this objective and would ask the Board, the community colleges and the private institutions to work with me toward that end.

In the meantime, I ask that this Board immediately begin work on the two challenges they can most effectively address: (1) providing greater flexibility for individual institutions to offer new programs to meet the demand in the student and economic marketplaces; and (2) creating a new budget model in which public dollars follow the student and which makes our subsidy decisions explicit instead of implicit. Furthermore, I want to understand the effects of this model on the system because we cannot make these changes in a vacuum, divorced from their real consequences.

Let me close by saying that I know these changes will not happen without the full engagement of this Board and our other partners. Last session we worked together to improve the financial condition of our higher education institutions. We reversed a decade of disinvestment.

But we all know that achieving the changes we are now contemplating will require continued investments -- that's a given. And I believe these investments can best be secured by ensuring the delivery of a high quality post-secondary educational experience in an environment where the forces of change dictate the need for flexibility.

We would not be here today if our system of higher education was operating in a stable environment. The long-term financial health of the entire system is jeopardized by these forces of change. Unless we work together to change the rules our state system operates under the system itself will be the victim of our inability to innovate. We know the status-quo is not the answer.

I am not naive. I've seen the higher education "reform" efforts of many of my predecessors fall to a system that will endure long after we are gone. But the conditions we face today are fundamentally different from those we face 20 or even 10 years ago.

It is not my intention to pit my will against the will of this system -- although I would not shrink from doing so if I felt it was unavoidable. I support the system and want it see it endure into the future. This Board must have the courage and the strength of will to make it so and to face the very real challenges that lie ahead.

The recommendations I have proposed must be tested against the ramifications they will have. They are not perfected, ready-to-implement ideas. But I my experience, it has been the willingness to engage and debate new ideas -- rather than shrinking from them -- that has formed the basis for our best public policy innovations. And that, after all, is what our institutions of higher education teach us.

I can assure you that the Oregon Health Plan didn't spring to life in a day -- nor will this transition. But if we believe that we must innovate or fail, then we will innovate -- not recklessly and not with abandon, but through deliberation and with determination. And we must do so with a commitment that everyone -- OSSHE, our community colleges, our private institutions and, most importantly, the students we all seek to serve, will move forward together.

I recognize that change is neither easy nor comfortable -- but it is often necessary. It is necessary now. Getting ready for this presentation I was reminded of something I heard at the WGA meeting last year when we were discussing how to change the system of higher education. It went something like this:

"Come and look into the abyss," I said.

And they said, "No, we are afraid."

"Come and look into the abyss," I said.

And they said, "No, we are afraid."

"Come and look into the abyss," I said.

And they came.... and I pushed them in.

.... and they Soared.



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Governor John Kitzhaber

Oregon State Sheriffs' Association

December 2, 1997

I'm pleased to have this opportunity to speak with you about public safety policy in Oregon. But first I want to take a moment to give respect and honor to the four law enforcement officers who lost their lives in service of our citizens.

It has been a difficult year for the "law enforcement family." Our fallen officers served us well and are deeply missed. All Oregonians owe these officers and their families our heartfelt condolences. But for random chance or the intentions of evil, these officers would be with us today. These are risks officers face, by choice, every day. In their honor, and in your service, together we will continue to work to support the safety of our officers in the field.

Keeping the public safe is, I believe, one of government's fundamental responsibilities. Today, I'd like to spend our time together thinking about the next steps we need to take to improve public safety in Oregon. Because, next November, it is likely Oregonians will be asked once again to shift even more money from the prevention account to the punishment account.

The question I want to put to you today is where should we make our next public safety investment? Is it time to build still more prisons or is it time to commit ourselves to the prevention of crime?

To answer that, I want to take a brief look at what we have done in Oregon over the last several years.

Ten years ago, Oregon was emerging from a severe recession and we had not built new prisons in decades. Less than half of convicted felons served any time in jail or prison. Those sent to prison served only one-quarter of the sentence imposed by a judge because overcrowding forced the Parole Board to release inmates early.

As a result, in the late 1980s we used a new sentencing system to reserve more of our prison space for violent offenders and drug dealers and we added more than 3,000 prison beds. By 1994, more than two-thirds of convicted felons served time in jail or prison.

In the last three years, we have seen an even more dramatic commitment of resources to our corrections and criminal justice system with the passage of Ballot Measure 11, which has imposed some of the toughest sanctions in the country.

And we have given prosecutors and law enforcement officers more power to catch and convict criminals. These changes include re-criminalizing possession of marijuana, which expands the ability of police to search suspects; greater police authority to stop people they suspect are about to commit a crime as well as to conduct searches for weapons in traffic and other stops; extending the period of time in which prosecutors can file charges against suspected child sex abusers, and removing the requirement that police obtain court orders to use body wires in drug felony cases.

But it takes money to make these new sanctions and powers to work. And between 1993 and 1997, state spending on public safety increased by 66 percent.

Where did this money go? Much of it paid for the construction and operation of new prisons.

Since I took office in January of 1995, we have added or sited 13,000 new beds in our state's corrections system. During this same time period, we took a bold step to deal with juvenile crime by creating the Oregon Youth Authority and spending \$76 million for juvenile correction facilities. And in a 1996 special session, Republican Representative Ray Baum and Democratic Representative Peter Courtney received my support for HB 3488, a bipartisan effort to increase the sentences for chronic property offenders that is expected to put nearly 700 criminals in state prisons.

Even as we built the new prisons and began the work programs required by Ballot Measures 11 and 17, I worked with local government and law enforcement to create the Community Corrections Partnership Act. Passed in 1995, this law is restructuring the relationship between state and county corrections and bringing real sanctions and treatment to those sentenced to less than 12 months.

It is also bringing new resources to the local level -- \$29 million dollars in 1995 -- and after I called a special session of the legislature in 1996 -- \$94 million for the construction of county jails and alcohol and drug treatment facilities. We followed up this commitment in 1997 by establishing a \$7.5 million dollar reserve to help any local jurisdiction with these needs.

And the Community Corrections Partnership Act is promoting the exchange of information and ideas through Local Public Safety Coordinating Councils. Made up of law enforcement and justice system officers as well as public members, these councils are powerful forums for the coordination of local public safety policy.

The Community Corrections Partnership Act would not have happened without the strong support of local law enforcement. I want to take this opportunity to thank the Oregon Sheriffs Association for its support of this model effort to improve public safety.

In short, over the past three years Oregon has mounted an impressive effort to combat crime and respond to citizen concerns about their safety. And it's working. Our efforts, along with a strong economic growth, are combining to lower our rates of reported crime.

And in the process we have been innovative, as exemplified by Oregon sheriffs and state police being recognized by the International Association Chiefs of Police. For their cooperative work, both Lane County and Jackson County received semi-finalist Webber Seavey Awards for quality and performance in law enforcement. This is a high honor and deserves recognition.

This brings us back to the original question, what is it we should do next? What is it that we can do that will even further increase the safety and well being of Oregonians?

For some, the answer to this question is to create new crimes, increase prison sentences and build more state prisons. We can choose to do this, but given our recent and rapid expansion of our overall prison system, I do not believe this is wise from either a financial or policy point of view.

New sanctions and new prison beds is not being hard on crime, it is being hard on criminals. This is not just a semantic distinction. It is a fundamental philosophical divide. On the one side you have a single-minded determination to make sure criminals are punished. On the other -- the one I am trying to describe -- you have to couple that with a determination to prevent the commission of crimes in the first place.

To address this, I propose that we take an alternative course, and the premise of this course is that local communities, not state prison beds, should be the focus of our next public safety investments.

This means rejecting, for the time being, the newly-proposed ballot measures that will add to Ballot Measure 11 sentences which are already among the longest in the nation. We should reject this approach for what it represents -- a

rather expensive and limited tool that deals with crime after it happens. This does not mean we are doing nothing in this regard. We already have in place and have funded property crimes legislation that is projected to take 700 property offenders off the street once it reaches its full implementation.

As public safety's leadership you know that you will be asked to support a prospective ballot measure increasing Measure 11 sentences and requiring mandatory prison sentences for repeat burglars and car thieves. Before you take a position on this, I hope you will ask yourself the following questions:

- Do we need to increase Measure 11 sentences?
- Do I have enough jail beds to meet the requirements of Measure 40?
- Is this the best way to spend state public safety dollars or is there a better way to address the needs of public safety?

I believe there is a better way.

Rather than take the drastic and unnecessary step of further extending property crime sentences at this time, I believe we need to focus on four areas of public safety investment:

- Targeting high risk juveniles
- Increasing the number of law enforcement officers
- Focusing on sheriffs and local police, and
- Improving public safety information systems.

In other words, we need to focus on prevention and the reduction of victimization -- instead of simply locking up more criminals why don't we actually stop some crime itself? Let me touch briefly on these four areas.

First, we must target high-risk juveniles to keep them out of criminal activity and, if we fail there, get them out of a life of crime through swift and certain sanctions.

Focusing on these young individuals goes directly to the public concern over property crime. Oregon has the third highest property crime rate in the nation for juveniles, costing an estimated \$250 dollars for every man, woman, and child in our state. By preventing juvenile crime, we are addressing a major portion of the property crime problem.

We must also improve the capacity of our juvenile detention and shelter care system. That is why I am working with juvenile directors across Oregon and the Oregon Youth Authority to detail a policy that allows us to make this needed investment.

The second element of a plan to improve community safety involves increasing the number of law enforcement officers in our communities. For the state, this means providing additional State Police troopers.

Today, there are more drivers, driving more miles at higher speeds than ever before. Unfortunately, we've let the number of patrol troopers drop from 530 in 1979 to 355 today. That's unacceptable. We need to reverse this trend and adequately staff our state police.

More troopers mean more help for you in local law enforcement. Through Cooperative Policing Agreements, state police can actually meet obligations for coverage of state highways, freeing local resources to be assigned to other needed areas.

Third, we need to focus on our local police and you, our county sheriffs.

With the passage of Ballot Measures 47 and 50, we have seen reductions in local public safety services, despite the fact they were to receive protection from budget cuts. Well, I can tell you with certainty that there have been reductions made though I cannot assess the overall effect. What we need is a complete local and state assessment of public safety system gaps.

The local community is the front line and local government in many cases is the initial public safety contact for first time offenders.

If you are concerned about crime in your community, vote against a statewide property crimes measure that shifts more money to the state level and vote for more support of your local juvenile department, police, sheriff and corrections systems. Keep your crime fighting dollars at home and focused on your community's specific problems.

There is a fourth and final thing which we must do to improve our public safety systems. We need improved public safety information systems and program effectiveness data. We especially need this information because policy makers are always driven to spend time and money solving crises instead of preventing them.

Because make no mistake about it, it is easier to stir public opinion in favor of harsher sentences and new prisons -- as long as they're not in your backyard -- than it is to invest in preventing crime. Across the board, it is always easier to intervene in a crisis than to takes steps to prevent one. But, quite frankly, it takes more political courage and more vision to raise the banner of prevention.

Yet, that is precisely our challenge in public safety today: to realize that our principal chore after a decade of harsher sentences and prison construction is to balance those expenditures with an equally serious commitment to prevention.

It won't be easy. The emotional and political imperative always favors a debate about punishment -- but in Oregon punishment is a given. It is going to happen and we have committed the resources to do it. But you know and I know that the biggest gains in public safety are to be made in keeping kids out of crime in the first place -- and if they get into crime, getting them out as quickly as possible. I will not concede one inch of the opportunity we have to preserve the lives of youth and to reduce the number of citizens who become the victims of crime.

I look forward to continuing that work with you and your members.

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Governor John Kitzhaber

**Oregon Council for Hispanic Advancement Conference Speech
November 20, 1997**

Buenos Dias, mis amigos. Gracias por su invitacion.

It is a pleasure to see so many of you here. Let me begin by commending you on the great strides you have made toward advancing the interests of those you represent. I'd also like to recognize the many contributions Oregon's Hispanic population has made to the enrichment of this state. The energy, talent, and unique perspective you have shared have helped make Oregon a better place. And I believe that the greater part of your potential is still untapped.

But even while we celebrate your achievements, we must recognize the challenges that are still before you -- actually before all of us. Because your success is bound up in the success of Oregon as a whole, and vice versa.

The theme of this thirteenth annual OCHA conference -- Superando las Diferencias -- bridging the gap -- speaks of your determination to overcome the remaining obstacles. I'd like to take a moment or two to share some of the things we in state government and in my administration are doing to support your efforts and to further your goals.

To begin with, we recognize that many Hispanics are at a disadvantage in the work place. We are strongly committed to protecting worker rights and we have firmly resisted attempts to weaken those rights.

For example, in the last Legislature, we were successful in defeating a bill that would have made unacceptable changes in our minimum wage law. Had the bill passed, it would have seriously affected the livelihood of many of our Hispanic farmworkers.

I also vetoed legislation that would have prevented workers not covered by bargaining unit agreements from collectively questioning changes in their pay.

And on August 1 of this year I signed an Executive Order establishing an environmental justice citizen advisory board. This mandate gives people of all colors and ethnic groups the opportunity to participate in developing and enforcing policies on environmental issues in which they have a stake -- things such as exposure to water pollution and household pollutants like lead and asbestos, farmworker exposure to pesticides, and cleanup of contaminated sites.

We must never forget that anything that harms one group of our people will ultimately harm us all. Even though Oregon's economy is booming right now, there are still too many who stand outside the circle of prosperity and who suffer unequal treatment in a variety of contexts. That's why my administration is committed to addressing the needs of Hispanic and other Oregonians who may be struggling to gain a stable economic footing and provide for their families.

Hispanics are the largest and fastest growing minority population in Oregon. The number of Hispanics in Oregon has

increased at a rate four times greater than our general population growth. Despite this growth, Hispanics have not traditionally benefited from the economic development and growth programs in the state. A large number of Latinos are under-employed and under-represented in administrative and management occupations.

Like many of you, OCHA continues to work on bridging this gap. Most recently, OCHA applied for an Oregon Economic Development Department grant to fund a leadership program to help Latinos make the transition from entry or production level jobs to supervision and management. With Oregon's robust economy, this training will not only ensure that Latinos have access to higher skills and higher level jobs, but will also assist companies in developing the critically needed additional management capacity.

Well, I'm here today to tell OCHA, . . . Si se puede, . . . it can be done! I am pleased to announce that I have approved the OCHA leadership grant.

Let me now turn briefly to some of the broader policies my administration is working on which will have an important bearing on our Hispanic population. I'm thinking particularly of our efforts in juvenile crime prevention and in educational reform.

It is no secret that minority youth are enormously over-represented in our juvenile justice system. Hispanics, for example, represent only 4 percent of Oregon's youth, yet they account for 16 percent of Measure 11 charges and 20 percent of Measure 11 sentences. I say there is something badly wrong with that picture.

Obviously this is a complex problem with many contributing causes. But we do know some things for certain. We know that poverty, substance abuse and school failure are among the factors that place young people of any race at risk of becoming involved in criminal activity. And we know that minority populations, because of the economic and social obstacles they face, are more likely to come from backgrounds where these conditions prevail.

But we also know that when any child turns down the wrong road, the repercussions impact every one of us. Therefore each of us bears some responsibility for ensuring that all our children become good adults.

What we need is a coordinated, comprehensive, collaborative effort aimed at reducing the known risk factors and at eliminating or adjusting policies and practices that may adversely affect minority youth, even unintentionally. And we are taking a number of steps in that direction.

To begin with, I'd like to announce a new state partnership between the Commission on Children and Families and OCHA. Together they will be expanding "Straight Shooting -- the Youth Photo Project" across the state. This project puts camera into the hands of at-risk youth, pairs them with professional photographer mentors to teach them the skills of photography and lets them explore their world using the camera to document it.

Another step is the work the Oregon Youth Authority is doing to assess and document the language and cultural needs of the population it serves, and is establishing programs and services to meet those needs. It is also working to ensure that all materials are culturally appropriate and available in minority languages, and it is hiring bilingual and bicultural staff and providing cultural education to other OYA staff.

As for reducing risk factors, perhaps the most important step we can take is to give our children -- and that especially includes our minority children, for whom it may be a greater struggle -- the best education possible. That is what we are trying to accomplish with our program of school transformation. Our goal is to give every Oregon student the opportunity to succeed. That may sound like a fairly abstract goal, but again there are some things we know.

We know that success in the 21st Century will require both a wider range of knowledge and a higher level of skills than has ever before been necessary. We also know that these with insufficient skills will face a future of limited career prospects, low income and unemployment. And we know that these are the very conditions that tend to weaken families and communities.

So to ensure that every student graduating from an Oregon high school has mastered the tools he or she will need to survive and succeed in our changing world, we are in the process of revising what we teach, how we teach it and how

we determine whether students have met the new, higher standards. And I can assure you that special attention is being given to the needs of the minority students, a large number of whom are Hispanic.

All of these are ways in which we are trying to support our growing Hispanic community. We are committed to that course because we understand that your welfare is vital to the welfare of our collective future, and we intend to do our part.

In closing, let me urge you to continue your own important work toward improving conditions and increasing opportunities for the men, women and children you represent. I urge you to remember, too, that even while you retain your own unique identity, there are many issues which transcend ethnic boundaries -- issues on which we must all work together as Oregonians. They are mutual challenges requiring mutual effort. But if we meet them together, I'm convinced the result will be mutual benefit. You can count on my support, and I hope I can count on yours.

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Governor John Kitzhaber

**Bi-State Speech
November 20, 1997**

I have a confession. I am not a native Oregonian. I was actually born in Washington, and I spent the first few years of my life there -- first in Pullman, and then in Seattle.

Today my parents still have a cabin on Orcas Island in the San Juans. We spent every summer there while I was growing up. In a way it is as much a part of our lives as this state, where we actually live.

I share this with you because it forms the foundation for what I want to say to you today. My close personal connection with both Oregon and Washington has helped me see that while they are in fact two separate states, they actually form a region, bound together by common features, values and interests. What we lack is a common understanding of how we cross artificial political boundaries to solve our shared problems.

After all, we share an airshed and a watershed. We have mutual interests in transportation, trade, and hydroelectric power. The western part of both states is undergoing enormous growth in both population and economy, but in neither state has this growth and economic opportunity extended equally to the eastern sections.

Together we share a common history. It was exactly 192 years ago this month that Lewis and Clark reached the mouth of the Columbia -- the river we both share -- and thus stretched the national vision to the very rim of this continent.

But we share more than a history. Both states are rich in natural resources. Both have a stunning variety of landscapes and offer a wide range of recreational pursuits.

And in both states there is a connection between our rare natural endowments and our livability, which includes our current prosperity. Former Oregon Governor Tom McCall may have put it best when he said, "Health, economic strength, recreation--in fact, the entire outlook and image of the state [and region] -- are tied inseparably to environment."

In fact, it is this combination of natural beauty, quality of life, and economic opportunity that has made the Oregon-Washington region a magnet for people from across the nation and around the world. Because the Northwest is more than just a place. It's a place to live -- a place where the quality of people's lives is created and enhanced by its unique physical attributes.

All of these things join our two states together and as a region set us apart from other sections of the nation. They form a shared identity. But just as we have in common many interests and values, we also face some common challenges. Among these are the dilemmas posed by rapid growth in our economies and populations, and the issues surrounding the Columbia River -- particularly the issues of hydro-electric power and of salmon.

What I want to stress today is the vital necessity of thinking -- and of acting -- together as a bi-state region, and creating and nurturing the structure for us to act regionally. Why is that so critical?

This is critical because today's world is far more complex than at any other time in history.

This is critical because experience shows that fragmented approaches will almost certainly create more problems than they solve.

Finally, this is critical because Oregon and Washington are so closely bound together, economically and culturally, that whatever affects one part of this Northwest region will inevitably affect it all.

Sixty years ago, in a speech before the Portland City Club, Lewis Mumford said that we in this region have a basis for civilization on its highest scale, and he asked us to consider whether we were worthy -- whether we had enough intelligence, imagination, and cooperation among us to make the best use of our opportunities. I believe that he recognized that the boundless promise of this land where we live . . . its rare beauty, its enormous potential, its unique livability . . . carries a price: the price of good stewardship.

Today, six decades later, the world has changed dramatically. Yet our broad duty of stewardship remains. The Northwest is still the best place in the world to live. It is still attracting people from every corner of the earth, in part because those who went before us cherished this place, guarded its gifts, protected its quality. We must do the same, but in the face of far greater challenges.

We must learn how to steward a landscape and a set of natural and community relationships that cross the Columbia River and our state lines.

We can't maintain half a watershed, half an airshed or half a community and still hope to see salmon in our streams, mountains out our windows, and good jobs, efficient transportation, and adequate housing for our citizens. We must learn how to steward whole places -- a region -- and that requires new working relationships that link our two states.

This will be a challenge, because we have a governmental structure today that draws lines across this place -- state lines, county lines, city lines. And within these lines, we have created institutions and bureaucracies that are failing to meet the challenge of stewardship, the duty to maintain our landscapes and natural systems and to build healthy, balanced communities. To preserve our special quality of place, we must develop a new way of governing -- one which rejects artificial boundaries and focuses on shared objectives.

Let me give some examples of challenges that cross state boundaries. First, Metro area growth. For years, Clark County has functioned as the "relief valve" for the Portland Metro area, adding population and growing into a sprawling bedroom community. But although it has been steadily producing more houses, it has not equally produced more jobs. And that presents a concern not only for Washington, but for Oregon as well.

In fact, both states have an interest in seeing additional job growth in Clark County. A growing economy can increase the capacity of that community to meet its needs as its population expands. At the same time, more jobs closer to Clark County's growing population would help relieve stress on the region's bridges and roads.

In short, I believe we must work more closely on regional planning in this shared metropolitan area.

Second, we share the Columbia River -- its power, its beauty, its fish and its challenges. People on both sides of the river share an interest in low-cost power, as well as an interest in water -- water to irrigate the basin lands, to provide a healthy habitat for our endangered salmon, to provide recreational opportunities and to furnish drinking water for communities.

But these values are at risk if the Northwest does not reach consensus on a regional solution to the management of the Columbia River. Because if we cannot come together as a region then Congress will decide these issues for us when it takes up the issue of energy deregulation next year.

If that happens, we are very likely to lose not only low-cost power -- and even control over the region's power supply -- but also a secure, dedicated funding source for salmon recovery. I believe we must work together to save both the salmon and the public benefits of the Columbia River hydro system.

Third, not only do we share the challenges of managing the river, but we share the challenge of managing the fabulous landscape that constitutes the Columbia River Gorge.

In meeting that challenge I believe we have created a model of regional bi-state cooperation. The Columbia River Gorge Commission, which was created by an act of Congress 11 years ago, shows what two states can do together to protect and enhance a resource while providing for the needs of local communities and their residents. It can play a critical leadership role in ensuring that local communities along the Gorge have the flexibility they need in order to define their individual community visions within the context of broader regional interests.

While these are obvious examples of shared interests, I believe we also need to develop an explicit, well-articulated vision for the bi-state region as a whole -- one that reflects our shared values and interests. I don't mean that such a vision should be developed in Salem and Olympia and then dictated to people at the local level. I haven't spent 20 years in politics without learning that this approach does not stand the test of time.

This vision must start at the community level. And if all the players, from the community level up, participate in crafting a regional vision, it is much more likely that the visions Oregonians and Washingtonians have for their own communities will be consistent and not in conflict with the broader regional objectives and priorities.

Because even while we move toward a regional mode of thinking, we must remember that regions are made up of individual communities and that anything done or decided at the regional level is bound to have local impact. And we must also recognize two additional facts.

First, not all communities have the same priorities. The needs of Portland will differ from those of Lakeview or Bend, just as the needs of Seattle will differ from those of Yakima or Spokane. This is yet another reason to allow our communities the flexibility to shape their own vision of their local future.

And second, we must recognize the human tendency to resist solutions imposed from without. That means that the success of any broad venture will hinge on some sense of local ownership.

As an example, I can point to the acknowledged success of Oregon's Coastal Salmon Restoration Initiative, which involves thousands of private landowners in a voluntary, long-term effort to restore watersheds and fish habitat on a farm-by-farm, woodlot-by-woodlot basis. These landowners have come to see that in serving the wider interests of the state, they are serving their own interests as well. The salmon initiative models the mutual benefits of a cooperative, public-private partnership, which combines state leadership and local ownership.

And that, I believe, is the key if our bi-state region is to successfully meet the challenges it faces. Communities must define their own visions, but within the context of the overarching regional one.

We must involve all stakeholders in a process which will clearly identify those issues that are important not just to Oregon or to Washington, but to the region as a whole. We must work to reach consensus on the best ways to address those issues. And because those issues impact individual citizens residing in localities throughout our two states, we must find ways to help communities achieve their own visions in a way that is consistent with the broader interests of the region. I am convinced that without a regional approach to regional issues, it will be impossible to preserve our quality of life and retain control over the shape of our future. At the same time, without community buy-in, it will be impossible to ensure the long-term success of regional choices. Regional leadership . . . local ownership. Both are essential.

As Dr. Martin Luther King, Jr. so aptly put it, "We are caught in an inescapable network of mutuality, tied in a single garment of destiny." If we as a region hope to retain control over our collective destiny, we must move forward together, or we will not move forward at all.



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Governor John Kitzhaber

**Citizens Crime Commission Speech
November 19, 1997**

I'm pleased to have this opportunity to speak with the Citizens Crime Commission about public safety policy in Oregon because your leadership will be critical to the future of this state.

Keeping the public safe is, I believe, one of government's fundamental responsibilities.

Our police forces and sheriffs, our judiciary system, and the corrections system all are necessary in our efforts to apprehend, convict, punish, and rehabilitate those members of society who break our laws. They are just as important as the role of our social support services and citizen efforts to prevent crime. Both are needed.

Today, I'd like to spend our time together thinking about the next steps we need to take to improve public safety in Oregon. Because, next November, it is likely Oregonians will be asked once again to shift even more money from the prevention account to the punishment account. The question I want to put to this commission and to this community today is where should we make our next public safety investment? Is it time to build still more prisons or is it time to commit ourselves to the prevention of crime?

To answer that, I want to take a brief look at what we have done in Oregon over the last several years.

Ten years ago, in 1986, as Oregon was emerging from a severe recession, we had not built new prisons in decades. Less than half of convicted felons served any time in jail or prison. Those sent to prison served only one-quarter of the sentence imposed by a judge because prison overcrowding forced the Parole Board to release inmates early.

By 1994, more than two-thirds of convicted felons served time in jail or prison. We had added more than 3,000 beds to our prison system. As a result -- in the late 1980s -- we used a new sentencing system -- sentencing guidelines -- to reserve more of our prison space for violent offenders and drug dealers.

Since 1994, we have seen an even more dramatic commitment of resources to our corrections and criminal justice system with the passage of Ballot Measure 11. Now, more than ever, criminals are being punished, especially violent criminals who have committed destructive acts against other individuals.

This is not to say that our work is complete, but Oregon now has some of the toughest sanctions in the nation with the "one strike and you're out" policy of Measure 11. And we have given prosecutors and law enforcement officers more power to catch and convict criminals.

- Re-criminalizing possession of marijuana, which expands the ability of police to search suspects.
- Expand police authority to stop people they suspect are about to commit a crime, and expand authority to conduct

searches for weapons in traffic and other stops.

- Extend the period of time in which prosecutors can file charges against suspected child sex abusers.
- Remove the requirement that police obtain court orders to use body wires in drug felony cases.

In 1995 and again in 1997, I proposed budgets to support Ballot Measure 11 and implementation of Ballot Measure 17, the inmate work program. In 1995 we funded building another 2,500 prison beds in Ontario and started work on siting another 1,500 bed facility. Between those two sessions, I sited five regional prison facilities, two work camps, and three prison expansions. These actions will result in an increase of 5,000 state prison beds by the year 2005, at which time our expected prison population will be more than 13,000.

Even as we moved ahead to implement Ballot Measures 11 and 17, I worked with local government and law enforcement on a major restructuring of the relationship between state and county corrections. Called the Community Corrections Partnership Act, it was passed in 1995 and was targeted at bringing real sanctions and treatment to those sentenced to less than 12 months.

Along with this new focus on community corrections came an additional \$29 million dollars to make it work. I called a special session of the legislature in February 1996 to approve construction plans for local facilities backed by \$94 million for both local jails and intensive alcohol and drug treatment facilities to serve Oregon counties.

This effort will add about 1,500 beds to our local jail systems and results in new capacity for alcohol and drug treatment. For instance, Multnomah County will be adding 480 beds, 150 of which are designated for alcohol and drug treatment. This expansion of our local jail system is a new resource that will benefit public safety by providing what every effective public safety system requires -- an available jail bed to back up community treatment programs.

We followed up this commitment to local corrections in our 1997 budget and established a \$7.5 million dollar reserve to help any local jurisdiction meet their needs. This entire effort was possible because of the strong support of local law enforcement, but I also want to take this opportunity to thank the Citizens Crime Commission for its support of this model effort to improve public safety.

What we have accomplished together is both remarkable and challenging, and our work is only partially complete because this fundamental change has made our community corrections problems visible and it has made local deficiencies apparent. This is good because we have a framework in which to address -- not ignore -- these problems.

In that same February 1996 special session, Republican Representative Ray Baum and Democratic Representative Peter Courtney teamed up and received my support for a bipartisan effort to increase the sentences for chronic property offenders.

House Bill 3488, passed in 1996, addresses the property crimes most important to our metropolitan areas, burglary and vehicle theft. This new property offenders law, which had the support of Multnomah County District Attorney Michael Shrunck, went into effect only five months ago.

Property crime offenders are now facing increased sentences because of it but it has not been in place long enough to yet have its expected impact on property crimes.

By 2005 this law is expected to account for nearly 700 criminals being incarcerated by the state.

During this same time period, our support of strong public safety systems was broader than increased sentences for our adult criminal population. We took a bold step to deal with juvenile crime by creating the Oregon Youth Authority in 1995. In October 1995, I sited five new regional juvenile correction facilities and one youth accountability camp. In 1997 I budgeted \$42 million for construction of these facilities and \$32.6 million for operation.

Lastly, the Community Corrections Partnership Act, which I mentioned earlier, required the creation of Local Public Safety Coordinating Councils, and all 36 counties now have a council or are a part of a multi-county public safety coordinating council. Made up of all relevant law enforcement and justice system officers as well as public members,

these councils are powerful forums for the coordination of local public safety policy.

In short, over the past two and a half years we have mounted an impressive effort to combat crime and respond to citizen concerns about their safety. For example, between 1993 and 1997, state spending on public safety has increased by 66 percent. Now our efforts, along with a strong economic growth, are combining to lower our rates of reported crime.

This brings us back to the original question, what is it we should do next? What is it that we can do that will even further increase the safety and well being of Oregonians?

For some, the answer to this question is to continue to create new crimes and to continue to increase prison sentences and build more state prisons. We can choose to do this, but given our recent and rapid expansion of our overall prison system, I do not believe this is wise from either a financial or policy point of view.

If we want to create new crimes and build prisons, we know how to do it. But the fundamental purpose of our public safety system is not to provide beds, meals, and work for an ever-growing criminal population. Our fundamental purpose is to ensure the safety of people.

New sanctions and new prison beds is not being hard on crime, it's being hard on criminals. This is not just a semantic distinction. It is a fundamental philosophical divide. On the one side you have a single-minded determination to make sure criminals are punished. On the other -- the one I am trying to describe -- you have to couple that with a determination to prevent the commission of crimes in the first place.

Our current path accepts the creation of new victims by placing the highest priority and commitment of resources with the criminal. Given the choice, most Oregonians would prefer to never be victims of crime. I know I would.

To address this, I propose that we take an alternative course, and the premise of this course is that local communities, not state prison beds, should be the focus of our next public safety investments. What flows from this simple idea is that no system of public safety will be sound unless it has a strong and effective prevention component at the local level.

This means rejecting, for the time being, the newly-proposed measures that will add to Ballot Measure 11 sentences which are already among the longest in the nation. We should reject this approach for what it represents -- a rather expensive and limited tool that deals with crime after it happens. This does not mean we are doing nothing in this regard. We already have in place and have funded property crimes legislation that is projected to take 700 property offenders off the street once it reaches it full implementation.

Rather than take the drastic and unnecessary step of further extending property crime sentences at this time, we need to focus on four areas of public safety investment:

- Targeting high risk juveniles
- Increasing the number of law enforcement officers
- Focusing on sheriffs and local police, and
- Improving public safety information systems.

In other words, we need to focus on prevention and the reduction of victimization -- instead of simply locking up more criminals why don't we actually stop some crime itself? Let me touch briefly on these four areas.

First, we must target high-risk juveniles to keep them out of criminal activity and, if we fail there, get them out of a life of crime as quickly as possible by ensuring, without fail, appropriate sanctions that are swift and certain.

We know that we can in fact turn youth away from crime, avoiding the waste of a young person's talent and contribution to society, avoiding the cost of their incarceration, and most importantly, stopping the creation of new victims of crime.

In addition, focusing on these young individuals goes directly to the public concern over property crime. Oregon has the third highest property crime rate in the nation for juveniles, costing an estimated \$250 dollars for every man, woman, and child in Oregon. By actively focusing on juvenile crime prevention, we are addressing a major portion of the property crime problem in Oregon.

Further, our system for juvenile detention and shelter care lacks adequate capacity. That is why I am working with juvenile directors across Oregon and the Oregon Youth Authority to detail a policy that allows us to make this needed investment.

The second element of a plan to improve community safety involves increasing the number of law enforcement officers in our communities. For the state, this means providing additional State Police troopers.

More troopers means more help for local law enforcement. For example, through Cooperative Policing Agreements, state police can agree with a county sheriff to patrol specific rural highways. This allows the reassignment of local resources to other needed areas.

Our state police help keep our roads and highways safe. Today, there are more drivers, driving more miles at higher speeds than ever before. Unfortunately, we've let the number of patrol troopers drop from 530 in 1979 to 355 today. That's unacceptable. We need to reverse this trend and adequately staff our state police. It is a critical investment for citizen safety.

Third, we need to focus on our local police and sheriffs.

With the passage of Ballot Measures 47 and 50, we have seen reductions in local public safety services, despite the fact they were to receive protection from budget cuts. Well, I can tell you with certainty that there have been reductions made though I cannot assess the overall effect.

What we need is a complete local and state assessment of public safety system gaps.

The local community is the front line and local government in many cases is the initial public safety contact for first time offenders. When local public safety breaks down, it reverberates throughout our state. If the first time a criminal comes in contact with the law they are released early from jail or supervision or treatment, the entire system has failed because it is not accountable.

If you are concerned about crime in your community, vote against a statewide property crimes measure that shifts more money to the state level and vote for more support of your local juvenile department, police, sheriff and corrections systems. Make local investments in the systems that can identify and serve high risk juveniles. Keep your crime fighting dollars at home and focused on your community's specific problems.

There is a fourth and final thing which we must do to improve our public safety systems. It is something I am proud to say this commission is on the forefront of doing. We need improved public safety information systems and program effectiveness data to be part of our public decision making.

The Citizens Crime Commission, through its sponsorship of the Effective Incarceration Project, is making an important contribution to the creation of a public safety system that makes sense. Citizens should be armed with broadly reviewed, credible data about the cost and rates of incarceration, about the reality of the rates of crime, about what those rates mean regarding their personal risk. This will allow smart choices about spending our limited crime fighting dollars.

We especially need this information because policy makers are always driven to spend time and money solving crises instead of preventing them.

I am aware of recent negative press focused on this Commission's actions to broaden public understanding about our corrections system. To these few and shrill voices I ask: "Who better than the Citizens Crime Commission." My answer is that there is no better nor more objective voice. This Commission supports strong action to keep citizens safe and there is no question about the credentials of the people who have banded together here to make Oregon a safer place.

Victims organizations and prosecutors have an effective ally in this Commission. To suggest that this Commission or this administration is on a crusade to repeal mandatory sentencing laws -- or is pushing an agenda of deincarceration is not only incredulous -- but flies in the face of the facts. Since 1986 we have funded and/or sited 16,700 additional adult/juvenile beds in our corrections system -- over 13,000 of those since I took office. What is clear is that this Commission is focused on the broad concerns of citizens and not locked into a narrow self-serving view of public safety.

And we have to be concerned about the whole system and we have to have good information to target all of our efforts well, and no one, myself included -- including this Commission -- has wavered from the a commitment to punish all violent criminals. The service that this citizen's commission is providing is a healthy one that is contributing to a safe Oregon.

But, make no mistake about it, it's easier to stir public opinion in favor of harsher sentences and new prisons -- as long as they're not in your backyard -- than it is to invest in preventing crime. Across the board, it is always easier to intervene in a crisis than to takes steps to prevent one. But, quite frankly, it takes more political courage and more vision to raise the banner of prevention.

Yet, that is precisely our challenge in public safety today: to realize that our principal chore after a decade of harsher sentences and prison construction is to balance those expenditures with an equally serious commitment to prevention.

It won't be easy. The emotional and political imperative always favors a debate about punishment -- but in Oregon punishment is a given. It is going to happen and we have committed the resources to do it. But you know and I know that the biggest gains in public safety are to be made in keeping kids out of crime in the first place -- and if they get into crime, getting them out as quickly as possible. I will not concede one inch of the opportunity we have to preserve the lives of youth and to reduce the number of citizens who become the victims crime.

I look forward to continuing that work with you and with this excellent commission.

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Governor John Kitzhaber

Eugene Rotary Speech (Child Abuse Prevention)

November 18, 1997

Thank you for having me here today. Theodore Roosevelt once said, "Far and away the best prize that life has to offer is the chance to work hard at work worth doing." That is how I would describe your fundraising work on behalf of children in need, and it's a pleasure to help you celebrate your success. In fact, there are few efforts I can think of that are more critical.

Children are our greatest resource -- and our most accurate record. Not only do they carry within them the shape of tomorrow, they also bear witness to our own values and choices. They are the living messages we send to a time we won't be around to see. So it's our responsibility to nurture them in infancy, to protect and train them in childhood, to guide them through adolescence, and to turn them into positive, productive adults capable of making the world a better place.

For the most part we do that. But not always. Too many children today suffer abuse and neglect at the hands of those on whom they depend for care and shelter, for guidance and support.

When you stop to consider that humans are the only members of the animal kingdom that inflict wanton cruelty on their young -- well, that says something I don't even like to think about. And yet, I must. We all must. Because today, in a society that likes to call itself "civilized," child abuse and neglect continue to escalate, and Oregon is no exception.

Oregon has the second highest per capita rate of child abuse deaths in the nation. We have one of the highest rates of children in foster care.

In the last 15 years, the number of cases being handled by the state's services to children and families has doubled, while the number of caseworkers has increased by only 35 percent.

Worse yet, the kinds of cases that the state deals with have become much more complex. Instead of straightforward abuse reports, caseworkers must also grapple with parents who have problems with drugs or alcohol, or who have criminal histories.

But it's not only what we're doing to our kids that I find appalling; it's what we're doing to ourselves, collectively. When we harm a child, or when we allow a child to be harmed and do nothing, we harm everyone else.

For example, abused and neglected kids fail in school at a higher rate than the rest of their classmates, making a teacher's job more difficult and taking time and resources away from the rest of the class -- and the kids in that class suffer.

Kids who are abused or neglected also use drugs and commit crimes at a much higher rate than the general population,

costing taxpayers money to keep them in prison -- and causing suffering to their innocent victims.

These kids find it harder to hold down a steady job when they enter the workforce, costing more money for social support as we try to help them become productive members of society.

And perhaps the worst consequence is that kids who are abused and neglected will more likely than not repeat the cycle of abuse with their own kids.

This is a situation we cannot ignore or tolerate. And we must address it from two angles.

First, we must do a better job of getting kids out of abusive environments and giving them some sort of stability. Let me share with you some of the things the state is doing to accomplish that.

As you may have heard, we are in the process of increasing the number of caseworkers available to investigate and intervene in suspected cases of abuse -- up 160 caseworkers from two years ago. That's still fewer people per capita than we had in the early 1980s, but it is a start.

It will make the difference in a number of cases that weren't being investigated in the past because services to children and families only had the staff to respond to the very worst reports.

Now, the state will be able to respond to more cases in a shorter period of time, and they will have more resources to deal with the very complex problems facing today's families. Problems that don't just encompass child abuse, but also criminal behavior, incarceration, poverty and drugs and alcohol.

I believe foster care, when used properly, is a stopgap measure for the most severe cases of abuse and neglect -- a safe haven for kids, a chance to break the cycle of abuse and give them time to heal.

But foster care was never designed to be a long-term solution. Over the last few years, without the resources to match kids with a permanent home, we've had a system that shuttled kids from place to place. It's not a beneficial situation for kids who've already been traumatized, and who need stability as well as safety.

That's why this year, we've added 29 adoption workers to speed up the adoption process. Our goal is to double the number of foster children finding permanent homes in the next 5 years.

It's a goal that I sincerely hope we can reach -- in fact, I'd like to do better.

Making the child welfare system more efficient is also the goal of bipartisan legislation passed during the 1997 session called the "best interests of the child" bill.

This bill -- which, in a manner unusual for the legislative process, garnered support from all parts of the political spectrum -- calls upon state government and judges to move kids through the child welfare system as quickly as possible once allegations of abuse have been substantiated.

We want to either remedy the situation in these kids' homes, or move them to a new, permanent home as quickly as possible, which means thinking about kids first and everyone else second. That's what this legislation asks people in the system to start doing.

But protecting our children involves more than just reacting after the fact. Certainly we must do that, but we must do much, much more. And let me tell you why.

During the 17 years I practiced emergency medicine, I saw and treated more victims of child abuse than I can count. Today I realize that what I saw in the emergency room was only the tip of the iceberg. The unseen scars of abuse and neglect are far more deadly -- to the victims and to society.

I've come to see that in a very personal way, because a member of my family has recently adopted a child who spent the first 8 years of his life in a violent and abuse setting. He was beaten, we went hungry and homeless, he didn't go to

school. What I saw in the emergency room I saw from the standpoint of a medical professional, and that was shocking enough. Now, as a parent myself, I am more appalled than I can tell you that anyone could treat a child that way.

Left where he was, this child would almost certainly have ended up either in the criminal justice system or dead. But though his physical safety is now assured, he is still a child at risk.. What happened to him in his early years continues to affect his behavior. For him, and for many thousands of children like him, it will take years of hard work to heal the inner scars and teach a new set of values and behaviors.

My point is this: the reality of abuse and neglect goes far beyond the broken and battered bodies. Its emotional and psychological impact lingers on, like the aftermath of some deadly disease. And make no mistake: these scars remain contagious, they can still infect those who bear them, they can still spread the disease of abuse and neglect to the next generation.

That's why it's not enough just to remove kids from bad homes and to place them in good ones. We have to find better ways to keep abuse and neglect from happening in the first place. That is why we're trying to accomplish with a new effort called the "community safety net." This is a collaborative approach in which local and state agencies and organizations try to target families at risk before a report of abuse or neglect is substantiated.

These at risk families could be anyone's family, given the wrong circumstances. They are families under stress -- from the loss of a job, marital problems, drug or alcohol abuse -- but they do not meet the legal requirements for intervention by the state on behalf of children.

Before we started this effort, these families tended to fall through the cracks of the existing system. Now, we are trying to leverage available resources in a given community by getting different government agencies and private non-profits to come together to solve problems. This way, we can provide services which may prevent abuse and neglect from happening in the first place.

For example, a family in distress might get referred to drug and alcohol counseling at a local community treatment center. Or, they might find out how to get short-term financial support during an economic crisis, such as the loss of a job. They might be visited at home by social workers who want to help them cope with whatever problem they face.

By coordinating our services among and between agencies and non-profits, we hope to be more effective at preventing abuse and neglect.

All of these steps will help. It's more than we've been doing. But ultimate success will depend on more public awareness, more public responsibility, more public involvement. Someone once said that all that is necessary for evil to flourish is for good men and women to do nothing.

Remember, that every time we turn away from the evidence or even the suspicion of abuse or neglect, we become their accomplices.

Remember that this isn't about somebody else's children -- it's about your children and mine. It's about our families, our communities, our state, and our future.

If a child doesn't do well in school because he or she is hungry, her classmates suffer too.

If a child is beaten by his parents, he may end up in prison, hurting innocent victims and spending tax dollars that could be used instead for parks, for roads, for Kindergartens, for universities.

If a child is sexually abused, she is more likely to become a teen mother without the resources to be an effective parent, creating another potential abuser in her child.

This is a problem so pervasive and so complex that government alone cannot solve it. It will take the combined efforts of all of us. Your own efforts, your dedication to this cause sets a worth example.

All of us hope that one day child abuse and neglect as a blot on our society will be a thing of the past. But human progress is neither automatic nor inevitable. It takes work and, as President Kennedy once reminded us, "Here on earth God's work must truly be our own."

Let me offer my appreciation for all your hard work, and assure you of my support.

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Governor John Kitzhaber

Willamette Livability Forum

October 30, 1997

I am very excited by the ideas I have heard during the last 30 minutes. I am also impressed by the enormous amount of work done since our last meeting. The elements of a vision for the Willamette Valley are really beginning to come together.

I also want to thank everyone for the time and effort you have put into this process. Special thanks to Pacific Power and Light, Northwest Natural Gas, and Pacific General and Electric for making this gathering possible. And also thanks to the League of Oregon Cities and Association of Oregon Counties, Universities, Metro, and Council of Governments for finding money in their very tight budgets to support this effort.

I can't tell you how invigorating it is to see so many groups represented this afternoon. If this group can't make a difference in the future of the valley, no one can. The key for all of us will be to channel this power to make a difference in the future of the Willamette Valley.

We have plenty of work ahead of us in order to protect the region's quality of life. And I think our state's experience in the last 25 years demonstrates that managing growth is the right approach to the challenges that lie ahead.

I realize that others disagree. Several weeks ago hundreds of Oregonians advocating a "no-growth" approach held a conference in Portland. They argued that the best way to protect Oregon's quality of life is not to manage growth, but rather to stop growth altogether.

And while I have some sympathy with this viewpoint -- we would all like to roll back the clock to a simpler and less crowded time -- the fact is, that a successful no-growth strategy may well jeopardize the very values we seek to preserve. Because I don't know of any part of the country that has successfully stopped growth except when these places became wastelands from the standpoint of employment or livability.

So one successful strategy to stop growth would be to put the economy in the tank. We know that works.

Think back to the terrible recession Oregon experienced from 1979 to 1983. This was a time when our economy not only failed to grow, it actually shrank. 95,000 jobs disappeared between 1979 and 1982. That's nine percent of all the jobs in the state.

The unemployment rate rose from 6.7 percent in 1979 to 12.5 percent in 1983.

And a net total of 60,000 Oregonians moved to other states between 1980 and 1985.

A successful no-growth strategy, to be sure. But let's look beyond the statistics. Let's remember what daily life in our state was like in those no-growth days.

For sale signs were everywhere. Neighborhood stores and businesses shut down, never to reopen. Employers that remained solvent lost their best and brightest workers to other states that offered better opportunities.

The recession of the 1980s put enormous personal pressure on Oregon's people. Those who lost their jobs or their businesses often lost their self-respect, too. As an emergency room physician in Roseburg during that period I saw the personal toll of double digit unemployment: alcoholism, domestic violence and the disintegration of marriages and families.

So that's one way to stop growth -- destroy the economy. Yet I doubt if that's a strategy any of us would consciously choose.

What's another strategy?

Well, a severe recession isn't the only successful formula for stopping growth. There is another way to do the job. We can simply allow growth to occur unchecked and unmanaged.

That hasn't traditionally been the Oregon way, but other places have followed this course. One of the greatest periods of migration to Oregon from California occurred not in the early 1990s during that state's last recession, but in the late 1970s, a time of terrific economic expansion for California.

To know why Californians were fleeing their state in droves in those days you simply had to visit Orange County. It was, and for the most part remains, a place that has steadfastly rejected the growth management methods we have pioneered here in Oregon.

We all know what happened to Orange County and the rest of Southern California. Californians created sprawling suburbs massive traffic congestion and severe air pollution. They developed their open spaces and destroyed their quality of life.

Fed up with smog, congestion, and endless commutes, tens of thousands left Orange County and other parts of Southern California, in spite of a healthy economy of the late 1970s. These immigrants took with them their energy, their businesses, and their capital, the seeds of any community's future economic success. More than 20 years later many of the older suburbs these ex-Californians left behind are still in decline.

So the other way to stop growth is to make Oregon a place where no one wants to live. It does work. Southern California taught us that. But this is not the path for Oregon either.

That hasn't been the Oregon way in the past and because of efforts of groups like the Willamette Valley Livability Forum, it will not be the way of the future.

Achieving the vision you outlined this morning, however, will take more than growth management tools. It will require the leadership, the commitment, and the cooperation of everyone in this room. It also will demand that government -- federal, state, and local -- changes the way it does business.

As most of us know, government usually doesn't work across institutional barriers very well. I think there are two reasons for this.

First, we often rely on systems designed to solve the problems of 10, 20 or even 30 years ago. The world has changed, but too many government systems remain the same.

Second, we usually employ a fragmented approach to problem-solving that either ignores or is unaware of what other entities, both public and private, are doing in the same area.

In short, we have done a poor job of adapting and integrating public services. Why does this matter to those of us who want to improve the quality of life in the Willamette Valley for future generations?

Look around the room. Many of you have grappled with regional growth management issues for years from the perspective of your own business, agency, or organization. You know from personal experience that the Willamette Valley's problems cannot be solved by one individual or organization working alone. Instead, everyone must work in a collaborative fashion that builds consensus among all parties.

Government in the Willamette Valley must do the same. It will not be easy to accomplish this. I can tell you as this year's ceo of the 44,000 person organization called the State of Oregon, turf is alive and well. However, we are making progress.

We began by forming the community solutions team. This group meets with me or my staff every two weeks and consists of the directors of the state's five community development agencies: the departments of Transportation, Economic Development, Land Conservation and Development, Housing, and Environmental Quality.

The community solutions team has a clear charge: to integrate the programs of their five agencies in order to build the kinds of quality communities such as the ones imagined in this morning's vision.

Breaking down barriers between public agencies is important, but it is not the only answer. Government also needs to stop issuing edicts and instead empower collaborative decision-making.

We have much work ahead in this area and I am committed to changing the way government does business.

I am asking all of you to make similar commitments on behalf of your agencies, businesses and interest groups. Your challenge today is to take the vision you are helping to create and make it happen in your own communities. In the next several months we will engage the public and constituent groups in a formal review of your excellent work.

But to move the vision from a plan to a reality will take your continued leadership and commitment. There are three things you can do to help in the months ahead:

First, establish a real communication link between the work you are doing here and your constituent group. Make sure your members, constituents, or neighbors understand the work you are doing.

Second, be a voice for the concerns and issues raised within your community. We need to hear from everyone as we move forward.

Finally, function as a catalyst for change within your community. Spread the word about how our individual actions are contributing to the very trends that will ruin our quality of life in the Willamette Valley.

Here in Oregon we are not afraid of the future. Your participation in the forum is symbolic of your commitment to help shape the future instead of reacting to it. Your vision of the Willamette Valley rejects the polarized dead-end worlds offered by anti-growth advocates and those who build only suburban sprawl.

You know that ending growth will destroy our quality of life.

You know that failing to prepare for growth will harm our livability.

And you know that success in realizing today's vision will depend on working with neighbors and communities throughout the Willamette Valley.

Many difficult challenges lie before us. However, the good work you have done in the last year has built the foundation for tomorrow's Willamette Valley. I look forward to helping you make your vision a reality.

Thank you.

It is now my pleasure to introduce John Miller, who chairs the Willamette River Basin Task Force.

John and his group have done a tremendous amount of work over the last 18 months to assess water quality and quantity

issues in the Willamette River Basin and to recommend how to fix these problems.

I consider this task force a model for how to get an in-depth look at specific issues facing the Willamette Valley. I am pleased that John is working closely with the Willamette Livability Forum. One of the challenges we face in the months ahead is deciding how to bring all of these efforts together so that the value of the whole is greater than the sum of its parts.

In that light, John is here today to share his work with you and learn your perspective on it. Please join me in welcoming John Miller.

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Governor John Kitzhaber

Corvallis Rotary

October 30, 1997

It is a pleasure to be in Corvallis again in the heart of the Willamette Valley. As I made the trip here from Salem I was reminded why so many of us consider this area one of the prettiest in the world.

During much of the drive I saw productive farms, orchards, and ranches in all directions. Overlooking it all was a spectacular skyline crowned by Mt. Hood.

But there is another side to the Willamette Valley. And I'm afraid everyone here knows it too well.

These days sections of Interstate 5 are regularly jammed with commuters and truck traffic. Big box stores with acres of parked cars are under construction on some of the best farm land on earth. New homes and strip development now sprawl in rural areas where forests once stood.

This contrast between the pastoral and the suburban in the Willamette Valley is familiar to everyone here. There have been tremendous changes in the last 30, 20, and even five years in how we live, work, and move through the valley.

Consider these facts:

The population of the Willamette increased by 500,000 between 1970 and 1990.

The number of urban acres in the valley jumped from 240,000 in 1970 to 460,000, a 91 percent increase.

The daily number of vehicle miles traveled by automobiles leapt from 22.6 million in 1970 to 42.5 million in 1990, an 88 percent increase.

More changes are on the way. During the next 15 years the Willamette Valley will add 700,000 residents, 270,000 acres of additional urban development, and 18.5 million more vehicle miles traveled.

Oregon's quality of life is at risk here -- no question. And we have plenty of work ahead of us in order to protect it. I believe our state's experience in the last 25 years demonstrates that managing growth is the only approach to successfully meet the challenges that lie ahead.

I realize that others disagree. Several weeks ago hundreds of Oregonians advocating a "no-growth" approach held a conference in Portland. They argued that the best way to protect Oregon's quality of life is not to manage growth, but rather to stop growth altogether.

And while I have some sympathy with this viewpoint -- we would all like to roll back the clock to a simpler and less crowded time -- the fact is, that a successful no-growth strategy may well jeopardize the very values we seek to

preserve. Because I don't know of any part of the country that has successfully stopped growth except when these places became wastelands from the standpoint of employment or livability.

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Fed up with smog, congestion, and endless commutes, tens of thousands left Orange County and other parts of southern California, in spite of a healthy economy of the late 1970s. These immigrants took with them their energy, their businesses, and their capital, the seeds of any community's future economic success. More than 20 years later many of the older suburbs these ex-Californians left behind are still in decline.

So the other way to stop growth is to make Oregon a place where no one wants to live. It does work. Southern California taught us that. But this is not the path for Oregon either.

We need to recognize that people will continue to come to Oregon as long as we have a good economy and a high quality of life -- both of which we want to preserve. The only way to do that is to manage our growth. And Oregonians know how to do that better than anyone else.

We have led the rest of the country in pioneering tools for growth management. We have the experience right here at home.

In Oregon, we know that you need to build housing where the jobs are in order to prevent our highways and roads filling up with commuter traffic.

In Oregon, we know that you need to control commercial access to traffic bypasses in order to protect our investment in these highways.

In Oregon, we know that you need to invest in good roads, first rate schools, and the other infrastructure that promotes livability.

In short, we know that in order to protect our quality of life we must integrate our economic development decisions with our land use decisions and with our decisions in housing and transportation.

Here in Oregon we must continue to look to the future. Instead, we must recommit what I call quality communities. Communities that are in balance. Communities that have good jobs, affordable housing, decent schools, efficient transportation, a clean environment, and a vision for how the community will grow and develop and a strategy to realize that vision.

Today at the OSU campus more than 100 business, community, and government leaders are participating in an a conference sponsored by the Willamette Valley Livability Forum that will protect and create quality communities in Oregon. Their goal is to help valley communities understand how to channel growth in a way that maximizes the benefits and minimizes the cost. To do this we need to help valley communities build and implement a vision for how this area will grow in the next 50 years.

The vision of the Willamette Valley in 2050 is an exciting one. The landscape is made up of compact cities, working farms and forests, nestled in open spaces and natural areas. Residents take great pride in their communities as safe, healthy, and vibrant places where children and families can learn, grow, and thrive. A robust regional economy provides employment opportunities and affordable housing.

The leaders who are participating in the Willamette Livability Forum have stepped forward and decided to help us shape the future instead of reacting to events created by others. They want to avoid the polarization fostered by both those who oppose growth and those who favor growth no matter what the cost to the community.

Instead, the participants in the Willamette Livability Forum are determined to help plan a place we can be proud to pass on to our children.

The fact is that ending growth will destroy our quality of life just as severely as failing to prepare for growth will harm our livability.

If we are to keep Oregon the special place it is, we must work together as neighbors and communities throughout the Willamette Valley and around the state to manage the growth that is taking place around us.

Only through vision, cooperation and wise investment can we succeed. And we should settle for nothing short of success.

Thank you.



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Governor John Kitzhaber

OEDD Annual Conference

October 21, 1997

When I spoke to you two years ago in Newport, I suggested that economic developers would need to think about new challenges and new directions. Today you are undertaking the hard work of redesigning our programs and partnerships to make sure that they serve Oregon well in the 21st Century. We are making these changes for one simple reason: the challenges that our economic development efforts faced in the early 1980s are not the same as those we face today in the late 1990s.

In the 1980s, with unemployment in double digits and the state's job base and population shrinking, any job, anywhere, at any cost, was not a bad idea. Our state's lack of industrial diversity required us to look outside Oregon for major investments in high-tech facilities to balance our economy and get our momentum restarted.

We succeeded beyond anyone's expectations. These days Oregon has a dynamic, diversified economy that generates great jobs in many parts of our state.

There are exceptions, of course. Big parts of eastern, southern and coastal Oregon create few high-paying jobs. These communities need our help in attracting the right kind of investment.

But the strong economy in the remainder of Oregon has brought new challenges -- growing housing costs, overcrowded schools, traffic congestion, labor shortages -- that threaten our state's quality of life.

The economic development commission recognized this dilemma in its recent report: *New Directions for Economic Development in Oregon*. I hope everyone here today will join me in implementing this new direction in the coming year. This morning I want to share a couple of the principles that I think should guide that work.

If the modern, technology driven, internationally-minded economy has taught us anything, it is that successful organizations must be able to adapt quickly. They must be nimble. They must be able to recognize the need to change and accomplish that change quickly.

Just as importantly, today's successful company flattens hierarchy, drives decision making down to the rank and file, shrinks middle management and severely punishes anyone that puts turf before productivity.

If there is one criticism of government -- state, local or federal -- it is that we are not able to adapt quickly. We aren't nimble. In a world where businesses from tiny to huge are in a constant process of reinvention, government has not been able to keep pace. Hence, we find government institutions trying to solve the problems of 10, 20 or even 30 years ago as we implement systems designed for another time.

And we don't reach across our institutional barriers very well. I can tell you as this year's CEO of the 44,000 person organization called the State of Oregon, turf is alive and well and it is standing in the way of our ability to serve Oregonians.

With that in mind, I would like to share my vision of how we should change our approach in economic development from one of merely helping create employment to one of fostering quality communities.

First, let me define what it is I mean by quality community. To me it is a community that is in balance. A community that provides good jobs for its workforce; has affordable and well-located housing; has decent schools for its children; has an efficient transportation system that provides transportation choices; possesses sewer and water systems that support our communities and maintain a clean environment; and has a vision for its future to manage growth and development as well as a plan to deliver it.

We have a strong record of identifying the kind of state we wish to live in. Our state land use goals, the Oregon transportation plan and *New Directions for Economic Development in Oregon* all are documents that set out a vision for Oregon and each is viewed as a model for the nation.

It is my view, however, that we have fallen short in our implementation of those visions for the state.

That is in part because we have taken a fragmented approach to that implementation. The department of transportation cannot achieve its own goals, much less our community development goals without working with our land use, economic development, housing, and environmental quality agencies, as well as local governments. Each of these entities exists in the same complex community environment that makes unilateral action for success impossible.

Hence, the first principle is that our economic development efforts must break down the barriers between state agencies -- especially the community development agencies of housing, land use, transportation, environmental quality and economic development.

Let me just give you some examples of how these community developments are tied together.

If we open new manufacturing facilities in areas without adequate housing we create a transportation problem as people are forced to commute long distances to their place of work.

If we build a by-pass for through traffic and allow commercial development there we not only waste transportation funds when we later construct another by-pass, but we also degrade our cities and towns through strip development.

If we allow low density housing in areas more suited to industry we force business to settle for second-rate sites that are more expensive for a community to serve.

If we fail to invest in sewer, water and other infrastructure in rural communities we cannot attract the job producing business they need to achieve a balanced community.

The point is that to be successful in achieving high quality communities, we must work together with integrated action plans. That process needs to start with our own state agencies.

State agencies do not have a long history of working together. Historically, they have coordinated their efforts but only superficially. It is time we move to true program integration.

State government has started down by forming the community solutions team. This group meets with me or my staff every two weeks and consists of the directors of the state's five community development agencies: the departments of transportation, economic development, land conservation and development, housing, and environmental quality.

The community solutions team has a clear charge: to integrate the programs of their five agencies in order to work in concert toward building high quality communities. We have had some success and have learned a lot in pilot efforts in Malheur County and on Portland's Martin Luther King Boulevard.

Another step we have taken to integrate our work at the state is a set of quality development objectives which we can make available for your use. A third tool is the formation of a community development office to assist in policy coordination within the state's community development agencies. This office should be up and running by the end of the year.

The second principle of community development I want to emphasize is empowering collaborative decision making.

Let me give you two examples of agencies that are pursuing efforts to do this.

In the area of land use, the regional problem solving process has brought state agencies together with local governments as well as private interests to solve selected land use problems. It is a collaborative process based on bringing state and local interests together to develop creative solutions.

The department of transportation's uses a similar approach in the regional decision process it developed through the Oregon transportation initiative. It is bring the state and local and private players to the table in order to work together and make investment decisions together.

These efforts, based in part on the experience of many of you involved in the regional strategies and rural investment fund programs, represent a new approach to governing. But we must go much further. Your challenge will be to take the goals and direction established in new direction for economic development in Oregon and make it happen on the ground.

In order to do that I have asked the economic development commission and the interim work group to work with state agencies, local government , as well as regional workforce committees and other private sector partners, in ways that have never been undertaken and have been resisted by the structural walls that were created years ago. These groups have the broad representation and the quality of people to develop the system that can deliver a high quality of life to Oregon.

How might this effort make a difference in the daily lives of our communities? I believe it can create an Oregon very different from today.

A future in which a handful of state programs replace the dozens we have now.

A future in which teams of local, private, state and federal partners work together to help communities and regions take charge of where it is going.

A future in which we direct state and federal resources to critical priorities with a minimum of fuss and paperwork.

The truth is we cannot afford to do what we have done in the past. Oregonians will not stand for it. We have to show that we are not doing business as usual

I cannot do this alone. I need your help. With your assistance, we can show: that economic and community development and workforce and resource management organizations can change; that government can be nimble; that we won't let turf and fear of change stand in the way of quality communities, better jobs and a cleaner environment.

Thank you.



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Governor John Kitzhaber

Minority Over-Representation Summit Speech

October 15, 1997

Before I begin my formal remarks, I want to thank two of Oregon's best legislators --Representative Margaret Carter and Senator Avel Gordly. Without them, we wouldn't be here today.

Representative Carter is known throughout Oregon. During her legislative career, she has changed her community -- and our state -- for the better in countless ways.

Margaret, I think I speak for everyone when I tell you how much we value your tenacity, your commitment to youth, and your advocacy for social justice. You will be sorely missed in the Oregon Legislature.

Senator Avel Gordly also deserves our thanks and appreciation. She is a tireless champion for Oregon's young people. Senator Gordly played a crucial part in the design of my administration's strategy to prevent juvenile crime. She also initiated conversations last year that led directly to today's summit.

Everyone here today is concerned about juvenile crime in Oregon. We can debate about why it takes place, but the facts are clear:

- In 1995, juveniles committed more than one out of four of all Oregon crimes.
- Juvenile arrests are up in two-thirds of Oregon counties in the past year -- and in virtually every county since 1990.
- Oregon's rate of property crime by juveniles remains 74 percent above the national average.

Addressing these problems is a top priority for my administration. Last year we proposed a comprehensive strategy to prevent juvenile crime. Our approach has four elements:

First, it focuses on community-based strategies for youth at highest levels of risk.

Second, it coordinates existing efforts at state and local levels.

Third, it holds the juvenile justice system accountable for achieving results.

And finally, it commits to reinvesting the resulting savings into prevention efforts.

With the help of Senator Gordly, Representative Carter, and many of you in the audience, I expect us to implement Oregon's juvenile crime prevention strategy in the months ahead.

One of the biggest challenges we face, though, is tackling the problem of over-representation of minority youth in our justice system.

Oregon needs a coordinated and comprehensive effort to decrease the problem of disproportionality in our state's juvenile justice system. Without such an undertaking we cannot reduce the involvement of youth -- and especially youth of color -- in our juvenile justice system.

This is not a new issue for most of us. It is widely acknowledged across the nation -- by professionals and advocates alike -- that youth of color become involved in the juvenile justice system at rates far exceeding their proportion in the population. There are no shortage of studies that demonstrate this. Let me cite three of the most recent:

- The Oregon supreme court's 1994 Peterson Report documented a large number of complaints about racial and ethnic issues in our state's judiciary, law enforcement, and the juvenile justice system, ranging from overt discrimination and bias to unintentional differential treatment.
- A 1996 task chaired by then-Oregon Attorney General Ted Kulongoski established that minority youth are more likely to become involved in the juvenile justice system than their non-minority counterparts.
- A 1997 report by the California Judicial Council Advisory Committee on Racial and Ethnic Bias found that minority youth were over-represented in both delinquency and dependency cases.

If that is not enough, I recommend you look in the conference packet you received this morning. You will find a chart that shows statistically how minority youth in Oregon are over-represented at specific stages of our juvenile justice system. Consider these facts from the chart:

- If you are Asian American, you represent 2.4 percent of Oregon's youth, but you account for 4 percent of Measure 11 charges and 10 percent of Measure 11 sentences.
- If you are Native American, you represent 1.3 percent of Oregon's youth, but you represent 3.2 percent of offenders at Maclaren and 8 percent of those at Hillcrest.
- If you are African-American, you represent 1.6 percent of Oregon's youth, but you account for 11 percent of Measure 11 charges and 8 percent of Measure 11 sentences.
- If you are Hispanic, you represent over 4 percent of Oregon's youth, but account 16 percent of Measure 11 charges and 20 percent of Measure 11 sentences.

Why is this happening?

We know that the risks that increase the likelihood our youth will enter the juvenile justice system are the same, regardless of race or ethnicity. These include substance abuse, school failure, family history of criminal behavior or substance abuse, and poor family environments.

And just as crime has many contributing causes, no one factor can account for the over-representation of minority youth. It is a systemic problem -- the result of a collection of interdependent decisions, services and treatments -- both before and during a youth's involvement in the justice system.

Nor is solving this problem is the responsibility of any one person or organization. Instead, it is a collective responsibility.

Let me tell you about some of the work we have done at the Oregon Youth Authority to meet our responsibilities. We have a long way to go, but OYA is making good progress. Some of the recent steps this state agency has taken to reduce minority over-representation include:

- Assessing and documenting language and cultural needs and establishing programs and special services to address them.
- Ensuring that all materials are culturally appropriate and available in minority languages.
- Hiring bilingual and bicultural staff and providing cultural education to other OYA staff
- Improving mental health assessments and treatment of mental and emotional health disorders.
- Adding cultural sensitivity to all annual staff performance appraisals.

But OYA can't solve this problem alone. We all must all play a part. That is why I have asked people from many different walks of life here today.

Today I ask you to review how you and your profession can contribute to a solution. Each one of us has a critical but different role. We are all involved in at least one, and sometimes many, critical points of decision in the lives of Oregon's at-risk youth.

This afternoon you will gather in small groups with peers from your profession. Your charge is simple: identify and commit yourselves and the organization you represent to take one step this year to reduce minority over-representation in the juvenile justice system.

In order to spur your thinking, let me suggest five things any organization might do to address this problem:

First, develop guidelines that help you implement existing laws and policies equitably.

Second, assess whether your policies and practices adversely affect youth of color, even unintentionally or inadvertently;

Third, expand your cultural knowledge, adjust your existing services accordingly, and support these changes by hiring persons with the same language and culture as the youth you serve.

Fourth, examine whether decisions made at critical points in your system keep youth from engaging in further problem behaviors.

Finally, recognize that over-representation is the result of a complex set of interrelated risks and decisions and adjust your organization's approach to reduce these risks.

As I said before, this is a collective responsibility, so let me make a commitment to you. In the coming year, I will do three things to reduce minority over-representation in Oregon's juvenile justice system.

First, I will encourage and support plans to increase the cultural competence of all state agencies and the services they provide.

Second, I will ensure that my staff act as a resource as you improve your part of the system;

And finally, I will reconvene this group in one year to assess our progress and identify the next steps we must take.

We must all be part of the solution. Today, I challenge you to join this process. Without your willingness to work on this problem, nothing will change and every single one of us is critical in making the changes that are needed.

I believe we share a common vision -- to develop supportive environments for the healthy growth and development of Oregon's youth. But we cannot frame the over-representation problem as another symptom. Instead, we must accept our collective responsibility for the process which creates over-representation.

We can work together to develop a coordinated system of policies, structures and behaviors that help minority youth and their families develop assets and coping mechanisms -- assets that can offset the risks we know will make it more likely they will end up in the juvenile justice system. With your help, Oregon can create a coordinated and comprehensive strategy to reduce over-representation of minority youth in our justice system.

Thank you.



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Governor John Kitzhaber

Associated Oregon Industries

October 10, 1997

Thank you, Richard. It's a pleasure to be here again with you and your members.

Most of us travel frequently around the country on business. It doesn't take too many trips to learn that Oregon is fixed in the national consciousness as a place that produces innovative ideas and risk-taking leaders. Time and time again we have broken new ground in transportation, health care, education, environmental protection, and the workforce.

We finished our principal interstate highway first as other states struggled to plan and construct their own sections of this national system of roads.

We expanded health insurance coverage through the Oregon Health Plan as access to health care services shrank in other states.

We set tough new standards for our school children through the Education in the 21st Century Act as student performance declined in other states.

We established a pioneering land use system that has protected our forests and farms as other states sacrificed agricultural land to urban sprawl.

We reformed our workers compensation system and reduced insurance costs for Oregon businesses eight years in a row as similar rates rose in other states.

Each of these efforts has had a positive effect on the daily lives of countless Oregonians and our quality of life. None of them have been easy. All have demanded innovation and calculated risks.

One of the secrets to our success is leadership. No matter what group they might represent, our state's leaders, especially in our business community, have focused on problem-solving, not partisanship. This is one Oregon tradition, however, that is in jeopardy.

In recent months, the political atmosphere has begun to change in our state. There is an ideological purity that is new to Oregon. This is a troubling trend that threatens our quality of life and our national reputation for innovation.

Let me give you an example of what I am talking about. Everyone here knows how important a good transportation network is to our prosperity and our quality of life. We also know that our highways, roads, and bridges are falling apart.

Consider these facts from a national survey of the Surface Transportation Policy Project:

Oregon drivers spend \$51 million annually repairing damage to their cars caused by crumbling urban highways.

Oregon ranks 11th in the nation in the Pothole Index, an independent survey that measures the percentage of urban highway miles in immediate need of repair.

In three Oregon metro areas -- Portland, Salem, and Medford -- more than one-fifth of all highways are in poor or mediocre condition.

Meanwhile, Oregon's population is exploding -- we added 55,000 new residents last year alone and close to 300,000 since 1990 -- even as the average number of miles Oregonians drive increases year after year.

Two years ago I created a citizens task force, the Oregon Transportation Initiative, to examine these problems and find some answers. The effort was led by former governor and U.S. Transportation Secretary Neil Goldschmidt, and included some of Oregon's top business leaders such as Ken Harrison, CEO of PGE, Art Christianson, retired CEO of Norpac, Mike Holleran, former Chair of the Oregon Transportation Commission and President of Brooks Resources, Carol Whipple, a southern Oregon rancher and timber operator, Mike Burrel of Burrel Forest Products, and Ed Balsiger, General Manager of Pendleton Grain Growers and current President of AOI.

The proposals of the Oregon Transportation Initiative, which I submitted to the Legislature earlier this year, firmly reflected our state's tradition of innovation and nonpartisan leadership.

They challenged the idea that we can build our way out of congestion by doing what Seattle or Los Angeles did -- adding more and more freeway lanes.

They challenged the belief that we can afford to ignore the dangerous and expensive deterioration of our highways, roads, and bridges.

They challenged the notion that decisions about Oregon's transportation needs can be made without the involvement of regional and local communities.

The proposals of the Oregon Transportation Initiative constituted a new way of doing business.

They called for the maintenance and expansion of our transportation system in a way that promotes economic opportunity while preserving our special quality of life.

They called for broadening the base of transportation funding in order to help keep the gas tax down and reduce the growing backlog of poorly maintained highways, roads, and bridges.

And they called for regional decision making instead of the one-size-fits-all directives historically handed down from Salem.

We all know what happened to Oregon Transportation Initiative. It was passed twice by the House of Representatives with bipartisan votes approaching a two-thirds majority. It was supported by the Speaker, the Majority Leader and the Democratic Leadership. Yet, In the final days of the 1997 legislative session a small coterie of ultraconservatives in the state Senate decided to block approval of any transportation package until a charter school bill passed. As a result, for the sixth year in a row the Oregon Legislature failed to pass a transportation bill.

Meanwhile, our state's transportation problems remain. New residents continue to move here, traffic congestion becomes worse with every passing day, and the number of miles of decaying asphalt keeps growing. Putting off these problems only drives up the final cost of fixing them.

Parties have been, and always will be, a part of politics. But in Oregon we used to take a different approach. Republicans and Democrats once could put aside their ideological differences to concentrate on solving big problems, not only in transportation, but in other areas, too.

I am afraid that happens less and less in Oregon today. There are exceptions, of course, the most notable of which is the speedy bipartisan enactment last spring of the Oregon Salmon Plan.

But in general, the political atmosphere in Salem is at the highest level of partisanship and stridency that I have seen in my 20 years of public service. Issues such as transportation, once firmly part of the political center on which liberals and conservatives could agree, are now considered ideological litmus tests by some state Senators and Representatives.

The first casualties in such a poisonous environment are innovation and risk-taking. Leaders, both in politics and in the business community, become less willing to take chances.

That's unfortunate because that kind of leadership has been a key ingredient in the biggest legislative accomplishments of the last 25 years. Think back for a moment in the context of today's political environment to some of those achievements and the risks they required.

Could we build some of the first and the best interstate highways in the country, which took millions of dollars of new state investment, in today's political environment?

The answer is no.

Could we create the Oregon Health Plan, which required us to make tough choices about medical care, in today's political environment?

The answer is no.

Could we enact the Education Act for the 21st Century, which set demanding new standards for our schools and our children, in today's political environment?

The answer is no.

Could we pass Senate Bill 100, which protected forests and farms, in today's political environment?

The answer is no.

Could we adopt 1990's workers compensation reform, which changed the way we do business, in today's political environment?

The answer is no.

Could we adopt the Bottle Bill, which led the nation in recycling, in today's political environment?

The answer is no.

Could we protect our state's beaches, which Governor Oswald West did in the first decade of this century, in today's political environment?

The answer is no.

Each of these accomplishments required pragmatism, risk-taking, and collaboration. Those qualities are less and less valued in today's Oregon Legislature. Instead, what matters more, especially in the Senate, is ideology and partisanship.

Let me be clear about this. My purpose today is not to attack the Oregon Republican party or its members in our state's Legislature. This is not about political parties.

In fact, in the 1998 Legislative elections I will urge voters to support a number of Republican lawmakers, including Representative Bob Montgomery from Cascade Locks, and Senators Jeannette Hamby of Hillsboro and Lenn Hannon from Ashland.

If this decision upsets the Oregon Democratic party, so be it. The fact remains that I know from firsthand experience that Republican Representative Montgomery, and Republican Senators Hamby and Hannon, are effective lawmakers with the best interests of Oregon at heart. Our state Legislature would be a poorer -- and much less productive -- institution without them.

The work done by these three state Republican legislators and many of their colleagues in the Republican party represent one of Oregon's best political traditions: working with colleagues on both sides of the legislative aisle to get things done. Think for a moment about a few of Oregon's past House Speakers and Senate Presidents who worked with their political opponents to create the achievements of the last 25 years which I described earlier.

Senate President John Burns, a Democrat, governed with a bipartisan coalition. One of Burns's Democratic successors, Debs Potts, regularly worked closely with Republicans. And before pursuing a career in Congress, Republican Bob Smith built excellent relationships with Democrats when he served as House Speaker.

Oregon's national political leaders have shown the same willingness to put their state before their party. Yes, Senator Gordon Smith is a Republican, but like Senators Wayne Morse and Mark Hatfield before him, he has not allowed partisanship to stand in the way of finding solutions to Oregon's problems.

I want to see that same spirit return to Oregon's state Legislature. I believe that moderates of both political stripes -- Democrat and Republican -- can rebuild the Legislature's political center. Business, especially as represented by AOI, has an essential role to play in this effort.

But let me speak frankly for a moment. I am concerned about the mixed message AOI and other business groups are sending about the results of this last Legislative session, especially in the area of transportation.

In the final days of the legislative session AOI worked on behalf of the transportation bill. You and your leaders understood not only the economic benefits to business, but more importantly, what a vital investment this legislation would make in our state's quality of life.

However, AOI's recently published Legislative Review gives some of its highest marks to the very lawmakers who held transportation legislation hostage to their ideological demands for a school charter law. These are the same individuals who orchestrated the rejection -- without debate -- of Michael Powell's reappointment to the Port of Portland -- the day after he received the Glenn L. Jackson award for business and civic leadership from the Oregon Enterprise Forum.

Oregon can't afford more of this partisan gridlock. We face too many important problems, not only in transportation, but also in health care, education, the environment, and in the workplace.

With AOI's help, we can rebuild the kind of centrist consensus in Oregon politics necessary to solve our problems in transportation and other crucial areas.

How can you help? There are three things you as business leaders can do.

First, express your disappointment to the Senate President over the Legislature's failure to approve a transportation package.

Second, make sure your current state Representative and Senator know that you are fed up with ideological game playing in the Oregon Legislature.

Finally, support and work for legislative candidates in 1998 -- Democrats or Republicans -- who value Oregon over ideology.

With your support, we can elect a state Legislature of Democrats and Republicans that will put Oregon first, not conservative or liberal ideology.

With those kinds of lawmakers in Salem, we can pass a transportation bill that will begin to reverse the grievous neglect

of our state's roads, highways, and bridges. We can concentrate again on issues that threaten our state's special quality of life and its reputation for innovation. We can also return to one of the Oregon Legislature's proudest political traditions: solving our state's real problems, not its partisan squabbles.

Thank you.



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Governor John Kitzhaber

**A Plan for Breaking the Deadlock on
the Columbia River**

Portland City Club

October 3, 1997

In the last 16 years, the people of the Northwest have spent more than \$3 billion dollars on an effort that now employs 2,000 people and has shown few results.

No, it's not a Stealth Bomber. Instead, it is our effort to restore threatened and endangered salmon runs on the Columbia River. This effort, started with high hopes, has foundered on a fundamental lack of agreement:

A lack of agreement on the objective of the recovery effort, lack of agreement on sound science, lack of agreement on a common plan of action and a lack of agreement on who is accountable for expenditures.

It is not difficult to see how that lack of agreement arose. The Columbia River is our own answer to the Balkans. It is controlled in various fashions by two nations, four states and 13 sovereign tribes.

But even with that backdrop, I suggest today that we cannot give up on the salmon simply because we have not yet succeeded in providing them much help.

We must break through the futility of the last 15 years to come up with new approaches and new ideas for preserving wild salmon in the Columbia. Today, I will tell you why I believe we have this opportunity -- why now is the time to act. Then, I will propose a way in which we can break this problem into a more manageable framework.

First, why I think we need to act now -- together as a region.

If the Northwest does not propose a regional solution for salmon recovery, quite simply, the issue will be decided for us. It will be decided by Congress in its looming debate on energy deregulation.

In Congress, if we do not present a four-state united front, the BPA -- our region's legacy of affordable power and our principal source of funding for salmon recovery -- is at significant risk.

That's why I believe that when Congress takes up energy deregulation legislation next year, the Northwest must be ready with a package that deals with the problems of Bonneville and the Columbia River. That package must include:

First, a plan for how BPA will sell its power in a competitive marketplace that is in keeping with the fact that it is a federal agency, not a private competitor.

Second, legislation that will prevent BPA from using its transmission system monopoly to keep competitors out of the Northwest power market.

Third, a cost control plan for BPA including a mechanism for collecting any costs that Bonneville cannot recover in selling power in the marketplace.

Fourth, an agreement on how Columbia River fish recovery costs will be paid in the future.

And finally, a new decision-making structure for governing the Columbia River and planning what fish recovery actions must be taken. That's no simple task. But inherent in everything I say today is the assumption that we who live in the Northwest must find a new way to manage the Columbia.

Because, make no mistake about it, the rest of the country does not have our interests at heart. Congress may well decide deregulation in a way that does not retain low-cost power in the region -- does not even maintain control over power within the region -- and does not recover fish.

I believe this is the looming threat that can bring us together as a region. The alternative -- one of losing the public benefits of the BPA and a secure dedicated stream of funding for salmon recovery -- is very unattractive, and to me it is unacceptable.

Let me tell you why I think we can act together, as a region, now.

I believe that we have broadly-shared interests within the region today. We share the desire for low-cost power, we share the desire for water to irrigate the basin lands, provide drinking water for communities and recreational opportunities for our citizens -- and we share a desire to recover fish.

I am joined by three other governors in this region that are willing and able to work together. In fact, we have met together no less than four times in the last two years. In addition, we have a federal administration that will listen to us. And we have Indian tribes that are willing to sit down at the table and look for solutions.

In June, I hosted a meeting here in Portland of the four governors, 10 of the 13 Columbia River Indian tribes, and representatives of the federal government, including Katie McGinty, head of the White House Council on Environmental Quality, and Terry Garcia, Assistant Secretary of Commerce. At this meeting we started an unprecedented process of open communication between the three sovereigns in the region.

My goal is to keep control of Columbia River power generation in the Northwest, and to keep power costs as low as possible. At the same time, we need to lay out the real costs of fish recovery and -- as a society -- make clear, responsible and accountable decisions about the recovery of Northwest salmon.

We can get together as a region and propose a Northwest solution that addresses both power and fish, or we can cede the initiative and our future to those outside the region.

So the time to act is now. But what do we do first?

I propose that we, as a region, adopt a plan of action that will deal with discrete, manageable portions of the problem. Specifically, let me discuss some ideas regarding, harvest policies, hatchery practices, habitat restoration and, finally, river governance.

First, let me address harvest policies and hatchery practices together.

Because, taken together, they reveal one of the paradoxes on the Columbia River: the conflict between the endangered species act and federal responsibilities to the tribes under treaty agreements.

The tribes have harvest as their primary interest and are less concerned with whether they harvest native fish or hatchery fish than with ensuring that their treaty rights are honored.

On the other hand, the standard under the ESA is to restore a "sustainable" population of fish -- which may not mean a harvestable population. Furthermore, the things that might increase the number of fish for harvest -- such as more hatcheries -- may be bad for endangered species.

This problem results from two federal mandates -- honoring treaty rights and enforcing the endangered species act -- which may be mutually exclusive.

The first step in moving toward a consensus on hatchery practices and harvest restrictions is to resolve this paradox. To do so, I propose appointing a staff-level workgroup -- including the tribes, the four states and the federal government -- to develop proposals to resolve the "ESA- Treaty Rights" conflicts.

Second, let me address the issue of habitat restoration.

There is no reason why we cannot develop a freshwater habitat plan that is similar to the Oregon Salmon Plan. In fact, with the steelhead listings in the Northwest -- and if Washington and Idaho adopt salmon recovery plans of their own that are similar to, and coordinated with, the Oregon Plan -- we may be on our way.

We already have a process to develop a recovery effort using the Oregon plan as a model. What we need is a way to prioritize the habitat restoration work, both because of limited funds and because of the "cost-benefit" ratio of the investments. That is, for a given investment, some watersheds and stocks may yield a greater "recovery return" than others.

In November 1995, Bill Bradbury, a former Oregon State Senator and now President of an organization called "For the Sake of the Salmon," put together a Handbook for Prioritizing Watershed Restoration to Aid Recovery of Native Salmon. In the preface, Bradbury writes: "the challenge is to target all these expenditures to the most important efforts first. The opportunity is to actually make a difference for the salmon. We can only do that if we pay attention to the biology -- not the politics, not the agency turf -- but rather prioritizing our efforts based on the biology of the salmon, which very quickly leads us to the biology of healthy watersheds."

Bradbury is right: the key here is watersheds. If we are able to restore watershed health, then we do not need to deal with each and every species within the watershed with a separate recovery plan. One watershed plan will address all the species. Furthermore, using the local watershed council approach will get the citizen ownership necessary for long term success.

Finally, let me tackle perhaps the most contentious issue on the Columbia River. We call it simply "river governance."

Behind that simple name lies a complicated problem involving a number of factors, including:

- A Columbia River ecosystem that has been altered by hydroelectric development.
- The lack of clear MUCH empirical science on which to base a recovery plan.
- The sheer number of economic stakeholders impacted by recovery strategies, including: agriculture, recreation, aluminum smelters, barge companies, ports and utilities. Each stakeholder is an advocate for or against a particular action (draw downs, increased spill, dam removal, barging, hatcheries, etc.) Based on how it will impact them economically. These competing interests have effectively blocked any serious discussion of a solution to the problem.
- And then there is the need for consensus among 18 separate governmental entities (U.S. government, Canada, four states and 13 tribes).
- There is the lack of coordination among seven federal and regional agencies that each have some jurisdiction over the Columbia.
- And finally there is the lack of accountability for how restoration dollars are being spent.

To deal with this complex issue of river governance, at least four steps will be required:

First, we must create a new forum of state, federal and tribal representatives to decide Columbia River issues. This forum may be a modification of the existing Northwest Regional Power Planning Council, or it may be a new entity. In

any event, it must include participation of the four states, tribal interests and the federal government -- and it must have real authority to make decisions on the allocation of resources and the coordination of activities in the Columbia River Basin.

Second, we must clearly identify the objective of a recovery plan. That should be simple, but it has proved elusive. To me the objective must be not only a "sustainable" population, but also a harvestable population at least for the tribes and preferably for the commercial and sports fishing industries as well.

Third, we must develop a consensus on the science on which to base the recovery plan. I will seek agreement with my three colleague governors on the extent of scientific consensus and the basis for developing additional needed scientific knowledge about sSalmon and the Columbia -- with the recognition that it will be evolving and that the plan will have to be modified and updated based on new data.

Finally, we must identify the economic stakeholders, acknowledge and validate their concerns, and make the costs and politics of recovering salmon explicit. The economic stakeholders are the interests that drive recovery politics in the four states and in the region. We will not succeed by belittling these interests on the river. We must address the concerns of the economic stakeholders in any proposed plan and the costs of doing so must be clearly identified and incorporated as a part of implementation.

I believe this point is the crux of the issue for our salmon, for our river, and for the Bonneville Power Administration for too long, we have labored under the assumption that we can recover salmon without incurring political or economic costs. We can't.

The bottom line is that effective salmon recovery, based on sound science, is going to cost everybody something. What we haven't done is figure out who or how much.

Until we do that, we cannot really make an accountable decision.

Until we do that, we cannot really know what salmon recovery will cost.

Until we do that, we cannot really make progress on saving salmon.

While the recovery plan must be based on sound science, the implementation of that plan will be based on practical politics driven by economics. It is time we acknowledged that.

It is time, in short, that we get on with the work of saving salmon. Not because someone is telling us to, not because it's a federal mandate, but because, in our hearts, we know it is the right thing to do.

To be in the Northwest is, in some visceral way, to be connected to these marvelous creatures. Whether your family has been here 10,000 years or just 10 days, I believe Northwesterners identify salmon as the symbol of a healthy environment and the symbol of our region's abundance.

And if we lose wild salmon, we will lose so much more than the fish.

It will be certain then that we are losing the battle to keep our watersheds healthy -- and that salmon are just the first to go.

And it would be certain that we are failing in the challenge to reach across political and cultural boundaries and join in a common cause.

We simply cannot permit this to happen. Today, I am committing myself to making a difference for Columbia River salmon. I am asking every one of you to make the same commitment.

Eventually it will take sacrifice -- individually and regionally. But if shared, the load will be bearable. The choice before us is clear: either we as a society choose to make sacrifices -- or choose to sacrifice salmon. I do not believe we will

choose the latter path.



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Governor John Kitzhaber

"Building a Consensus for Environmental Innovation"

Oregon Environmental Council

Forum for Business and the Environment

September 23, 1997

Good morning and thank you for having me here today.

It's an honor to be able to kick off your 1997-98 season of your forum for business and the environment. I heartily applaud your effort to bring together the business and environmental communities to find a common ground.

Today, I'd like to spend my time with you talking about the Oregon Plan -- sometimes known as the Salmon Plan -- and how the lessons learned in creating it might help us with another major environmental challenge: The Willamette River.

Let me start by telling you a little about the Oregon Plan.

As many of you know, the federal government was considering listing several runs of coho salmon on our coastal streams as endangered.

What I feared and what many others feared was that if these salmon were listed as endangered, we would be right back in the type of pitched battle over the environment that we saw in the listing of the spotted owl. I did not believe then and I do not believe now that we can afford this type of conflict over our salmon runs.

We cannot afford it, because the fish do not have the time for us to litigate. Already, stocks of winter steelhead, for example, which numbered 10 to 15 thousand in the 1980s have declined to as few as two thousand today. They will disappear entirely from the Willamette if we continue to argue about who is responsible for recovery.

And we cannot afford this type of conflict because, as a state, we can not continue to be torn in half by issues of how we manage our environment.

That's why I started two years ago to put together a voluntary, collaborative effort, based on sound science, that would address salmon recovery from a watershed perspective.

It had all the hallmarks of success. Neither environmentalists or business interests liked it.

Slowly but surely however, the concept of a voluntary, cooperative effort which would restore watersheds on a farm-by-farm, dairy-by-dairy, woodlot-by-woodlot basis began to take hold. And it did for one simple reason: It was clearly and demonstrably the best and quickest way to improve the habitat of coho salmon.

The alternative was a federal listing and subsequent attempts by federal regulators to change land management practices among the more than 10,000 private landowners up and down our coast. Something in my experience told me that kind of approach would not be very successful.

Now, don't get me wrong. There is plenty in the Oregon plan that isn't voluntary. But its uniqueness is this: we will be able to accomplish more through education of and cooperation with landowners than we would through a top-down, federally mandated approach. To their credit, the federal government recognized this and have given us the green light to move forward with this effort.

I am hopeful that we can use this same approach of collective, voluntary action to move ahead on what I see as one of the major environmental challenges before the state: the Willamette River. Nowhere are the challenges of a healthy environment as complex as they are in the Willamette Watershed.

The watershed of the Willamette includes some of the most fertile land in the United States, and produces a broad range of high-value agricultural products. The Valley is also the hub of the state's population and economy, accounting for 69 percent of the state's population and 75 percent of the state's employment.

In the 1930s, the lack of oxygen in the Willamette River could kill fish in a matter of minutes and long stretches of the river were virtually lifeless, leading to a public outcry and the first major steps to improve water quality and protect public health.

By 1970, however, growth pressures again threatened water quality in the Valley. Once more, an initiative to clean the Willamette River energized the state and served as the centerpiece of a major civic movement toward greater environmental sensitivity. Led by Governor Tom McCall, Oregonians came together to reduce pollution from cities and large industries, to manage and plan for growth in the Valley, and to establish a "greenway" along the Willamette.

The images of twenty or forty years ago -- pipes dumping industrial waste and municipal sewage directly into the river, fish dying within minutes of exposure -- are, thankfully, behind us.

However, protecting our environment is not something we can simply do and walk away from; it requires constant vigilance. Today, the Willamette faces threats every bit as serious as it did in Tom McCall's day. These new threats are far more complex, but every bit as serious.

Today, I am asking for all Oregonians to renew their commitment to a clean Willamette River. Because the Willamette is not dying of a single grievous wound, rather, it is suffering the death of a thousand cuts.

Let me describe the threat.

Within the next 20 years, the Willamette Valley is expected to gain at least 700,000 new residents -- the equivalent of adding six cities the size of Eugene or Salem. We can accommodate these new Oregonians in our existing cities and towns and reap a more vibrant economy -- or we can allow sprawl to consume our farmland and traffic congestion to overwhelm our roads.

At stake is not only our farmland and the viability of our transportation system, but the health of the Willamette River and its tributaries also. Sprawl means roads, driveways, parking lots and roofs. In a word, runoff.

Some of you know it better as "non-point source pollution." If so, you've been in this business too long.

But you and I know that large industrial facilities along the Willamette are not the threat to water quality that non-point sources are.

This wide range of contaminants, from sediment to motor oil to fertilizers and pesticides, are carried to the river by stormwater or groundwater. These non-point source pollutants are often difficult to capture, monitor, and treat. And, increasingly, they appear to be the source of the rivers most dangerous pollutants.

We know what the threats are, and we know that we must act soon to preserve the Willamette for future generations. And we know that we can't do that the way we used to. We can't do it by addressing only sewage treatment and other major point sources of pollution.

Instead, we face the same challenge that I believe we faced on the coast: restoring watershed health by changing the habits and practices of literally thousands of people. Only, in this case, there are millions of people.

I believe that Oregonians have the creative spirit, and the will, to surmount these challenges. If we bring Oregonians of different interests and backgrounds together, help them establish clear goals and a strong sense of purpose, I believe they will forge solutions to our most pressing problems.

To help establish these common goals, I have participated in creating three groups to look at both the river and how we manage growth in the valley.

The first, created in February of 1996, was the Willamette Valley Livability Forum -- a voluntary, cooperative effort to bring together the business community, private citizens, and the many efforts of local, state, and federal government to understand and shape the development of the Valley.

The Forum is an organizing body that will need advice and guidance from groups specifically working on some of the critical issues facing the valley such as watershed health, land use, transportation and the economy.

That is in part why I appointed the Willamette River Basin Task Force a 22-member task force representing many different interests in the Willamette basin such as the OEC, Weyerhaeuser, and Norpac Foods to address the problems identified by the Willamette Study and to propose policy changes that could help improve the health of the river.

I have been extremely impressed by the diligence of this group, chaired by John Miller, and the fact that this very diverse set of individuals will produce by December a set of clear and cogent recommendations for improving water quality in the Willamette River. It is my belief that their work will help lead us into a new era of restoration of the health of the Willamette River.

Finally, in May of 1996, then Washington Governor Mike Lowry and I jointly appointed 31 members to the Management Committee of the Lower Columbia River Estuary Program. This group is charged with the development of a management plan for the lower Columbia River, including the area where the Willamette empties into the Columbia near Portland. This management plan should produce specific recommendations and enforceable provisions to restore the health of the estuary.

I am confident these groups will address the tough issues and will give us solid sets of recommendations and ideas about how to preserve the Willamette River and this special valley so many Oregonians call home.

But the real question is: What do we do with those recommendations?

How we answer that question for the lower Columbia and the Willamette Valley has major implications for our future. Will we pool our resources and expertise, and cooperatively chart the course for restoring the health of our natural systems in the Lower Columbia and in the Valley?

Or will we sit back while the Endangered Species Act listings of the upper Columbia march down to the ocean, and then argue for years over whose responsibility it is to restore fish and whether the science is convincing enough to tell us what to do!

The effort to restore our watersheds is well underway in the Valley. We have 24 watershed councils working with people in their communities to improve water quality and address the limiting factors for fish. We have landowners rebuilding wetlands and off-channel rearing for fish. We have Enron/PGE promising to invest \$1 million a year for the next 10 years in watershed restoration.

We have the Timber Industry voluntarily funding improvements to roads and culverts far in excess of the levels required by law. And we have government beginning to work together -- at all levels -- in a way it never has before.

By this time I hope you are all asking: But what does that have to do with me? What can I do as a city dweller, Christmas tree grower, a mill worker, a grass seed farmer, and board member of a utility, a city councilor, an angler, or

a teacher?

If you are a farmer, I ask you to work with your extension agent, your Soil and Water Conservation District or the State Department of Agriculture to conserve soil and reduce the water you need for irrigation, and clean up the runoff that flows back into the Willamette.

If you are an angler, I ask for your understanding that your harvest of hatchery fish in the lower Willamette or in some tributary streams may be reduced or curtailed until the wild populations can be restored.

If you are a forester, I ask you to carry out the significant commitments your industry has made in the Oregon Plan such as repairing old roads that block fish passages or deliver sediment to streams that buries the spawning gravel.

If you are an electricity producer, consider "fish-friendly" investments to improve fish passage, increase stream flows, and reduce water temperature.

If you live in a city, I ask you to do something as simple as turn off the water while you brush your teeth, to recycle everything that you can, and limit your use of fertilizers and pesticides on your lawn, be aware that washing your car with non-biodegradable detergent in your driveway adds to the pollution of the Willamette River.

In summary, I ask you do three things:

First I ask you to pledge yourselves to be part of the solution, not part of the problem. We do not have time -- the fish do not have time -- for protracted bickering and finger pointing. That will gain us nothing but endangered fish and federal control of our resource management decisions. Failure to act is a choice to relinquish control over our destiny to others is not an option.

Second, I ask you to help me make sure that all Oregonians share responsibility for solving these problems. Each of us plays a vital role.

Third, I ask you to work with me and other concerned Oregonians to find creative solutions to our problems. I know that heavy-handed regulations are not the best way to restore the Willamette and protect our fish. Voluntary measures, economic incentives, flexibility, and innovation can be far more effective. And we need to implement the carefully developed recommendations of groups like the Willamette River Basin Task Force and the Livability Forum.

Let me conclude on a positive note, Consider this . . . In spite of the number of people in the Willamette Valley today, we still have:

- Cities that drink the water pulled directly from the Willamette River.
- A native run of wild spring Chinook salmon that migrates through the Port of Portland, Oregon's busiest industrial shipping port.
- A native run of wild winter steelhead, unlike any other in the state, that migrates to traditional spawning areas in the Cascades east of Salem, Albany, and Corvallis.
- Individuals, groups and community leaders that are willing to sit down together and solve their problems.

That is a heritage worth protecting.

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Governor John Kitzhaber

Comments to Oregon Board of Forestry Governor John Kitzhaber

September 3, 1997

Thank you for setting aside the time to hear my comments. It has been too long since I have addressed the Board. I want to talk about a number of broad policy issues and then I would like to hear from you. Before I start, I would like to give my sincere thanks for the time you have devoted to your duties as members of the Board of Forestry. I know you all have many other obligations and pastimes that you would prefer being engaged in. Thank you.

The forests of the state provide a wide array of benefits to the people of Oregon. Among these are municipal drinking water supplies, timber products, habitat for species, recreation and aesthetic values.

The forest products industry has been and remains one of the key elements of the state's economy. In many rural communities, particularly in eastern Oregon, the processing of forest products contributes significantly to the economic lifeblood of the community. Over the last five or six years, the state has seen a dramatic change in the flow of wood products. The shift away from federal lands as a major source of timber supply has resulted in disruption for many communities and families, and put increased pressure on non-federal lands to provide the wood products to meet our society's demands.

With the shift in emphasis on federal forestland toward protection of biodiversity, private forests now form the foundation of our present and future timber supply base. We need to provide a regulatory climate that encourages investment in private lands, and we need to encourage and reward private sector stewardship of forest, wildlife and aquatic resources. I am very proud of our Coastal Salmon Initiative and its reliance on voluntary and cooperative measures to restore sensitive salmon stocks.

The last decade has seen an unprecedented acquisition of scientific knowledge regarding ecosystem processes and the role that forest ecosystems play in the health of watersheds. We have learned about the habitat requirements for aquatic species, for amphibians that occupy riparian areas, and for wildlife species throughout the forest. This knowledge has been gained through the research of scientists from the Forest Service, Oregon State University and countless other institutions. I will continue to support research into forestry and forest ecosystems, and will use scientific knowledge whenever I can to guide my policy decisions. I think we all need to recognize that we will be bombarded with new knowledge at an ever increasing rate, and I urge the Board to seek and embrace this knowledge, and make the changes necessary in its guidance to landowners and the Department of Forestry in their management of forestlands in the state.

In my remarks to you, I would like to address some of the critical forestry issues facing the state today. Among these are our efforts to promote ecosystem health on our eastside forests, the President's Northwest Forest Plan, landslides and debris torrents, state forest policy, and the Memorandum of Agreement with the National Marine Fisheries Service implementing our coastal salmon plan.

Eastside Forest Policy

One of the major initiatives of my Administration has been my effort to identify broadly supported solutions to the problems we have seen with the management of our eastside forests and to provide guidance to our federal land managers.

Large areas of Eastern Oregon are suffering from a decline in ecosystem health, largely attributable to past land management practices including the removal of overstory trees, the building of an excessive road network, and the suppression of fire. The result has been a disruption in watershed function, as well as an increased risk of catastrophic fire. Many timber dependent communities have suffered significant declines in employment and revenue from timber harvest on public lands.

I have put forward a proposal to restore ecosystem health to the public forests and watersheds of Eastern Oregon. The proposal is contained in an 11-point strategy whose goal is to focus land management efforts on the restoration of forest health. Supported by consensus recommendations from a diverse team of scientists, the proposal relies on active management as a means for improving ecosystem health, while at the same time reducing fire danger and providing commodities to local communities. The strategy also calls for thinning dense forest stands while leaving larger trees in an effort to move the forest toward its historic condition. One of the cornerstones of the proposal is that federal land managers should avoid operating in controversial areas, such as in roadless or old growth areas, and instead focus on treatments that enjoy broad popular support. In this way, the federal agencies can establish a track record of success that will restore the public support so critical to the success of their efforts.

As you know, this proposal has received a tremendous response and continues to enjoy very broad support. The environmental community continues to lend its support, despite the proposal's emphasis on active management. The timber industry and local governments remain supportive, although they are hopeful of an increase in the production of sawtimber in the near term. Forest Service Chief Mike Dombeck and Regional Forester Bob Williams have been instrumental in helping individual Eastside forests to adopt the strategy. We should all be pleased, as well, that the Eastside Ecosystem Project has generated much outstanding scientific information that will help shape our forest management policies in the future.

One of the challenges that remains ahead for this effort, however, is assuring adequate funding to implement the treatments. In some cases this can be provided by assuring that timber sales make economic sense. The future wood supply from this part of the state will be largely in trees ten to twenty inches in diameter. Eastside mills have shown a willingness to accommodate logs of this size and the Forest Service should provide estimates of the supply of sawtimber likely to come from these forests over the next few years. Where the value of the timber cannot pay for the array of treatments needed, Congress should provide the necessary funding to assure appropriate stewardship of federal lands.

It is imperative that we remain vigilant in our efforts restore these ecosystems. We will need to work with the federal land managers to institute long term monitoring efforts, and I intend to meet regularly with Regional Forester Bob Williams, as well as with representatives from the timber industry and conservation groups to assess progress.

We are currently working with the Regional Forest Service office to identify model projects that best demonstrate the 11-point strategy. I plan to arrange a tour of these sites for the Oregon Congressional Delegation later this fall, and will invite you all to attend.

Northwest Forest Plan

I support the President's Northwest Forest Plan – it broke the legal log jam and provided a comprehensive conservation strategy that enables us to address future resource issues such as the threatened Coho stock. It did come at a high price, though, as it has resulted in huge reductions in federal timber sales in Western Oregon. I have and will continue to push the Forest Service and Bureau of Land Management to meet their projected timber harvest volumes and their other plan objectives, including monitoring and watershed analyses.

I believe, however, that there are some areas where the Plan could stand some scrutiny. Most prominent among these is the question of what level of flexibility might be desirable for management within riparian areas. The current riparian reserves were intended as default boundaries that could be modified after watershed analyses had been completed. Now that much of the watershed work is finished, I think it might be appropriate to take a second look at the scope of these

reserves.

I support the concept of Late Successional Reserves. The LSRs form the foundation of the Forest Plan by assuring that large areas of public forest will maintain the characteristics of older forest structure and the associated habitat critical to so many species. I understand that limiting active management within so much of the remaining original forest of the Pacific Northwest is controversial. I believe, however, that the time has come to recognize that we don't have all the answers. We do not always know what is best for the forest and it may be wise to preserve our options by deferring management in many of these older stands. I do want to emphasize, though, that a number of these reserves are in drier climates where frequent fires were a natural part of the ecosystem. I ask that the Forest Service consider employing active management to reduce unnatural fuel buildups in these areas.

Landslides and Debris Torrents

I would like to commend the Board of Forestry for its responsive and effective work to address the threat of landslides and debris torrents. I think we were all shocked by the tragic deaths last November, and we must not forget that the threat from these and similar events will remain with us forever. Results from studies indicate that clearcut harvest tend to increase the rate of debris torrents, at least in the short run. We have a responsibility as a state to examine what actions are necessary to reduce the risk from these events. Senate Bill 1211 creates a Task Force on Landslides and Public Safety charged with developing proposed solutions for dealing with the risks to public safety associated with landslides. I ask that the Board review the report from the Task Force and consider actions that the report may recommend.

State Forests

Forest lands under control of the State Land Board and the Board of Forestry can provide a critical piece of the forestry puzzle in the state. These lands have a different history and different objectives than do private lands or federally controlled lands. I would like to see these lands meet the statutory and Constitutional obligations under which they were established, while at the same time serving as a model of exemplary forest management. I would cite the Elliott State Forest as a model of how active management can be used to achieve multiple values.

With respect to species protection on public land, I believe that federal lands should provide this protection wherever possible. Where there is little federal land available, state lands may have to accept more responsibility to meet the expectations of the Federal Endangered Species Act. We need to be able to point to state lands as shining examples of wise and farsighted forest management.

The Board is currently considering a rule to establish the purpose of state lands. As you are aware, I have concerns about the proposed rule. I want to make it clear that sharing these concerns with you is not intended to interfere with the work of the Board. Developing administrative rules is what you were appointed to do. As Governor, my role is to share with you my vision and priorities for the management of the state's natural resources.

I think we can all be proud of the current conditions within the Tillamook and Clatsop State Forests and thank the Department for its progressive stewardship. We all know, however, that at the same time these forests are starting to produce trees of commercially valuable size, the population of the state is growing at a tremendous rate. The citizens of Northwest Oregon, including the Portland metropolitan area, will be relying on these state lands to meet their recreational needs at an ever increasing rate.

I am hopeful that if a "purpose" rule is adopted it will reflect a few basic principles:

- It must be consistent with our efforts under the Coastal Salmon Recovery Initiative to protect and restore aquatic habitat on Oregon forestlands
- It must call for a balancing of various resource objectives
- It must enjoy broad public acceptance and credibility as a framework for addressing the changing role of these forests and for managing the land for the benefit of present and future generations of Oregonians.

As you know, the public hearings were very well attended and provided a demonstration of how much Oregonians care

about the management of these lands. I encourage you to consider all comments you receive on this issue, both in person and in written form, and carefully evaluate the content of the input as you deliberate on this critical and sensitive issue. I ask that the Board work to identify an administrative rule and management plan that is satisfactory to the public and the interest groups involved in the issue.

The streams of Northwest Oregon provide some of the best habitat for a number of sensitive anadromous fish stocks. And most significantly, Northwest Oregon is perhaps a unique area in the state, in that there are no federal lands that might be managed to provide species habitat unavailable on adjacent lands. Outside of the Tillamook and Clatsop State Forests, the remainder of the region is in private hands, and has been almost completely converted to young stands of trees. I would ask the Board to consider, as it shapes the purpose rule and designs the eventual forest management plan, that there are no opportunities to provide significant habitat for species dependent on late and old forest structure outside of the state forest lands. I believe the state can demonstrate how active management can produce these structures while achieving an abundant supply of timber. The future of forestry depends on its ability to show it can contribute to ecological goals while at the same time meeting economic goals. Oregon can lead the way.

The MOA with NMFS

I have greatly appreciated your and the Department's support in developing the Salmon Plan. I have been particularly pleased that forest landowners have stepped up to the plate with their extensive voluntary contributions and their willingness to tax themselves to provide the bulk of the funding for watershed improvements. Without the willing participation of landowners and the public, the Salmon Plan will never realize our goals.

As part of gaining the National Marine Fisheries Service's approval of the Oregon Plan, we negotiated a Memorandum of Agreement. This MOA spells out several forest practices issues related to the adequacy of riparian buffers on medium, small and non-fish bearing streams, risks to aquatic functions of activities in landslide prone areas, and management of cumulative effects.

Over the next two years, it is important that the Board of Forestry objectively consider these issues. I support the collaborative effort that is being developed among the Governor's Office, Board of Forestry, stakeholders, and state and federal agencies to address these issues. While further effort will be required to finalize this process, the progress has been good. Following me will be Geoff Pampush of Oregon Trout and Ward Armstrong with OFIC who will share a proposal for this collaborative effort.

As the Board considers the role of forest lands and its programs in aiding salmon recovery, I hope you will keep the following goals in mind:

- Successfully recovering the Oregon Coastal Coho and restoring our watersheds to healthy conditions;
- Having Oregonians continue to take the lead to achieve recovery of the Oregon Coastal Coho;
- Maintaining habitat necessary for sustaining salmonids through regulatory programs, while restoration and maintenance of habitat for recovery of salmonids should emphasize where possible non-regulatory alternatives;
- Ensuring that the plan and MOA be instituted in an equitable fashion giving the needs of salmon using a common sense approach;
- Focusing investments where the greatest benefit would be achieved;
- Basing policy decisions on sound scientific input; and
- Monitoring conditions and taking future actions as warranted.

Conclusion

In conclusion I would like to emphasize that these are times like no other with respect to forest policy. We are witnessing an explosion of scientific information that must be integrated into our forest policy. While science can help forge new policies, we must recognize that the need for these new policies is often driven not by science, but by ecological, economic and social issues, especially the identification of species and ecosystems that need protection. At the same time we are seeing an unprecedented interest in everything having to do with forest management. We must be sensitive and responsive to the needs and desires of the public. Sometimes their opinions aren't scientifically based, but

they always matter. Our ability to do our respective jobs and our very credibility depend on listening to the citizens of this state.



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Governor John Kitzhaber

Superintendents' Leadership Institute Speech

August 6, 1997

Six years ago, the Oregon Legislature, with strong bipartisan support, passed the Educational Act for the 21st Century. That Act was a pledge: a pledge to give Oregon children an education of the very highest quality -- a pledge which has been sustained through three successive legislatures.

I am here today to reaffirm my commitment to the vision embodied in this Act, and to assure you of my support as you work to translate vision into reality.

The whole concept of school reform introduces a new set of challenges -- for you , for teachers and for students, but also for me and others in state government -- AND FOR OUR COMMUNITIES. That's what I want to focus on today.

The changes we have initiated are a response to the rapidly changing world we live in. But more importantly, they recognize what former Governor Neil Goldschmidt called the Circle of Prosperity. Let me quote from "Oregon Shines," the strategy developed by Governor Goldschmidt which describes how the Circle of Prosperity works:

"The community is the main supplier of business. It provides workforce, land, schools, street, water, and government services. Business, in turn, provides a strong economic base, jobs, goods, services, and tax revenues. When these sectors -- public and private -- support each other the economy will prosper."

That's what we're trying to do with the Educational Act for the 21st Century: maintain and invest in the capacity of our schools. Because education is one indispensable part of the Circle of Prosperity.

Now, obviously, this puts a tremendous responsibility on you for guiding these changes at the local level. But let me make it clear that this is NOT just a job for superintendents. It's a job for ALL of us. The Circle of Prosperity will remain intact only as long as it is supported by a Circle of Cooperation: a network of mutual support and mutual effort leading in the end to mutual benefit.

I know that many of you have felt that this kind of support is lacking. You feel that you've gone out on a limb with school improvement and that you're just hanging there, being battered by constant criticism, and that you aren't getting enough positive, visible leadership from state political and educational leaders. I believe those are valid concerns and I want to assure you that I recognize them.

But I also believe they can be addressed. This conference, for example, is a step in the right direction. And there are other steps we can and will take. Let me tell you what I think some of them are -- first from my end of things, and then from yours.

As I see it, one of my major responsibilities as governor is to generate political support for both changing our schools and financing our schools. During the recent legislative session I fought to secure an adequate level of school funding.

And I was only partially successful. As superintendents, you know that better than anyone. Funding our schools, funding education for our kids, shouldn't be such a battle, but it always is, every two years, for as long as I can remember, and it's only gotten worse after Ballot Measure 5.

It's because, up until now, we've never been able to demonstrate to the public exactly what our educational dollars are buying. Almost 50 percent of the state's budget now goes to primary and secondary education.

But we have no way of showing what we're getting for that huge expenditure.

Some people say that before schools ask for more money, they need to significantly improve the quality of education. Others say that before schools can improve the quality of education, they need more money. That is a debate that goes absolutely nowhere.

What we need to be asking ourselves is, What can we do NOW to move beyond this biennial gridlock and keep faith with the children whose education has been entrusted to us? There are two things. One involves school finance and the other involves public expectations. Let's start with finance.

There are three fundamental questions involved with any spending decision: (1) what do we want to buy? (2) how much does it cost? and (3) how do we pay for it?

For as long as I have been in state government, the school finance debate has focused almost exclusively on the third question: how do we pay for it? But if we are to achieve the goal of long term stable financing for our schools, the other questions must be answered first.

In theory, everyone wants to be sure our schools have enough resources; but how much does that cost? -- how much is "enough"?

Before the passage of Ballot Measure 5, when school districts were primarily funded by local property tax levies, "enough" was what the local voters decided they were willing to pay. And because of this local funding mechanism, there was a reasonably good match -- though not a perfect one -- between what district patrons were paying and what they were getting for their money.

Today, as you know, that scenario has changed. Ballot Measure 5 shifted the major funding obligation for schools from local districts to the State. Although the State now provides the money, it is disenfranchised from spending decisions. Those are made on a district-by-district basis by more than 200 locally-elected school boards. Thus the State has no way of knowing, with any degree of accuracy, what it is actually paying for.

Thus, the school finance debate in Salem continues to revolve around a series of calculations that tell us whether a district gets more or less state money than in the previous biennium. That may tell us what we need to spend from a political standpoint, but it tells us little from an educational standpoint. We know how much we spend, but not what we are buying for that expenditure.

Today, thanks to the Educational Act for the 21st Century, we have a much clearer idea than ever before of what we WANT to buy: a quality education for every Oregon child, which translates into the Certificates of Initial and Advanced Mastery.

But until we know what the real costs are of delivering that product, we cannot possibly know how much is enough. Nor -- and this is a very important point -- do we have any way to ensure accountability on the part of either the school system or the Legislature.

I have no way to hold the you as superintendents accountable, because we have no way of connecting actual expenditures with outcomes.

You and I have no way to hold the legislature accountable, because we have no way to directly link their budget decisions to what happens to our children.

But I'll tell you something: Oregonians will hold all of us accountable for making sure this vast some of money -- \$4.2 Billion in the last budget -- actually means a good education for their children.

That is where we need to start, and in fact we've already started.

Our Quality of Education Task Force has begun collecting the data necessary to link our state educational dollars to our desired outcomes. It is a process of isolating the components that go into a quality education and attaching a dollar figure to them -- the same process we used in developing the Oregon Health Plan. And I cannot overemphasize the importance of this effort -- both to school transformation and to school finance.

As you know, 1999 will mark the first legislative session after the implementation of the new standards. The first test results using the new, higher standards will be released this fall. We all expect a substantial number of students to fall short of these new standards. That will undoubtedly fuel an effort in some quarters to either lower the standards or to repeal the Education Act altogether. If we hope to go forward, the K-12 allocation in the next biennium must be built on the cost necessary to deliver the CIM and the CAM. This will accomplish two things.

First, it will answer the second question; how much does it cost? It will give a context to the school finance debate. For example, if we can demonstrate to the legislature how much it will cost to get say, 75 percent of our students to the level of the CIM, we can hold them accountable in a way that is impossible today.

If current revenue allows a budget that only gets to 75 percent of the students, the legislature can be held accountable for what happens to the other 25 percent. The debate, instead of being based on more money alone, will be based on a clear policy choice -- is 75 percent good enough? If not, how much more will it take to get to 85 percent? Or to 90 percent. And where will this money come from?.

Second, by linking expenditures to outcomes in the classroom, we will have a way to hold the system accountable for delivering on the outcomes. In other words, we will be able to show Oregonians, in a way that is impossible today, what they are getting for their tax dollars that are committed to primary and secondary education.

The data collection process that is now underway is designed to accomplish two things. First, to generate a data base and a new chart of accounts that not only links expenditures to outcomes, but which also allows us to compare the expenditures and outcomes between districts and even between schools within a district. Obviously, this information will not be available a year from now when I must begin to prepare the 1999-2001 budget. For that reason, the project will also examine 20 -25 school districts to generate information on which to make some initial assumptions about the cost of meeting the new standards. I plan to build my budget based on these assumptions and to use the data base to validate those assumptions or to give us direction on how they need to be modified.

Accountability in the legislature and accountability in the classroom. These, in my view, are the two essential ingredients necessary to secure long-term stable funding for our schools. We will know what we want to buy and how much it costs. The only remaining question will be how we pay for it. And at that point, we will finally be in a position to talk meaningfully about developing a funding source for schools that is both adequate and stable. That's what I see as my role in all of this -- getting us to that point and leading the finance debate itself. Now -- what about yours?

Your role in all of this has to do not only with helping develop the new accounting information I just mentioned, but also with public expectations. The Education Act, coupled with the shift to a state-funded system has finally given us the opportunity -- if we have the wisdom and the courage to seize it -- to ensure that students, teachers, administrators, and parents are held accountable based on what a student demonstrably learns -- not on how long they attend school.

Although it has been six years since the Education Act became law, it's implementation to date has been largely an insiders game -- the development of the content and assessment standards by the State Board of Education, the establishment of site councils, etc. The larger public -- and specifically many parents and community leaders -- are not aware of what these new standards mean. Yet this fall, when the first test scores are released, the consequences will become very public -- and very controversial. It is expected that as many as 60 percent of students will not meet the 10th grade standards.

Very little has been done to prepare parents or community leaders for this shock. And unless we do so, we will put the entire effort at risk. Let me use an analogy. To become a competent airplane pilot, there is a certain amount of information that needs to be mastered. It may take 40 hours for some people, and 75 hours for others. But the knowledge and skill required remains constant. What varies is the time it takes to achieve it.

If I cannot demonstrate competency on my check ride, my instructor will not "pass" me to obtain my private license. And I am certain that my parents, although disappointed that I did not pass, would not want me to obtain a private license if I was not competent to fly. In other words, my inability to pass the check ride would not be viewed as a failure, but rather as an indication that I needed to spend more time in order to achieve the mastery needed to be a pilot.

Now compare that with our current school system where a failing grade is viewed as something negative and carries with it a certain stigma. We have a long way to go to change this viewpoint into something more akin to my flying example. Failing to pass the math exam for the CIM, for example, must not be viewed as a failure, but rather as an indicator that more time needs to be spent in study. It also will give us an indication not only of which students need more help, but also of which schools seem to be doing the best job -- information that will help us apply best teaching techniques across the system.

In the final analysis, funding hinges on public support; and public support depends on the accountability I mentioned earlier -- the ability to demonstrate we're delivering value for investment. The public wants to know, and deserves to know, that if we put more money into schools, we're getting a better education in return. And the public must understand why these new standards will achieve both more quality and more accountability.

You play a critical role in generating both educational quality and community support. You must demonstrate to your communities (as well as to policy makers) that your schools are taking steps to improve performance, and you must provide leadership and support to the educators charged with making this happen. Let me just note a few things you can do in each of these areas.

First, in the area of community outreach and communication:

- You can provide information to the public about the POSITIVE steps schools are taking to identify and address problem areas, and you can find ways to involve school administrators, teachers, parents, and other community members in this process.
- You can identify areas of progress and celebrate them publicly. That means recognizing those who are working together to make strides in improving performance.
- You can establish a climate wherein schools again become the centers of their communities. Draw the community -- not just the parents -- into the school. Involve them in ways that foster a sense of community ownership and responsibility and pride. If our neighbors and friends can actually EXPERIENCE the school, they are much more likely to support the school's funding needs.

Next, in the area of providing leadership and support for your staffs:

- You can provide your district administrators with training in change management, so they can support their personnel in facing the challenges of educational reform. The tone you and your administrators set in involving and supporting teachers throughout the reform process is going to make all the difference.
- You can also help your administrators establish ways for staff to work together in aligning curriculum, both across schools and throughout the grades. This can only be achieved through collaboration among all your teachers, under your leadership.
- Finally, and even in the absence of additional funding, you can determine how the resources you DO have (both time and money) can be redirected to support school transformation.

These are some of the things you can do, and I don't exaggerate when I say there's a sense of urgency about doing them. Otherwise, when 1999 rolls around, we will be in the same position we've always been in -- unable to get consensus on the investments we need to make. That's why your leadership is so critical. It's your job to help our school personnel make the sometimes difficult changes the Educational Act requires. It's also your job to help our communities understand that we are serious about increasing performance and that we intend to hold ourselves accountable, just as

we intend to hold students accountable, for meeting higher standards.

I want to assure you that you have my unqualified support. But we have to do this TOGETHER. The people of Oregon do not want to see -- nor do they deserve to see -- another chapter in the biennial wrangle over school funding. I know you share that feeling, and so do I. But if we each do our parts, I'm convinced that we can lay this issue to rest once and for all -- so that we can move forward to meet the other pressing challenges that lie ahead, and keep the Circle of Prosperity intact for the 21st Century.

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Governor John Kitzhaber
May 12, 1997

HIGHER EDUCATION CONFERENCE SPEECH

Thank you very much for inviting me to speak to you today. I am encouraged to see so many of you here. I take it as evidence of your interest in school reform and your commitment not only to help post-secondary education adjust to the changes that are occurring in all levels of our public education system, but also to play a part in guiding them.

Before I turn specifically to the challenges facing post-secondary education in today's world, I want to talk for a minute about institutions, because I think it will clarify what has happened to education and what needs to be done and why.

I think of human institutions as structures, sort of like a house, built to serve the needs of particular people in particular times. For a while, the people can move comfortably between the house and the broader world, because there is a kind of harmony between the two. But times change, and institutions by their nature tend to be inflexible. So people begin to leave and look elsewhere. The house is still standing, and it may still look fine from the outside, but in reality it is only an empty shell.

Time and again through history that has happened to human institutions -- to governments, to religions, to economic systems. They fall out of sync with changing times. And the reason we're here today is that we refuse to let that happen to the education system in Oregon. I'm not talking about pulling it down and starting over --because it still rests on a firm foundation: a commitment to students, a commitment to excellence, and a commitment to the extrinsic and intrinsic value of learning. I'm talking about "remodeling the house," to bring it up-to-date, and into line with today's realities.

The Educational Act for the 21st Century, which mandates a rethinking and restructuring of our K-12 programs, is the first step -- the fountainhead from which other changes are flowing.

We have to remember that our education system in its entirety is just that: a system -- not a series of separate segments, with no clear connection except chronology. Rather, it is a continuum, an unbroken chain stretching from pre-Kindergarten through higher education and lifelong learning. For that reason, a change in one part of the system will naturally affect other parts, and that is exactly what is happening today.

The changes taking place in our primary and secondary schools do have a number of implications for post-secondary education. Perhaps the most important one is that the students who continue their schooling beyond high school will be different from students in the past and they will have different skills and needs. If our colleges and universities are to take advantage of those skills and meet those needs, they must first understand how today's students are different.

It seems to me that the greatest change we are aiming at through school reform is a shift from quantity to quality in education. In the past, we tended to think of a "high school education" in terms of twelve years in the classroom. That mindset is reflected, for example, in job application forms that ask you how many years of school you have had. The more pertinent question for today's world -- and the one we are now explicitly asking -- is, what have you learned and what can you do with that learning? Students who hold the Certificates of Initial and Advanced Mastery will have a very clear answer to that question. They will have proof not only of what they have learned, but also that they are able to

apply it in the real world. And the standards they are required to meet in order to achieve the CIM and CAM are deliberately and undeniably higher than in the past, because today's fiercely competitive and rapidly changing world demands a higher level of skills and a higher degree of proficiency.

At the same time, we are preparing today's students to be not only members of the workforce, but also parents, and citizens of a free society, with a duty to preserve and transmit the perspective, the judgment, and the values that flow from a liberal education. Thus the need to bring education into line with today's economic realities does not imply that our post-secondary schools should become nothing more than job training centers and employment agencies. Today's students will expect much more than that.

Post-secondary institutions and faculty must recognize that the students who walk through your doors will be different from the students you have served up until now. I don't mean that they will be brighter or more motivated; we've always had plenty of bright, motivated students. But the students who have earned the CIM and CAM will have come from a different academic background, and because of that, they will have different expectations, skills, and needs. They will be used to knowing exactly what is expected of them. They will have a more consistent skill level, and they will be used to demonstrating their skills and engaging in hands-on projects.

Incidentally, you may have noticed that the first examples of student work resulting from teaching to standards in high schools are on display here at this conference. This work comes from 30 PASS partnership high schools around the state, and high school teachers will be available at the exhibit to talk about the positive effect this new approach has had on student performance. The exhibit, I think, makes "standards" more than just a word we throw around; it makes them real -- something with a tangible, visible outcome.

The question now for Oregon's post-secondary schools is, what do you have to do, what changes and adjustments will you have to make, in order to accommodate changing student needs, skills and expectations?

Well, as a matter of fact, there are all sorts of things you can do. Let me just touch briefly on a few that seem to me most important, and I know that some of these you are already doing.

I know that for the last three-and-a-half years, you have been working to bring your admissions standards into line with the proficiency-based background of your incoming students. The CIM and CAM reflect a different kind of qualification for advanced learning from the traditional GPA and SAT scores, which were the traditional admissions standards for years. Today, your successful work on the PASS and PREP projects is an outstanding example of innovation, foresight, and a willingness to adapt. Moreover, the development of proficiency-based college entrance standards gives the CIM and CAM more legitimacy in the eyes of educators, because it is an endorsement of performance-based learning.

Another necessary change will be to more clearly and closely link the post-secondary curriculum requirements to the demands of the real world into which your students will eventually move. This is not to undervalue the core requirements of a broad, liberal education, which I firmly believe are as important as ever, if not more so. But the fact is that today's students must also be equipped to compete in a global economy and a high tech environment. To do this, it is more critical than ever before that they be able to apply their learnings to the world they're going to be living and working in.

And while I know your academic standards have always been high, I believe they can and must be higher still, not only to ensure that you can accommodate the calibre of your incoming students, but also to ensure that your graduating seniors can cope with and survive in the world of the twenty-first century, both economically and socially. In addition, standards must not only be high, they must be consistent -- in other words, comparable among all levels of post-secondary education. An "A" in Biology, for example, should represent the same skill level regardless of whether it comes from a four-year school or from a community college.

For the post-secondary students of today and tomorrow, interdisciplinary studies will also be critical. More and more we are recognizing the connections that exist among various fields of learning. Couple that with the amount and diversity of information available through the internet, and it becomes clear that in-depth training in one narrow field is no longer a sure formula for success. Today's college students must know more about more areas than was ever necessary -- or even

possible -- in the past. Our post-secondary curricula must take that into account as well.

As for meeting particular student needs, one of the premises underlying the K-12 reforms is the recognition that different students progress at different rates. That is equally true of post-secondary students, and it is just as important at that level to provide some program flexibility -- for example, by offering accelerated baccalaureates for those students who qualify.

So far I have focused on changes that are taking place or that need to take place within your institutions. But post-secondary schools can also have an important outreach impact on our K-12 system. You can provide invaluable assistance to Oregon high schools in developing and implementing programs that will lead to the Certificate of Advanced Mastery. In fact, our universities and community colleges should take an active interest in such projects, since the outcomes will directly impact their own programs. Working with primary and secondary teachers in state content organizations, offering courses on content to high school teachers, meeting with teachers to score student work in order to develop consensus on standards -- these are all examples of the kind of outreach I'm talking about.

Another area in which you can make a very important difference is teacher preparation. There is no way we can upgrade our K-12 program and raise student performance standards statewide unless our primary and secondary teachers are even better prepared than they already are, unless they too are held to higher standards, and unless they engage in continuing professional development. To my mind, every single one of our post-secondary institutions has a responsibility to participate in improving teacher performance in our K-12 system, because you very clearly have a stake in the outcome. I cannot urge you strongly enough to become more involved in this extremely important aspect of education.

Now let me say just a few words about the implications of school reform for faculty.

The CIM/CAM students will expect and be prepared for an active, rather than a passive learning experience. This will mean putting more responsibility on the students themselves and allowing them the flexibility to move through the undergraduate program more rapidly, if they are able to do so. Professors must therefore be adept at assessing individual student needs and capabilities. And because the whole idea behind educational reform is a proficiency-based approach, professors must also have clear, explicit standards against which to measure student performance.

Now, I suspect some of you are waiting to raise the question of funding for higher education. I know that's a sore point, and rightly so. I have said repeatedly that the underinvestment by the state of Oregon in its post-secondary schools -- even before Ballot Measure 5 -- is nothing less than a disgrace. My administration recognizes the need and we are working on it. But the point I want to make today is that you don't have to wait for additional funding in order to move forward with some of the changes I've just outlined. There are ways to reallocate existing resources. There are ways to redesign existing programs. I have every confidence that you will find them. In fact, the newly formed campus-based Implications Teams, of which many of you are members, are beginning to identify some of the specific changes our post-secondary schools must make in response to reforms occurring at the primary and secondary level, and to suggest some ways to implement those changes.

The work before you -- before us, I should say -- presents great challenges, but it also offers enormous opportunities. My administration is firmly committed to reinvesting in post-secondary education, and there is also support in the legislature. It is clear that the future of this state, economically, socially, and in terms of our overall quality of life, depends on that reinvestment. In turn, post-secondary education can and must become a high "value added" institution, both to its students and to the state as a whole -- its businesses, its public schools, and its citizens.

An education becomes the permanent personal possession of each man and woman who achieves one, and it bears both tangible and intangible fruit. It provides economic security even as it opens the gates of vision. It prepares us not only to make a living -- but to live, in the best possible sense. For that reason, the importance of your role and of the gifts you transmit to future generations cannot be measured. Education will never fail us. We must not fail education. As I said earlier, institutions are human-made. What we have made, we can change. That is why we're here: to revitalize our education system and "remodel the house" for the twenty-first century.

Thank you very much.

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Governor John Kitzhaber

Oregon Police Officers Association Speech

May 2, 1997

It's a pleasure to be with you this evening and to join you in recognizing those of your members who have distinguished themselves in this last year by performance above and beyond the call of duty. I also believe that the service given by each and every one of you is worthy of recognition. Your daily contributions, in small ways and large, help keep us safe, and for that, it's impossible to thank you adequately.

Out of all public services, providing for our safety is perhaps the most critical. If we are not safe, then little else matters. We cannot enjoy or take advantage of our education, economic opportunity, transportation or environment when our lives and property are in danger.

That's why your role is so vitally important.

And in fact today Oregonians are becoming safer. In the last 10 years, and especially since 1994, we have taken a number of steps to make Oregon a safer place to live.

Ten years ago, prison overcrowding was a serious problem. Less than half of convicted felons served any time in jail or prison, and those who did served only one-quarter of their sentences. But by 1994, we had added more than 3,000 new prison beds, and more than two-thirds of convicted felons were serving time.

In the last three years, we have begun implementing Ballot Measure 11, which will add thousands of new prison beds to our correctional system. We have funding in place for 500 new beds for serious juvenile offenders -- about double the capacity we now have at Maclaren and Hillcrest.

We have established the Oregon criminal justice commission. We are focusing our attention on improving BPSST. And we have created local public safety coordinating councils as required by SB 1145. These councils are an important step toward building a criminal justice system which is better coordinated and which closely involves local community members in addressing not only sanctions, but the even more important issue of prevention.

But building prisons and locking people up is the easy part of a public safety program. The greatest challenge lies in preventing crime before it happens. That is one of the greatest services you perform -- to get there before someone becomes a victim. It is also a place where community involvement is essential.

The point is, we've come a long way toward ensuring that the Oregon people feel safe and are safe in their homes, on the streets, and in their communities. But there are still challenges ahead of us. Some of these are external. They involve conditions in society that continue to pose a threat to public safety. Others are internal -- involving law enforcement itself.

We need to recognize that despite the outstandingly high quality of Oregon law enforcement, there is a blemish on its credibility. I'm referring to the limited religious-based discrimination at BPSST and several publicized controversies surrounding local police departments, large and small. How much of this is perception and how much is reality is not

the point. The point is that we need to solve it and move on.

It is absolutely essential that our citizens have faith in the integrity of those charged with protecting their lives and property.

That is why I initiated an investigation of BPSST, and I am working with the board and all concerned law enforcement to correct the difficulties that have been identified. I believe this is a healthy process and that it will have positive results.

As for external challenges, one which is of great concern to me is that we're seeing an alarming over-representation of minorities -- especially juveniles -- in arrests, prosecutions, and convictions. This is not to say that everyone should not be held to the same standard of lawful conduct. But clearly there are social conditions -- poverty, a sense of isolation, educational and language barriers, discrimination in some cases -- which create this dynamic. I think we must all be aware of these conditions and we must work together to resolve it.

Law enforcement in particular must respond to the increasing diversity of our population. There is no question that Oregon is rapidly becoming a multi-cultural state, and training in that area is going to be essential.

We must also step up our commitment to the highest quality of overall training for our police officers. This is among the most important aspects of your role. It can save your life, it can save the lives of those you protect, and it can help you keep the peace in enormously difficult situations.

And I believe we must provide more opportunities for women to have a role in law enforcement.

I also believe we can do a better job of integrating operations among the different levels of law enforcement. You all have the same objective, and the fact is that what people care about is having an officer there when they need one -- whether it's a local police officer or a county sheriff or the state police.

I know that cooperative policing agreements have been controversial in some jurisdictions, but it is vitally important that we find ways to use our combined resources as efficiently as possible. This idea originated with the public safety policy and planning council when it was under Attorney General Ted Kulongoski and which I now chair.

All levels of law enforcement contributed to this effort and all levels of law enforcement must help carry it out. I am convinced that cooperative policing will give us both budgetary benefits and a higher quality of service overall.

We have before us a remarkable opportunity to develop a better partnership between state, county and city law enforcement. The fact is that crimes are committed in counties and cities, programs to address and prevent crime are located in counties and in cities, and people are paroled or put on probation in counties and cities.

So this is something that affects all Oregonians in a very local and personal way, and it is best dealt with through the coordinated and cooperative efforts of law enforcement at all levels. We must constantly bear in mind that we're dealing not with a collection of separate agencies and departments and programs but with a system where all the parts are connected.

The final point I want to make is that leadership for the work that lies ahead must come from law enforcement itself, and I am confident that it will.

You are police officers. Your success is a key benchmark of Oregon's health. Your work touches the lives of all Oregonians, and embraces the values we all share: commitment, compassion, and courage.

Ernest Hemingway once said that courage was "grace under pressure." I think that well describes the contributions of "Oregon's finest," and especially of those who will be honored tonight with the Dale Morris Award, the Medals of Honor and Valor, the Non-Criminal Lifesaving Award, and the Public Service Award.

It is an honor for me to be with you on this occasion.

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Governor John Kitzhaber
April 9, 1997

EDUCATION SPEECH

Salem Rotary

W. H. Auden once said that in our society, the sign that we value something is that we are willing to pay for it. In general, I agree with that statement. But when I try to apply it to our schools, I run up against a paradox.

On one I hand, I know for a fact that Oregonians do value education, and that they want the very best for their children. On the other hand, it is also a fact that today our schools are shrinking their staffs, deferring maintenance, and unable to afford new computer technology. How can we explain that? And how, given this apparent contradiction, can we provide the best possible education for Oregon's children?

That is what I want to talk about today -- and I want to offer a broad perspective -- the Big Picture -- particularly in regard to school funding.

The current debate in the legislature centers on the question of coming up with the money necessary to fund Oregon's K-12 schools for the '97-99 biennium, given the need to replace the money that will be lost as a result of Measure 47, and given other important programs and services the state also has an obligation to pay for.

What we are really arguing about, then, is how much we should put into our primary and secondary school system and where that money will come from. The Republican leadership initially proposed putting \$4.050 billion into schools and paying for it from existing revenues and by making deep cuts in other important state programs. I believe we need considerably more money in K-12 (a point I will elaborate on later) and since I am not willing to decimate other state services like human resources and public safety, I have proposed using some of the two percent kicker to fund schools.

To understand this debate, let's remember that there are really three key questions involved in any budgetary decision. First, what do we want to buy? Second, how much will it cost? And finally, where will we get the money? You and I make these decisions all the time in our daily lives. For example, suppose what you want to buy is a trip to Hawaii -- or a new house. *Before* you ask where the money will come from you *have* to ask how much you are going to need. Think about it. One of the most American of all questions is the question -- *how much?*

Now, let's apply this to our educational system. Today, thanks to the Education Act for the 21st Century, we have a much clearer idea than ever before about what we want to buy. We want to buy for our children a certain level of competence -- a certain level of mastery -- that will ensure that they can succeed from both a social and economic standpoint. This translates into the certificates of initial mastery (the CIM) and the certificate of advanced mastery (the CAM).

The next question, then, is how much will it cost? How much is enough? And the fact is that in 1997 we simply do not know. Before the passage of Ballot Measure 5, when school districts were primarily funded by local property tax levies, "enough" was what the local voters decided they were willing to pay. They were directly involved in school funding decisions and determined what they wanted for the students in their district.

Because of this local funding mechanism, there was a reasonably good match -- though not a perfect one -- between what district patrons were paying and what they were getting for their money. Superintendents and building administrators, because of their close involvement with the day-to-day operations of their schools, knew with some accuracy what the costs were and where the money was needed and where it was going.

But today, with the passage of Ballot Measures 5 and 47, the major funding obligation for schools has shifted from the local districts to the state. And although the State now provides the money, it is not involved in local spending decisions, and it has no way of knowing how the money it allocates to schools is being spent. In short, the State does not know, with any degree of accuracy, what it is actually paying for, or if the money is being well spent, or even whether what it is spending is enough.

Today, even though we have now identified the product we want, there is still no basis, other than a political one, for determining what per-student expenditure the state should provide to secure it -- because we do not know the real costs of delivering the CIM and CAM. What we need is the information necessary to link our state educational dollars to results in the classroom.

To accomplish that I established, in April of last year, the Quality Education Task Force. It's *mission* is to define the educational system's financial requirements to meet the standards for a quality education as specified in the Oregon Education Act for the 21st Century. It's *charge* is to analyze the current financial information systems used by primary and secondary education to determine what changes are necessary to link state financing to student performance.

We project that by 1999, we will have the information we need to answer the question -- *how much is enough?* That is, we will know how much the next legislature must appropriate for the 1999 biennium to provide Oregon students in grades K-12 with a Quality Education.

But that doesn't help us today. While it's true that we do not *yet* know how much is enough, we do have a fairly good idea of how much is *not* enough. If you look at almost any district in the state, it is very clear that what the schools are trying to operate on today is not enough. Not enough for what? Not enough to deliver the kind of quality education that we as a state have committed ourselves to provide for our children.

You cannot have a quality education when you can't afford new textbooks.

Let me share as an example two textbooks currently being used in Columbia School District 5J. One is an 8th grade American History Textbook published in 1986. According to this textbook Ronald Reagan is President. The other book, a 5th grade American History Text, was written in 1983 and updated in 1986. In short, if you are in this school district, there has been no American History for the past decade. For the 5th graders, there has been no history since they were born. This is indefensible.

Further, you can't have a quality education when class size keeps growing. You can't have a quality education when you have to eliminate or scale back electives like music, art, and foreign languages. And there is no way you can have a quality education that will adequately prepare students for the workforce of the next century when you can't afford to buy computers or to train teachers to teach kids how to use them.

Dr. Bill Korach, Superintendent in Lake Oswego said recently that our schools are fast approaching a level of mediocrity that will be very difficult to recover from. I think it's safe to say that you usually get what you pay for. The initial budget offered by the legislative leadership for funding K-12 would pay for exactly the kind of mediocrity Dr. Korach was referring to.

Here in Salem-Keizer it would mean some teacher lay-offs, further increases in class size, and a reduction in course offerings. Let me make it very clear that that's not a step I'm willing to take -- not in the midst of perhaps the strongest economy this state has enjoyed in years.

My question to you, and to the Republican leadership and to all Oregonians, is this: if we can't afford to pay for our schools now, when Oregon is riding high on a tide of prosperity, when will we be able to afford it?

We need to recognize that our system is in transition -- from a time-based to a performance-based system; from a locally funded to a state-funded system. While we are making this transition, we cannot afford to let our school districts fall apart. We are close to being able to demonstrate to Oregonians how much it costs to give our children the quality education they deserve. We need to make sure that our school districts are not so damaged that they are unable to take advantage of it.

Toward that end, I have proposed that we put into K-12 an additional \$200 million above the figure in my original investment budget -- \$110 million more than the Republican proposal -- for a total appropriation of \$4.16 billion. This would mean an additional \$3.4 million for Salem-Keizer. I should also say that I view this level as a floor that will need to go up further with the May revenue forecast to ensure that we minimize damage to our school districts over the next two years.

To help finance this investment, I have identified \$150 million in cuts from my original budget.

I don't want anybody to think this was easy. To do it, involves budget reductions that will effect Oregonians in other ways. Nonetheless, I am willing to do it in a effort to, at a minimum, keep our schools from being further harmed.

These cuts, plus an increase in the March revenue forecast, reduces the amount of new revenue needed to balance the budget. That leaves us with two options. First, we could invest a part of the two percent kicker in education and rebate the rest. This would mean that all eligible Oregonians would receive an income tax rebate -- 70% of Oregonians would receive their full kicker rebate, while those with higher incomes would receive somewhat less. This still seems to me to be a reasonable approach.

But let me make this crystal clear. The issue here is not the two percent kicker -- the issue is adequately funding our educational system over the next two years without destroying the rest of state government. If the Republican leadership wants to raise the revenue from some other source I will work with them to do so. In fact, this week we have had some very productive conversations along these lines.

The responsibility to make this happen lies with the Legislature. I cannot stress strongly enough that if you want to see better funding for your schools, you need to contact your legislative delegation. And here in Salem, that is a powerful one.

Sen. Gene Derfler is the Senate Majority Leader and in a position to make a real difference in this debate. Sen. Shirley Stull is Majority Whip and, again, an influential member of the Senate. Sen. Marilyn Shannon could be considered a swing vote in getting the resources we need for local education.

The House delegation of Peter Courtney, Bryan Johnston and Tom Whelan are very supportive of adequate educational funding, but I know they are always appreciative of hearing from you.

My objective -- quite simply -- is to get our schools through the next two years without unduly jeopardizing other important programs like human resources, public safety and economic development. If the legislative leadership does not want to invest a part of the kicker -- as we did in 1991 and 1993 -- I will work with them to find alternative sources of revenue

But all of us need to recognize that the revenue in this budget -- wherever it ultimately comes from -- will not solve the long-term problem of school funding. At best it is a bridge. We need to fundamentally restructure how we pay for K-12 education in Oregon. And since K-12 education now constitutes nearly 45 percent of the state budget, this means that we must fundamentally restructure our tax system. *That will be the paramount challenge of the 1999 legislative session.*

We cannot hope to prepare our children for the 21st Century if school funding in Oregon is in a state of perpetual crisis. The problem of long term, stable school funding was a bitterly debated and unresolved issue during the entire time I served in the Legislature. It is still unresolved today. And I believe that it will remain unresolved until we are able to say just how much a quality education costs. Only then will we be in a position to talk meaningfully about how to pay for it -- *and* to develop a funding source for schools that is both adequate and stable.

To solve the problem of long term, stable school funding, we have to be able to look beyond a two year event horizon. It is true that Oregon budgets two years at a time. But the decisions we make today must build the foundation for the decisions we make tomorrow. In other words, we need a strategic vision that links the decisions of this biennium with the decisions of the next. The debate we are having today is not an isolated two-year budget balancing exercise. It is laying the groundwork for the future ... and it is imperative that we view it in that context.

So let me summarize the steps that I believe we must take between now and the turn of the century of ensure that our children have the best education available anywhere in the world -- to ensure that we meet the Oregon Benchmark of having the best educated and trained workforce in America by the year 2000 and equal to any in the world by 2010.

First, we must provide a 1997-99 funding level for K-12, which -- *at a minimum* --prevents any further cuts. We cannot accept a budget which makes schools worse.

Second, we must fully implement the Education Act for the 21st Century. This means that the additional funding for this biennium must be tied to increased academic standards. In other words, school districts must commit to a number of things, including the development of plans for implementing the CIM and the CAM; and providing training time for teachers to align their curriculum to the new standards and to learn the new assessment systems. Individual districts and the state must work together to develop a comprehensive plan showing how each district will address the needs of students who do not meet the new standards. Progress on these areas must be reported annually to the Legislature, the governor and the Board of Education.

Third, the state must move forward in defining the long-term financial requirements to meet the standards set by the Legislature for a Quality Education as specified the Oregon Education Act for the 21st Century. As I have mentioned earlier, schools are now a state funded responsibility and the State needs the tools to evaluate school performance. The Quality Education Task Force has described the kind of information that will be needed to establish baseline costs for delivering the CIM and the CAM. To get this information, the Legislature must fund the \$3 million I have requested to set up a statewide accounting system that will link state financing to student performance.

Finally, prior to the 1999 legislative session, the state must put forward a tax restructuring proposal to support the long-term financial requirements of our educational system.

I am prepared to support these four steps because I believe that this path will lead to a consensus on those essential questions of what do we want to buy, how much does it cost, and where do we find the money.

Before I close, let me add a final word about *accountability*. All of us expect -- and should receive -- accountability for how our tax dollars are being spent. Since a growing portion of our tax dollars are being spent on education, we can rightfully demand an accounting of how those dollars are being spent and what we are getting for that expenditure.

What I have proposed for implementing the Education Act for the 21st Century -- for linking our education budget with results in the classroom -- will give us the most important measure of accountability. It will give us *system accountability* -- that is, it will show us what we are buying with our tax dollars.

But there is another level of accountability. The accountability of the individual classroom teacher and of the individual principle and administrator. This kind of accountability is the focal point of SB 650 -- the so-called "Education Accountability and Efficiency Act."

While I will not support this bill in its current form, there are some issues that need to be addressed. I believe that there is a problem -- or at least a perceived problem -- with the tenure law as it is currently constructed. There are also legitimate issues involving seniority, continuing professional development, and licensure. These are issues of accountability that we can and will address.

But in doing so, we must remember that most Oregon teachers are highly dedicated, highly skilled, and hard-working professionals. Most teach because they care about our children; they do not teach solely to make a living. We should be proud and grateful of their service and of their willingness to dedicate their lives to the training and development of our young people.

Today we are asking them to do more: we are asking them to implement the Education Act of the 21st Century -- to change and improve performance for students in Oregon's classrooms. And we will not accomplish that if our teachers feel attacked or undervalued. The front-line teachers are not the problem in our school. Rather, teachers are crucial to the solutions we seek.

And I have no doubt that Oregon's teachers will rise to meet the new challenge of leading our efforts to raise accountability and performance standards in our schools.

In closing, I'd like to go back to where I started. We must keep before us at all times the larger context in which these other issues are being debated. In the world of legislative politics it's sometimes easy to lose sight of the Big Picture. I can remember in 1986 voting to balance the state budget by, among other things, cutting 3,800 people from state health insurance coverage.

For me, at the time -- and I suspect for my colleagues as well -- it was just an accounting exercise. But when some of those people began to show up in my emergency room in very bad shape because they had lost their insurance coverage as a result of a legislative decision made months earlier -- I saw very clearly the human consequences of budgetary choices.

I've never forgotten that lesson.

We all need to remember, in our discussions of school funding, that this is not just an accounting exercise. It is not just about revenues and expenditures and balancing budgets. It's about people; it's about children and about what we owe them.

Education is, in fact, a debt owed by the present to the future, and our future can be as promising as we choose to make it. As we approach the 21st Century, the doors of opportunity stand wide. We must equip our children to walk through them. That is what this is all about.

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Governor John Kitzhaber

ONPA Speech
March 27, 1997

Thank you for inviting me to be here today.

I've always been advised to not pick arguments with people who buy ink by the barrel and paper by the ton. So, I won't be talking about your legislative agenda today.

Just kidding, I'll be glad to answer questions about your legislative agenda. But what I want to focus on today is Oregon's greatest heritage, and hopefully our greatest legacy: our environment.

Let me share with you a story about just how strongly Oregonians feel about their environment and sense of place.

During the election, not unlike other politicians, I hired a pollster who not only did polls, but also did focus groups. I watched a video of one of these. What was most striking to me was when he asked people what they liked about Oregon. And to a person, they responded passionately about Oregon's environment. He told me that every group he has ever interviewed in Oregon is the same: Everyone has a deep and passionate love of their state and that love is tied to the quality of our environment.

I'm not surprised. It doesn't seem to matter which side of the environmental debate you feel you are on, you probably still love our public beaches, our parks and the variety of natural and rural splendor that grace our state.

That is why I'd like to take this opportunity to talk to you today about a series of bills which has been introduced into this legislative session. These bills represent a serious assault on our land use and environmental laws and I am going to be working to stop them. I am absolutely committed to resist any efforts to weaken the strong framework of environmental and land use. Laws that have helped keep this state a great place to live. It is little different from the last session of the legislature where I was forced to play defense and stop a number of unacceptable bills.

It's not a role I relish, but it is definitely one I am willing to play. Because, I'm not much different from those Oregonians I watched in the focus groups: I have a deep personal passion for outdoor Oregon and I will use the power of this office to defend it.

That shouldn't come as a surprise to anyone. It's part of what has motivated my life in politics and it is part of what defined my first session as governor.

So today, I want to let you know some of the principles I will use in determining my position on both land use and environmental legislation as it comes through this legislative session.

But first, let me step back for a moment and create a context for this discussion. After all, I am dealing with newspaper people, and you all can handle a little complexity.

I believe we are dealing in this legislative session with the interplay between growth and livability -- two subjects which

have historically been of vital concern to Oregonians.

One of the first people to draw public attention to the relationship between growth and livability was Governor Tom McCall. Even though he is often associated with the "Welcome to Oregon -- come visit but don't stay" attitude of the 1970s, in fact he rejected the notion that a healthy economy and a healthy environment are mutually exclusive. On the contrary, he understood very clearly that the two go hand-in-hand. In his first inaugural address he said:

"Health, economic strength, recreation -- in fact, the entire outlook and image of the state -- are tied inseparably to environment."

Today, when we face challenges Governor McCall could not have foreseen, we would do well to remember his words.

Our population is exploding -- our economy is expanding and diversifying at an unprecedented rate. We need to understand that one of the main reasons for our current growth is that people like what Oregon has to offer: a matchless natural environment, a quality of life that is getting harder and harder to find these days, and the kind of communities where people want to live and work and play and raise their families.

This is not an accident.

I firmly believe that the state we live in today is the result not of chance, but of choice -- it's the result of wisdom and foresight and careful planning. With the passage in 1973 of SB 100, which established our framework of land use laws, Oregon committed itself to a far-reaching vision -- a sense of duty to those who will inherit this land after us, and a concern for the broad public good, rather than a narrow range of special interests.

These laws have served us well over the years.

- They have, to a large extent, contained growth inside defined urban growth boundaries, thus preventing the sprawl and congestion we see in other parts of the country.
- They protect two of our most important industries -- agriculture and timber products -- by ensuring that they have an adequate land base, free from encroachment and from inappropriate commercial or residential development.
- And in protecting our farm and forest lands, we are at the same time protecting our economy.

But as I said earlier, today these laws are being challenged -- first as a result of attempts to encourage growth at the expense of quality of life, and second as a result of attempts to discourage growth in order to protect quality of life.

Both of these are understandable reactions to the growth we are currently experiencing. Economic prosperity has been good for Oregon as a whole, and certainly for the parts of the state where it is actually occurring; it is natural to want it to continue. It is equally natural to want to preserve the qualities that make Oregon one of the best places in the world to live.

But I would argue that both positions are off-balance -- and short-sighted. They assume that our economy and our environment have no connection -- that they are mutually exclusive; that it's a matter of either one or the other. I disagree. In fact, because I believe these positions misrepresent the real choices before us, and pose a serious threat to our future. To counter that threat, we need to do three things.

First, we have to accept growth as a "given." That does not necessarily mean that we need to encourage growth -- but we do need to recognize that it is going to continue. So the challenge is to plan for and channel growth so that farm and forest lands outside urban growth boundaries remain intact, and so that communities can build the right kind of development within urban growth boundaries. One way to do that is by removing obstacles and providing incentives to the kind of quality growth we want to encourage.

Second, we have to accept that as we move from a predominantly resource-based economy to a more diverse economy, there are local and regional differences across the state which are far more pronounced than they were in 1973. Our land use laws need to be implemented in a way that takes that into account and I believe we can do that without doing violence to the land use system as a whole.

Finally, we need to clarify the relationship between state government and local communities. We need to foster state-local partnerships that will preserve a broad state-wide vision while at the same time helping different regions and localities meet their own individual economic and environmental needs.

With those broad objectives in mind, let me outline the land use principles I am committed to defend, not as ends in themselves, but as means for achieving a common goal: quality communities, economic prosperity, and a high quality of life.

The first of those principles is that I am committed to preserving the general oversight function of the Land Conservation and Development Commission.

For example, I will oppose legislation such as House Bill 2924 which would regionalize the commission into four areas in what I believe is a misguided attempt to address regional differences.

I recognize the importance of accommodating local/regional needs -- and our "Regional Problem Solving" program accomplishes just that. But I also believe that something is needed to hold the land use planning system together at top, to ensure that it is applied statewide in a way that is consistent and comprehensive. We must ensure that in addition to meeting local needs, the land use framework also serves the broad interests of all Oregonians and the long-term interests of the state.

Second, I am committed to protecting our agricultural and forest industries, which will always be important to Oregon's economy.

Hence I will oppose legislation such as House Bill 2756 which would allow counties to adopt an exception for land based on market demand for rural housing rather than the value of the land for agricultural production. That's basically a way to carve up farm land into small acre mini-estates.

I will also oppose bills such as Senate Bill 641 which would do away with the \$80,000 income test for permitting housing on exclusive farm use land. Again, it would lead to the divvying up of large farm tracts into many estates. And the thing to remember is this: once farm land is lost to development -- it is pretty much lost forever.

Finally, I am committed to pursuing a non-regulatory approach to making these existing laws more sensitive to local and regional issues, and to the realities of today. Again, regional problem solving is based on this concept. My entire experience in government assures me that in the long run, cooperation will achieve far more than coercion. The strong support for Coastal Salmon Recovery Plan demonstrates the power of this approach.

At same time, I want to make it very clear that I am committed to the fundamental soundness of our land use program. These laws have already withstood three attempts to repeal them at the ballot box. I think that says something about their value. Therefore I cannot justify revoking or even weakening any part of the basic framework.

In the simplest terms, I stand committed to land use planning, because without it we cannot hope to preserve Oregon's unique qualities for future generations. That has always been an over-arching vision of the Oregon people, and in my two years as governor, and in my travels around the state, nothing has made me believe that that vision has changed.

But the challenge we face extends beyond land use issues.

Many of Oregon's environmental laws are also being challenged -- in such areas as instream water rights, navigability, and proposed takings bills.

Let me give you what I think is the most egregious example: Senate Joint Resolutions 12 and 16. Both of these resolutions -- which would place issues on the ballot -- deal with the seemingly simple issue of takings. If a government regulation causes the value of your land to decrease, the government would need to compensate you.

Seems simple. But it isn't. Look at the other side. If government regulation adds value to your land -- do you compensate the state, city or county?

Perhaps more importantly, one landowner's economic interest may be at odds with another. For example, if I own a large timber tract and cut trees all the way down to the riparian zone -- resulting in siltation that kills salmon runs -- should I compensate the fisherman in the coastal community downstream? If the government tells me not to cut as many trees in order to protect salmon -- should I be compensated? Or, as I believe, is it part of the overall environmental fairness to which we are all obligated.

These are difficult and vexing issues. But I want to let you know, that I oppose these attempts to essentially stifle environmental protection under the veil of private property. There is a way to address legitimate concerns about takings. But neither of these resolutions offers a way to do that.

Senate Bill 967 is another disturbing example of shortsighted public policy -- in this instance dealing with water policy. This bill would prevent the transfer or lease of water rights for instream use. What is especially surprising is that this legislation runs counter to the purposes of the salmon restoration plan and healthy stream partnership which we just passed into law this week. It doesn't make sense to, on the one hand, invest heavily in stream restoration and water quality planning and, on the other hand, pursue policies such as this that would totally undermine the work.

Today, Oregonians want the same balance they have always wanted: a sound economic base and a livable, high quality environment. We still want to preserve Oregon as a place where the quality of people's lives is created and enhanced by its unique physical attributes. In short, we want, in different ways, both growth and livability. I believe our current system of land use and environmental laws is one of the most effective tools we have for achieving those goals.

My commitment is simple: to make these laws work for the protection of our quality of life -- and to make them work fairly, equitably and efficiently. Anyone who has a way to make our existing environmental and land use laws work better has my attention. But let me close this speech on this note: I will oppose attempts to diminish or destroy the strong environmental protections that have helped keep Oregon a great place to live. I believe we owe that much to the generations who will come after us.

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Governor John Kitzhaber
March 14, 1997

Portland City Club Speech

Good afternoon.

Let me just start by saying what an honor it is to be able to speak here again at the Portland City Club, an organization that I think typifies that famous quote on the side of the Skidmore Fountain: "good citizens are the riches of a city."

Your organization has often led the way in exploring and promoting innovative public policy. In that way, you typify Oregon. And this club is a welcome, thoughtful forum in what has become the soundbite ridden world of modern politics.

I feel particularly at home here, because one of my failings is that eight-second soundbite -- for the 45-second television story -- which compresses years of work, months of negotiation, and billions in spending -- into 20 choice words, pithily delivered in an even, well modulated tone.

Well, I'm going to make my friends in the press work to find that soundbite today, because I want to spend some time talking about our state's budget and propose a way we can take a big step forward in improving our entire continuum of education, keep our commitment to providing health care and human services to the vulnerable in our state and return surplus income tax revenues to those who need them the most.

But first, I want to add a little perspective to the biennial budget debate.

To do that, let me quote Dickens: "It was the best of times. It was the worst of times."

That's how I feel about Oregon today. Rarely has Oregon been as prosperous as it is in 1997. Yet fifteen years ago that was not the case. We were a state in a deep depression. Unemployment was above 20 percent in my Douglas County senate district. People were leaving Oregon. There was simply no opportunity at home.

Today it's different. Unemployment is low. Job growth and income growth are high. The biggest economic problem facing this part of the state is a labor shortage. There is no other way to put: Oregon is on a roll. *It is the best of times.*

But what about our public institutions? What about our schools? Our universities and community colleges? Our libraries? Our parks?

In an era of expanding prosperity, are we taking care of the very public investments that helped create that prosperity? I don't think we are.

Our funding for the state's schools has not kept pace with inflation, with the growth in students, with the need for technology or, perhaps most importantly, with our very own demand for higher standards of performance from students. Ironically, we are asking more than ever of our students -- and our teachers -- and giving them less to work with.

Our universities have seen tuition explode and course offerings falter.

One-third of our parks are ready to close. Perhaps we can keep them open in this budget cycle, but I have seen no legislative plan that will provide them with a long term stable source of funding or that will begin to deal with millions of dollars in deferred maintenance.

In short, in an era of private wealth, we are experiencing public poverty. In fact, as you view the entire terrain of public services, the only one not ill-funded is our state prison system. *Surely, the worst of times.*

This is not a sustainable course. This is a course which slowly erodes the foundation of our quality of life. Worse, it is a breach of faith with the generations which bestowed our Oregon on us -- a failure to care for a precious heritage.

That is why last December I proposed what I call an "investment budget." I want to acknowledge that even in this budget, funding for K-12 is inadequate. However, I proposed then as much as I responsibly thought possible given the budget forecast before me at that time.

Nonetheless, this budget was -- and still is -- a budget that begins to turn the corner on a half decade of neglect.

It provides funds to improve the entire continuum of education -- from pre-kindergarten to post graduate.

It moves us ahead in K-12 funding

My investment budget

- freezes tuition
- creates a graduate engineering program in the metropolitan area
- provides funds for technology at grade schools and high schools, and
- moves head start funding to a level which will serve 50 percent of the children now eligible.

My budget also calls for new revenues:

- to fund salmon restoration and improve water quality
- to permanently fund parks, and
- to maintain our transportation system.

And my budget also calls for expanding the Oregon Health Plan to 43,000 people -- most of them working Oregonians - - who pay taxes which support other people's health care, but who cannot afford coverage for themselves and their families.

But, as the old saying goes, "the governor proposes and the legislature disposes. And there is a reason that saying is so old: because it's so true.

I was informed by the leadership of the legislature that my budget was "dead on arrival." Well, being an emergency room doctor in my real life, I have never quite accepted "dead on arrival" as an actual a diagnosis. It runs counter to my training and to my experience -- even in the legislature.

Instead, the Republican leadership has released a budget which I can most charitably characterize as disappointing.

Before I go into my specific objections about this budget, let me sound one positive note: the Oregon Salmon Restoration Plan. I have been heartened by the strong bipartisan support for this Oregon approach to species restoration. I particularly want to complement house speaker **Lynn Lundquist** for his leadership in helping gain support for this plan in the legislature.

I wish I could report agreement on the rest of the Republican budget priorities. But I cannot.

Let me touch on perhaps the four most glaring deficiencies.

First, in the area of education, the leadership budget is a failure. It fails not only K-12, but the entire continuum of education.

Their budget eliminates entirely my head start funding package. This means that thousands of kids who would otherwise be eligible for this successful pre-school program -- who would otherwise be better prepared for their K-12 experience -- will not have that advantage -- these kids will not get a "head start."

The leadership budget cuts in half funding for the graduate engineering program in Oregon, ignoring a remedy to one of the most acknowledged problems in our state's higher education system: that many of the good jobs our economy is turning out are not going to Oregonians because we are not training enough engineers and technicians. Surely, we can do better.

The Republican budget also eliminates funding for two of the most basic investments in the future: first, the training necessary for teachers to implement the Education Act for the 21st Century and, second, the ability to purchase computer technology for our grade schools and high schools.

But this is not the worst feature of their budget. The worst feature is a K-12 appropriation which is insufficient to meet the needs of Oregon's primary and secondary schools as we approach the 21st Century. It is an appropriation that will result in significant teacher layoffs in many districts, larger class sizes, no music, no art, no computers -- in short, it reduces the chance that our kids will succeed in the ever more competitive world outside of high school . . . and I say that is unacceptable.

And it is particularly unacceptable in an economy like the one we are enjoying today.

My question is this: if we can't afford these common sense investments in our education system now, when our economy is strong and growing, when can we afford them?

The second major deficiency in the leadership budget is the level of funding for the Oregon Health Plan.

Last November, Oregonians voted overwhelmingly to increase the cigarette tax for the purpose of maintaining and expanding the Oregon Health Plan. The tax will raise approximately \$140 million every two years.

I have proposed using half of that for maintaining the existing health plan by replacing a sunseting cigarette tax -- and the other half to expand the plan to lower income working Oregonians.

My proposal would bring health care within the reach of another 43,000 people, lowering our uninsured rate to only 8 percent of the population.

The leadership budget, on the other hand, proposes using less than \$15 million of that new money for expansion, bringing health care to only about 11,000 people.

This is unacceptable -- it constitutes a breach of faith with the voters of Oregon and I will do all I can to resist it.

The Republican budget is also silent on an area where I expected, quite frankly, more leadership -- a stable, long term funding source for operating and maintaining our parks system. As of today, there is no such plan.

I have suggested a beverage container tax which would have accomplish this purpose -- as well as funding the Oregon Salmon Plan and improving water quality in our streams. This proposal too was pronounced "dead on arrival."

I want you to know that this is an important issue to me and, I believe to all Oregonians -- and I am not going to give up on it until there is another proposal on the table -- so far, I haven't heard it or seen it -- but it is an issue this legislature cannot ignore.

Finally, this budget isn't really balanced at all. It relies on almost \$87 million in unspecified, to-be-named-later, cuts. Well, let me tell you from personal experience, it's a lot easier to put those cuts on paper than it is to actually find them

and get the votes to pass them.

Given the cuts already proposed in this budget, most of the \$87 million will come from programs in human resources, economic development, public safety and other important areas.

In other words, the leadership has not yet fully shared with Oregonians what services they will cut to balance the budget.

In short, the leadership budget fails Oregonians:

It underfunds our entire continuum of education.

It breaks faith with the voters' desire to expand health care coverage.

It proposes \$87 million in unspecified program cuts.

And it stands silent on how to help our parks.

Nonetheless, I am grateful that the Republican leadership has finally put forth a budget that reflects their priorities and which will allow us to proceed with moving the session along.

And while I do not agree with the priorities reflected in this document, as Abraham Lincoln said: "He has the right to criticize, who has the heart to help."

. . . That is, criticism -- in order to be constructive -- must be accompanied by specific alternatives.

In that spirit, today I want to propose a middle path -- a compromise approach that recognizes and attempts to honor the Republican position on both budget cuts and returning the two percent kicker -- but which still makes the investments crucial to Oregon's future.

I am hopeful that this proposal will be viewed in the spirit in which it is offered: not as a partisan approach but as an Oregon approach -- one that seeks common ground and a common vision of Oregon's future.

I want to stress that this proposal remains true to my fundamental principles concerning the budget: that while we all agree that additional resources are necessary for K-12, we must achieve that objective in a balanced manner.

In short, we cannot fund the K-12 portion of education at the expense of pre-school and post secondary education -- and we cannot fund education in general at the expense of the rest of the vital services our state provides.

Let me repeat -- we cannot fund the K-12 portion of education at the expense of pre-school and post secondary education -- and we cannot fund education in general at the expense of the rest of the vital services our state provides.

I want you to know that this is a bedrock principle of mine. And while I will work with you to increase the size of the pie, whatever budget we ultimately adopt this session must reflect a balanced allocation of resources among a number of areas including, but not limited to, education.

With that understanding, I propose first that we put into K-12 an additional \$200 million above the figure in my investment budget -- \$110 million more than the Republican proposal -- for a total appropriation of \$4.16 billion.

To help finance this investment, I will do my part.

I will work with the Republican leadership in the legislature and my democratic colleagues to find acceptable cuts in my proposed investment budget.

Second, I propose that all eligible Oregonians receive a kicker rebate up to a cap, which reflects the amount due to the average Oregon taxpayer. This means that those Oregonians who most need it will receive their full rebate. While the

majority of the corporate kicker will also be invested in education, I will propose a modest business rebate as well.

Now let me go into some details.

First: K-12. As you know, my original budget recommended just under \$4 billion for primary and secondary education. The Republican leadership has been quick to point out that this is over a 12 percent increase from the current funding level and, therefore, that schools are adequately funded.

But we need to recognize that this appropriation contains the money needed to replace the property tax revenue lost to schools by the passage of Ballot Measure 47.

When this money is backed out, the net increase for K-12 is less than one percent and thus, many districts -- including this one still face serious teacher layoffs.

Nonetheless, this was as much as I thought responsibly possible last December -- given Ballot Measure 47, given the December revenue forecast and given the other pressing demands on the state general fund.

Today, however, because of the new revenue forecast -- and because of my willingness to go back into my proposed budget and help to find acceptable cuts -- I believe that we can allocate another \$200 million to K-12. What does this mean?

First, it means that the vast majority of Oregon school districts will not be facing teacher lay-offs and increased class sizes.

Second, it means that we will meet our equity target.

But it also means that a few districts -- including this one -- will still not be made whole. Clearly, they will be much better off than they would have without the additional \$200 million -- (Portland, for example, will get almost \$100 more per student than they would under the current Republican proposal). But they will still face cuts that may not be acceptable to their constituents.

To these districts I say this: my compromise proposal produces a balanced budget *without* committing any funds from the May revenue forecast. If our economy continues to perform -- and there is no indication that it won't -- there will be additional revenue available in May and I will work with you to ensure that those resources are committed to K-12.

With regards to cuts, I will step up to the plate. I am willing to discuss a reevaluation of the scope of some of my proposed investments -- and I am willing to look at how we can responsibly save money in our corrections program. New forecasts in prison population, for example, suggest we may be able to realize significant savings this biennium by delaying work on one of our new prisons.

The point is that if there is a willingness on the part of the legislative leadership to reach this compromise, then I will go over every budget -- line by line -- to find a way to make it work.

My compromise proposal for the Two Percent Kicker involves two components.

First -- committing the majority of the corporate kicker to education is justified not only by the need in our education budget but also by the fact that the business community has realized a disproportionate level of property tax relief under Ballot Measures 5 and 47.

Nonetheless, I believe it is important to provide a modest rebate to business as well.

The second part of my kicker proposal involves the personal kicker. I propose that all eligible Oregonians receive a personal kicker rebate of up to \$223 which reflects the amount due to the average Oregon taxpayer. Again, this approach recognizes both the need in our education budget, but also the fact that many lower income Oregonians need their kicker rebate to help them get by.

In short, what I am saying to you today, is that we are within striking distance of a budget that will keep our K-12 system whole, maintain our commitment to pre-kindergarten and post-secondary education, adequately fund the Oregon Health Plan and other crucial elements of our general fund budget (from human resources to economic development to public safety to natural resources) *and* return income tax revenues to those who need them the most.

As you know, I believe it is important to invest the proceeds of a strong economy in the infrastructure on which that economic growth depends -- on things like education, transportation and sound environmental stewardship.

We have the financial ability to do that today. But we also need the political consensus to make it happen. What I am proposing today offers the basis for building such a consensus.

In closing let me say that as the budget debate unfolds over the next few months, I would ask all of you to remember that this is not just a debate about numbers and percentages -- it is a debate about people . . . about Oregonians and about our quality of life.

It is a debate about whether some working Oregonians will have access to health care for themselves and for their families; about whether we will offer compassion and support to the frail and vulnerable citizens in our state.

It is a debate about whether kids will have class sizes small enough in which to learn; about whether they will have up to date books and access to the technology so important in today's world.

It is a debate about whether Oregon high school graduates will be able to afford to go to an Oregon college or university; about whether Oregonians will land the good jobs that this economy is turning out.

It is about adequate housing; about safe neighborhoods; and about reducing traffic congestion.

It is about preserving one of the nation's great park systems; about clean streams; and about saving the salmon.

In short, this is not an impersonal accounting exercise -- It is about Oregon's future.

. . . About our will -- and indeed our responsibility -- to defend and to pass on to the next generation that unique *quality of place* that makes Oregon so special to us all.

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Governor John Kitzhaber
February 4, 1997

AARP Legislative Council Speech

It is an honor to speak to this group today, particularly since in exactly 29 days I will be eligible for membership . . . In the meantime, I would like to share with you some words of substance and leave you with some food for thought.

To begin with, I'd like to ask you to try to expand your vision beyond the specific charge of your association -- to look beyond your strong and focused advocacy for senior citizens and to try, at least for a time, to take a broader social view. Today I want us to consider how, in a society of limits, we can balance the needs of our elderly with those of our children and with the needs of those who remain in the workforce.

I believe it is critical that we do so because, as Martin Luther King, Jr., so wisely reminded us, in today's world anything that affects one person directly affects all of us indirectly. And that is especially true of the American health care system. Let me tell you how I learned that lesson from personal experience as a physician.

Twenty-four years ago, at the very beginning of my internship, I watched a baby die -- a little boy weighing less than three pounds whose name was Sam. Sam was born prematurely in the emergency room and then transferred to the neonatal intensive care unit where he died two days later. His mother was poor and had not once seen a physician during her pregnancy. I can still remember standing silent by his incubator during that final hour, knowing what was going to happen, and knowing too that I was powerless to prevent it.

Not long after Sam died I witnessed another death that I still clearly remember -- that of Gladys, a 90-year-old woman with lung cancer who had gone into cardiac arrest following surgery to remove her right lung -- surgery she hadn't really wanted. When the code was called on the surgery floor, I rushed to the room -- along with another intern, a surgical resident, two nurses, and a respiratory therapist and the six of us spent an hour in a frantic but unsuccessful attempt to save her life. And unlike baby Sam's passing, the last hour of Gladys' life was not quiet.

We stuck tubes into her nose, throat, and bladder; needles into her veins. We pumped her full of drugs and shocked her repeatedly. But we "failed," she died, and we ran up a posthumous bill of thousands to be picked up by her family or her estate.

Sam died because we didn't know as much then as we do now about treating respiratory distress syndrome in newborns. But he also died because somehow nobody had made the token investment to get his mother the prenatal care that could have prevented his prematurity and low birthweight. Gladys died because she was ready to die. She recognized that but we couldn't. We had been trained to view death as a failure, not as a natural part of the life process.

Today as I stand here I can still remember the frenzied efforts of a roomful of people, with all their sophisticated equipment, to save someone at the very end of a long life, and the quiet and undramatic death of someone at the very beginning of life. But at the time I never connected the money spent on Gladys' final hour with the money not spent on Sam during his mother's pregnancy. And yet the connection was there.

I tell this story because it illustrates the very human consequences of the growing competition for funds between the old and the young. Throughout history, societies have been judged by how they care for their children and how they care for their elderly. Until recently it has been hard to conceive that these two objectives could ever be in conflict.

Yet as we come to grips with the reality of fiscal limits, this is exactly the situation that is developing, and it is not difficult to discover the reasons. In fact this situation was created by a combination of factors, but let me focus on the two which are most relevant to seniors: the rise of modern medical technology, and the structure of Medicare.

Among the many benefits of modern medicine is increased longevity. But it is, quite frankly, a benefit with a price attached. On one hand, people have more time to enjoy the fruits of their labor after retirement. On the other, they are more likely to be afflicted with health problems which can result in staggering costs and which often create a need for long-term care. This situation can sour the years of retirement not only for individuals, but for their families, who may be driven into poverty by medical and institutional bills. This problem affects not only those on low and fixed incomes, but those on comfortable and modest retirement incomes as well.

At the same time, the program designed to provide health care for elderly Americans is no longer meeting their needs. Medicare and Medicaid were enacted in 1965 in response to the findings of President Johnson's Task Force on Health that the elderly and children in poor families faced the most serious barriers to gaining access to health care. In 1965 these barriers were primarily financial and that is still true of impoverished children. It is no longer true of the elderly as a group.

In 1965, when the incidence of poverty among the elderly was twice that of the general population, subsidized health care for seniors made sense. Today, however, the incidence of poverty among Americans over 65 is only ten percent -- almost four percent lower than the incidence of poverty in the general population. Yet our health care policy continues to treat them as if they were uniformly in need of publicly subsidized health care.

That means that a 66-year-old couple, retired on \$100,000 a year, gets publicly subsidized health care through Medicare, while their children, both working to bring in a combined family income of \$35,000 a year, are unable to afford health insurance for themselves, yet pay \$351 a year in FICA taxes to support health care benefits for their wealthy parents. I submit that that makes no sense.

In 1965, because life expectancy was less than 70 years and because many of the medications available today had not yet been developed, the need for chronic and long-term care for the elderly was minimal. Today, with life expectancy approaching 77 and a tremendous growth in the number of those living much longer, long-term care and prescription drugs for chronic conditions are among those services most desperately required, yet Medicare covers neither. And when the cost of these services drives senior citizens into poverty, they become eligible for Medicaid, where their needs compete directly with the needs of poor children. I submit that that makes no sense.

And there is yet another flaw in the system -- one which goes beyond questions of inequity and ineffectiveness.

To understand that flaw, we must recall that social programs are funded through general taxes paid by those who are working. 30 years ago, those over 65 constituted 9.6 percent of the population. Today they account for nearly 13 percent, a number expected to rise to 18.5 percent by 2025. In 1940 there were 159 workers supporting each Social Security beneficiary. By 1950 that number had dropped to 16.5, and today there are only 3.7 workers supporting each beneficiary.

If the workforce is shrinking relative to the retired population, and if Medicare and Social Security depend on that workforce for funding, then the only way those programs can be sustained is if the workforce is increasingly productive. Yet our health care system is structured to have just the opposite effect.

As health care costs have escalated (for reasons I don't have time to go into here), third-party insurers have attempted to shield themselves from what has become an enormous financial liability. The most common method has been to reduce coverage or to drop people from coverage altogether.

Today there are over 40 million Americans in a growing "coverage gap." Over 70 percent of them are working families

and their children. The working families in the insurance gap are the very Americans who will constitute a large part of the shrinking workforce of tomorrow -- a workforce we will expect to fuel the economy and pay for a growing retired population. And yet we deny them access to the primary and preventive care they must have to remain healthy and productive.

We are witnessing a huge resource shift from the poor to the rich, from the young to the old, from workers to those who are retired, and it amounts to mortgaging our own future. And make no mistake about it, those who are working do subsidize those who are retired. For example, the average man, retired in 1985 paid just over \$13,000 into the system but will draw out \$44,800 in benefits -- a subsidy of \$31,000.

It is astounding that in 30 years no one has seriously re-evaluated either the Medicare eligibility standards, or the covered benefits in light of the changes in the financial circumstances and actual health needs of this population. Nor did anyone apparently foresee that expanded access to health care, coupled with technological advances, would increase longevity and consequently the number of people placing demands on the system.

In the last several years, under mounting pressure to reduce the federal deficit and balance the budget, the cost of the Medicare program has become a subject of public debate. I have watched this debate over the years. I find it significant that in the recent presidential campaign, there was much talk about balancing the budget but in a way that "protected" Medicare. I understand that the conventional wisdom dictates that you don't mess with Medicare because of the voting power of senior citizens. But I want to suggest to you this morning that to defend Medicare as it is currently structured is not in the best interest of your constituents and is certainly not in the best interest of our society.

In the debate over "protecting" Medicare, we are defending a system designed almost a third of a century ago which still reflects the world as it was in 1965. In 1965 Medicare made sense. In 1997 it does not. It does not, in fact, offer the services that an aging population really needs, it is too expensive, it pits wealthy retirees against poor children and pregnant women, and it contributes to a decline in the productivity of a workforce that is essential to the fiscal integrity of the program itself.

What we need to do is to redefine the terms of the debate. Instead of fighting to preserve an expensive, inequitable, ineffective system designed to meet the needs of a world gone by, we need to step back and ask ourselves exactly what we are trying to accomplish.

I take it as self-evident that the objective of a health care system is not merely to provide health care -- the objective is HEALTH. As a physician, I can tell you that health care is not necessarily synonymous with health, nor are all medical interventions of equal value and effectiveness in producing health. A huge portion of the Medicare budget is spent on people in the last 30 days of life and it is estimated that over 50 percent of ICU costs are expended on nonsurvivors. By no stretch of the imagination could these expenditures be said to be effective or to produce health. Health care costs continue to escalate, yet a massive expense in the current system is on ineffective, futile care. Gladys was a case in point.

The question is, what can we do about it? As Abraham Lincoln once said: "He has the right to criticize, who has the heart to help." I wouldn't have pointed out these problems to you if I wasn't ready to offer a solution, then let me tell you what we have done in Oregon. While this may not be the answer, it can offer us some insights into how we might proceed at the national level. The Oregon approach involves the Oregon Health Plan and a long term care program built around home and community based-care. Let me briefly describe each in turn.

The Oregon Health Plan, implemented in three years ago this month, offers a benefit package arrived at by prioritizing health services on the basis of their effectiveness. Because of time constraints, I will not describe in detail the process we use to define our benefit package. I would be happy to answer any questions about it later. But let me say that it is done by a Health Services Commission and involves an open and highly accountable process.

Specific services and treatments are prioritized according to their clinical effectiveness and on the basis of social values developed through an extensive series of townhall meetings across the state.

The first priority list -- which is updated every two years -- consisted of 709 condition/treatment pairs (appendectomy

for acute appendicitis, bone marrow transplant for leukemia, etc.).

Services near the top of the list were those for acute fatal conditions where treatment prevents death and returns the individual to their previous health state (such as an appendectomy for appendicitis). Because of the high value placed on prevention by those participating in the community outreach process, the category of maternity care (including prenatal, natal, and postpartum care) and that of preventive care for children ranked very high. Also ranked high, because of the social value placed on compassion, was hospice care. At the bottom of the list were categories of services for self-limiting conditions, futile care, and services that had little or no effect on health status.

The final priority list was given to an independent actuarial firm which determined the cost of delivering each element on the list through capitated managed care. The list and its accompanying actuarial data were given to the legislature.

Since the legislature is statutorily prohibited from altering the order of the priorities as established by the Health Services Commission, it was required to start at the top of the list and determine how much could be funded from available revenues and what additional revenues would be needed to fund an acceptable "basic" package. In this way, the question "what is covered?" was directly linked to the reality of fiscal limits.

As a result of this accountable and explicit process, the Legislature reached consensus on a benefit package, with a strong emphasis on primary and preventive care. It is eminently defensible. It covers the initial evaluation for all conditions, all preventive and screening services, dental services, hospice care, prescription drugs, routine physicals, mammograms, most transplants, and physical and occupational therapy.

This benefit package applies to our entire Medicaid population -- including seniors and the disabled -- with the strong support of Oregon's senior lobby. It also forms the standard for numerous private sector policies.

Of equal importance is Oregon's long-term care program. In 1981 Oregon became the first state in the nation to obtain a federal waiver that allowed us to use Medicaid dollars on community-based care, instead of only on institutional care, which is far more expensive and, in many cases, far less compassionate. We have essentially recognized that in most cases, long-term care is not a medical problem -- it is a social problem. It usually involves people who have lost the ability to perform the activities of daily living; feeding, dressing, housekeeping. Therefore, we have developed a system of community based support that ranges from home nursing to housekeeping to meals-on-wheels.

Today in Oregon, because we pay for what works, we have not only dramatically reduced costs, we have also dramatically expanded access. Two to three people can receive community-based care for the cost of one person in a nursing facility. As a result in Oregon today, there are fewer people in nursing homes than there were ten years ago, despite a significant increase in the elderly population.

And since the Oregon Health Plan went into effect two years ago, we have extended coverage to 325,000 additional people. Since the early 1990s the rate of uninsured has dropped from 17 percent to 11 percent. The rate of uninsured children has dropped from 21 percent to eight percent. Our Medicaid costs per person are 10 percent below the national average.

What does that tell you? It tells you that a system which meets the real health care needs of our citizens, whatever their age, is not only possible, it is also preferable. We do not need to undermine the health, and thus the productivity of the workforce in order to provide health care to the elderly or to children.

Where Medicare is concerned, the dollars currently expended on futile, ineffective care, and the dollars currently expended on those who can pay more themselves can, and in my opinion, should be reallocated to provide appropriate and effective acute care, prescription drugs for treatment of chronic afflictions, and compassionate, community-based long-term care. And ability to pay should be the criterion for coverage.

Only under those conditions can we craft a system that makes sense -- in 1997. It is imperative that we do so. Intergenerational conflict will only get in the way, because whatever our age, we are bound together in what Martin Luther King, Jr. called an "inescapable network of mutuality." Only by focusing on our common goals can we hope to succeed, and AARP can lead the way.

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Governor John Kitzhaber

**Testimony -- House Agriculture Committee
January 16, 1997**

Mr. Chairman, members of the Committee, thank you for the opportunity to testify on eastside ecosystem health issues.

Today I bring you a message of hope and opportunity. Almost two years ago we began a process to assess the needs of eastside forests, streams and watersheds and the communities that depend on them. Over that time a number of citizens, scientists and government officials have worked tirelessly to produce recommendations to land managers on ways to improve ecosystem health. Today I would like to announce two major achievements of these efforts.

First, we have identified a forest management strategy that will help restore ecosystem health while protecting forest resources, critical habitat for endangered salmon stocks, and the integrity of eastside watersheds.

Second, and perhaps more significantly, we have brought together a diverse group of interests, from timber purchasers to environmentalists, who share common objectives and who endorse such a proposed strategy for eastside forests.

Before I describe our proposal, I think it would be useful to outline the history of our efforts to address ecosystem health problems faced by forests east of the cascades.

Oregon, and much of the inland Northwest, was blessed with huge stands of old growth pine covering millions of acres when Europeans arrived during the last century. Over the past 80 years, forest management policy, characterized by active fire suppression and harvesting of valuable old growth pine, has transformed these forests to their present state. Today we are left with overstocked stands of young fir and pine, thousands of acres of dead and dying timber infested with insects, and an unacceptable risk of catastrophic fire. Thousands of miles of riparian areas have been damaged by harvest and grazing practices, as well as by roading and urbanization. In addition, timber dependent communities that were established to support lumber mills have seen tragic declines in employment.

Early in my administration I established four goals to guide our efforts to restore ecosystem health to eastside forests. These are:

1. Restore the health of the forests themselves
2. Restore the health of riparian systems and watersheds
3. Provide wood to local communities
4. Reduce the risk of catastrophic fire

In the spring of 1995, I appointed a diverse group of highly respected scientists from throughout the Northwest to make recommendations on ways to restore ecosystem health and provide wood to communities in an environmentally sound manner. That panel achieved something that was nothing short of remarkable -- a true consensus among the scientists on what needs to be done to improve the health of the forests, streams and watersheds of the eastside. Dr. Norm Johnson,

chair of that panel, will testify before you today and describe his group's recommendations.

Last spring I appointed an eastside forest advisory panel, consisting of a very diverse group of eastern Oregon community leaders to make recommendations to me on ways the U.S. Forest Service might implement the findings of the scientific panel. Under the able leadership of Dave Cash, the panel has visited numerous sites throughout eastern Oregon and has recently issued its first set of recommendations. A number of the panel members are present in the audience today.

Over the last two months members of my staff, joined by various eastern Oregon stakeholders, have met with forest supervisors to learn about their goals for the land and about the constraints under which they must operate. I have been uniformly impressed with the professionalism and dedication to the health of the forests exhibited by these federal land managers.

As a result of this almost two years of work, I am able to present here a broadly supported proposal for restoring ecosystem health. The basis of the proposal is that

There are key areas of agreement where we can move ahead now to restore ecosystem health and provide wood to local communities without threatening non-timber resources.

The key elements of the eleven point proposal are attached to my testimony. I would like to highlight a few of them here.

We need to use **active management** to treat stands that are overstocked, or have been inappropriately converted from pine to fir. Understory thinning and commercial thinning are key components to this strategy.

At the same time, we need **to avoid activities in controversial areas**, such as roadless areas and old growth stands. If the Forest Service continues to push for timber harvest in areas where there is not broad support for doing so, there is a risk that the entire ecosystem health effort will be derailed. That is unacceptable. The Forest Service needs to first establish a track record of success to show it can in fact employ active management techniques that actually restore forest health, while protecting other critical non-timber resources, such as fish habitat, water quality and wildlife habitat.

Learning from our efforts through **monitoring** is critical to the success of this proposal. One of the tragedies of the continuing debate over federal forest policy is the tremendous amount of public trust and confidence in the Forest Service that has been lost over the last five years. For this agency to be an effective manager of fully half the forest land in this state, it must have broad public support. Now is the time to rebuild that support. Effective monitoring by the agency of the impact of its land management treatments on key forest resources is the first place to start. The agency must demonstrate to the public that its actions are having the intended effect. This was the principle recommendation of the citizens panel that I appointed to study this issue.

It is also important that we offer **cost effective timber sales**. Where the proceeds from the sale of timber associated with a treatment strategy are not enough to pay for the work needed, the Forest Service should have access to money to fund the project. The sale should not be "sweetened" by the addition of valuable old growth timber that science tells us needs to be left behind for wildlife or improved stand structure.

Restoration of riparian areas and watersheds will take money. I would ask congress to change the way it allocates funds to the Forest Service so that money is available to do the work needed without depending on a profits from a timber sale.

One of the greatest benefits of this strategy will be the reduction in risk from catastrophic wildfire. By thinning out overstocked stands and returning the forest to its historic range of variability, we can reduce the frequency of huge stand replacement fires. Although smaller fires will continue to be an important part of the ecosystem. I hope your committee will consider the benefits of investing in the proactive fire prevention measures embodied in our proposal and perhaps avoid the budget busting costs of stopping a 100,000 acre wildfire.

Three people who have been essential in developing this broadly supported plan will be testifying later in this hearing.

They are Dr. Norman Johnson from Oregon State University, Paul Dewey, a citizen of Bend who has been very active in forest conservation efforts, and Pat Wortman, a Wallowa County Commissioner. Wallowa County is heavily timber dependent. I would commend their testimony to you.

In conclusion I want to emphasize that for any ecosystem health effort to succeed it must enjoy broad acceptance. You have before you today an action plan that has high credibility with the scientific community and is supported by many community leaders -- both on the environmental and resource utilization side. Implementation of this proposal does **not** require changing the federal laws governing land management. What it does take is a clear vision by federal land managers and the will to implement that vision.

Thank you for the opportunity to testify.

**Proposed consensus approach
to Eastside ecosystem health restoration**

Governor John Kitzhaber

1. There are broad areas of potential agreement about goals for restoration of ecosystem health to the forests of Eastern Oregon.
2. Ecosystem health includes the health of forests, streams, and watersheds.
3. Ecosystem health may be improved through active management in overstocked stands which have suffered from fire exclusion and highgrading of large trees.
4. Thinning of small diameter green trees is an important component of active management for forest health and will help make sales economically viable.
5. Plan and implement operations first in less controversial areas. In the short run, avoid operating in roadless areas, near fish habitat and old growth areas.
6. For ecosystem health restoration activities to truly succeed, monitoring and learning from these efforts is essential. The Forest Service and the research community, Congress, the Administration and the Governor's Office should join together in assuring that we learn from the management strategy employed to restore ecosystem health. Monitoring actual results will be critical to justifying ongoing active management.
7. Cumulative effects analysis should include all ownerships within a watershed, where possible. This may be accomplished by working with local watershed councils.
8. Active management includes more than cutting trees. Riparian area planting, reforestation, road obliteration and stream rehabilitation are all key components.
9. Use of low impact cost effective, equipment is an important element in effective restoration. The Forest Service, federal government and the state should provide incentives that encourage the use of such equipment.
10. Timber salvage may be an important component of ecosystem health restoration and fuel reduction strategies to the extent that it promotes ecosystem health goals.
11. Where the costs of ecosystem health restoration efforts are not paid for by timber sale proceeds, funds should be made available to finance these activities on a priority basis.

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Governor John Kitzhaber

The State of the State Keeping Oregon's Quality of Life

January 13, 1997

A year ago when I delivered my first state of the state speech, I was fairly new to this job. But every day I learn more, and I can say that the experiences of the past year have shed new light on the state of the state -- and on the mood of its citizens.

Through windstorm, fire and flood -- I have had the opportunity to witness firsthand the courage, the selflessness and the deep sense of community that still permeates this state of ours. And my heart goes out to those in Keizer, Ashland, Talent, on Sauvie Island -- who are even now struggling to recover from the recent flood.

You know, if I ask Oregonians -- and I have -- about how they view their state, about why they love this place and why they are proud to be Oregonians, they will always come back to quality of life.

In many ways that is a vague term because it means something different to everyone.

For some it is standing on the beach watching the sunset. For others it is standing on a mountain watching the sunrise. For some it is not being held up in traffic and for others it is being in a state that is on the cutting edge of high technology. For some it is good schools and for others it is the ability to still work the land as ranchers, loggers or fishermen.

It is what Governor Tom McCall spoke of as the "Oregon mystique."

It has something to do with the place itself -- its natural beauty, its abundance of natural resources, its variety of landscape.

It has something to do with us -- our reverence for the land and open spaces that makes us skeptical of growth even while we welcome prosperity.

Whatever it is, whatever its components, Oregon has some quality that we cannot define but that we all recognize. It's why we're here. It's why we chose to come. It's why we choose to stay.

But when I talk to people around the state today, they are afraid -- there is a lot of anxiety out there, a lot of uncertainty because the world is changing -- their lives are filled with change. They perceive that they are losing something; that their quality of life -- however they define it -- is at risk and that they have little control over it.

I feel it. We all feel it in ways large and small.

The change from a natural resource-based economy to a high tech, information-based economy. A global marketplace. The growing number of people who are under-unemployed -- and people with good jobs who don't know how long they

will have them because of the changes taking place around them. The plight of the salmon. Traffic congestion. Concern over the educational system.

Whatever it is, our lives are filled with changed and something important is at risk.

My goal -- our common goal -- is to keep Oregon's special quality of life, in all its different forms -- to preserve it in the midst of the change happening around us and to us.

Today, I want to share with you what I believe we must do to accomplish that. I will focus on three areas: education, transportation and natural resources. And I need your help because we collectively have to think a little differently about these problems than we have in the past.

This is more than the traditional debate about changing government -- it is also about changing us. And I tell you with all certainty that unless we begin to do things differently, we *will* lose that quality of place that makes Oregon so special.

We will wake up a decade hence, wondering what happened to our universities, to our high schools and to our grade schools; wondering how it was that good roads became bad roads and how easy commutes became traffic jams. We will wake up asking "How did we let the salmon become extinct?"

This is not the future we want, nor one we need to accept. But we will need to innovate. We will need to be creative -- and bold. We will need to approach old problems with new ideas, and new problems with flexibility and an open mind.

Quite literally, we will need to blaze a new trail.

Everyone knows that part of the change I am suggesting will require more money in all these areas. But I cannot stress strongly enough that if we are to keep Oregon's quality of life, money alone will not solve the problem. We must fundamentally change the way we think and the way we do business.

That is the challenge I lay before you today: Can we change and adapt to meet the demands of growth? I believe we can. I believe we must.

I have been accused of being a policy wonk. I stand before you guilty as charged.

But I also want to tell you that schools, roads and a healthy environment are more than just public policy issues for me. I love this state.

I was educated in Oregon's schools; my nieces and nephews are in Oregon schools today.

I learned to drive on Oregon roads and like all of you I still rely on them to get where I need to go.

And I can't imagine my life without access to our rivers, mountains, beaches and deserts.

But today thousands of Oregon children, including my nephews, attend schools where the quality of the educational program is threatened by budget shortfalls. Today, traffic jams are becoming commonplace -- not just in Portland but in Bend, Medford and Eugene. And today more than 60 of our state parks are in danger of being closed, while one of Oregon's most vivid symbols -- our salmon -- is dangerously close to extinction.

These are problems that money alone will not solve. Quite simply, if we want to save our schools, our streams and our streets, we must change the way government works -- and we must change how we view ourselves and each other.

The fact is that in the areas of education, transportation, and natural resources, our government institutions are not working very well. This is due, in part to the fact that, they were designed to deal with problems that existed ten, twenty or even thirty years ago. Times have changed. Priorities have changed. And government must change as well.

I want to stress that the problem is not with public workers, it is with the systems in which they work. Government programs designed to address yesterday's problems are programs that won't work and need to be changed in ways to

help public employees work smarter and more productively.

For example, the Department of Transportation was designed to build roads, and they've done a good job. *But today we need more than that. Today we need to manage growth and congestion, and the Department must change accordingly.*

For example, the Department of Fish and Wildlife was designed, in part, to oversee recreational hunting and fishing. But today we need more than that. *Today species protection is among our highest priorities, and the Department must change accordingly.*

As for our school system, it was set up to operate in a world where there was no advanced technology, no global marketplace, and where it was reasonable to assume that education had an end point, and that teachers, once certified, had all the tools they would ever need to do their job. *That world is gone forever, and our education system must change accordingly.*

In the last two years, I have heard from many Oregonians that government simply doesn't work. They are frustrated by what they see. I want to acknowledge that point of view. In many ways, government is not working. But the answer is not to give up on government. A self-governing society that gives up on government is essentially giving up on itself. The answer is to change government and make it a partner in keeping our quality of life. It's not a question of *more* government or *less* government; it's a question of *better* government.

And, in the final analysis, it is not something government can do for us. It is something that we must do for ourselves by making our government a tool with which to build the future we want.

To accomplish that, here are the changes I will propose for the coming legislative session.

First -- in education: We tend to forget in our discussion about schools that it's not about taxes, unions, administrators or district consolidation. It's about our children. It's about giving kids the best possible shot at success. Let's not forget that.

I believe we do need to put more resources into our schools and colleges to make them better and more affordable. But that increased investment must also be accompanied by increased accountability.

The Education Act for the 21st Century provides us with the basis for quality. The missing piece is accountability.

I believe it is time we take steps to encourage better quality and to provide greater financial accountability in our schools.

Until recently, our K-12 schools were locally funded and the state's responsibility was simply to provide what help it could. Today, as a result of Ballot Measures 5 and 47, the state pays for the vast majority of K-12 education.

Clearly teachers are the chief resource in our school system and we must respect and support their work and pay them salaries that reflect their tremendous responsibilities. But it is also important that the decisions on salaries are made by the same level of government that makes the funding decisions.

For that reason, I believe it is time to consider seriously establishing a statewide teacher salary schedule so that there is better control and accountability for the single largest cost of education.

I will also seek to institute a system of performance-based incentives for teachers and administrators. I will propose that we apply such incentives at the district level -- perhaps at the building level -- to increase accountability for positive results and to reward excellence.

I will propose that we require as much of administrators and teachers as we do of students: that they be able to demonstrate that they have learned and can teach effectively under the Education Act for the 21st Century *and* that we provide them with the necessary tools to achieve that objective.

Though our state is blessed with many excellent teachers, we must also insure that school managers possess the will and the ability to require and support excellence in the performance of every classroom teacher.

Finally, I will ask to remove barriers to the use of teachers' assistants, volunteers and experts in the community -- not as a way to try and reduce the number of teachers, but as a way to provide them with additional help and tools in the classroom.

I stand ready to work with the leadership of the legislature, teachers, parents and school districts across the state to achieve new levels of cooperation and accountability -- bearing in mind that our ultimate goal is to give every Oregon student an education second to none. Our children deserve no less.

Our children also deserve to inherit an Oregon with parks, forests, beaches and fish. They deserve to inherit a healthy environment -- not one in decline.

To do that, we must do things differently. We must move beyond conflict to cooperation if we are to keep this vital part of our quality of life.

Some of my most rewarding moments in the last two years have been meeting ranchers, farmers, fishermen, timber workers and environmentalists. These are the very people who have spent decades picketing one another and are now working together to restore streams -- to restore salmon runs one creek at a time.

For all those who believe that our natural resource industries, our farmers and ranchers and the environmental community have nothing in common -- you are wrong. In watershed councils throughout the state they are working together to literally change the face of Oregon.

I propose we build on this by creating a natural resource investment account. It will help restore Oregon's streams to health. It will help farmers and ranchers to be better stewards of the streams on their property. But most importantly, it will give our salmon, trout and steelhead a fighting chance at dodging extinction.

If we succeed in this most ambitious undertaking we do more than save a species -- we help preserve a way of life for thousands of farmers, fishermen and others who make their living off the land.

The account will also give us the ability to rebuild and retain one of the nation's great parks systems. I, for one, am not willing to stand by and let a park's system a century in the building, dwindle over the course of a decade.

Finally -- transportation: We all agree that a good transportation system is essential to our prosperity and our quality of life. Further, we all know that Oregon's population is exploding -- 55,000 new Oregonians last year alone and close to 300,000 since 1990. This puts a growing strain on our roads, transit and highways.

Clearly, some additional resources will be necessary to address this problem, but once again, money alone is not the answer. Money alone won't buy quality of life and will not buy our way out of congestion in the long run.

It's time we challenged the belief that the answer to our transportation problems is simply more money for more roads. It's time we challenged the idea that says we can build our way out of congestion by adding more freeway lanes. That didn't work in Seattle or Los Angeles and it isn't going to work in Oregon.

Instead, any work to expand our transportation system must be done in a way that preserves quality of life while still maintaining economic opportunity. And our efforts must be regionalized, taking into account specific needs that will differ from one part of the state to another, replacing the one-size-fits-all directives historically handed down from Salem. What we're talking about is a new way of making decisions, a new way of doing business.

With the exception of possible indexing, I am *not* proposing an increase in the gas tax which would have very little long term impact on traffic congestion. Instead, I am proposing a new way to raise money for our roads which I believe will help us manage growth more effectively.

First, is to broaden the base of transportation funding to all those who benefit from roads -- not just those who directly use them. This would help keep the gas tax down and would create a fund which could be used in part for transit.

Second, I am proposing that we begin to move toward a system where motorists actually pay based on how many miles they drive -- not just how much gas they use. I believe this will give people the incentives they need to explore alternatives to driving or to drive in different ways.

The fact is that not only is our population growing, but more Oregonians are driving more often and further than ever before. We can't raise enough money to build enough roads to prevent congestion. That is a fact.

The answer lies less in money than it does in changing how and when we use our transportation system. If we hope to preserve our special quality of life, we need to connect highway funding to highway use. We need to make it easier for people to use their cars less.

I believe state government can be a leader in this. I have directed the Department of Administrative Services to bring to me by May 1, a comprehensive plan to reduce the state's share of traffic congestion in the Portland area. Such a plan might consider such things as telecommuting and flex-time work. As a large employer, I believe the state can and must help lead the way toward more creative workplace management that will reduce the burden on our roads.

In conclusion, I believe Oregonians support a common agenda: they want good schools, clean streams, and a transportation system that will help keep Oregon's special quality of life.

Furthermore, I believe there is little disagreement between me and the legislature concerning the importance of taking bold action in these areas. However, there is some disagreement on how to accomplish these goals.

None of these initiatives is free; all of them will cost something. My responsibility in putting together a budget is to suggest ways to pay for them. I have done that. But if the legislature is willing to meet the same objectives by different means, they will find me a ready and willing partner.

Because this is not a Democratic agenda. This is not a Republican agenda. This is an Oregon agenda -- the priorities Oregonians have shared with me over the last two years.

Of course there will be differences between Democrats and Republicans, between House and Senate, between the governor and the Legislature. Beyond those inevitable differences, lie the answers -- but only for those willing to set aside good politics in pursuit of good policy for the people of this state.

The compromises *can* be reached, but only by those willing to serve the state and her citizens -- not by those who serve only their party or personal agenda.

The solutions *will* be found, because we will search together, exercising wisdom, compassion, and a disregard for political expediency.

Sixty-five years ago, President Roosevelt said, "The nation needs, and unless I mistake its temper, the nation demands bold, innovative action. It is common sense to take an approach and try it. If it doesn't work, try another, but for God's sake try something."

That is the approach I am committed to taking, because unless we begin to do things differently -- unless we redefine the terms of the debate over these issues -- we *will* lose that quality of place that makes Oregon so special.

Of course there is a risk involved. But it is a far greater risk to keep doing things the old way. Because at stake is Oregon itself -- it's heart, its soul -- the Oregon we all love -- the place we have chosen to call home. And I for one am not willing to risk losing it.

This is a challenge I cannot meet alone. I will need help and cooperation.

Today I ask each and every one of you to help me make Oregon what we want it to be . . . to join me in blazing a new Oregon Trail -- and to help preserve the Oregon mystique bright and untarnished into the 21st Century.

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Governor John Kitzhaber

Oregon Rural Electric Cooperatives Association Speech

December 5, 1996

It is a pleasure to be with you this morning. Oregon's electric cooperatives have a long history of service to the public that can serve as a model for many other institutions. You are the lifeline to the modern economy for thousands of Oregonians who live in rural areas. Without you, the quality of life in rural Oregon would be seriously degraded.

I want to talk with you today about change -- the change that is occurring in the electricity industry that will affect all of us here today, and virtually all Oregonians.

Not long ago, the electricity industry was called the electric utility industry, because the only participants were utilities that had responsibility for retail customers as well. Beginning slowly about twenty years ago, other kinds of businesses entered the field as generators, and now there are marketers, brokers, futures traders, and demand aggregators, as well as independent generators.

Much of this change has occurred outside of our control, either coming out of Washington, D.C., or as a result of market forces. Today, however, I want to talk about the change that is within our control -- that can happen as a result of state or regional action.

First, about what we must do as a region. Last January, I set up with Governors Lowry, Batt and Racicot the comprehensive review of the regional energy system. While the comprehensive review is having its last deliberations today, I believe it will do what it was charged to do: give us a blueprint for action to create the northwest electrical system for the next century. The other governors and I are scheduled to receive the final report next week in Spokane.

The most important of the areas where the comprehensive review is recommending action is on the future of the Bonneville Power Administration. Today, Bonneville is in a position we never imagined it would be in: its costs being near or above the price of power available in the marketplace. As a result, many utilities and other customers are considering leaving BPA as their primary supplier.

Yet, regional control over these federal assets is of great importance to the Northwest. In the future, when market prices do go up, as they are expected to do, and when the WPPSS bonds are paid off, Bonneville power at cost will almost certainly be again the best bargain in the national power market. We want as many northwest consumers as possible to be able to be beneficiaries of this low-cost power in the future.

But we will lose this bonanza if we do not take action now. We must as a region take responsibility for Bonneville's costs today or expect to lose this resource for tomorrow. Those who have wanted for decades to get their hands on the Northwest's power supply will not lose this opportunity if BPA goes into financial crisis.

Whether the solution requires legislation or just administrative action, we must give Bonneville's utility customers incentive to stay with Bonneville and cover its costs. If that is what the comprehensive review gives to me next week, I will endorse it wholeheartedly and work hard for its implementation. Nothing is as important to the Northwest as being

able to continue to have long-term access to the benefits of the federal hydro-power system.

Now, let me turn to state energy issues that are before me as governor. I expect that legislation will be introduced in the legislature next month that will require some degree of choice of electricity suppliers for retail customers. Given PGE's recent pledge to allow all their retail customers to choose suppliers, and PacifiCorp's experiments along the same line, this legislation might simply formalize what will soon be a reality for most customers in Oregon.

Many people are concerned about the speed with which this switch to retail open access is taking place. However, we must keep in mind that competition for retail customers is the foundation of the American free enterprise system. Nothing does more to ensure that customers receive high quality products at the lowest possible price than does the pressure of competition.

However, the move to competition must be done with care. Many aspects of the electricity business -- transmission and distribution -- will remain natural monopolies in need of oversight and regulation. The public values we have come to expect from the electricity industry will need to be preserved. And the high levels of reliability and quality of service cannot be compromised by competition at any level.

While I expect others to introduce open access legislation, I will not be introducing legislation of my own. Today I am announcing a set of principles that I believe should be incorporated in open access legislation in order to receive my signature.

These principles in quick summary are:

- Every Oregonian must eventually have the option to choose their electricity supplier.
- Every Oregonian must have access to electricity service at a reasonable price.
- The competitive power market in Oregon must be fair to all.
- Electricity service must remain reliable and safe, above all.
- Funding of conservation and renewable resources must continue in a way that is appropriate to the competitive market.
- Low income Oregonians must have equal access, and low income energy support should not be jeopardized by competition.
- Utilities should have opportunity to recover costs of previous commitments.
- Regulation must continue for products for which there is no effective competition, such as transmission.
- Customers should be protected from anti-competitive behavior.
- Local government franchise fees and other revenues must be protected.
- Any exemptions from open access mandates (for instance, for consumer-owned utilities) must be balanced with restrictions on marketing outside their service territories and continuation of public purposes funding.

You will notice that I left one important principle related to public power until the last. Public power agencies are not like investor-owned utilities. Public and consumer owned utilities exist solely for the benefit of their consumers and have governed themselves successfully for decades. The state must give some deference to this method of service that many Oregonians have chosen.

While I will not take a position on whether the public power agencies that serve 25 percent of Oregonians must grant open access to their systems on the same timetable as others, I believe that we must create a level playing field for competition. Public power agencies should not sell outside their service boundaries if they do not let others do the same within theirs.

In addition, continuing to require funding from investor-owned utility customers for public benefits such as conservation and renewable resources is not fair if public power agencies are exempt from this requirement. I will be looking to the legislature to address these issues fairly.

Electricity has been the lifeblood of the Oregon economy since the 1930s. Done right, we can continue to have electricity prices lower than most of the nation, while maintaining high reliability and a high degree of control of our electricity system. Competition should mean more choices for customers and lower prices for all.

The next several years will be challenging to all of us as the electricity industry evolves into an uncertain future. I look forward to working with all of you in the interesting days ahead.

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Governor John Kitzhaber

**Portland Chamber of Commerce
November 20, 1996**

Thank you for the opportunity to speak to you today. My general message this morning is by now familiar. It's about change . . . and choice . . . and the bearing these have on Oregon's future.

But before I begin, I want to remind you of something I've been saying for the past year: that the great economy we're enjoying today and our great quality of life didn't just happen. They are the result of investments and choices that we have made over the past twenty years -- the choice to invest in a land use planning program to give us the tools to manage growth without eroding our quality of life; the choice to invest in our transportation system and our educational system. Those choices and investments created the economy and quality of life that we enjoy today.

But over the past six years we have been making a different set of choices. Since 1990, and largely by default, we have adopted a policy of dis-investment in Oregon. I say by default because no one stood up and said, "Let's lay off teachers and increase class size and close parks." But in fact that is what we chose to do.

Let me give you just three examples of the kinds of choices I'm talking about. First there is Ballot Measure Five, which was passed in 1990 as a response to high property taxes. It capped property tax rates and restricted the amount of revenue that could go to fund local schools, and required the state to make up the difference. But -- it provided no funding source. As a result, the state has had to transfer \$3.1 billion from other programs inside the General Fund to make up the lost property tax revenues. Because the state was able to come up with replacement dollars, Measure Five did not appear to have a dramatic impact on schools.

But its impact on other programs has been severe. For example, spending on higher education has dropped from 14 percent of the state budget in 1990 to a projected eight percent in 1997, while tuition has gone up 80 percent in the last six years. That's a dis-investment in our future.

Then there was Ballot Measure 11 passed in 1994. This requires the incarceration of certain violent felons, which means adding some 9,000 new prison beds. Again, there was no funding source. As a result, the state has embarked on a \$1 billion prison construction program, paid for by taking money out of higher education and education at all levels and re-directing it to corrections. In other words, taking money out of the very programs that can keep kids out of prison in the first place in order to lock them up after they've committed a crime. And that's a dis-investment in our future.

The third example is the Two Percent Kicker law, passed in 1979. It stipulates that when actual revenues exceed forecasts by more than two percent, the unanticipated revenues are automatically rebated to the taxpayers. The idea is to prevent the state from building itself up in good times beyond the point where it can sustain itself in bad times, which is a good objective. But from a practical standpoint, it prevents us from reinvesting the proceeds of a good economy into the infrastructure that made economic growth possible in the first place.

This biennium, in the midst of perhaps the biggest industrial expansion in Oregon's history, we rebated \$330 million to the taxpayers, while increasing college tuition (again), laying off teachers and increasing class size, and contemplating

the closure of some 60 parks for lack of operating funds. And that represents another huge dis-investment in our future.

We need to keep this pattern of dis-investment in mind as we try to put Ballot Measure 47 into context. The sponsors of Ballot Measure 47 claim that it will have no negative impacts, just as Ballot Measure Five had no negative impacts -- or so they claim. That simply is not true. As I've just indicated, state funding for Oregon's system of higher education has dropped alarmingly and tuition has skyrocketed since 1990 as a direct result of Ballot Measure Five.

Why should we care? To answer that question, let me tell you a tale of two states -- Washington and Oregon. Both face a 20 percent increase in enrollment in their colleges and universities over the next eight years. To prepare for this increase, Washington has earmarked \$14 million in new state money for increased faculty and facilities. Millions more have been invested in an education/communication network, in libraries, and in financial aid. Oregon, on the other hand, has lost \$100 million out of the higher education system since 1990 and last year sent \$330 million back to the taxpayers.

The point is that Ballot Measure 5 may not have had a highly visible effect, but it has forced an insidious dis-investment in our basic educational infrastructure which will be critical if we hope to be competitive in the 21st century. Measure 47 potentially poses the same threat to our future -- a slow eroding of our ability to make long-term investments -- UNLESS we adopt a different approach. And that's what I want to talk about this morning.

Martin Luther King, Jr. once said: "The ultimate measure of a man -- or of a society -- is not where they stand in times of comfort and convenience, but where they stand in times of challenge and controversy." I believe that, and although I do not underestimate the difficulties before us, I'm not here to preach doom and despair. Rather, I'm here to promote optimism and to predict success.

One reason for optimism became evident on November 5. In an election with an unprecedented number of initiatives on the ballot, Oregonians demonstrated that they are discerning and thoughtful and properly skeptical by rejecting a large number of measures that made no sense. But they also approved Ballot Measure 47.

Because the vote was so close, I think we need to ask what the voters were really saying, and we also need to ask what we're going to do about it. I want to consider each of these questions in turn, and particularly the role of state government in meeting this new challenge.

First, what did the vote mean? To begin with, it was a very close vote, which means to me that Oregonians are frustrated by increased property values and by the subsequent increase in property taxes. The concept of a property tax cap obviously appealed to many voters. At the same time, many voters were clearly concerned about a property tax cut because despite the claims of the measure's sponsors, they realized that you can't get something for nothing. That's why the measure didn't pass by a larger margin.

Over the last six months, in many parts of this state, I've repeatedly said that choices always involve tradeoffs. A choice for something is also a choice against something else. Unfortunately, campaign rhetoric does not always make that clear.

Ballot Measure Five was a choice to limit property tax rates. But it was also a choice to limit the amount of revenue available to fund our primary and secondary educational system. Ultimately, it was a choice to lay off teachers, cut course offerings, and increase class size. At the same time, as I explained earlier, it was a choice to raise college tuition and erode support for higher education. That was the trade-off involved with supporting Measure Five, but the sponsors did not present this half of the choice during the campaign.

The same is true of Ballot Measure 11. The choice to lock up violent criminals was also a choice to spend \$1 billion over the next decade on prison construction rather than on schools or infrastructure. A choice to build prisons is also a choice to site them somewhere, but now no one wants that to happen in their county. These were the tradeoffs of Ballot Measure 11, but again, the sponsors never presented this half of the choice.

The fact is, you can't just make half a choice. When the sponsors of Measure 47 asked, "Do you want your property taxes cut and capped?" 52 percent of the voters answered "Yes!" But the other half of the question should have been,

"What are you willing to do without in exchange for lower property taxes?"

Because the fact is that revenue translates into programs and services -- programs and services that citizens depend on. A reduction in revenue equals a reduction in services. And whatever else voters intended, that is the practical and immediate result of Ballot Measure 47.

Having said that, the next question is, "What do we do now? How will we meet this challenge?" Well, first it's important to recognize that Measure 47 has no direct impact on the state budget because the state doesn't levy a property tax. The direct impact will fall on that portion of our school system that is funded by local property taxes and on the city and county services and special districts that depend on the property tax. In the next two years, schools will lose about \$450 million dollars and city and county governments and special districts will lose around \$560 million.

The state does have a general responsibility to protect those programs and services that are essential to our present and future well-being. So the real question today is, "To what extent can the state replace this lost revenue and how will it be distributed?"

But remember that when we talk about using General Fund dollars to replace revenue lost to Ballot Measure 47, we must do so in the context of the impact on other budgets, like human resources, economic development, higher education and natural resources -- areas that represent important long-term investments in Oregon's future.

Clearly the state's first responsibility is to schools, especially since Measure Five moved school finance from a local, levy-driven system to a state-driven system. Our constitution also requires us to provide a uniform education to our students.

Before Measure 47 passed, I proposed using revenue from the Two Percent Kicker to invest all along the education continuum. To expand Headstart, to continue our commitment to the Education Act for the 21st Century and to high academic standards. To a tuition freeze for resident undergraduates. To stabilize salaries and retain the best faculty in our colleges and universities. To address the demand of quality graduate engineering courses. And to continue the work of linking our K-12 budget to results in the classroom. I still intend to do that. We are not going to go backward. We are going to begin to re-invest in our educational system. And we will be helped in doing this, at least this biennium, by a strong economy and by a significant increase in the forecast we expect tomorrow.

The state does not have the same obligation to fund local services. These are, by definition, a local responsibility. But they are important, and cities and counties are indispensable partners with the state in providing public safety, health services, economic development, and transportation.

With that in mind, I have taken the following steps to assist our local partners:

- First, 48 hours after the election, I initiated a conference call with the leadership of the Association of Oregon Counties and the League of Oregon Cities.
- Second, we have created a taskforce to develop implementing legislation for Ballot Measure 47. This taskforce will look at how to allocate the loses and how to define public safety and other technical questions.
- Third, I have offered the staff of the Department of Revenue to provide technical assistance to this task force and have asked the State Attorney General to offer his assistance as well.
- Fourth, I have requested the legislative leadership to move this piece of legislation through as a first order of business when the legislature convenes in January.
- Fifth, I will attempt to protect state-local revenue sharing in my upcoming budget.
- And sixth, I will do all I can to protect existing revenue-raising sources for local government.

Now let's turn to how I will approach my 1997 budget in the context of Measure 47. Notwithstanding this new challenge, I do not believe we can afford to abandon the set of investment priorities we have been discussing over the past six months: education, transportation, health care, public safety, and watershed health. We cannot afford to continue the policy of dis-investment we have been pursuing for the last six years and I have no intention of doing so.

My budget will make investments all along the education continuum from pre-Kindergarten through higher education

and lifelong learning. We will implement the recommendations of the Oregon Transportation Initiative that were announced last week. And notwithstanding the defeat of Ballot Measure 32, the roads and rails measure, we still have the responsibility to develop a way to construct and pay for a mass transit system in the tri-county area and in other growing parts of Oregon.

We will significantly expand the Oregon Health Plan. We will move forward on a coordinated effort to prevent juvenile crime. And we will continue to pursue our Salmon Restoration Strategy and our commitment to achieve the statewide water quality standards I announced two days ago.

These were my priorities before November 5, and they remain my priorities today. They were important yesterday and they are important today. They are important for Oregonians tomorrow and for our collective future. I do not intend to abandon my personal belief that our ability to carry our current economic prosperity and quality of life into the 21st Century depends on the investments and choices we are willing to make today. Ballot Measure 47 did not change any of that.

But we must understand that Ballot Measure 47 was a setback. K-12 budgets especially will be hurt in the short term. Before the election I had hoped to continue to move toward equalization and to provide assistance to flat-funded districts such as Portland. Now, those revenues, plus much of the increased November forecast, must go to make up the \$450 million loss of Ballot Measure 47.

The extent to which we can equalize, the extent to which we can help flat-funded districts, will depend to a large extent on our revenue growth in the March and May forecasts. Our strong economy is clearly going to be a help in meeting this challenge. It has helped us deal with the implementation of Ballot Measure Five and Ballot Measure 11. But we can't rely on exceeding our revenue projections every biennium. We can't bank our future solely on the anticipation of good times. If we were to have a recession at some point in the near future, we'd be looking at some real trouble. We have to plan ahead, and that is all the more reason we cannot back away from the kind of long-term investments I just outlined.

The greatest hazard awaiting us in the 1997 Legislative Session will be the enormous pressure we're going to feel to pull money out of our investment budget in order to backfill the immediate problems created by Measure 47. There will also be tremendous pressure to continue to move toward equalization and to do provide some relief for flat-funded school districts -- again at the expense of long-term investments. Our greatest challenge will be to find a way to do both -- to address present needs without sacrificing our future well-being.

Because this I believe: that our future absolutely depends on the investments we make today. Investments in our educational system to produce the workforce for the 21st Century. Investments in our physical infrastructure to ensure continued economic growth and to help us maintain our quality of life.

My budget, which I will present on December 2, reflects these priorities and the importance of maintaining some level of investment in them while at the same time responding as responsibly as possible to the immediate problems created by Ballot Measure 47. To move this agenda I will need your help, and I ask for your support. All of you here have a stake in Oregon's future. Therefore you also have a stake in the choices we make today.

Let me make this absolutely clear: I am not willing -- nor should you be -- to compromise the long-term future of this state through short-sighted reactions to a temporary setback -- for that is all Measure 47 amounts to. It is a turn in the road. It is not the end of the road. It presents a serious challenge, yes; but it will be permanently destructive only if we fail to keep it in perspective. As Martin Luther King, Jr. once said, "There are times when we must accept finite disappointment; but we must never lose infinite hope."

Thank you.

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Governor John Kitzhaber

Choosing Oregon's Future

Thank you very much for the opportunity to be here today. What I would like to do this morning is talk to you about choosing Oregon's future. About the choices that we face in the November election and in the 1997 legislative session that will shape what Oregon looks like; choices which will determine Oregon's future in the 21st Century.

As we all know, today Oregon is doing quite well economically. We enjoy an excellent quality of life.

Since the Oregon Shines document -- the economic strategy for the Pacific Century -- that many of you worked on -- was first published in 1987, we have achieved many of our objectives.

In economic diversification, our professional and white collar workforce is the third fastest growing in the nation.

We have lowered business costs through our workers' compensation reform. As you know last week I announced that this is the seventh straight year that we have seen a reduction in workers' compensation premiums.

The Association of Oregon Industries worked with me on the Oregon Health Plan which has reduced the cost shift by bringing 130,000 Oregonians into our Medicaid program.

We're growing quality jobs. Oregon's wages in 1993 were only 89.8 percent of the national average. Today they're 94.6 percent of the national average.

We achieved, I think, an international frame of mind. We have, now, direct flights between Oregon and the Asian continent. We have, starting November 1, a direct service to Europe and our European exports have gone up 135 percent in the last five years.

I think all of you deserve congratulations for your role in achieving these economic objectives that we laid out almost a decade ago.

But there's still some areas of concern that I think we need to recognize. There's unevenness of the economic turnaround in parts of the state -- particularly those dependent on natural resources that aren't enjoying the kind of economic comeback that we're seeing in more urban parts of the state.

There are continuing social problems in the face of this tremendous and robust economy. There are the pressures of growth and the concern people have about the impact of growth on their quality of life. There's a question of whether or not Oregonians will have the ability to qualify for the good jobs that this economy is turning out. And there are growing concerns about a dis-investment in our infrastructure.

What this means is that although we have a great economy today, there is still a fairly high level of insecurity about where individuals fit into that economy.

Our challenge in 1996, is not to make the economy work, it's clearly doing that.

Rather our challenge is to keep it working and to ensure that all Oregonians in all parts of the state enjoy the benefits of that growing economy. Our challenge is to ensure that the good jobs we're developing go primarily to Oregonians and that we are able to manage growth in a way that preserves our economic opportunity as well as our quality of life.

How do we achieve that? What are the choices that we must make to secure that future?

First, we need to understand that where we are today didn't just happen. Our economic prosperity today and our quality of life are due to vision -- vision like the Oregon Shines document -- and to choices and investments that we've made in the last twenty-five years.

Twenty-five years ago we adopted a comprehensive land use planning program which, in spite of its controversy, ensures that Oregon still has choices about where and how we want to grow and the tools to manage an influx of 50,000 new Oregonians a year while still maintaining our quality of life. Very few states in this nation can claim that today.

Throughout the 1970's and 1980's we supported our transportation system -- through gradual increases in highway user taxes -- because we understood the importance of a transportation system to move goods to market and to move people to work and to school.

We supported our educational system. As recently as 1990, we spent 14 percent of our general fund on higher education. The result of this vision and this planning and these investments and these choices, is a robust economy and the great quality of life that Oregon enjoys today.

But since 1990, we've been making a different set of choices. Largely by default, we have adopted a policy of disinvestment.

Nobody stood up and said let's close parks and raise tuition.

Let's let our highway deteriorate.

Let's raise class sizes.

But that's exactly what's happening across this state today. It's happened because Oregonians have been making half choices. They've been making choices and looking at only one side of them and not the consequences.

Let me give you just four examples of what I'm talking about.

Both the 1993 and 1995 legislative sessions refused to consider an increase in the gas tax or any highway user tax to capitalize the highway trust fund -- the fund that provides the resources to maintain and build our highway system.

As a result, this fund has been flat-funded for almost four years and we're rapidly reaching a point where we can't maintain the investment that we've made in the existing road system, let alone add capacity to manage growth.

So, the choice was not to raise the gas tax. That was a choice -- apparently a politically popular choice. But, it was also a choice not to do anything about our deteriorating transportation infrastructure.

In 1990, the voters passed Ballot Measure 5 in response to a very real concern about property taxes. Ballot Measure 5, as you recall, limits the amount of money that can go from the property tax to local school districts to \$5 per thousand of assessed value. And, it provided that the state has to make up that lost revenue.

But, it provided no funding source.

As a result, since 1991, the state general fund has absorbed \$3.2 billion in revenue that it's taken out of human resource programs and higher education and transferred to local school districts.

That's why tuition has gone up 80 percent in Oregon since 1990. That's why our spending on higher education has dropped from 14 percent in 1990 to only 8 percent next year.

This comes at a time when everyone acknowledges the importance of a post-secondary education in being a productive worker in the 21st Century. Again, a choice. It was a choice to cap property taxes, but it was also a choice to dis-invest in education and in human resource programs.

Then Ballot Measure 11 in 1994, to lock up certain types of violent felons. A good objective and one we all agree with, but again there was no funding source. As a result, the state is having to build over 9,000 new prison beds at a cost of \$1 billion out of the general fund over the next ten years -- and a lot more money, long term, to operate those prisons.

We're funding that by pulling money out of education at all levels and out of human resource programs and putting that into bricks and mortar. In other words, we're taking money out of the very programs that could keep kids out of the criminal justice system so we'll have a place to put them when, not surprisingly, they run afoul of the law.

Again, a choice. A choice to build prisons and also a choice to dis-invest in human service programs and in education.

The final example is the two percent kicker law which was passed in 1978. The way this law works is as follows: at the end of each legislative session, the legislature projects how much money is going to be brought in under the existing tax system and we balance our budget to that.

If a robust economy brings in more than two percent above that projection, all of that money is rebated to personal and corporate taxpayers.

The objective of the kicker law was to keep the state from building itself up in good times to the point that it couldn't support itself in bad times; which is a reasonable objective. The practical effect of the kicker, however, is to keep the state from re-investing the proceeds of a growing economy in the infrastructure on which that economic growth depends.

In fact, the analogy would be a large company, like Intel, passing a corporate policy that says they can't invest any profits in plant improvement, in equipment, or in workforce development. And there isn't a successful private industry in the late 1990's that can succeed with that kind of corporate policy.

In fact, the Oregon Shines document in 1987, recommended that the surplus kicker be re-directed into the budget to manage the consequences of growth. That's not what we have done.

This year, in the middle of perhaps the biggest industrial expansion in this state's history, we are rebating \$330 million to taxpayers while at the same time raising tuition again, increasing class sizes and laying off teachers throughout the State of Oregon, considering the closure of 60 parks because of lack of operating revenue.

You have to ask yourself "What is wrong with that picture?" What's wrong with that picture is that although we are doing well, we are not making the choices and the investments needed to sustain our economic growth and our quality of life.

So, in 1996, Oregon finds itself at a crossroads. Our challenge, really, is choosing Oregon's future and what kind of future will we choose? We have the opportunity to make that choice in the November election and in the 1997-99 legislative budget.

I will be bringing to the Legislature a five point agenda: education, transportation, health care, public safety, and watershed health -- which includes our coastal coho salmon restoration efforts, our clean streams effort and eastside forest health. This five-point agenda involves choosing Oregon's future.

I will propose and advocate for choices which I believe will allow us to continue our economic prosperity and to continue to maintain our quality of life into the 21st Century.

Let me use the top three priority items to illustrate the choices that we face: education, transportation, and health care.

In education, I believe that within the context of the next legislative budget, we can invest throughout the education continuum, by which I mean pre-kindergarten, K-12, post-secondary, and lifelong learning opportunities.

We can expand Headstart from the current 29 percent of eligible kids up to the 40-50 percent range. In K-12, we can deal with the problems of flat-funded districts like Portland without abandoning our commitment to move toward equalization. We can continue our efforts to fully implement the Education Act for the 21st Century, and we can continue our efforts to do a better job of linking our budget to the outcomes we expect in our school districts.

In post-secondary education, we can move toward a tuition freeze to ensure that Oregon high school graduates can afford to go to an Oregon post-secondary institution. We can stabilize the quality of our teaching faculties. We can deal with the question of geographic access, the displaced millworker in Roseburg who needs retraining and can't afford the time to travel to Eugene. We can bring the products of our higher educational system onto the campuses of our community colleges with existing technology.

And finally, we can do a better job of connecting the product of our post-secondary system with our economy. Not just graduate engineering programs for the Portland Tri-County area, but the needs of a growing agricultural food processing industry as well.

We can do all those things if we are willing to make two choices. One in November involves the defeat of Ballot Measure 47, the so-called "cut and cap" property measure which would take over \$250 million out of school districts and at least that much out of the ability of cities and counties to provide local services.

The second choice is to re-direct the kicker. When I talk about the kicker, I'm talking about the entire two percent kicker, corporate portion as well as the individual portion. Not to repeal it, but to re-direct it into our educational system.

I recognize that the issue of the kicker is controversial and I simply ask that you remain flexible, you remain willing to involve yourselves in a debate about this and the choices and the investments that are involved.

The second priority is transportation and that, too involves two choices. One at the ballot, one during the session. At the ballot it involves passing Ballot Measure 32, the "roads and rails" measure that provides resources to complete the Portland light rail project and provides dollars for roads and rail projects in rural Oregon. This is important because it provides us with a non-gas tax related revenue source for the 21st Century.

The second choice is to adopt the recommendations of the Oregon Transportation Initiative that we've been working on for almost a year, chaired by former governor Neil Goldschmidt. This will require an increase in highway user fees and it will help us to maintain our existing infrastructure.

There will be recommendations to make the system more efficient. Recommendations to move decision making to the regional level, to maintain and preserve our base system, and to use our transportation system as a tool, not just to build roads, but to manage growth in a way that preserves economic opportunity and quality of life.

Transportation -- two choices -- passing Measure 32 and supporting the Oregon Transportation Initiative in the upcoming legislative session.

The third priority area is health care -- expanding the Oregon Health Plan.

As you know, the Oregon Health Plan has expanded coverage to over 130,000 Oregonians. But there are still 400,000 Oregonians, most of them workers and their dependents who don't have access to basic health care services.

To make that expansion requires the passage of Ballot Measure 44, which I know your association has endorsed, to raise the tobacco tax to expand coverage to those below 200 percent of the federal poverty level.

Why is this important? Well, first of all, a healthy workforce is a productive workforce. Second, the more we can

expand coverage, the more we reduce the cost share from the uninsured onto the private sector -- helping us reduce the cost further of doing business in the state of Oregon.

Third, it's important for our welfare-to-work program. In the first four months of this year we have reduced our welfare rolls by 15 percent which reduces the cost to government and increases the number of people in the workforce who are paying taxes.

This is due in large part to the fact that people under the Oregon Health Plan can now go out and get a job without losing health care benefits for themselves and for their families. Further expansion of the health care program is important to continue that move from welfare to work. And finally, raising the cost of tobacco products is perhaps the most effective way to keep young people from beginning to smoke in the first place.

These are the choices that I believe we must make. But whatever we choose, we have got to make whole choices and that, quite frankly, is not how ballot measures in particular have been presented to us over the last six years.

Ballot Measure 5, Ballot Measure 11, and now Ballot Measure 47. Do you want your property taxes cut? Yes. Do you want to lock up violent criminals? Of course. Do you want your property taxes cut some more? Yes.

But the yes has to be tempered by the consequences of that vote. By the trade-off. The other half of the question is, "What are we willing to do without?" What are we willing to do without to lower our property taxes? What are we willing to do without to build a billion dollars worth of prisons?

What we're really talking about here is accountability. We should not just expect accountability, we should demand it. We should demand that of our governor, we should demand it of our legislators, and we should demand it of each other.

We need to make it clear and explicit that a choice against Ballot Measure 44, the tobacco tax, is also a choice to allow 400,000 Oregonians to continue to go without health care coverage. To undermine our welfare-to-work efforts and to continue the cost shift onto the business community.

We need to make it clear and explicit that a choice against Ballot Measure 32, the roads and rail measure, and against the transportation initiative and against its funding source, is a choice to allow our transportation infrastructure to continue to deteriorate. To allow the congestion and gridlock to grow around Portland, and in Bend, and in Medford, and on the road between Salem and the coast.

We need to make it clear and explicit that a choice against a responsible modification of the 2 percent kicker is a choice not to invest the proceeds of the Oregon economy in the infrastructure on which that economic growth depends.

And, we need to make it clear and explicit that a choice for Ballot Measure 47, the new property tax limitation measure, is a choice to continue to raise tuition, a choice to continue to lay off teachers and increase class size, and a choice to continue to dis-invest in our future.

Anyone who tells you that there is no trade-off involved here, that these choices involve no sacrifices and no consequences, that you can get something for nothing, is not telling you the truth and has not been living in the same state as the rest of us for the past six years.

Let me make it clear that the world is not going to end if we don't choose to make these decisions. Schools are not going to collapse immediately if we choose to pass Ballot Measure 47, but there will be a consequence and we must be willing to be accountable for it.

I for one refuse to stand by and watch while this great state moves slowly, admittedly, but surely I promise you, toward what Churchill called a stairway to defeat.

As I paraphrase Churchill, we are descending a stairway that leads to a dark gulf. It is a fine broad stairway in the beginning, but after a bit the carpet wears and a little further on there are only flagstones, and further on still these break beneath our feet.

Well, that's not the path that we want this state to follow. I think all of us have to make sure that the choices we make from now on, lead this state up to where our visions are within our reach. Together we can choose a future for this state that will take us into the 21st Century -- united, with a high quality of life, with the kind of economic prosperity we enjoy today.

Thank you.

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Governor John Kitzhaber

**EUGENE CITY CLUB SPEECH
AUGUST 9, 1996**

I appreciate very much the opportunity to be here again and I'd like to take the next 20 minutes and talk to you about my agenda for my remaining years as governor.

It's not so much a political agenda as it is something very personal to me. It involves a number of specific things that I believe we must do if we're going to ensure that Oregon remains one of the best places in the world to live.

I also must tell you that I come here today with a growing sense of urgency. Even though we appear to be doing well as a state, I believe we are on a path that will ultimately sacrifice the very qualities that makes Oregon so special.

When I ran for governor I was convinced of two things. The first was that Oregonians, wherever they live, or work, or go to school, regardless of their political leanings or their ethnic background, all share a common vision of what they want this state to be and what they want their communities to be. The second conviction was that the choices that we've been making in recent years are leading us away rather than toward that vision.

The first conviction -- that we all share a common vision -- is one that has been reinforced over and over again for me in the last 18 months as I have traveled to virtually every part of this state.

Wherever I go people tell me the same thing. They want good schools and good roads and good jobs. They want safe, livable communities. They want a clean environment and they want to be able to reach out a hand to vulnerable citizens -- whether those are kids or the frail elderly.

So, there is, in fact, a common agenda -- a common set of values in Oregon communities -- as much as partisan politics would try to obscure that fact. It is I believe an agenda that we have to address.

The second conviction that recent choices promise to destroy the very things that make Oregon worth living in is less obvious.

It's less obvious because Oregon is doing so well economically. How could we possibly be making the wrong decisions when we're doing so well?

What we need to understand is that the economic prosperity, and to some degree the quality of life that we enjoy today, are due, in large part, to choices and investments that we made over the past 20 to 25 years.

I think the evidence speaks for itself. In the late 1960's, about 25 years ago, we passed a comprehensive land use planning program. That program has guaranteed that we still have choices about where and how we grow, and has armed us with the tools to manage an influx of 50,000 people a year in a way that does not destroy our quality of life. There are very few states in this country that can say that today.

Throughout the 1970s and 1980s we supported our transportation system through progressive increases in highway user

taxes. We did that because we understood that our economy depends on a transportation system to move goods to market, to move people to work and to school.

We also supported our educational system. As recently as 1990 we were spending 14 percent of the General Fund on higher education. Today we're spending eight percent.

When I was growing up and when I entered public office, we knew what we valued in this state. We made the choices and investments necessary to secure it and we were also honest enough with ourselves to recognize that if we failed to make those investments and those choices, that we would put what we valued at risk.

In other words, we understood the connection between investment and prosperity. The individual who probably articulated best the nature of that connection was former Governor Neil Goldschmidt in a document called Oregon Shines. He called this connection the circle of prosperity and I want to read you just one paragraph from that document.

"The community is the main supplier of business. It provides workforce, land, schools, street, water, and government services. Business, in turn, provides a strong economic base, jobs, goods, services, and tax revenues. When these sectors -- public and private -- support each other the economy will prosper and the principle way they can best support one another is for each to maintain and invest in its own capacity."

It is critical that Oregon return to the circle of prosperity by making those investments in people, in community services and in facilities that will provide a base for long-term business growth.

Well, until about six years ago, that's exactly what we did here in Oregon. We invested. We invested in public services. We invested in facilities and in people. In a real sense we invested in our future. And the result is the economic prosperity that we are enjoying in 1996.

But, over the past six years we've been making a different set of choices. Since 1990, in this state, we have been following a policy of dis-investment.

We did it by default.

Nobody stood up and said "Let's build prisons and close parks."

Nobody stood up and said, "Let's increase tuition 80 percent over the next six years and see what happens."

Nobody said, "Let's lay off teachers and increase class size."

But, that is exactly what's happening today in Oregon.

Let me site just four examples of these kinds of choices that we have simply have got to stop making. They are the depletion of the Highway Trust Fund, Ballot Measure Five passed in 1990, Ballot Measures 11 & 17 passed in 1994, and the so-called two percent "kicker" law.

First, in both the 1993 and 1995 legislative sessions, the legislature refused to increase highway user taxes. The result is that the Highway Trust Fund that maintains our existing highway system has been flat-funded for almost four years. So, we are rapidly reaching a point where we don't have the ability to maintain our existing transportation infrastructure, let alone expand it to accommodate growth.

In 1990, voters passed Ballot Measure Five, admittedly, because of a very real problem with property taxes. Now, as you recall, Ballot Measure Five limits the amount of property tax that can go to local school districts to \$5 per thousand of assessed value and it requires the state to make up revenue lost to local school districts.

But, the other side of the coin is that there was no funding source associated with this Ballot Measure. So, the state has been drawing money out of higher education, community colleges, human resources, natural resources, and redirecting them into K-12 education.

Since 1991, we have had to absorb \$3.2 billion of lost property tax revenue at the local level inside the state budget. That's why spending on higher education has gone from 14 percent of the state budget in 1990 to eight percent in 1996. That's why tuition has gone up 80 percent in the last six years. There was a choice and a trade-off involved with voting for Measure Five, but I don't think Oregonians understood the nature of that choice at the time they cast that ballot.

In 1994 we passed Ballot Measure 11 and Ballot Measure 17. They have the same basic problem. Ballot Measure 11 requires mandatory minimum sentences for certain violent offenders who ought to be locked up, no question about it. Measure 17 requires that all inmates work.

Those are both good objectives and we are going to implement them. But, again the catch was that there was no funding source involved. So, the state is having to invest over \$1 billion in the next 10 years constructing another 9,000 prison beds and a lot more money after that to operate them. The cost of implementing the inmate work program this biennium is \$23 million.

So, the bottom line is that this is another unfunded mandate and we have to pay for it by shifting funds out of education at all levels and human resources and into prisons. In other words, out of those programs that could keep people out of the criminal justice system in the first place, in order to lock them up after they've committed the crime. Another trade off. Not one I think most people understood when they voted for Ballot Measure 11 and Ballot Measure 17.

Finally, let's look at the two percent kicker law, which was passed in 1979.

How the "kicker" law works is as follows: The way we put our budget together in Oregon is we make a revenue forecast at the end of the legislative session -- how much money we think the current tax system is going to bring in. If a good economy brings in more than two percent over that forecast, all that money is rebated to the citizens through the kicker.

The idea of the kicker was to prevent the state from building itself up in good times beyond the point where it could sustain itself in bad times, which is a good objective. But, the fact is that the kicker, from a practical standpoint, prevents us from reinvesting the proceeds of a good economy into the infrastructure that made that economic growth possible in the first place.

The analogy would be a private sector business that adopts a policy that says we can't spend any of our profits on workforce development or plant and equipment. I defy you to point to a successful business that operates under that principle in 1996 in this state or any other state.

But, here in the state of Oregon, this biennium, we rebated \$330 million through the kicker law while at the same time, raising tuition (again), laying off teachers and raising class sizes in districts throughout Oregon, and risking the closure of more than 60 parks.

What is wrong with this picture? In the midst of perhaps the biggest industrial expansion in this state's history, instead of taking the steps to sustain and extend it, we are taking steps that is clearly going to short circuit it. That is not the Oregon that I'm used to and this is not the kind of thinking or the kinds of decisions that made this a great state.

The Oregon people have a long history of predominately sound choices. It's part of who we are and how we got here. It's a part of our tradition. It's a part of our heritage. And, if I have anything to say about it, it is also going to be a part of our legacy. I think that's my responsibility as governor.

But, I strongly believe that if we want to do that, we have got to choose a new direction. So, what I'm asking you to do today is to join me in embracing a different set of priorities and a different set of choices.

I have a concrete set of proposals that are built around five priorities: education, transportation, health care, public safety, and watershed health. Those are the areas and the issues that Oregon communities hold in common.

I want to take just a moment and go over them but, before I do I want to say that these proposals do not require a broad general tax increase. They will require some targeted user taxes, which I'll talk to you about in a moment.

But, the point is, this is not a debate about new taxes. This is a debate about different priorities and it's a debate about different choices, particularly when it comes to ballot measures. Most of all it is a debate about being accountable.

The first priority is what I call the Education Continuum -- a recognition that we have to make investments all the way from Pre-Kindergarten, through K-12, to higher education, to post-secondary education, to lifelong learning so that every student and every Oregonian has the tools to become and remain a successful citizen of the 21st century.

To do that we have to do three things. First, we have to re-examine our Pre-Kindergarten programs and increase capacity so more kids are ready to learn when they get to kindergarten.

Second, we have to strengthen our K-12 programs by fully implementing the Education Act for the 21st Century. Second, determining how much it costs to deliver that product or that outcome in each district around the state -- changing the definition of equity from per pupil expenditure to an outcome, and dealing with the problem of flat-funded districts without abandoning our commitment to equity.

And finally, we have to strengthen our commitment to post-secondary education by reducing barriers to access, whether those are financial -- i.e. tuition -- or capacity, or geographic. We have to maintain the quality of our faculty and we have to make a better connection between post-secondary education and the workforce needs of Oregon industry and business.

The second priority is transportation -- that means implementing the Oregon Transportation Initiative that we've been working on since January.

I'm not going to detail that now, but I would be happy to answer questions about it. I want to simply say that it's not just about building roads, it is about fundamentally changing how we view our transportation system -- from a way to lay concrete to a means to improve community livability and economic opportunity. In other words, creating jobs, managing growth without sacrificing our quality of life. This priority will require an increase in highway user taxes.

The third priority is health care -- expanding the Oregon Health Plan through the tobacco tax that will be on the ballot in November.

This is important for three reasons. First, by expanding coverage you reduce the cost shift to the uninsured onto the business community. So, you reduce a very real cost of doing business.

Second, it's necessary to continue our very successful Welfare-To-Work Program. We have reduced welfare roles 15 percent in the first four months of this year, largely because low-income people can now get a job and not lose health care benefits for themselves and their kids. The more people you move off welfare into the workforce, the more you reduce government expenditures and the more people you have to pay back into the system.

And finally, it is very clear that increasing the cost of tobacco is one of the most effective ways to reduce the incidence of smoking among juveniles.

The fourth priority is public safety -- that involves focusing on juvenile crime prevention and keeping kids out of the system in the first place.

It also involves reducing the cost of incarceration -- that is, trying to reduce the cost of building and operating prisons for those people who get into the system.

Finally, it means re-evaluating Ballot Measures 11 and 17 -- not to circumvent the will of the voters, but to see whether we can do it in a way that's more effective and cost effective.

Let me give you one example. Today, under Ballot Measure 11, two 15-year-olds, with no previous arrests, steal a skateboard. They each get five years in prison. The last three years in an adult prison. So, at 20, after three years in the adult pen, you boot them back out into society with no high school education.

I would submit that there is a cheaper and better way to have a swift, certain sanction for those kids in the community that wouldn't cost us as much and would give a much higher likelihood that they wouldn't do it again. That's the kind of thing I'm talking about.

The last priority is watershed health. That involves, essentially, clean streams, water quality issues, it involves forest health and it involves our efforts to recover our native runs of salmon and steelhead.

So, in the simplest of terms, this agenda is a strategy to increase investment in education, transportation and watersheds by reducing the cost of public safety and welfare and by asking Oregonians for more resources. I want to make it clear again that what I'm not talking about is a major, general tax increase in 1997 -- I am talking about changing our priorities.

I am talking about being accountable and I'm talking about some targeted user taxes -- an increase in highway user taxes to fund our transportation system and the tobacco tax to expand the Oregon Health Plan.

The two percent kicker is not a new tax. It is money that's brought in under the existing tax system. I'm not proposing that we repeal it. I'm proposing that we modify it so that we can invest the proceeds of a growing economy in the infrastructure on which that economy depends.

I think our greatest challenge, for the rest of this year and through the next session, is to demonstrate to Oregonians that in order to achieve this common vision that you can find throughout the state in communities all over Oregon, we have to embrace a different set of priorities, make a different set of choices and provide some additional resources. To pretend otherwise would be dishonest and I think we've had enough of that.

Instead, I plan to use the next budget process and, quite frankly, the forum of this office, to try to make those choices as clear and as explicit as I possibly can. Because I believe that if the choices are presented clearly and honestly that Oregonians and the Oregon Legislature will make the right choices.

Now, this election cycle, we have yet another set of critical choices coming toward us, including Ballot Measure 47, the so-called "cut and cap" measure -- another property tax limitation measure. We have to understand what that choice means.

I can guarantee you that that is not how the proponents are going to present it. They will present it as a half choice just like Ballot Measure Five and Ballot Measure 11 before it. Do you want your property taxes cut? Yes. Do you want to lock up violent criminals? Of course. Do you want your property taxes cut some more? Yes!

But, that's only half the picture. The "yes," -- the choice for the measure -- has to be balanced with the consequences and impact on other priorities and other programs; because the other half of the question is, "What is the trade off?" What are we willing to do without in order to lower our property taxes? What are willing to do without in order to build a billion dollars worth of prisons?

We must demand accountability. Not only of our governor and our legislature, but we have to demand accountability of each other. We have to make it clear and explicit that a choice against the Oregon Transportation Initiative, and its funding measure, is a choice for continuing to allow our infrastructure to deteriorate. It's a choice for the kind of gridlock on the road between Salem and Lincoln City. That's the choice.

We have to make it clear and explicit that a choice against responsible modification of the two percent kicker is a choice to continue not to invest the proceeds of a good economy in the infrastructure on which that economic growth depends.

We have to make it clear and explicit that a choice against the tobacco tax is a choice to continue to allow 400,000 Oregonians to go without health insurance with all the social and economic consequences that flow from that.

And, we have to make it clear and explicit between now and November that a choice for Ballot Measure 47, the "cut and cap" measure, is a choice to continue to lay off teachers, a choice to continue to increase class size, a choice to continue to raise tuition, it is a choice to continue to dis-invest in the future of this state.

And, anyone who tells you that there is no choice involved, that there's no trade off, and that you can in fact get something for nothing hasn't been living in the same state that I've been living in for the last 30 years.

But, the choices I have outlined for you today are the real choices. Those are the real choices that we have before us. We have to have the courage and the will to talk about those choices to Oregonians and to the legislature in 1997. To do so, we have got to be willing to challenge the seductive, but utterly irresponsible promise that you can have something for nothing.

For six years we have quietly avoided a direct challenge to that viewpoint. We have disregarded the policies and the programs on which our current prosperity rests: our educational system, our transportation system, those programs that make our workforce healthy and productive.

How long do you think this prosperity can last without the foundation that supports it? How long is it going to be before we're going to take a stand? How long is it going to be before we hold ourselves accountable?

I don't think I exaggerate when I say this is a fight for the heart and soul of Oregon. It's a fight about our values. It's a fight about our future. It's a fight about our legacy. And, it's a fight we cannot win unless we are willing to make honest choices. Unless we are willing to recognize that all choices involve trade-offs. A choice to fund one thing is at the same time a choice to not fund something else. We have to be willing to be accountable. Not only for what we choose to do, but also for what we choose not to do.

Let me just close by saying that the world's not going to end if we continue to dis-invest. The schools aren't going to collapse immediately if Ballot Measure 47 passes in November. But, there will be a consequence.

I refuse to stand by and watch this great state walk slowly, admittedly, but surely, I promise you toward what Winston Churchill once described as the stairway to defeat. To paraphrase Churchill, "We've been descending a stairway that leads to a dark gulf. It is a fine broad stairway at the beginning, but after a bit the carpet wears. A little further there are only flagstones -- a little further on still, these break beneath your feet."

That's not the stairway I want to see us take in Oregon. Instead, from now on, all of us, have to make sure that however steep the climb, however sharp the turnings, however narrow the way, the staircase that we take leads us up for our visions that are within reach. I can't do this by myself. But, together we can do it and I am counting on your support.

Thank you.

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Governor John Kitzhaber

Transportation Initiative/SAC Report Remarks

Let's get started here this morning. As many of you know, earlier this month, the State Advisory Committee produced a report which was a compilation of the collected wisdom of the State Advisory Committee and also five regional advisory committees. They had been working for about six months assessing community concerns and needs in the area of transportation, livability, and economic opportunity. They have crafted these into ideas and recommendations on how we can improve the way we move people and products in the State of Oregon.

One of the most important and compelling findings of this report is that we have to cease viewing the transportation system as merely something to move people or products from Point A to Point B and begin to look at this rather, in a much larger context. Not just about roads and bridges, but about a system that impacts our economy, the way we live in our communities, the way we manage growth.

I am very pleased with the recommendations in the report and with the tremendous level of consensus that was produced throughout the state in the development of this document. It allows me to set out an action plan to improve and change our transportation system and establish some goals for our system that will carry us into the 21st Century.

There are four elements of the report that I want to touch on briefly today. The first is the importance of efficiency measures. It is very clear that we didn't want just a list of highway projects when we embarked on this adventure, we wanted some understanding of the funding gap between what we needed and what we had, and then we wanted the committees to try and find out how we could narrow that gap through the use of efficiency measures. It is clear there are a number of improvements we can make in order to make our transportation dollars that we do have go further. And that's the first order of business before we talk about funding.

Today, I am directing the Oregon Department of Transportation, in cooperation with their local partners, to undertake a strategy that will obtain an annual, ongoing system-wide 1 percent annual efficiency improvement in the cost of preservation and maintenance of our highway system. I am also asking the cities and counties to work towards finding alternatives to using high-cost, high-volume roads as routes for local traffic, thus recapturing some capacity of our existing highway system.

I am also asking ODOT to speed up the use of Intelligent Transportation Management. An example of which would be the reader boards you see around the metropolitan area that tell people when there is congestion or a wreck and can, as a result, reduce travel time and reduce congestion.

These are just a few of the action items we'll be taking immediately. I will be asking the State Advisory Committee to develop a work group to more fully flush out the efficiency measures that can be taken both by the state and by the city and county governments.

The second element I want to touch on is the concept of a base system. There is a growing realization that we have to stop viewing our transportation system as a highway owned by the state, and one owned by a city, and one owned by a county. These are artificial distinctions when you are actually using the highway. So there is a desire to define some

base transportation system and make the preservation and maintenance of that base system the highest priority for any additional resources we bring into the system.

The third is a very exciting concept, and that's the concept of using livability and economic opportunity criteria for future expansion. That is, if we are going to add capacity to the highway system, we should do that based on some criteria so that expansion meets certain objectives. A very good example would be a community that builds a bypass. One criteria may be strict access management, so that bypass continues to serve as a bypass and doesn't become just another strip development, creating all the congestion that it was built to prevent.

The final area I want to touch on is the concept of regional decision making. The committee felt that it was very, very important to recognize that decisions affecting our transportation system can't be made in isolation in Salem, or in any other community around the state. Because we have such an inter-linked and inter-dependent system, we have to develop some regional way to make decisions, particularly when we are expanding capacity that serves both the local and regional interests, but also the statewide interest.

So we will be establishing four working groups. One to deal with the efficiency measures, one to work on defining a base system, one to look at the development of livability criteria and regional decision making, and finally, one to look at funding options.

I want to close by making it very clear that although there will be a funding gap between our current needs and what we have today, we believe we can significantly narrow that gap by the application of efficiency measures. We are going to be looking at the development of some additional resources and how that would be structured to deal, at the very least, with the preservation and maintenance of the base system.

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Governor John Kitzhaber

Oregon Business Council Speech
Critical Choices for Oregon's Communities

July 17, 1996

I'd like to describe my agenda for the next year and why that agenda is important for Oregonians, why it's important to you, and what we all have to do to achieve it.

When I ran for governor I was convinced of two things. I was convinced that Oregonians have a common agenda-- that there is in fact an Oregon Community Agenda. And secondly, that the choices we've been making in the recent past are leading us away from our ability to achieve this agenda.

That viewpoint has been confirmed and reconfirmed for me over the last 18 months as I have traveled to every part of this state. No matter where I go, people tell me the same things: they all want good schools, good roads, good jobs, safe, livable communities, they want a clean environment, and they want to be able to take care of vulnerable citizens.

Now the way those common aspirations, or common concerns, manifest themselves is different from one part of the state to the next. So, the way we develop solutions has to be different.

For example, the transportation challenges in Beaverton are different than the transportation challenges in Coos Bay. Public safety challenges in Woodburn are not the same as those in Burns. And clearly, the educational challenges in Portland are different than those in Madras.

But, the fact is these six areas constitute the basis for a common vision for Oregon and provide the foundation for common action. My priorities are essentially drawn from these areas of common concern. Before I describe my policy priorities, it's important to us to understand why they are important.

We all recognize that Oregon is doing well economically. Our challenge is to continue this economic prosperity, is to make sure that all parts of the state and all individuals in the state benefit from this economic prosperity and it is to maintain our quality of life.

The first thing we have to recognize is that the quality of life that we enjoy today and the economic prosperity that we are enjoying today didn't just happen. They are, to a large extent, the result of policy decisions and investments made over the past 20 years or so.

For example, 25 years ago we created our comprehensive state land use planning program which has guaranteed that we still have choices as to where we want to grow and how we want to grow. We've been armed with tools to manage growth in a way that does not deprive us of either quality of life or of economic opportunities.

Throughout the 1970s and 1980s, Oregonians supported the transportation system through progressive increases in the highway user fees.

We also supported our educational system. People need to remember that even in the depths of the recession in the early

1980s, under the leadership of Governor Atiyeh, the legislature enacted an income tax surcharge in order to maintain investments in our vital public services, including education, without a referral to the voters and with very little controversy.

What we're really talking about here is the connection between investment and prosperity. This connection between investment and prosperity was described probably best by former Governor Goldschmidt in the document called *Oregon Shines*. I want to read to you the basic statement from that document. It reads:

"The economic strategy proposed here recognizes the vital circle of interdependence between healthy communities and a prosperous private sector. The community is the main supplier of business. It provides workforce, land, schools, streets, water, and government services. Business, in turn, provides a strong economic base. Jobs, goods, services, and tax revenues. When these sectors, public and private, support each other, the economy will prosper. The principle way each of these sectors can best support one another is for each to maintain and reinvest in its own capacity. It is critical that Oregon return to this circle of prosperity by making the investments in people, community services, and facilities that will provide a base for long term business growth."

Well, until the last five or six years, that's exactly what Oregon did. We invested in our public services, we invested in our facilities and we made investments in our people and the result is the economic prosperity we're enjoying today.

But, over the last six years we have failed to do that. Since 1990, we have had a defacto policy of dis-investment in Oregon. Four examples of that are the depletion of the Highway Trust Fund, Ballot Measure 5, Ballot Measure 11, and the so-called two percent kicker.

Let me just take a moment and describe those so you can see this picture more clearly.

In both the 1993 and 1995 sessions, the Oregon Legislature refused to pass an increase in highway user fees. As a result, the Highway Trust Fund has essentially been flat-funded now going on four years and we are rapidly approaching the point where we will not have the resources to maintain the existing system, let alone, add capacity in order to manage growth. It's a very, very dangerous situation.

Ballot Measure 5 in 1990 represents another disinvestment policy. Measure 5, as you recall, caps the amount of money from the local property tax that can go to schools at \$5 per \$1,000 of assessed value and requires the legislature to make up any lost revenue because of the measure.

So, as a result there's been a progressive shift inside Oregon's budget. That shift has come out of higher education, human resources, and natural resources, and into K-12 education. Since 1991, the state has absorbed \$3.2 billion of lost local property tax revenue which has constituted this huge internal shift.

In 1994, the voters passed Ballot Measure 11 which prescribes mandatory, minimum sentences for a whole host of felony crimes, including those crimes committed by 15, 16, and 17 year olds. Because there is no funding source associated with this measure, it has necessitated the building of 9,000 new prison beds over the next ten years at a cost of over \$1 billion. In order to finance that we're seeing a shift out of education, human resources, and natural resources, and into public safety.

Finally, we have the two percent kicker that was passed in 1979 and first "kicked" in the 83-85 biennium. It was designed to prevent the state from building up a budget surplus -- what some of us like to call the beginning balance.

Essentially, this law says that if the revenue forecast on which the budget is predicated is exceeded by actual revenues by more than two percent, then the entire new revenue that has been generated, kicks back to people and businesses.

What this amounts to is, essentially, a policy that says the state cannot reinvest the proceeds of a growing economy in the infrastructure of which that economy has been built.

And that would be analogous to private sector corporation adopting a corporate policy that says you can't take a portion of your profits and reinvest them in workforce or plant equipment. There just simply isn't a successful business in

America that operates on that principle.

Since 1983, we have rebated over \$870 million through this two percent kicker. \$330 million this biennium. A biennium which we are contemplating the closure of 63 parks because of lack of operating revenues, laying off teachers in the Portland School District and jacking up tuition again, putting a higher education out of the financial reach of a large number of Oregon students.

In the midst of this huge economic boom, we have a policy that is basically sucking resources out of the infrastructure of which our economy has been built.

So, our challenge today, and I think my responsibility as your governor, is to try to turn this around.

If we're going to turn it around it means we've got to embrace a different set of priorities and we've got to make a different set of choices. And the priorities I'm going to suggest to you will do just that. I believe that they will reverse this policy of dis-investment and they will reconnect or heal this circle of prosperity described in the *Oregon Shines* document.

Before I describe my agenda, however, I just want to stress that we can accomplish it without a general tax increase. I will be asking Oregonians to support a cigarette tax to help fund the Oregon Health Plan and to support greater transportation user fees. With those exceptions, we can accomplish this agenda within existing resources, if we are willing to change priorities in the state's budget.

There are really four elements to these policy priorities.

The first is the *education continuum* -- the need to make investments for pre-kindergarten through K-12 to post-secondary education to life long learning to ensure that each student has the tools necessary to succeed and be a successful part of the workforce of the 21st century.

There are four elements to this continuum. One is an examination of our pre-kindergarten program to see how we can expand capacity for Headstart type purposes --both through the General Fund contribution and for getting the private sector to do more of those services on campus.

The next portion has to do with K-12. That involves a local funding option, to deal with short term problems faced by districts like Portland and secondly, an effort to determine how much it costs, on a district by district basis, to give children the certificates of initial and advanced mastery.

In other words, how much does it cost to implement the Education Act for the 21st Century? That's the piece that will go into play in the 97-99 biennium.

The third component has to do with higher education. It involves looking at access, reducing financial barriers to access, geographic barriers to access, expanding capacity to meet the large number of high school graduates we expect to enter our system in the next five years, maintaining faculty quality, and, finally, doing a better job of connecting the product of our post-secondary system to the workforce needs of Oregon business and industry.

The second element is *public safety*.

My agenda will involve a focused effort on juvenile crime prevention to reduce the need to build all these prison beds and an evaluation of both Measure 11 and Measure 17 to see if there's a way that we can implement the will of the voters, but in a way that doesn't cost us as much, and, therefore, shifts some of those resources internally out of public safety and into the education category.

The third policy priority is *expansion of the Oregon Health Plan*.

This is very important in terms of removing or reducing the cost shift that currently the business community bears for those who are uninsured and it's also a key element of our successful welfare-to-work program under the Oregon

Option in which we are moving people off of welfare and into the workforce. Partly, because they can now go into that workforce and raise their wages without losing their health care benefits for themselves and for their children.

And the final piece of this, is my *transportation initiative*.

The fact of the matter is this involves, not simply a strategy to build more roads, but how do we fundamentally change the way we view our highway system. It prescribes that we begin to view it as a means to an end -- not an end in itself. The end being maintaining economic opportunity and livability on a regional basis.

This will clearly involve some additional resources, but we're starting with efficiency measure. We're starting with thinking smart, planning smart. But, there will also be some unmet capital need that will have to be addressed.

In short, the strategy is to increase our investments in transportation and in education by reducing our expenditures in public safety and in welfare and by asking Oregonians for more resources.

The challenge we face, between now and the next legislative session, is to demonstrate to Oregonians that in order to achieve our vision and to sustain our current economic well-being, we have to choose a different set of priorities and we are going to need some additional resources.

Now, I plan to use the budget and the electoral process as a tool to frame these choices. Because I believe that if the choices are framed correctly, legislators and Oregonians will make the right choices. So, what we're presenting to people are the real choices that are before us.

That's the lie of Ballot Measure 5 and the lie of Ballot Measure 11 and, quite frankly, the lie of the two percent kicker. It is a half of a choice. Do you want your property taxes capped? Yes! Do you want violent criminals locked up? Yes! But, the yes has to be tempered with the implications in terms of other priorities and other budgets.

We have to demand accountability. We have to make it explicit and clear that a choice against the Transportation Initiative and its funding mechanism is at the same time a choice to allow our current transportation infrastructure to deteriorate and a willingness to assume the economic consequences of that deterioration.

We have to make it explicit and clear that a choice against modification of the two percent kicker is a choice to refuse to invest the proceeds of a growing economy into the infrastructure on which that growth is predicated.

We have to make it clear and explicit that a choice against responsible modifications of Ballot Measure 11 and Ballot Measure 17 is a choice to continue to lay off teachers in the Portland School District -- a choice to continue to increase tuitions in our colleges and our universities.

These are the real choices that we have to have the courage and the willingness to present to Oregonians and to the legislature.

But, as we embark upon this, we have to recognize that it's not going to be an easy or a popular message. It's going to be a message that's made more difficult by the simplistic and unaccountable rhetoric of the architects of our current disinvestment policy. I'm talking about the people who have been preying on the fears and frustrations of Oregonians, who have been exploiting our differences, who have been offering half truths and deceptive solutions, but at the same time offering absolutely nothing to bring us together, to build on our common aspirations or to secure our common future.

I am tired of seeing this state cowed by people who have absolutely nothing positive to offer. I think it's time that we take these people and that philosophy head on. The philosophy that you can have something for nothing. The philosophy that doesn't give people clear choices and doesn't hold itself accountable enough to talk about the consequences of the choices we are making. That's the challenge that we have to take on. I can't do it by myself. I'm counting on your help in the months ahead.

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Governor John Kitzhaber

BLM Speech

It's a pleasure to join you in celebrating the 50th anniversary of the Bureau of Land Management. For half a century now, the BLM has been entrusted with the management of much of our public lands -- surely one of America's most precious assets.

In your work to preserve and maintain what Governor Tom McCall spoke of as "this great birthright of our people," you give us something whose value is beyond measure.

Your work has a special significance here in Oregon, where our natural world is so much a part of who we are. I have personally been a beneficiary of your efforts. The hours I've spent fishing and rafting in rivers untouched by civilization, climbing our mountains, hiking and camping in our forests or in the high desert have given me, over the years, a sense of peace and harmony I cannot begin to describe.

As I said, BLM's work has special significance here in Oregon, where our natural world is so much a part of who we are. And because the natural world is a part of who we are, we -- the public -- are quick to offer you advice on why you should cut more timber, and why you shouldn't, on why you should raise your grazing fees, or why you should allow grazing of additional lands.

That is our job, as the public. Healthy, open, public debate is good. And your job is to sort the wheat from the chaff, apply your professional scientific and management expertise, follow our laws and make the best possible decision.

Of course, that doesn't make BLM's job easy. I understand what it means to balance needs, and to take a position that disappoints most of the vocal public. And I commend you for having done that job well under the progressive leadership of Elaine Zielinski.

Yet, in recent years, land managers have come up against a new challenge. Members of the public who are not satisfied with the outcome of that public process are finding different means to influence decisions.

The fact is that critical questions are being decided not according to sound land management policy, but rather in the courts on the basis of narrow legal points, in congress on the basis of politics that may have little to do with the merits, or by voters on the basis of a two-line description of management that may affect 60 million acres.

My point is that the current approach -- and the way it is being framed -- as an either/or, "us" vs. "them" proposition -- has created enormous obstacles to accomplishing your mission: the wise, balanced administration of our public lands for the good of all the people -- now and in the future.

In fact, the polarization generated by the intervention of congress, the courts and the initiative process keeps us mired in such a rut of controversy that we cannot move forward toward real solutions. And as you well know, where our natural resources are concerned, inaction can have disastrous and irreversible consequences.

At the same time, this intervention erects barriers not only between interest groups, but between people -- between Oregonians. It subverts those qualities and values on which Oregon was built: honor for diversity, mutual respect and reverence for the lands and waters that surround and nurture us.

If we continue to act as if concern for the environment is incompatible with economic prosperity, or conversely, that there is no improvement needed in the environmental practices of natural resource based industries, then the gridlock will continue and we will surrender control of our future to the courts and to a congress, most members of whom have never walked on a stretch of BLM land.

But -- if we believe that there is a way to balance environmental and economic health, we can start working together toward a genuinely shared objective: healthy communities surrounded and sustained by a healthy environment. No one can argue with that. And I'm convinced we can reach that objective -- if we're willing to alter our approach.

Let me give you a couple of examples to illustrate the difference between our current approach to land management, and the way I think we can and should be operating.

First, take the Clean Streams Initiative which appears headed for the Oregon Ballot in November. Its aim is to prevent contamination of our streams -- which is a good objective.

But this initiative simply won't work.

For one thing, it targets only one source of contamination: that caused by grazing cattle. In addition, it does not address all the other non-point sources affecting water quality.

It invites endless litigation -- since any citizen would be able to sue a landowner over alleged violations. In short, it is a legal solution to a land management problem and the polarization that it will create will destroy the collaboration and cooperation in watershed councils and soil and water conservation districts all over the state will disappear.

The Clean Streams Initiative will simply divide people -- and nothing will get done.

I support clean streams, but not the clean streams initiative. But we must recognize that there wouldn't be a clean streams initiative if there wasn't a problem.

So, I have called on ranchers, farmers, the legislative leadership and members of the environmental community to work with me on fully funding and implementing plans we have in place to address watershed health -- especially in eastern Oregon.

Because the problem is real and even if this initiative doesn't pass in November, it will pass sometime in the future if we don't move together to solve the real problem.

Let me just pause for a moment and emphasize that my opposition to the Clean Streams Initiative is predicated on the willingness of the natural resource-based industries and legislative leadership to make some strong commitments on a specific set of actions -- including adequate funding -- to address the problem of watershed health.

And to date I have been a little disappointed. I have seen my name in literature being produced by the committee running the opposition campaign . . . but no mention of my strong belief that there must be a tangible alternative to address this issue.

And, quite frankly, if such commitments are not forthcoming, I am willing to support the initiative and try to fix some of its shortcomings in the legislature. We are going to have clean streams in this state. There is a right way to get there and there is another way . . . but we will get there, one way or the other.

Let me give you an example of the right way.

I want to contrast this litigious, confrontational approach with our Coastal Salmon Restoration Initiative, the objective

of which is to preserve and restore native coastal salmon populations and -- in the process -- to prevent their listing as an endangered species. This is important because salmon play such a significant role in our economy, our recreational pursuits and in our cultural identity.

Again -- it's a good objective.

The difference lies in how we are going about it.

Instead of establishing more regulations and prohibitions -- and imposing them top-down -- we are engaging landowners and local watershed councils in a collaborative effort to improve fish habitat. The state is setting a good example by careful management of state lands, and we are relying on private, voluntary actions, in a true partnership where the state provides incentives, technical assistance, and resources.

It's a simple, common-sense approach: instead of trying to make landowners take steps to protect fish habitat, we find ways to help them take those steps, on the assumption that because protecting salmon is in their interest -- and in everyone's interest -- these are steps they in fact want to take but may not know how.

This cooperative approach is crucial -- especially with Coastal Coho because most of the habitat in questions is on private land, not public land. If we're really going to improve habitat on private land, it's going to happen not because we force landowners to do something -- but because they can see and understand how it is in their best interest to do so.

Local ownership in the project translates into a much stronger commitment than you find when regulations are handed down from the top.

Working together, in partnership, we are getting things done.

Let me give you another example of how sound environmental policy can become lost in a sea of national partisan politics: the Salvage Rider.

As you're aware, this legislation was originally designed as a way to improve forest health in eastern Oregon: another good objective.

First, under pressure from the timber industry, the Rider was amended to allow cutting of green trees, including old growth timber on the west side of the Cascades.

Now, under election-year pressure from environmentalists, the Secretary of Agriculture has tightened the restrictions on salvage logging. But -- not surprisingly -- neither side is happy. The timber industry says the new restrictions will bring salvage logging to a "screeching halt," while the environmental community says the restrictions still don't go far enough.

Meanwhile, nothing is happening in eastern Oregon, where dead and dying trees have created a dangerous fuel load with the potential for catastrophic fires.

The whole salvage issue has become a political football, while the original objective of improving the health of our forests has been relegated to the sidelines -- at least in Congress. People are divided -- and nothing constructive is getting done.

Now let me describe a different kind of approach -- one that we are pursuing in Eastern Oregon. A year ago, I asked ten well-respected scientists in the northwest what they would recommend to promote East side forest health. This diverse group of scientists agreed on an approach to management of forests in the Blue Mountains.

Our goal, like the original goal of the Salvage Rider, is to improve forest health, and also to improve riparian health, watershed health, and the economic health of Eastern Oregon Communities.

These scientists agreed on an approach to environmentally sound timber harvests.

Notice that that phrase -- "environmentally sound timber harvests" -- encompasses the basic concerns of both sides of

the current debate, and assumes from the outset that they can be reconciled.

What did these scientists conclude? They concluded that if we want to improve the long-term health of Oregon forests and watersheds (which includes reducing the risk of catastrophic fires), and at the same time provide rural communities with the economic benefit that comes from timber harvests, then we need careful, active management. This means not only the removal of dying and diseased trees, but aggressive thinning of young stands as well.

This conclusion clearly required a certain amount of compromise on both sides of the timber issue, and the amazing thing is -- that's exactly what happened. During the field study stage of the Blue Mountain Report, we found people like John Beuter and Bob Beschta, nominally allied with opposing "camps," now allied with each other in a common effort to find the best way to improve forest health and provide wood to eastside communities.

In fact, through the efforts that produced this Report it became clear that there is about 80% agreement on the issue of wise forest and ecosystem management, and that if we focus on this common ground, we can actually make some progress.

What we've been doing is the opposite: we have been focusing almost exclusively on areas of controversy and nothing is getting done.

These examples illustrate some very clear differences between an approach where disgruntled parties turn to the courts, the congress and the voters for a more "permanent" fix and the approach of collaboration and cooperation.

Instead of framing the debate in a way that must involve a winner and a loser, we have brought competing interest groups together around a common goal, we've transformed them from adversaries into allies, and we are accomplishing things that will benefit this state and its people long after we are gone.

You know, this is not a new idea. Everyone agrees, in theory, that collaboration is more productive than confrontation. What is new is that we're actually doing it and it is working.

Let me be clear: if we want to control our own destiny, if we want to preserve our special quality of life so that it is not only our heritage but also our legacy, if we are genuinely committed to finding a balance between economic and environmental health, between jobs and stewardship -- then we must bring the natural resource management debate out of the realm of conflict and into the realm of cooperation and consensus.

As long as we focus only on our differences, we will not solve our problems. We will only prolong them.

The fact is that this debate is not really about either the economy or the environment; it's about the balance and reciprocity and mutual respect which alone will ensure a strong and stable future for all Oregonians.

You here today are in a strong position to advocate for this type of collaborative approach -- an approach which moves beyond problems to solutions.

You, more than anyone, understand these issues. If anyone can prevent policy from getting lost in politics -- it's you . . . and we count on your support.

We have major opportunities ahead to demonstrate our collaborative approach -- in putting a broad strategy in place for the Columbia basin, in promoting forest health in eastern Oregon, and in improving the quality of our streams. It is not too late to work together.

I continue to believe that what Oregonians have in common is far greater and stronger than the ways in which we differ -- and that only by remembering what we have in common and by building on that foundation can we preserve those things most precious to us, among which are the rare natural endowments of this state -- the lands and waters and fish and wildlife under your jurisdiction.

Thank you for all your past efforts -- and for your help and support in the future.

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Governor John Kitzhaber

Monmouth--Independence Chamber of Commerce

Wednesday, June 12, 1996

Choose the Future

Thank you for your applause, though I promise not to let it go to my head, because I'm reminded of the story of a man who moves to a small town.

Shortly after he moves there, he goes to a movie theater to see the latest show, and as he comes in, he is greeted by applause, the lights dim and the movie starts.

He is favorably impressed, but somewhat confused. On his way out, he asks the theater manager if people in the town are always that polite to new residents. "Oh, that wasn't politeness," he said, "it's just that I won't start the movie until there's at least 30 people in the theater. You were the 30th."

It is with that parable in humility that I come before you today to ask you to think with me about Oregon's future -- and to start that by thinking about Oregon's present.

You who run and own Oregon's businesses know better than I do that we are experiencing a strong economy in Oregon right now.

We have unmatched prosperity, not just in the metropolitan area, but in counties throughout our state.

We have low unemployment, growing wage rates, strong job growth and strong income growth. In fact, in some parts of the state, the biggest economic problems are accommodating growth and dealing with shortages of skilled labor.

But today's prosperity isn't an accident or merely good fortune.

It is the result of a tradition of investment in our state -- and the result of very hard work by business and community leaders.

All of this is exactly what we dreamed of when I started my public career at the tail end of the 1970s.

The depth, breadth and devastation of the recession that gripped Oregon in those days is still fresh in my mind. I saw hardworking, third generation timber families in my district uprooted and torn apart.

Don't ever forget that those were very tough times for Oregon -- and their very toughness motivated the tenacity with which we approached economic development.

Now, 15 years later, we are experiencing the benefits of what we worked so hard for and invested for: a stronger more stable economy.

The investments we made in a good educational system and quality colleges and universities are paying off.

The investments we made in roads and transit are paying off.

The investments we made in promoting our state overseas as a great business location are paying off.

And the investments we made in promoting Oregon as a great travel destination are paying off.

Almost six months ago today, I delivered my state of the state address and I will ask you the same question today that I ask then: are we making the same investments we did 10 or 20 years ago -- or are we taking our prosperity for granted?

Well, I think I know the answer to that question: we aren't making the investments the previous generation did. And the result of our taking our prosperity for granted is that we will lose it.

No, we are making different choices than we did a generation ago -- when even in the depth of the depression of 1980, we raised an income tax surcharge to maintain essential services.

Today, we are making a different set of choices.

We are choosing to radically expand our prison system -- while making almost no investment in crime prevention.

Almost two years ago, we passed Ballot Measure 11 -- passed it, I believe, out of a sense of fear. And we passed it without knowing the real cost.

Well, it's a big bill. It's a billion dollar bill over the next five years and for those of you who want to see less government, it is a permanent expansion of government.

Let me give you a stark example. Next biennium, while school districts cut hundreds of teachers, we will be hiring almost one thousand new prison guards -- many at youth correctional facilities.

So, we won't be teaching your kids -- but we'll be able to guard them well.

But this is only the most recent example of our state's disinvestment policy.

In 1990, we voted to cap our property taxes (at least, that's what we thought we did -- not because of some rational plan to change state spending to different priorities, but out of a sense of frustration.

Unfortunately, the result, as you know has been an ever tighter state budget as we try to hold schools harmless and cut elsewhere.

If that weren't enough, we for some reason have clung to the idea that we need to return so called surplus revenues from the state.

But these are not really surpluses. They are funds generated by an excellent economy -- funds we need to be able to reinvest in our state.

No business would assume that it could thrive and remain competitive if it simply spent its profits. Rather, your reinvest in plant, equipment and training. The state must do no less.

And finally, for the last five years, we have refused to increase funding to maintain our roads and highways.

With 50,000 people moving into Oregon every year, our deteriorating transportation system is unable to accommodate this growth.

The result? We will be unable to maintain the economic opportunity and quality of life that have come to define Oregon.

The punch line to all this is even though our state is doing great economically, a series of choices we have made in the last five years means that the state will go into the next biennium with a \$300 million hole in the budget. And that means even more disinvestment in the 1997-99 biennium.

Even though we're doing great, we're increasing class size in our schools and asking them to teach even more aggressively.

We're raising tuition in our colleges and universities, even as it becomes more and more obvious that post-secondary education is mandatory for a quality job.

We are letting our highways and roads crumble.

And we are at risk of letting other precious assets go. Many of you know we will be closing parks in September. It's not because of mismanagement. It's that we simply can't afford them.

Well, today, I want you to think with me about Oregon's future and the investments we need to make to keep and expand the prosperity we are enjoying.

The first area I'd like to address is transportation.

For the last four months, I have had five regional committees and one statewide committee working to define how we can save money in the long term planning of our roads and highways.

They've been looking at exactly what the gap is between our resources and the investment we need to make to have a quality transportation system.

And finally, they've been looking at how we can reasonably, fairly and responsibly share the cost of closing that gap.

I expect to receive a report from those groups in early July. And let me stress that the first thing I will act on is recommendations on how to cut the cost of our transportation system in the long run.

Let me give you an example.

In the Bend area, we built a so-called bypass for through traffic so it wouldn't go through downtown Bend. But now, because there is so much access to the bypass, it has become just another commercial strip, doesn't move traffic efficiently and means we have to build yet another bypass.

There are things we can do now to make sure that we don't repeat costly mistakes like this.

But I also want to put you on notice that if this group tells me we need more resources, I will not be bashful about going out and working to get them.

The same is true in education.

I am working very hard now to develop -- like the transportation group -- a good sense of what a quality education should cost.

I believe that is what we must do if we are ever to convince a skeptical public that our current level of investment in education -- and I mean the continuum of education from pre-kindergarten through primary and secondary school and through college or university -- is inadequate.

That's why I have several groups of Oregonians working now to advise me on:

- How we can do a better job of preparing kids to be ready for school when they start kindergarten;
- How we can provide local citizens the option to elect for a greater level of funding and still maintain our march

toward equitable funding of all schools across the state;

- And how we can provide reduce financial and geographical barriers to higher education for Oregonians.

The bottom line is that we must both be more efficient with our use of education dollars -- and that we must make a very strong case if we are to ask for more dollars.

I could go on -- but I don't want to use up all the oxygen in the room.

I just want to close by reminding you of something that used to be a given: our state is a community.

There are not two Oregons, or three Oregons -- but one state with a common history, with common challenges and with a common future.

If we can forget for a moment the concept that

- we are Republicans and Democrats;
- That we are environmentalists and timber workers;
- That we are eastern Oregonians or western Oregonians;

If we can set aside these artificial distinctions for a moment and ask ourselves as members of a common community:
"What do we need to do together to secure our prosperity?"

Then I believe we will be getting somewhere.

That's the question that used to be the beginning of the debate. I want to make it so again and I look forward to hearing your answers.

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Governor John Kitzhaber

Higher Education Policy Speech

May 30, 1996

Today I want to talk not about what we've traditionally thought of as "higher education," but about what I prefer to call "post-secondary education," because I think that term is more accurate, given today's realities. Specifically, I want to talk about your role in shaping Oregon's future. I know you have some legitimate concerns and I hope what I have to say will demonstrate not only my awareness of those concerns, but my intention to find ways of addressing them.

Ever since the passage of Ballot Measure 5 in 1990, and the passage of the Educational Act for the 21st Century in 1991, the policy, the media, and especially the emotional focus has centered on Oregon's primary and secondary schools: their funding crisis, the process of reform they are engaged in, and my recent well-publicized speech outlining some initial objectives and strategies for K-12.

In the process, it may seem that higher education -- or post-secondary education -- has been eclipsed.

I want to assure you today that I have never for one moment forgotten the vital importance of your role.

Education is in fact a continuum, where each part builds on what has gone before, and lays the foundation for what will come after. As important as K-12 is, it does not describe the entire universe of education. If our children aren't healthy and ready to learn when they get to school, it won't matter how superior our K-12 programs are.

And, if our high school graduates are unable to attend a college or university because there isn't room or because of fiscal, geographic, or cultural barriers, then no matter how well prepared they are, we cannot possibly produce a high-quality workforce for the 21st century.

For that reason, the entire spectrum of our education system must be a seamless sequence of steps, all driving toward one end: the betterment of the individual and of society as a whole.

Today, more than at any other time in history, our future depends on education after high school -- on post-secondary education in all its various forms -- community colleges; four-year colleges and universities, both public and private; professional schools; continuing education and lifelong learning. And today Oregon's post-secondary institutions face great challenges and great opportunities -- that simply did not exist in the past.

- First: today's economy is intensely competitive. It is becoming more so everyday. Employers are demanding -- and paying premium wages for -- those with the knowledge and skills to compete. The premium paid to a well-educated post-secondary graduate is now at an all-time high.
- Second: Because of these economic payoffs, the demand for post-secondary education services is going to skyrocket. As the children of the baby boom generation come of age over the next five years, we can expect growth of at least 20 percent for traditional college education in Oregon. At the same time, more and more adults are returning to school for degrees and to upgrade their skills, compounding the demand for services.

- Third, while employers still want the fundamental skills in critical thinking, problem solving, and communications associated with a broad, liberal education, there are also severe shortages in professional and technical workers in nearly every sector of the economy, which adds to the demand for services.
- Fourth, but not least: All these challenges come at a time when public dollars for post-secondary education are shrinking.

The result is that more and more Oregon students have to leave the state to pursue their education; and that more and more employers are looking outside Oregon for qualified workers, from the hundreds of electrical engineering jobs now being filled from out-of-state and out-of-country, to the \$20/hour mechanic that I learned was hired from LA because of local labor shortages.

And meanwhile, increasing numbers of degreed Oregon students are having to take low-level entry jobs. This represents a very serious threat to our economic future, and to our overall quality of life, since a healthy economy is essential to everything else that we want and need to accomplish.

As bleak as all that may sound, I'm not here to sound the death-knell of post-secondary education in Oregon. But I do believe that unless we act now, the situation will only get worse, and that eventually it will be beyond our power to reverse the downward slide.

I'm not willing to let that happen -- and it doesn't have to happen -- if we're open enough to reassess the role of post-secondary education in today's world, and flexible enough to readjust -- the way we think, the way we operate, and the way we work together.

I do not underestimate either the difficulty of meeting these challenges, or the absolutely critical role our post-secondary institutions must play in securing Oregon's position as a social and economic leader in the 21st century.

Let me emphasize: we cannot go forward without you. But there's something else we need to bear in mind.

While we have repeatedly underfunded post-secondary education in this state, even *before* Ballot Measure 5, this is not a problem that can be resolved simply by throwing money at it. And while additional resources will clearly be required, we must also find ways to do more with what we have and make better use of the resources available.

Strangely enough, the funding crisis created by Ballot Measure 5 has actually been the catalyst for an important, though painful, re-examination of our entire post-secondary system. In the last five years these institutions have done more to reshape their missions and cut overhead and eliminate weaker programs to position themselves for the 21st century than any other post-secondary system in the nation.

I commend Chancellor Cox and the Board of Higher Education for the work they have done, and I am impressed by their efforts to seek new sources of revenue in the face of public dollar decreases. Charitable contributions, like Phil Knight's enormously generous donation to the U of O, will make a huge difference, and could not be better spent than on our post-secondary schools.

Let me turn now to a couple of concrete steps my office is initiating.

First and foremost, we must tackle the problem of access, because it is essential that we produce more college graduates. To address that issue, I am establishing the Governor's Task Force on College Access. Its mission is to explore ways of eliminating barriers to access, so that any Oregon high school graduate who is qualified and who wants to go to an Oregon college is able to do so.

What are some of the barriers I'm talking about?

One is the barrier of inadequate capacity.

We are expecting an additional 5,000 high school graduates in the next five years. Right now, our post-secondary

schools cannot serve that number of students. This task force will identify the gap between the capacity we have and the capacity we need, and will explore ways of closing that gap.

One way to do this is to create closer links among our post-secondary campuses through the use of telecommunications technology. We are already working toward creating a "virtual" or "open university," which (among other things) would allow us to concentrate programs in one location, instead of duplicating them across several campuses. It would also give a student in Pendleton, for example, access to the engineering program at OSU.

And we must not forget that Oregon's independent colleges represent an important part of our total post-secondary capacity.

But even if we had sufficient capacity, many students would still be unable to pursue their education because of financial or geographic barriers.

Oregon's post-secondary institutions have responded to the current budget crunch by raising tuition again and again. And students who do not live along the I-5 corridor, or near one of our eastern post-secondary schools may find it difficult to continue their education after high school.

So, therefore, two additional things we're going to have to look at: first, our current tuition policies and second, using technology to expand opportunities for distance learning, as I just mentioned.

Our ultimate goal is to create the capacity for increasing numbers of Oregonians able to gain a post-secondary education regardless of where they live in the state, and regardless of family income.

But -- we have to remember that improving access will be meaningless unless we maintain quality, and quality is largely a function of faculty. Without competitive salaries, we're going to lose faculty to other states, which means that we're also going to have to look at the issue of faculty salaries as well.

The College Access Task Force will be ready this coming Fall to recommend initial steps the Governor might take in the '97-99 biennium to being closing the access gap, and by Fall of '97, the task force will recommend actions to close it completely and to keep it closed for the foreseeable future.

Let me stress that we are not looking at a "quick fix." This is not something that can be resolved in one or two years. Instead, we're looking at a two-stage process which includes immediate, short-term actions we can take in the coming biennium to produce some stability in our post-secondary system and which will lay the foundation for the second stage: a six-year strategic plan that will lead to a long-term solution.

Now: in addition to the issue of access, we must also investigate ways of making post-secondary education more responsive to the needs of Oregon business and industry. There's no question that our long-term economic interest depends on our ability to produce not only a high quality workforce, but one which is capable of meeting the demands of Oregon employers.

In response to that need, I'm establishing a Task Force to better link the output of post-secondary education to our economy. Its mission is to develop a strategic plan for the delivery of post-secondary education services that are in line with the requirements of Oregon businesses and industries.

Some important work in this area is already being done by OSSHE and by some of our leading business organizations, including OBC and AOI. What this Task Force will do is to take this work and merge it into an integrated set of recommendations which will then become part of our overall post-secondary strategy.

Let me just mention here that one other vital part of that strategy must involve finding ways to invest much more heavily in research and development.

Again, we're not looking at a "quick fix," but at a two-stage process: a set of recommendations we can implement during '97-99, coupled with a comprehensive long-range strategy for linking education to the economy to be implemented over

the following two biennia.

What does all of this mean to you? As I said earlier, we cannot go forward without you. Now is your chance to make the contribution only you can make.

Within the walls of our post-secondary institutions, where reverence for things past and visions of things to come merge in a dynamic present, there is tremendous creative energy. And I am personally committed to providing the framework for using that energy to chart our course for the future.

What we have to do in the short term is stabilize our post-secondary system financially and in terms of faculty and program continuity -- students must be assured that the courses they need to graduate will be available. But beyond that we need to rethink our whole post-secondary system. We must link education to the economy -- to address workforce needs, research needs and humane outcomes of a good liberal education.

And that brings me to my final point.

An education becomes the permanent personal possession of each man and woman who achieves one, and it bears both tangible and intangible fruit. It prepares us not only to make a living -- but to live, in the best possible sense. It provides economic security even as it opens the gates of vision.

Our efforts to bring education into line with today's economic realities does not mean that our post-secondary schools are merely job training centers and employment agencies. In addition to being members of the workforce, we are also parents and citizens of a free society, with a duty to preserve and transmit the perspective, the judgment, and the values that flow from a liberal education.

As Chesterton once remarked, education is the soul of society as it passes from one generation to the next. By unlocking human potential, it helps us look beyond the world we have to live in to a vision of the world we'd like to live in -- and it gives us the tools for getting there. I ask you to join me on that journey, and I want to assure you of my full and ongoing support.

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Governor John Kitzhaber

Education Strategy Speech
April 18, 1996

Today I want to talk about our state's primary and secondary system of education. As a state, we are never far from the question of: "How do we better pay for our schools?"

That question is being asked nowhere more loudly and nowhere more frequently than it is here in Portland. Your community's recent success at avoiding a potentially crippling strike, while a great achievement, is also a reminder of three important facts:

First, the repair is temporary, not permanent. Portland -- and other districts around the state -- will face the same challenge again in the not so distant future. This does not diminish your accomplishment, and I applaud what you have done. But we all know that a stable, successful system is not one that drives to the brink of the cliff every two years -- because eventually, it's going to drive off.

Second is the question of state involvement.

During the recent crisis here in Portland, I received great pressure to find additional state resources to resolve the short term problem here. Yet, as important as the Portland School District is -- and it is enormously important to Oregon and to 57,000 Portland students -- the state cannot step in and give money to one district alone.

There are other flat-funded districts that have equal claim to state dollars and we simply do not have the resources within the current budget to address them all. In other words, we need a statewide solution -- not one that applies to only one or two districts.

Third, citizens are powerless under existing laws to tailor their local curriculum to address local needs. For example, Portland may want to, and in fact need, a strong course in international trade. Joseph may want an art course in bronze sculpture to take advantage of the opportunities offered by a unique local industry.

The fact is that citizens in Portland and around the state do not even have the ability to enhance their school curriculum if they want to. This is an issue of local control and needs to be changed.

It is in this context that I come before you today to share my ideas on how we move beyond this gridlock on education funding; on how we go about returning some of the local control over education that we have lost as a result of Ballot Measure 5; and, finally, on the importance of asking the right question which, I submit, is not "How much should we spend?," But rather, "What do we want to buy?"

To do so, it is vital that we understand where we have come from on the long trail of K-12 education funding, where we are now, and the challenges -- and the opportunities -- with which our current circumstances present us.

While there is loud complaint about the current system of funding and managing education, we must remember that there was just as loud a complaint about the way we used to do it . . . and for good reason.

Under the old system of locally controlled, locally funded education, there was a vast inequity between the educational resources and programs available to a child in a property-poor district and those available to a child in a property-rich district. Statewide expenditures on a per-student basis vary by more than \$3,000.

Further, district after district went to the brink of shutting down -- and some went over the brink and actually closed their doors for a limited time because of local unwillingness (or inability) to pass property tax levies for schools.

In other words, the old system was inequitable and unstable. When budget cuts were required they were understandably cast in terms of the loss of specific programs, teacher lay-offs, and increases in class size, rather than in terms of a demonstrable impact, which these actions had on what a student learned.

In short, there was no tangible connection between budget decisions and measurable student outcome.

That was yesterday. Today it is different -- but it is also the same. It is the same because the debate continues to focus on how much we spend rather on what we are buying.

In fact, the sophistication of the school finance debate in Salem continues to revolve around a series of calculations that tell us whether a district gets more or less state money than in the previous biennium. And while this may tell us what we need to spend from a political standpoint, it tells us very little about what we are buying for that expenditure.

At the same time, today's system is much different than the one we had five years ago for two important reasons: Ballot Measure 5 and the Education Act for the 21st Century.

Ballot Measure 5, passed in 1990, limits the local property tax contributions to schools to \$5 per thousand of assessed value. The Education Act for the 21st Century, passed in 1991, calls for students to achieve measurable performance standards as a condition for graduation. Let's look at the impact these two changes have had on our system.

In the five years since the passage of Measure 5, responsibility for funding education has moved from the local district to the state. Under the old system, the state provided around 30 percent of school funding while local citizens provided the remainder through school property tax levies. Now, the state pays almost 70 percent and local districts pay the remainder.

As a result of this funding shift, about 40 cents of every general fund dollar spent by the State of Oregon goes to K-12 education. This has created benefits as well as problems.

On the plus side, we are moving rapidly toward equalizing spending among districts. This is clearly a benefit for many students. Eventually, each student, regardless of the relative wealth of his/her district, will receive the same expenditure from the state. By 1998, we will have moved all school districts close to the Portland level of spending.

But, on the negative side, districts such as Portland, which are spending above the statewide average, have seen their funding flatten or shrink as a result of equalization.

Also, on the negative side, local citizens have been disenfranchised from school funding decisions because there is no mechanism by which they can increase district revenue even if they want to.

By the same token, the state -- which now provides the majority of the revenue -- is disenfranchised from spending decisions. These are made on a district-by-district basis by more than 200 locally elected school boards.

And we continue to know little about exactly what this huge (and growing) investment of public dollars buys. Nor do we have a good sense of what providing a quality education for every Oregon student actually costs -- which brings us to the Education Act for the 21st Century.

The Education Act, coupled with the shift to a state-funded system has finally given us the opportunity -- if we have the wisdom and the courage to seize it -- to ensure that students, teachers, administrators, and parents are held accountable based on what a student demonstrably learns -- not on how long they attend school.

Let me use an analogy. To become a competent airplane pilot, there is a certain amount of information that needs to be mastered. It may take 40 hours for some people, and 75 hours for others. But the knowledge and skill required remains constant. What varies is the time it takes to achieve it.

Now compare that with our current school system. In our system the constant is the time involved -- "seat time" -- in grades 1-12. What varies is the knowledge and skills that are mastered. If the same system applied to the training of pilots, we would have a lot more dead pilots.

We should not expect less of our educational system. What we want is a system in which the constant is the knowledge mastered and the variable is the time involved. We have never reached this point because we have never quantified what we want in terms of the knowledge mastered.

The Education Act will change all of that by establishing clear and measurable academic standards.

The standards -- which define both the "knowledge mastered" and answer the question of "what we are buying" -- are the certificate of initial mastery and the certificate of advanced mastery. These are fancy names for a simple concept: the success of a student should be measured not by how long they stay in school, but rather by their ability to demonstrate competency in a number of areas needed to succeed in the next century.

Oregon has committed itself to this course -- a course of setting and meeting high academic standards.

The schools in this part of the state are committed to this course as well. Portland public schools, David Douglas schools and others in this area have been among the leaders of all districts in securing the promise of higher standards for our children, never wavering from their commitment to this goal despite financial cutbacks.

The certificates of mastery will give the state, for the first time, the ability to define exactly what components make up the quality education our children need (and deserve) to succeed economically and socially in the 21st Century.

Armed with this definition, we are, for the first time, in a position to collect, compare, and analyze district-by-district and statewide information on what it costs to achieve these outcomes. In other words, we can define the state's obligation for funding the K-12 system in terms of the educational product we are buying.

We can define the state's obligation in terms of what taxpayers and children are getting for this investment.

This is a very important point. As I indicated earlier, there is currently no basis, other than a political one, for determining what per-student expenditure the state should provide. The Education Act changes that by giving us a basis for answering the question: "What do we want to buy?" That leaves us with the question: "How much does it cost?"

To answer this question, however -- to develop the data necessary to link our dollars to outcomes -- will take time. This data will not be available for the upcoming 1997-99 biennial budget.

Yet I believe that it is the state's responsibility to ensure that every Oregon student -- regardless of where they live or the relative wealth of their district -- has the resources necessary to achieve both the certificates of mastery.

Therefore, today I am proposing that we establish a process to collect the data necessary to link our state educational dollars to our desired outcomes.

This is the only way we can wisely guide our state investment in K-12 education. It is the only way the state -- which collects and disburses the vast majority of educational dollars -- can begin to make intelligent budget decisions. It is the only way we will ever get to an understanding of what level of funding the state must provide if we are to keep faith with the children whose education is entrusted to us.

Some say this is simply too difficult to do. Some say that the process of defining a quality education will simply result in every education service, activity or topic of study being thrown into the definition.

I do not accept that. Oregonians went through a process of prioritizing health care services -- something that was supposed to be impossible -- and they did it in less than two years. Defining a quality education will be more difficult, but it is not beyond our technical capability. It is limited only by our political will. And we have the added advantage of knowing what our outcomes should be: the ability to achieve the certificates of mastery.

It took two years to prioritize health care services and to connect them with real dollars. It is still a work in progress. To do the same for public education will take at least as long -- probably longer. But we have a much stronger basis from which to start. And we must begin.

While we are engaged in this endeavor, however -- and until we have agreed upon the level of state funding that will give all Oregon students an equal ability to succeed based on the attainment of clear academic standards -- we will still have districts that feel that the level of state funding they are currently receiving is inadequate to meet their local educational needs.

To address this transitional problem, I am also proposing that we develop a local funding option so that individual districts have the ability to secure the level of services which they believe are necessary.

In proposing such an option, however, I want to express -- in the strongest possible terms -- that it does not constitute a long term solution to stable K-12 funding.

If all we do to respond to the "school funding crisis" is create a local option without tying it to a process by which we can define the state's funding obligation -- that is, by which we can define what is not optional -- we will be back on the road to the same unequal, unaccountable system we are now moving away from. Program levels and educational opportunity will vary widely from district to district.

And we will be back on the road to an unstable system because there will be no way to determine what state funding level is needed to ensure that each student achieves a quality education. In many districts, this funding will be picked up in part by local resources and if, for whatever reason, local voters do not exercise the option, the educational success of students in that district will be at risk. Portland, for example, will be right back where it is today.

Furthermore, assuming that such a local option can be enacted, it is clear that it cannot be exercised before most districts in the state approach the expenditure level in Portland. This point will be reached in 1998.

To attempt to exercise the local option before that time will only increase the perceived inequity between districts. Such a proposal cannot survive politically if it is viewed, rightly or wrongly, as solving "Portland's problem" at the expense of the rest of the state. This means that while we may approve a local option during the 1997 legislative session, it cannot be exercised until the 1998-99 school year.

Given this reality and this timeline, we still need to deal with the short-term, one year, challenge faced by those districts -- Portland & others -- which are currently facing financial pressure.

We must, therefore, allow those districts to raise additional revenue from municipal and private sector sources to bridge their problem in the 97-98 school year without having it count against them in equalization.

I am prepared to propose the legislation necessary to allow this -- but only on a temporary basis.

The development of the local option concept will be undertaken by a state-wide task force, which I will appoint in the near future.

The larger, and far more important, question is how we determine the level of state support needed to achieve our educational objectives. Today I am calling on business leaders, educational leaders, parents and students throughout the state to join me in a process to determine the financial relationship between what we spend on education and our ability to meet the high standards of the Education Act for the 21st Century to develop a system in which no student is left behind.

This will not be a simple process nor a short term effort. It will require vision, creativity and an ongoing commitment.

For the entire time I served in the legislature -- and now as governor -- how we pay for schools has been an unresolved question. Many have put forth plans to increase educational funding -- and all have failed.

Perhaps it's because we have never answered the essential question: exactly what does all this money buy? We have had no way to hold the system accountable.

Until we can answer this question, we will be in the same position in which we have always been -- unable to get consensus on the investments we need to make.

I'm asking you to join with me in solving this problem because we either solve it together as one state, or we will not solve it at all.

Thank you.

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State of the State: Keeping Oregon's Promise

Governor John A. Kitzhaber

Friday, January 19, 1996

Delivered before the Portland City Club

According to tradition, this speech should be a summary of Oregon's status and how my administration got us there.

And, as a matter of fact, Oregon is doing well -- very well.

Nearly every Oregon county is growing. Jobs are growing at about the same rate outside Portland and the Willamette Valley as inside.

The even better news is that jobs are now growing faster than population and per capita income and wages have begun to grow faster than the national average.

But today's prosperity didn't just happen. It would be nice to be able to take credit for it, but it's not the result of anything that happened this past year.

It is, instead, the result of vision, planning, commitment and investments that have happened over the past 20 years -- the very things that I contend are not happening today.

So instead of delivering the state of the state speech today, I'd like to talk about the fate of the state . . . I want to share my vision for Oregon and what I propose to move us toward it.

You've heard this quote before, but I want to share it again.

Fifty-eight years ago, in a speech before the Portland City Club, Lewis Mumford issued a challenge to the people of Oregon.

He said: "you have a basis here for civilization on its highest scale, and I am going to ask you a question which you

may not like. Are you good enough to have this country in your possession? Have you got enough intelligence, imagination, and cooperation among you to make the best use of these opportunities?"

I'd like to use that challenge as the basis for my remarks today. Will we keep the Oregon promise so eloquently described half a century ago or will we take it for granted and hence allow it to slip away?

That is the choice before us.

Today Oregon is still the best place in the world to live, because those who went before us cherished this place, guarded its gifts and protected its quality.

But unless we recommit ourselves to the kind of investments we have made in the past we will certainly lose the Oregon we love.

In the simplest terms, that is my message today; if we want to preserve the Oregon promise, we're going to have to invest. Not spend. Invest in transportation infrastructure and education. Investments that will pay large returns in future prosperity and quality of life.

But the only way we can afford to do this over the long term is by reducing expenditures in other parts of the state budget through policy choices that we must make now. Specifically, by reducing juvenile crime rates and by moving people off the welfare rolls and into the workforce, we can free up resources to invest in education and transportation.

That is the only way we can keep faith with the future.

So, let's begin by looking at where we are today.

Our economy is on an upswing. But we cannot sustain that growth unless we commit ourselves to strengthening our entire school system -- from pre-kindergarten to life-long learning opportunities.

In the past, we have understood that if we want economic opportunity for our children, we had to provide access to quality education, and we made the investments necessary to ensure that quality.

In particular, the enrollment capacity of our post-secondary schools has, until recently, kept up with demand, even during the baby boom period from 1960 to 1975. We were rightly proud of our ability to prepare a well qualified workforce, and to help our young adults realize their full potential, so that each successive generation could reinvest their talents and energies in making Oregon even better.

The importance of education was emphasized in Oregon Shines, the strategic planning document produced in 1986 by the Goldschmidt Administration. In fact, the first of the three strategic initiatives in that document was to develop a superior work force, an objective that is directly tied to a superior educational system.

Ten years later, this focus on education should be even more important as Oregon -- and the world -- continue to make the transition from an economy based on labor and natural resource extraction, to one based on information and knowledge.

But this is not the case.

Our efforts to fully fund public schools on an equitable basis for all Oregon children is struggling. You who live in Portland, know that. Your district faces cuts that will clearly impact the quality of education for Portland school children.

Our efforts to prepare Oregon citizens for the good jobs of our economy are undercapitalized.

Our funding for higher education is a disgrace -- a disaster waiting to happen. Oregon is dead last among the 50 states in per capita funding of higher education.

At a time when our economy demands highly-trained workers, our choice to disinvest in our education system is a choice for stagnation, low wage jobs and an uncompetitive workforce.

We are making the same choice with our transportation system.

There is no doubt that Oregon's historical commitment to a high quality transportation system has been a big part of our current economic success.

Our roads, as well as our other transportation systems, have helped us get where we are today. They enable our citizens to get to school and work; they provide public access to the natural wonders which are Oregon's special treasure; public transit lowers pollution and reduces congestion; and perhaps most importantly, our transportation infrastructure is a key to our economic health -- it moves our goods to markets outside our state.

But we are simply not maintaining this precious asset.

Over the next seven years, Oregon faces a potential loss of more than \$200 million in federal highway funds. At the same time, the Oregon Legislature has not increased funding to the highway trust fund for more than five years. Quite simply, we do not have the money in the current system to keep up with growth and maintenance needs. And every year we wait to fix the problem -- it gets worse. Our estimates show that early in the next century, we will only have the resources to either maintain our system or add needed capacity. That's unacceptable -- we must be able to do both.

With Oregon's population growing at a rate of nearly 50,000 people per year, the lack of investment in our transportation system deprives us of a critical tool to manage that growth in a way that does not detract from our quality of life.

There are those who believe that by not investing in our transportation system we can discourage growth. The truth is that an inadequate transportation system does not discourage growth, it simply produces sprawl and congestion.

Our choices in transportation and education reveal a general and alarming trend, leading to one inescapable conclusion: we are not investing the way we have in the past.

And it's not because we as a state aren't willing to put our resources behind problems. It's more a matter of priorities.

Let me give you one stark example. In 1990, 13 percent of the state general fund went to higher education. Four percent went to corrections.

Today, nine percent of the general fund goes to corrections -- mostly to prison construction and operation -- and only eight percent goes to higher education.

That means that in the past five years, our general fund commitment to higher education dropped by five percent while our commitment to prisons increased by five percent.

Does this really reflect what Oregonians value? Of course not. But it is clear to me that our choices no longer reflect the values that have traditionally defined Oregon.

We say we value our economy; yet we have not made education or transportation high priorities.

We say we value our children and their safety; but we have not yet made crime prevention a top priority. We have built a lot of prisons, but we have done little in the area of early intervention for at-risk youth -- who are committing crimes at a far higher rate than any other segment of the population.

We say we value compassion; yet 400,000 Oregonians are still without basic health care coverage.

Is this the Oregon of the future -- a place where people pay lip service to certain values and then undercut them with their actions?

Is the Oregon Promise destined to fail?

I say no. The challenges we face may be different from those of the past, but I do not believe they are any greater.

As I mentioned at the beginning of this speech, I believe we can make the investments necessary for our future prosperity. But to do so we must act to reduce expenditures in other parts of the state budget.

In that regard, I have four specific proposals which deal with reducing expenditures in public safety and public assistance and investing in transportation and education.

First, in public safety -- we must enable our public safety system to both punish criminals and prevent crime.

Today, we punish. But we don't prevent.

Keeping people in prison will protect the public from crimes by those particular offenders -- while they are in prison. But it will not prevent new crimes by new offenders. Building more and more prisons, which we have done and will continue to do under Ballot Measure 11, does not lower the crime rate.

Between 1987 and 1991 we built more than 3,000 new prison beds in Oregon. Yet today people feel no safer than they did eight years ago. In fact, they feel less secure because of the dramatic increase in violent crimes committed by juveniles.

Now, with Ballot Measure 11, we will build another 4,000 prison beds by 1999 at a cost of more than \$1 billion. Yet this huge expenditure will do nothing to reduce the ever-growing number of juvenile delinquents, who will become young thugs, who will become violent offenders.

The only way to do that is to invest in prevention -- to stem the tide of people coming into the system on the front end. That is one of the central goals of the Partnership for Community Corrections, Senate Bill 1145 . . . and the primary objective of the upcoming special session.

To Representative Mannix and Representative Tiernan, and others who oppose this effort -- who view prevention as being "soft on crime" -- I say this:

We will punish those who commit crimes in Oregon. We will fully implement the provisions of Ballot Measure 11. But to focus only on punishment and not at all on prevention is to accept the necessity of victims.

It is to say that we do not care how many crimes are committed in Oregon -- we do not care how many people are victimized -- as long as those responsible are punished. I simply do not buy it and I do not believe that most Oregonians do either.

I am not willing to continue to disinvest in education in order to build more prisons unless we make an equally strong commitment to reducing the incidence of crime -- particularly among juveniles.

That is how we reduce our overhead. That is how we build a public safety system, rather than simply a prison system. That is how we invest in the future. And I call on all Oregonians to support this effort in the upcoming special session.

The second major area of overhead in state government lies in our welfare system. It is clearly in the best long-term interest of all of us, now and in the future, to support policies that help our vulnerable citizens move from dependence to independence, whenever that is possible. In this area Oregon has been quite successful.

Oregon's welfare-to-work program is fast becoming a model for the nation. But we need to recognize that a significant contributing factor in our success has been the Oregon Health Plan.

By assuring low-income Oregonians that they won't lose access to health care if they get a job, we have dramatically lowered our welfare rolls. In the past year, we moved 4,500 families off welfare and into the workforce with a biennial general fund savings of \$30 million. That's cutting overhead.

We expect another 12 percent reduction in case load over the current biennium, but our success will be short-lived if we do not continue our pioneering effort to expand basic health care coverage to all our citizens.

Just 18 days ago the employer mandate to provide health insurance was automatically, and quietly repealed due to legislative action taken in 1993. This is nothing to celebrate. We have broken the promise of the Oregon Health Plan to extend coverage to the 400,000 working Oregonians and their dependents who remain uninsured.

This mandate may be repealed, but the problem won't go away. Those Oregonians will still be without coverage. They will still seek their basic care in the emergency room. They will still be paid for by shifting costs to the rest of us. And most importantly, they will still be without the resources to do what the rest of us take for granted: keep our health.

In the coming year, I will continue to press the case that these Oregonians must be afforded the opportunity for basic health coverage. If we are not to achieve this through an employer mandate, we have the responsibility to enact an alternative approach.

Over the next ten months, I will call upon our legislature, our businesses, our labor organizations and our health care providers to form a reinvigorated coalition to complete the health reforms we started in 1989.

I will reconstitute the Oregon Health Council and charge it with developing a six-year strategy for accomplishing the following:

First, ensuring access to a basic benefit package for all Oregonians. This access will draw upon the strengths of our current public/private financing partnership and will focus as a first order of business on extending coverage to Oregon's working uninsured. It will also address the needs of our migrant and seasonal workers.

Second, obtaining maximum health benefits from the resources currently being used in our health care system; ensuring that we capitalize our system efficiently, that we use technology efficiently, and that our health professionals employ best practice standards; and,

Third, exploring the potential for broader community partnerships to address the underlying health needs that drive people into the health care system in the first place. This will involve not only an increased community responsibility, but also increased individual responsibility for the overall health status of Oregonians.

By focusing on juvenile crime prevention and on expanding access to basic health care, we can continue to reduce expenditures in these two key areas -- public safety and public assistance. In the process, we will increase our ability to invest in the two areas most critical to our future security and prosperity: transportation and education.

Next week I will be initiating a statewide effort to address our transportation infrastructure needs. I believe we must invest in a transportation system that will deliver the kind of future that Oregonians want -- a place where livability and growth can exist side-by-side.

Let me make it clear, however, that we cannot fall back on another process that produces no more than a list of highway projects to be funded. Financing road construction or any transportation system improvement without giving thought to how we integrate them with our land use, economic development and housing plans is doomed to failure.

While there are very real capital construction needs that must be addressed, we cannot ultimately build our way out of this problem. Therefore, I intend to focus my initiative in a way that addresses these needs but that also helps us lower transportation construction and maintenance costs in the future and stretches our resources as far as possible.

The objectives of this initiative must be to maintain quality communities that have a high level of livability as well as economic opportunity.

There are several efforts underway around Oregon to meet the challenge of growth.

Here in the Portland Metropolitan Region, Metro officials are doing transportation work in the framework of the 2040 plan. This plan represents on paper what we need to do on the ground. We need to build on local efforts like this and develop new relationships between state, local and regional government which have the flexibility to deal with different needs around Oregon.

To accomplish this, I will appoint five regional advisory committees that will assess community and regional transportation needs in different parts of the state. The committees will be made up of public and private leaders who will bring a fresh look and a broad perspective to the needs of their region and its communities.

I will also appoint a state advisory committee that will assess needs of statewide concern. This committee will integrate its recommendations with those of the regional advisory committees to produce a comprehensive package for consideration by myself, the Oregon Transportation Commission and legislative leadership.

I will ask these citizen committees to follow a four-step path in developing recommendations related to transportation and growth management.

- First, identify the issues most critical to community livability and economic opportunity.
- Second, determine whether these issues have an associated transportation need and identify key gaps in the ability to meet those needs.
- Third, examine what more can be done to close these gaps in the absence of new resources.
- Fourth, if new resources are needed, the state committee will develop equitable funding options that maintain a close link between benefits and cost responsibility. This may well involve an expanded financing role for local and regional governments in some parts of the state, where growth is particularly challenging.

I expect this process to produce recommendations by mid-year which sets the stage for action on short term objectives in early 1997. I also expect the process to define a long-term agenda that helps us identify new approaches to management and financing of transportation and other infrastructure systems and services.

I will look for the same level of cooperation from our state's educational community because education is probably the single most important investment we can make to keep faith with the future.

But we must approach this challenge with a clear-eyed sense of Oregon's fiscal realities. I am not suggesting that our education system is over-funded.

I am simply saying that the likelihood of a major new funding source for education in the near future is remote. If our strategy for schools is based solely on the expectation that the next legislature will enact a significant tax increase, we may well find ourselves not only disappointed, but another two years down the road to a failing system.

What I am suggesting is that we must seek ways to reduce the cost of the system without compromising quality and redirect the savings plus any new resources we may have available to fill the gaps most critical to achieving our education objectives.

The first step is to stop thinking about our education system as a series of isolated islands -- all competing for limited resources at the expense of one another. Our education system must be viewed as a continuum.

Because, if our children aren't healthy and ready to learn when they get to school, it won't matter how superior our K-12 programs are. And, if our high school graduates are unable to attend a college or university because there isn't room or they can't afford to go, then no matter how well prepared they are, we cannot possibly produce a high quality workforce for the 21st century.

Today, I am calling for a new commitment to Oregon education. I am calling upon historically separate education and training organizations to pull together and create a single framework dedicated to the personal success of every Oregonian.

As we proceed, I will insist that education turf be set aside. But this is a challenge not just to the education community, but to all Oregonians.

It is a challenge to students to value the opportunity for an education.

It is a challenge to parents to be engaged in the education of their children.

It is a challenge to the business community to actively support the development of tomorrow's workforce.

It is a challenge to all those who may not have children in school to recognize that it is the productivity of the workforce that supports social security, medicare and other important programs.

Here are the specific efforts I will undertake:

First, we must make good on our commitment to full equity in school funding without sacrificing overall quality. We must move the debate beyond parochial disputes between neighboring districts to a focus on the long term health of the entire system.

Second, I will call on the Department of Education to work with the joint boards of education to complete the steps necessary to fully implement the Educational Reform Act for the 21st Century.

Third, to reduce cost in our primary and secondary school system, I will call on educators and private sector leaders in the technology and telecommunications fields to develop new ways of delivering instruction.

I want to stress that our school teachers are doing a tremendous job under challenging circumstances. We need to find new ways to support their efforts.

Fourth, I will charge the Chancellor of Higher Education and the Community College Commissioner to work with their colleagues to create the capacity needed for the 5,000 new high school graduates we will see in the next five years.

This will require working with leaders in the telecommunications industry to fashion an Oregon "virtual university" through which courses, degrees and workforce training can be delivered through satellite and cyberspace. It will also require collaboration with our private institutions.

Fifth, I will call on business leaders to recommend those education standards and workforce training programs that will work best for them here in Portland and around the state as we move into the 21st Century.

I expect work on these five initiatives to be finished by this fall when I will present a six-year plan to implement them as well as specific proposals for the 1997 legislative session.

Although neither our education system nor our transportation system is yet at a point of crisis, I am not willing to wait until a crisis occurs before taking action. That's not the way we've addressed problems in the past, and I can see no virtue whatsoever in doing it now. In fact, had our forebears acted on that principle, the Oregon Promise would be only a shadow on the face of history.

Instead, we have the opportunity to act now in public safety and public assistance to save resources in the long term. And we have the need to reinvest those savings in our transportation system and our education system.

We must do these things to keep Oregon the kind of place in which we want to live and work and we must do them together or we will not be able to deliver on Oregon's promise.

This promise is alive today -- dormant, maybe, but ready to flourish again if given the proper care.

But make no mistake: unless we actively recommit ourselves -- every single one of us -- to the qualities, priorities and investments -- that have defined Oregon and made it great, ten years from now Oregon will not be a good place to live.

This is no time to turn our backs on our legacy of wise stewardship.

And today we still have a choice.

We haven't ruined our water, or fouled our air, or extinguished precious species.

We haven't fallen prey to the kind of urban sprawl and congestion that defines our neighbors to the north and our neighbors to the south.

We haven't shut down our universities, or allowed our highways and bridges to deteriorate beyond repair.

We -- you and I -- are still in control of the fate of this state. And if we believe that future generations deserve the same blessings and opportunities we've been given, it is still our choice to make that a reality.

What higher honor can we pay to our forebears than to pledge that the matchless promise of the great state of Oregon will pass undiminished into the 21st Century -- and beyond?

What greater proof that we are good enough to have this country in our possession. That we have enough intelligence, imagination, and cooperation among us to make the best of Oregon?"

Today I ask you to join me in meeting the challenges that lie ahead . . .



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Governor John Kitzhaber

Forest Policy Speech

Corvallis, Oregon

January 4, 1996

Good afternoon and thank you for inviting me to Corvallis to share my vision for Oregon's forests and to describe the important work underway to achieve that vision. My compliments to the Oregon Board of Forestry and to the College of Forestry for hosting this day-long forum -- a forum which is helping build a foundation for forest policy and research for the next century.

As I look around the room here today, I see a wide range of talents and interests. It makes me hopeful to see the ideas, energy and expertise assembled in one place.

The collective work you do -- the quality research and support of OSU and the College of Forestry; the leadership of the Board of Forestry; the on-the-ground leadership of private and public forest managers -- is critical to the future of our forests.

You've heard today about what is driving change, about our links to the global environment and the global economy, about where we've come from and where we need to go.

Let me try to put this in perspective today by describing my own long-term vision for Oregon's forests and the near-term challenges we must meet in order to achieve that vision.

We are here because we all care about the remarkable natural resources that define the Oregon character. One of these is our forests, which have been and always will be, essential to our quality of life. As you know, I describe the quality of life in Oregon as being made up of several components: public safety and accountability, solid educational opportunities, services and infrastructure to support vulnerable Oregonians, jobs and a strong economy and a quality environment.

These are all necessary building blocks for quality of life. And each, in its way, is connected directly or indirectly to our forests.

Therefore, it is incumbent upon us to work together to lead Oregon into the 21st century with a vision for these forests -- a vision that recognizes and nurtures these connections.

My vision for Oregon's forests is:

Healthy forests that provide timber, water, fish, clean air, wildlife and open spaces; where state, federal and private forest owners cooperate to create a sustainable flow of timber, preserve our special places and restore our damaged watersheds. In short, it's a vision where we find that delicate balance between protecting our environment and providing a reliable supply of natural resources.

Specifically, my vision sees a future in which:

Forest managers on private land will have the support of government to make long-term investments in forestry and conduct sound forest management practices that provide important forest products for local economies. A careful blend of regulations and incentives will provide environmental protections while ensuring sustainable forest practices.

State forests should provide an example of how to achieve resource production goals in an environmentally responsible manner. We must also provide sustainable, predictable revenues to counties and schools.

Oregon's federal forests will be managed to leave options for future generations. Make no mistake, timber production is and should be one of the objectives for management of the federal forests.

But there will remain the sense of wilderness and wildness that has defined our federal lands. And there will be habitat for sensitive, threatened or endangered species, roadless areas and unique resource or cultural areas. All must be part of the federal lands legacy we pass on to the next generation of Oregonians.

Our forests will provide and protect the intangible and hard-to-quantify treasure of what I call "special places." Places you go to remind yourself what it means to be an Oregonian. The stand of ponderosa pine that catches the morning light just so. The trout stream you fished as a child, surrounded by original forest. Places where time stands still and the natural beauty of the landscape can surround and refresh you.

We must also restore the natural resources that have been damaged by the rapid development and resource utilization that has characterized the last 100 years. The ongoing watershed health efforts and the voluntary fish restoration programs stand as examples of how public/private cooperation can restore ecosystems.

Achieving this vision will require a forest policy that encourages people to work together -- where local collaboration can replace posturing and conflict; where the careful application of forest science can replace courtroom decision making.

This may sound like a tall order. But it can be done. And it is up to us to do it.

A handful of critical challenges stand between us and achieving this long-term vision for Oregon's forests. Imbedded in each challenge are opportunities.

There are opportunities for research, opportunities for partnership and opportunities for action. Many of you in this room are in the unique position to meet these challenges.

I have described my vision of the responsibilities of the various forest owners in our state. The board of forestry, private landowners, local government and other stakeholders must work together in partnership to craft the future of non-federal forest land in Oregon. All of us must work together with President Clinton, congress and federal agency leadership to clarify the federal role and results.

Now allow me to describe what is seen as the essential components of an action plan:

1. A review of federal land policy and the president's Forest Plan;
2. Land transfer;
3. Forest health;
4. Innovative management strategies; and
5. Public education.

Let us first consider federal land policy and the Northwest Forest Plan.

- The federal component of our landbase -- more than half of Oregon's 28 million acres of forest -- has been at the

center of debate. I want to share with you some of the recent actions I have taken to work on these federal forest issues.

- At my urging, the Western Governor's Association has initiated a federal public land law review co-chair which will examine and help resolve lingering conflicts that are the inevitable result of several generations of federal land lawmaking. Our hope is to make some reasonable proposals to congress that will move us toward public land management policies that reflect a shared vision of resource protection and sustainable communities.
- I have also worked with President Clinton and representatives from the timber industry and environment groups to build support for the President's Forest Plan. I know that there are many on both sides of the debate who would like to see this plan killed in the courts or in the political arena. But I believe we must protect the viability of the president's plan. It is the only practical solution offered to date to resolve the Northwest's federal forest controversy. It provides a reasonable foundation upon which we can build. As research and monitoring provide new information, we can modify the plan as needed.

Second is the issue of land transfer.

- There is also growing pressure for us to look at land ownership patterns to see if they are meeting our objectives. We need to carefully examine the issues surrounding the many proposed land transfers that have been put on the table. Last week I indicated a willingness to work with the administration to consider a change in the management of O&C, public domain and Coos Bay Wagon Road Lands.
- I believe it may be in Oregon's best interest to manage these O&C lands that are adjacent to existing state lands, that are already available for timber harvest, or that meet a range of objectives including expansion of the state parks system or the opportunity to more efficiently and effectively manage these lands.

I do not generally support transferring lands that are unlikely to be revenue producing: wilderness, key watersheds, wild and scenic rivers, research natural areas, and late successional reserves.

As we work together to explore these possibilities, I would ask that any consideration of transfer be guided by the following principles:

- It must satisfy the public interest;
- Benefit present and future generations of Oregonians, and;
- Provide sufficient ecosystem protection to assure healthy populations of species.

I believe any transfer would be strengthened by an amendment to the state constitution that would lay out the state's responsibilities for this land.

As I consider any potential exchange, I plan to work with the president and with key representatives from the counties, the environmental community, the industry, the scientific community and state and federal agencies.

Third is the issue of forest health.

- We must take bold actions to resolve forest health problems. If we do not, insects, disease and catastrophic wildfire will bring these ailing ecosystems to their knees.
- I am currently working with the U.S. Forest Service and other federal agencies to establish pilot projects in eastside national forests to implement forest health strategies outlined in a report I commissioned earlier this year. Some of you who had a hand in that report are in the room. I thank you for your work and pledge to carry forward with your recommendations.

- These forest scientists believe that forest health restoration treatments such as thinning and fuel reduction can bring these lands back to health while also providing forest products for local economies. We will put these recommendations to work on the ground and evaluate the work with a citizen/science team to ensure we make progress on our forest health objectives in eastern Oregon.

Fourth, we must seek new ways of achieving our goals.

- In Oregon, we have good examples of innovative problem solving techniques where partnerships built around common goals have made a difference.
- A prime example is the Elliott State Forest on the South Coast. Oregon was the first state in the nation to enter into a habitat conservation plan agreement with the federal government that establishes a way to protect owls and murrelets, and harvest timber from this forest. It is an innovative approach that took dozens of individuals from many different state and federal agencies. And it is working.
- When Secretary of the Interior Bruce Babbitt came out to Oregon to sign the conservation plan agreement two months ago, he praised Oregon as a model of innovation and problem solving. That is the Oregon way. And it begins with agreeing on our common goals and vision for our forests. Other examples abound.
- The rivers and forests of the north and central coast range have seen an unprecedented partnership effort of private industry and state government. The North Coast Salmon Enhancement Project has brought together private landowners with biologists from the Department of Fish and Wildlife to enhance coastal salmon habitat.

From a forest policy perspective, we are exploring non-regulatory approaches as new science has emerged and as our society has changed.

Regulations are important forest policy tools, but don't necessarily always have to be the first tools out of the toolbox.

Incentives that provide technical and financial assistance to landowners can hold hope for the future. A committee of the board of forestry chaired by former state representative Walt Schroeder presented a long list of recommendations to the board of forestry just yesterday. We need to proceed with this important work.

Another example of collaboration is the work I have underway right now involving biologists and planners from a dozen state and federal agencies and local governments, private citizens and organizations to develop a Coastal Coho Salmon Restoration Plan. This plan will help us halt or reverse the decline of Oregon's coastal Coho salmon populations. It is this type of focused collaboration that will enable us to achieve our forest vision for the 21st Century.

But we must also bring the public along with us on this journey into the 21st Century.

And that brings us to public education.

Lasting and effective decisions about the future of our forests must involve all Oregonians. Our obligation is to learn from, as well as teach, our people about our forests and about how their lives and decisions are connected with our forests.

Many of you in this room can help explain natural resource issues to Oregonians and involve them in decision making. The Board and Department of Forestry, for instance, are beginning now to implement an interpretive program on the Tillamook State Forest designed to involve the public in learning about the Great Tillamook Burn and the new forest that has grown from the ashes.

We must not only acknowledge the tremendous contribution the academic community has made to our understanding of forest science, we must throw down a continuing challenge. I would ask that scientists continue to propose alternative

management strategies as well as develop methods to predict the outcomes of various policies. We policy makers will continue to rely on your expertise.

In summary, my vision for Oregon's forests is that they can provide a sustainable timber supply as well as the natural treasures of clean water, clean air and abundant wildlife. My vision is that this can be done cooperatively between state, federal and private land owners.

And I see important actions we can and must do on the path to achieving our vision of Oregon's forests:

- We must make clear what we want from Oregon 's forests and who is responsible for making that happen.
- We must take bold actions to resolve forest health problems.
- We must seek new ways of achieving our goals.
- We must bring our fellow Oregonians along with us as we seek to build this vision.

Given the nearness of the new year and the tradition of making new year's resolutions, I will close by offering this challenge to congress, to interests and to all Oregonians who care about our forests:

In 1996, let us resolve to set aside the disagreements in favor of the common agreements we can and must build for the health of our forests, our economy and our Oregon way of life.

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Governor John Kitzhaber

WOSC Community Corrections Workshop Speech
August 22, 1995

Introduction:

Oregon voters last November passed Ballot Measures 11 and 17 which mandated tough minimum sentences for violent offenders and put them to work. In order to deal with the increased prison load due to these new laws, Governor Kitzhaber proposed Senate Bill 1145, the Partnership for Community Corrections, which sets up an unprecedented partnership between state and local government to house violent criminals.

SB 1145 was passed by the 1995 Legislature. On August 22, Western Oregon State College hosted a law enforcement workshop comprised of law enforcement officials from around the state to discuss the implementation of the Governor's Community Corrections plan. The following are the Governor's opening comments to the workshop.

More than three decades ago, Chief Justice Earl Warren compared the problem of rising crime in America to an overdue debt that the country must pay for having ignored for years the conditions that breed lawlessness. That debt has now grown to such towering proportions that it's about all we can do just to pay the interest. In fact, we've fallen behind.

We're here today to start changing that. We're going to do more than just pay the interest. We're going start paying the principal, and get out from under this massive liability once and for all.

Let me make it clear that this in no way belittles the efforts of the many people who have labored so long and hard to address the problem of crime. But the fact is that the problem has gotten worse, not better, and we now face a challenge driven by numbers so large that no one governmental entity can deal with them. We need to revise our whole approach to the problem of crime, and this workshop is a step in that direction.

Ballot Measures 11 and 17, approved last November in response to our failed efforts, were cries of anger and frustration wrung from everyday citizens fed up with rising crime. These measures told state government what it must do: provide stiffer and longer penalties for criminals, and put them to work.

It was up to us in government to figure out how we were going to do it. The first step was to understand what was wrong with our current approach. And it became clear that it was fragmented and often redundant, with uncertain lines of accountability and no true sense of partnership among different agencies and among different levels of government.

But most importantly, it was driven by immediate crises rather than by clear long-term goals.

These goals, in fact, are easily stated: to reclaim our streets and our neighborhoods, to restore a sense of personal security in the lives of all Oregonians, and to reduce crime tomorrow, not merely control it today.

If we agree that these are our goals, the next question is -- how do we achieve them? The answer is, by a series of steps, all directed toward the same end.

SB 1145 is one of those steps. It sets up an unprecedented partnership between local and state government, and it clarifies who is responsible for what.

We have to remember that crime is not just a state problem. Certainly crime occurs in the state. But it also occurs at the county level, at the city level, at the neighborhood level, and ultimately at the personal level. No one jurisdiction can duck the responsibility for dealing with crime.

As you know, under Senate Bill 1145, the state will assume responsibility for incarcerating violent offenders -- to get them off our streets and out of our communities for a long, long time. To assist in this task, counties will assume responsibility for offenders sentenced to 12 months or less. The state will provide operational dollars and funding for construction of new facilities. In addition, the counties will have a wide range of options for designing alternative sanctions.

Let me emphasize: every offender will have a sanction. No longer will first time offenders be brushed off without consequences. There will be no more ignoring or brushing off offenses, no more early release, no more unsupervised parole, no more tolerating an endless string of repeat offenses -- simply because we lack facilities or programs. And no longer will we use age and lack of resources as an excuse to shield violent juveniles from punishment. That's a pledge. Our future depends on it.

But it also depends on prevention.

If we devote the bulk of our resources to punishment, we will be doing nothing to stem the rising tide of crime, and in fact, we will have to make deep cuts in programs that actually do help prevent crime. If we don't take steps to prevent crime, we're committing ourselves to an open-ended program of prison construction. If we don't take steps to address the root causes of juvenile crime, we're giving up on an entire generation. I'm not willing to stand idly by and watch that happen, and neither are you.

You're here today because of your determination not to be mere passive witnesses to the problem of crime -- but rather to become a part of the solution -- but rather to take an active part in achieving our vision of a better, safer future. When I started working in emergency rooms more than 20 years ago, I learned right away that you have to stabilize a patient before you can get at the root of the problem; you have to stop a hemorrhage before you can look for and address the cause. The same is true of crime. We must get violent offenders behind bars, and do that first.

That's part of the message voters were sending last November. But I don't believe it was the whole message. Because punishment comes into play only after a crime has been committed. And if there's been a crime, then someone has been hurt. Someone has suffered. No one can convince me the voters were saying . . . we don't care how many crimes are committed, or how many victims there are -- as long as the people responsible are locked up.

Besides, we have to recognize that punishment -- building prisons and locking people up -- is the easy part of a public safety program. The greatest challenge lies in preventing crime before it happens. And for prevention to work, community involvement is absolutely essential. Every citizen must assume some responsibility for trying to keep people out of the system, because when crimes are committed, we all pay the price.

Crimes are committed locally, and we know the people who commit them -- or who are likely to commit them. We all know who makes up the at-risk population in our own communities. And it's the duty of all our citizens -- every single one of them -- not to turn their backs on this cancer growing in our midst.

Yes, state government has a role, and my administration is committed to carrying it out. But nothing we do at the state level can ever replace the need for community involvement and individual responsibility.

Our best chance at keeping people out of the system occurs early. And it occurs locally. Today we are taking steps to empower local people, by giving them the tools to address the critical issue of prevention, as well as the equally critical issue of punishment -- with state government as a partner and facilitator -- not as a director.

The state cannot solve this problem alone. We cannot do it without you -- your cooperation, your creativity, your commitment, your help. And from what I've seen, you're ready and willing to give those very things. Our community corrections action team has now met with the local public safety leadership in all 36 Oregon counties. I've attended many of those meetings myself. I'll continue to be personally involved at the local level.

And I can tell you that we've seen so far is very, very encouraging. We won't be finished in this biennium. We're looking at a sequence of steps that will carry us well into the next century. It took a long time to accumulate this debt, and it will take a while to repay it. But there's a new sense of energy and hope out there in every region of Oregon, as if our efforts are finally going to bear fruit, as if we're finally getting somewhere.

The partnership is working. People -- whatever their slot in government or in their communities -- are joining together to achieve a common goal. Day by day, little by little, people like you are moving us closer to our shared vision -- of a future governed by security, not ruled by fear.

I am grateful and honored to join you in this important work, and I pledge you my ongoing support.

Thank you.

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Governor John Kitzhaber

Associated Oregon Industries (AOI) October 13, 1995

Good afternoon and thank you for having me down to Salishan.

I'm pleased and honored to be able to speak to you today as part of your 100th anniversary celebration.

Even though we have not always been on the same page, I want to suggest that the challenges facing the state, bear some similarities to the challenges facing your business. And as businesses in Oregon, I believe we share common objectives. Simply put, I believe the state must do three things:

One, engage in strategic planning to create a sense of where we want to go and how we want to get there.

Two, cut overhead so that we can free up resources to, three,

Make the strategic investments necessary to reach our vision.

These are tasks common to every enterprise -- yours and the state's. And I firmly believe we won't be able to move forward with this agenda without the help and understanding of the Oregon business community which you represent.

I realize many of you may cringe at phrases like "strategic planning" and "reaching our vision". They sound pretty amorphous. But they're not -- they're really fairly simple.

In this scheme, preserving the quality of life -- environmentally and culturally -- that defines Oregon is the goal of the strategic planning.

Preventing crime to reduce prison populations as well as moving people off welfare to reduce welfare costs constitutes cutting overhead.

And investing in education, transportation, telecommunications and other infrastructure is the strategic investment we need as a state.

In short, we need to cut overhead and increase investment. If we do, we should be able to accomplish the mission of prospering while still maintaining Oregon's excellent quality of life.

On top of all this, I would urge that we need to get out of the habit of thinking in one and two year budget cycles. We need to actually come up with a six-year plan for Oregon that begins to relate the investments made in one budget cycle to the investments made in those that follow.

Because for too long, Oregon has been in the habit of thinking and acting short term. We have not thought or acted outside of a two-year event horizon. It's no wonder then that we are not making the investments we need to maintain and expand our prosperity.

This may sound strangely pessimistic in light of the fact that we have low unemployment -- at least in the metropolitan area -- and record investment in high technology -- again in the metropolitan area and to some extent in the valley.

And the economy is strong. There's no doubt. But its strength is due to investments made before us. Investments we seem unwilling or unable to make today.

That is in part due to the staggering "overhead" costs we are carrying as a state -- especially in corrections. Just think for a moment what we are going to spend in the next five years implementing Ballot Measure 11 -- 1 billion dollars.

Imagine if we had that funding:

--To invest in head start to make sure all our children are ready to learn when they get to school.

--To invest in computers for schools so that every Oregon high school graduate was computer literate.

--To invest in our universities so that all Oregonians with the will and determination could get college degrees, or,

--To invest in transportation, sewers, telecommunications and the other infrastructure necessary for business growth and expansion.

Now, there's no getting back the money we will have to put into the corrections system to implement Ballot Measure 11. But there are ways, if we act now, to start stemming the flow of kids into our correctional system and reducing -- over the long term -- the costs of that system.

And there are ways, again if we act now and act honestly, to begin moving Oregonians off welfare and other forms of public assistance, so that over the long term, we cut the overhead cost of providing for these folks and provide them the assistance they need to become contributors to our state.

Let me just give you a few examples of projects I am working on now that are designed to cut the cost of state government over the long term.

Next week, I will go to Bend to kick off something I'm calling the Juvenile Intervention Symposium. That may sound like more governmentese, but it's basically a workshop to figure out what works and what doesn't in terms of keeping kids out of crime.

There's no secret that juveniles are the fastest growing segment of the criminal population. The secret, rather, is that there are a number of state, local and federal entities spending an unknown amount of money in an unknown amount of programs with unknown results to try and prevent juvenile crime.

If you want to work to cut the costs of government in the long term, and improve the quality of life for all Oregonians, there is no single task more important than helping our kids keep out of crime. And I would welcome any participation from your organization in helping do that.

Secondly, I welcome the support and active participation of your members in lobbying the US Congress in defense of the Oregon Health Plan.

After almost two years, the Health Plan is an unarguable success. It accomplishes everything a conservative, federalist congress seems to want: it reduces emergency room visits, gets people off welfare, reduces costs to hospitals and -- bonus of bonuses -- actually makes people healthier. This is a successful innovation. A victory for the laboratory of democracy.

Unfortunately, congress wants to kill it.

I'll be going back to Washington, D.C. to try and knock some sense into both House and Senate members to get the exception Oregon needs to continue with the Health Plan.

Now, I understand this is a congress in which business has some pull. Well, there's never been a more important time to use it. 130,000 Oregonians need your help if they are to continue to receive health care.

The benefit to you? Lower health care costs, a healthier workforce and a long term decline in the cost of providing welfare.

These are just two examples of what I am doing to try and make an impact in the cost of government services over the long term so that we can begin to move our resources away from these overhead costs and into the investment category.

Perhaps no sector of our state government requires that investment more than our education system. And when I say education system, I mean from preschool to Ph.D.

There is a tendency for us to think of education in terms of separate, unconnected islands. To see education as competing budget priorities instead of the intertwined system that it is.

Already, in a windup for the next session, we are beginning to view higher education separate from the rest of our educational system. Now, I don't want to discourage anyone in the system from thinking about reform -- about thinking how to do more with less -- but let me give this warning:

I will not accept a fragmented approach to changes in our education system. Rather, I plan to move forward in 1996 with a comprehensive approach to reform of our education system that recognizes the continuum of learning. Certainly, within that, we may come to some radical proposals about our higher education structure in Oregon. But I want to stress that we will do so only after careful, public consideration and only in concert with a comprehensive approach.

I believe that this is the only way we will be able to make meaningful change in our state's education system and the only way that we will be able to rebuild the consensus to expand our investment in education.

Again, I look forward to your fruitful participation in this process.

I will also need your help to move forward with another major investment Oregon needs to remain competitive: transportation.

For two legislative sessions, we have been unable to come to agreement on how to fund the maintenance, let alone the expansion, of our transportation infrastructure. Perhaps this is because we are unable to distinguish between a government expenditure -- which no one wants to fund -- and a community investment which is necessary to preserve our prosperity.

I will be working in the coming year to build the consensus for transportation investment. And when I say that, I can see little "gas tax alert" signs going off all over the room.

That's why I am working with the trucking industry, local government and others to come up with a comprehensive finance plan. If we consider just a gas tax or weight mile tax or any other financing element alone, we won't be able to move. The past four years have shown us this.

But if we can craft a compromise between all the constituencies that agree on the need to maintain and improve our transportation system, then perhaps we can move forward.

There is no survival value in pessimism. I'm willing to try and get this consensus. I am not willing to sit by and watch the same futile arguments end in failure.

I am not willing to sit by and watch our transportation system crumble.

I am not willing to sit by and watch our universities, community colleges and K-12 schools slowly disintegrate.

And I am not willing to let our corrections cost in this state rise unabated, stealing dollars from schools and roads and putting them into prisons.

I don't think this is the Oregon you want either.

I am convinced that, despite some differences, we share a common ground. I'm convinced that we share a common sense about budget priorities, about reducing our overhead and about increasing our investment in the future.

I close today by asking your membership, on their hundredth anniversary, to turn with me to face the next hundred years. Oregon has challenges to meet. Together, we can meet them and master them.

Thank you.



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Governor John Kitzhaber

Economic Development Conference Speech
Newport, OR September 26, 1995

Six years ago, Governor Neil Goldschmidt unveiled a long-range vision for the state of Oregon -- an economic strategy for the "Pacific Century" known as "Oregon Shines." In his executive summary of the plan, the governor called on Oregonians to:

--Build the capacity for long-term, well-managed growth,

--To position ourselves to take advantage of the emerging global economy,

--And to pursue well-paying, productive jobs for Oregonians that would provide an economic base for enriching all aspects of our lives.

Today our goals remain the same. We still value economic growth -- not as an end in itself, but for what it will enable us to do -- educate our children, protect our communities, care for our vulnerable citizens, and preserve our quality of life.

We don't need to reinvent the vision.

We do need to deliver on it.

And we do need to make it relevant to today because thankfully, we don't face the same challenges of a decade ago.

Ten years ago, we were primarily focused on economic recovery following the recession of the early 1980s. Oregonians around the state were hurting. We were engaged in trying to put Oregon on the map, to overcome the image of a state that not only disdained economic growth, but actively discouraged it.

Today, the challenge is different. We face, as the title of this conference tells us, the challenges of prosperity.

Those challenges are simple to describe -- but tough to meet. They are:

--To not only grow, but grow purposefully without sacrificing the quality of life that defines Oregon;

--To recreate the consensus about the investments it will take to make this possible, and,

--To spread the benefits of growth geographically and socially so that we help create family-wage jobs not only in the Willamette Valley, but in rural Oregon as well.

To see growth without thought, all we have to do is look north to Seattle or south to California. We need to consider not just how much, but what kind of economic expansion we want here in Oregon. And we have to answer the question: is all growth good?

The Point is: we need to focus on the critical distinction between quantity . . . and quality.

Let me focus for a moment on that first challenge: to grow purposefully.

These days we hear a lot about "managed" growth. It has become more critical than ever before that we understand exactly what that means. In the simplest terms, it means that we retain control -- over how and where we grow.

Because economic growth is a double-edged sword. Done right, it will clear a path to long-term, balanced prosperity; done wrong, it can destroy the very qualities that make this state what it is.

Today Oregon still has a choice. Unlike many states, we have not ruined our water, or fouled our air, or fallen prey to the kind of urban sprawl and congestion that can drive people mad.

But we have only a narrow window of opportunity.

On one hand, we must grow because our future depends on prosperity. We need to create more jobs because there are twice as many people entering the labor pool as retiring out of it. So in a sense we have no choice.

On the other hand, we must do so in a way that preserves Oregon's special quality -- because once lost, I very much doubt it can be recaptured, and that's not a legacy I'm willing to leave behind.

I think there are two keys to meeting this challenge successfully:

--One is coordination: partnership and coordination of efforts among state and local agencies and between government and business, held together by a clear sense of the "big picture," a shared vision of the kind of future we want to create.

--The other is the need to make wise, balanced investments that I mentioned at the start of this speech -- investments in technology, infrastructure, and education -- things without which our current economic growth spurt will be no more than a flash in the pan.

Accomplishing these two things -- well-coordinated delivery of state resources coupled with smart investments for the future will help us meet what I described as that third challenge of prosperity:

--Delivering prosperity to more people in more places around our state.

Nothing so typifies our success as well as our challenges as does the high technology sector.

New high-tech companies are locating here in increasing numbers, and they are creating jobs and pumping money into our economy -- a lot of money. Our new chip plants have an investment in the state worth \$12 or \$13 billion. And just to give you an idea of what that means, you could buy all of downtown Portland for a mere \$2 billion.

Make no mistake about it -- this is a success of unparalleled magnitude and we should celebrate it.

But we should also pause and reflect for a moment.

And in that moment, we need to ask whether the incentives we're giving to bring these plants here are necessary and proportionate? I believe it's time to have a debate about our enterprise zone and strategic investment programs to answer these questions.

Oregonians need to be ensured that the tax breaks we grant are actually necessary to attract the industries, and that they are matched by the company's own investment in our community to be part of a strategy to create family-wage jobs. I do not approach this question with a bias -- but I feel strongly we need to answer it consciously and publicly in light of the huge high technology growth we are seeing.

Secondly, in the course of our celebration, we must not forget that our high technology investment has been regionally disproportionate. Almost all of it has been centered in the Willamette Valley, because that's where we have a concentration of facilities that can most easily accommodate it -- transit systems, sufficient housing, adequate public

services.

Now, I'm not saying we can or should bring semi-conductor fabrication facilities to rural Oregon. But I do want to remind everyone in this room and in this state that we cannot be satisfied with bringing growth and prosperity only to the Willamette Valley. It is but half a victory.

Rural Oregon still lags behind, and still has pockets of economic depression. That fact helps perpetuate the myth of "two Oregons" which poses a real and continuing threat to our future by obscuring our shared values and interests.

And so far, our economic development can most accurately be measured in terms of quantity, not quality. While it's true that in each year since 1985, job growth in Oregon has outpaced the national average, and that our unemployment rate is currently 4.8%, we need to look at what kind of jobs we're talking about. Far too many of them are low-paying service jobs.

And although we are succeeding in creating many high-tech jobs in the cutting-edge industries of the 21st century, one out of every two high-tech professional jobs goes to someone from outside the state. If this trend continues, it will soon be two out of three.

Michael Salvato, who did a recent case study on Oregon for the national academy of sciences, had this to say: "Although unemployment is over 11% in some parts of the state, technology firms still have to import workers from outside of Oregon because the state's workforce does not have the skills they require." That in itself should indicate that we could very well be on our way to a low-wage economy, and I don't believe that's the path we want to take.

If we are genuinely committed to a financially secure future for our children, we're going to have to pursue quality -- not just quantity -- expansion; and that will mean changing not only our approach -- but some of our attitudes as well.

If we want to cultivate wise, controlled economic development in the Willamette Valley, and at the same time bring rural Oregon into the economic loop, we need to focus on the two priorities of coordination and investment.

The first of these is coordination. To that end we have established a community solutions team composed of the directors of five state agencies which have some relation to economic growth: economic development, land conservation and development, transportation, environmental quality, and housing.

The team's goal is to coordinate efforts and investments among all these agencies to avoid conflict and to ensure that communities where growth is occurring are prepared to accommodate it. This will give us greater flexibility to encourage quality growth in rural regions, while taking some of the growth pressure off the willamette valley.

The community solutions team will work with communities to ascertain local needs -- which will differ from one community to another -- and coordinate investments in areas which will meet those needs. They would ensure, for example, that we don't site a plant where there is no housing available, or where the infrastructure can't accommodate increased traffic.

These efforts are especially important in bringing quality economic development to rural Oregon. The new prison in Ontario, for instance, will create 700 new jobs. But to handle that kind of expansion, the community will need investments in affordable housing, transportation; sewer and water systems, and so forth.

The community solutions team is charged with facilitating and coordinating those investments, in partnership with local government and local interests. The other key to success is appropriate, balanced long-term investments in certain pivotal areas.

One of these is infrastructure. We need to support improvements in the state's infrastructure -- specifically, transportation, because access to markets is absolutely essential to Oregon's prosperity. Our low population makes it impossible for us to consume all we produce here, so unless we are able to move our products to markets beyond the state, our economy will founder.

Another is telecommunications infrastructure, which will open job and educational opportunities in every region of Oregon.

Consider for a moment, Sykes Industries. It is a software services company which has recently located in Klamath Falls and whose primary need is telecommunications services.

It's no longer just an academic idea that telecommunications makes businesses less place bound. Companies like Sykes prove it's true. This is a tremendous advantage for Oregon -- if we can facilitate the investment in the telecommunications capacity we need to take advantage of it.

Yet another investment is land use planning. Oregonians have invested more than 20 years in the state's land use planning program, and have been well served by that investment. Our business community must continue to support these policies, because they contribute substantially to the livability that remains a chief selling point in our economic development efforts.

Finally, sustained, quality economic growth is absolutely dependent on reversing the peculiar and incredibly self-defeating attitude that has led us to underfund our higher education system -- not just once, but time after time after time.

I said at the start of this speech that we must recreate the consensus for public investment -- and there is no better example than our education system.

I believe one of the keys to accomplishing that is to view our education system not as a series of islands -- but rather as links in a chain. We must view education as a continuum from pre-kindergarten through higher education to life learning.

That is the way we can begin to reconnect Oregonians with the value and importance of education -- and especially higher education in this increasingly knowledge based economy.

If we don't, we'll continue to see our emerging high-wage, high tech professional jobs going mostly to people from outside the state. And we are not going to settle for that.

We must not forget that Oregon is basically a small-business state. We are blessed with many, many creative, energetic entrepreneurs, which is an invaluable asset. These investments are necessary to see that Oregon remains one of the best places in the world to start and grow a new business.

I challenge anyone who doubts that such investments are necessary to think about these questions:

--Is it good enough for Oregon to be dead last among the 50 states in funding for higher education?

--Is it good enough to let our new high-tech industries provide entry-level jobs for Oregonians, but to bring in their professional research and development people from outside, because our universities aren't equipped to train them?

--Is the telecommunications revolution going to pass three-fifths of Oregon by because we can't afford to run fiber-optic lines to rural Oregon?

--Do eastern Oregonians have good enough access to higher education and lifelong learning, so they can relearn their skills to keep pace with a changing economy?

--Are our roads and transit systems good enough to sustain our competitiveness in the global marketplace of the 21st century?

--Can we say for certain that our business investment decisions complement local land use plans and growth management initiatives?

--Are we making enough of the right kind of investments in Oregon's future?

If you can answer "yes" to all these questions, then I don't know what we're doing here.

But you know -- and I know -- that didn't happen. There is plenty of work ahead for all of us, and the time to begin on it is now. So far we've done well, which proves we can succeed.

But however bright our economic outlook may seem at the moment, nothing is assured unless we work to make it so. And nothing less than our future hangs in the balance.

I value that future. For the next 39 months, I am the chief custodian of Oregon's future -- and I will not stand idly by and watch us squander this moment of opportunity.

I think it's safe to say you feel the same way, or you wouldn't be here today. In meeting the challenge that lies before us, we will more than ever need your united help and support.

Ten years ago your vision and your efforts put Oregon on the map and re-energized a failing economy. Though today's challenge is different, and in some ways more difficult, I firmly believe that you -- and all Oregonians -- are equal to it - and that together we will make Oregon shine well into the Pacific Century.

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September 25, 1995
Governor John Kitzhaber

Juvenile Justice

Last November, the people of Oregon sent a very clear message: that they wanted violent criminals off their streets and out of their communities. But I think there was more to it than that. I think people were saying that they are just plain sick and tired of escalating crime, and that they want it stopped.

Ballot Measure 11 was a mandate to be tough on crime by focusing on punishment. But we have to remember that punishment comes into play only after a crime has already been committed. If there's been a crime, then someone has been hurt. Someone has suffered.

Does anyone seriously think Oregonians were saying, "We don't care how many crimes are committed, or how many victims there are -- just as long as the people who do it get locked up"???

I don't. Neither do you. That's why you're here today -- to talk about ways to prevent violence, to prevent crime, especially crime committed by our youth.

When I say that, despite our best efforts, violent crimes committed by young people are increasing at a very alarming rate, I'm not telling you anything you don't already know. Let me emphasize the word "efforts" -- because it's not true that we're doing nothing.

Today there are hundreds of youth programs all over Oregon that seek to prevent juvenile crime by teaching children how to lead lives free from violence and substance abuse, how to resist negative peer pressure and the lure of gangs, and how to make positive life choices.

There are a number of intervention and treatment programs that attempt to turn youth away from early signs of criminality. These programs, on which we spend millions of dollars every year, are provided at the state, county and local levels by dedicated people who genuinely care about kids.

And yet juvenile crime is on the rise -- which suggests that if we simply do more of what we've been doing, we can expect more of the same disheartening -- even frightening -- results. Clearly, that's not what anyone wants to see. You and I wouldn't be here today if we didn't believe this is a problem we can do something about -- if we're willing to make some fundamental changes in our approach.

Right now we are under great pressure to do so. For one thing, there is the public sentiment which led to the passage of such strong anti-crime measures in last general election. For another, the implementation of Measure 11 puts severe strains on the state budget, and makes it imperative that we do something to stem the tide of people coming into our corrections system on the front end.

But above all, there is the inescapable fact that our current efforts to prevent juvenile crime are not working and need focus. But before we can make any intelligent choices about changing our approach, I think we need to understand why

our current approach is not working. It seems to me there are at least four reasons.

First: there is no clear consensus on what constitutes "prevention," or on who needs it -- and when. There is little disagreement that intervention on behalf of extremely young children has a great deal of value. But that alone is not enough.

There are plenty of young people who, for a variety of reasons, don't show obvious signs of problems until they are older. And addressing the problems of older children may present even greater difficulties than trying to help preschoolers.

The point is that when a child turns down the wrong road, the consequences -- for the kids themselves and for society -- are going to be devastating -- no matter when it happens. Effective prevention, then, must involve a balance of efforts spread across the age groups from birth to 18.

Second: the system we've been relying on for dealing with juvenile crime and crime prevention is incredibly fragmented--a bewildering array of state, county and local agencies and departments, together with numerous private, non-profit groups and organizations. And while all of these share the same general goal -- to help kids and keep them from turning to lives of crime -- their day-to-day operations are often redundant and may even conflict.

Third: partly as a result of this fragmentation, it has been very difficult to measure program effectiveness. There's no clear connection between effort and result -- except the negative connection suggested by rising crime rates. What's even worse, if you can't judge the effectiveness of a program by its outcome, then there's no accountability for particular choices -- and that's certainly one of the things we have to change.

To put it another way, we know we're spending a lot of money on juvenile crime prevention. But we have no way of measuring -- or even seeing -- what we're actually buying with those dollars.

Fourth, and perhaps most important, there has been no central state leadership that could coordinate and integrate and focus all the separate strands of this system and direct them toward one clearly defined and measurable goal. That's what I want my administration to provide.

Let me make it clear that I'm talking about leadership -- not control. Control belongs at the community level. Someone or something is needed to hold the system together in some kind of cohesive unit; but the front-line of prevention is the community -- kids get into trouble at the local, not the state, level; and solutions need to be crafted at the local level and tailored to fit local situations.

That's something the state can't do.

What the state can do -- and should do -- and will do -- is to support local efforts by acting as a partner and facilitator -- ensuring that our juvenile justice system is a comprehensive network of smoothly interlocking parts -- with no overlap, no collision, no redundancy, and that the programs we fund are those that provide the highest return in terms of effective prevention.

This problem is so severe, its solution so critical to our future, that we have to make every dollar count. What I'm talking about is a unified, consolidated statewide plan, rather than a collection of individual agency and program efforts. This plan must clearly define roles and expected outcomes, to ensure accountability. And it must include strategies for integrating services across agency lines and for connecting state efforts with the work being done at the level.

Here is the kind of process I have in mind:

First, since the front line for juvenile crime prevention is our local communities, that's where assessment and planning must start. Key players in this process would be law enforcement officials, judges, county commissioners, the district attorney, the juvenile department, juvenile parole officers, the local commission on children and families, the schools, program providers, advocacy groups, and concerned citizens.

These people should begin by analyzing arrest and referral rates, and the trends they indicate. The resulting data should help them identify who potential juvenile offenders are -- what are their most salient characteristics -- and what factors drive them to cross the line of the law. It is especially important to examine the characteristics of youth who have committed or who are at risk of committing Measure 11 offenses.

Second, based on the foregoing analysis, local communities must begin to develop strategies for targeting, intervening with, and treating the various categories of at-risk youth.

The key question is, what strategies have the greatest potential for preventing juvenile crime in general, and especially Measure 11 crime, in the next two to four years?

This step should include a careful analysis of existing programs to see which ones are or are not working, using research-based findings about effective program models. Programs not supported by research, unsuccessful programs, and programs which duplicate services should be discontinued.

Third, to suggest that there is not enough resources is not the answer. Resources must be channeled into the proper local needs. This can only happen by an exacting process of research and identification of the specific problem of a local community. Then, flexible funding must be available to provide each individual child with the proper resources.

Finally, local communities, in conjunction with the state, need to establish -- and articulate -- some reasonable expectations with regard to reductions in juvenile arrest and referral rates at the end of one year, and at the end of two years. They should also take into account any major barriers to achieving a higher reduction rate.

Let me say here that I think we desperately need a better computerized juvenile justice information system, so we can track these kids, and put ourselves in a better position to judge whether our efforts are working.

Now: while the details of this process still need a lot of refining, I think we at least have a better sense of where we've been going wrong -- and why; and I think we've already taken the first few important steps toward reversing the appalling escalation in juvenile crime.

Before I wind this up, I'd like to re-emphasize two points, because I believe they are critical.

First, the real solution to juvenile crime is local. We cannot do this without local control and community involvement, in partnership with the state and under strong state leadership.

Second, we already have in place a very good system for dealing with very young at-risk children -- the Relief Nursery in Eugene is one of the best examples. Now, with the passage of SB 1, we have a mechanism for dealing with kids at the other end of the spectrum -- those we were unable to help in time -- the kids who have to be locked up.

But in between these two extremes there's a huge number of kids who fall into risk at various ages and for various reasons -- kids between the ages of 8 and thirteen or fourteen -- and we have no organized way to target or treat them. They're falling through the cracks in the current system, far too many of them are going to end up in our correctional facilities, and if that happens, we're all going to pay the price.

Many of you here today have seen firsthand the heartbreaking human cost of crime -- the broken bodies, the shattered lives, the immeasurable grief that follow in the wake of violence. I've seen it too, as an emergency room doctor.

I know we share a sense of anger and frustration -- the same anger and frustration Oregon voters carried to the polls last November. But we have to turn those feelings into constructive action.

We have to restore some sense of public security. We must reclaim our streets and communities. And the best -- maybe the only -- way to do that is to focus on effective prevention of crime among our youngest citizens. That's one of the things I am most deeply committed to, and I welcome your cooperation and your support. Thank you for doing your part.

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Governor Kitzhaber believes that having a well-educated work force is essential to Oregon's future economy. As Oregon has experienced a surge within the high-tech industry during the last few years, a disproportionate number of high-wage, research and development jobs in the high-tech fields are going to out-of-state workers because Oregon's workforce needs more and better training.

To reverse this trend, Governor Kitzhaber believes Oregon should focus investment in education to better prepare Oregon's work force for this changing economy. The Governor also believes tax cut proposals at this time will challenge Oregon's ability to make necessary investments in the future of the state.

Governor Kitzhaber spelled out these ideas as he addressed the North Coast Employer Education Summit on August 24th and focused on the important links between employment and schooling.

August 24, 1995
Governor John Kitzhaber

Work Force Quality

It's always a pleasure to attend events which celebrate people working together, particularly when they cross geographic, political, and institutional boundaries. It's an even greater pleasure when their product promises long-term benefits for Oregon, and this summit clearly holds that promise.

I'd like to talk a little bit about where you fit into our long-range vision for Oregon's future, and to spell out some of the pitfalls that lie before us, in the hope that, with your help, we can avoid them. You're here today because you understand the importance of investing in the future -- because you understand the importance of working together in partnership.

You also understand, better than anyone, that both education and business are keys to our future, and in fact form a natural partnership of supply and demand. In order to grow and thrive, our businesses need a quality workforce; it's up to our education system to supply that need. Today we stand on the threshold of boundless opportunities, but our ability to take advantage of them depends on our ability to make the long-term investments in education and technology that will assure a strong, growing economy.

One of the primary duties of state government is to keep the economy growing, because everything else we need to do -- provide for the public safety, provide job opportunities for our citizens, educate our children, care for our vulnerable, and protect and enhance our quality of life all these depend on sufficient revenue.

So the economy has always been a means to an end -- a tool for achieving a vision we all share. Yet today our economy is in transition, and the kind of workforce we trained a generation ago will no longer fit our needs. If we don't move ahead, we're going to fall behind. That would be a shameful legacy. And it's unworthy of the Oregon tradition -- a, tradition of leadership.

That's why we must take steps to assure that Oregon will shine as brightly in the 21st Century as it has shone in the past. And that means making the kind of investments that will enhance our future. It means joining forces in pursuit of a common goal . . . exactly the things you're gathered here to discuss.

I believe we've already made a good start, with such things as: The 1988 statewide planning effort known as Oregon Shines, which mapped out a long-range vision and key strategies for reaching it;

The Oregon progress board, which translated those key strategies into the measurable goals called the Oregon benchmarks;

The Education Act for the 21st Century, the Workforce Quality Act, and the Regional Workforce Quality Committees, one of which is sponsoring today's event.

We have every right to take pride in our progress, but we still have a long way to go. And we cannot ignore the obstacles that lie ahead. It's clear that if our economy is to keep pace with a changing world, we must make increased investments in education and technology. Yet our ability to make these investments is threatened by a number of circumstances which either tie up available revenue, or eliminate revenue we've previously counted on:

- Loss of federal block
- Saif payback
- Reduction in capital gains tax
- Establishment of education trust fund
- Lottery uncertainty

But perhaps the greatest cause for alarm is a recent proposal for a half percent income tax cut -- alarming not because of the tax cut itself, but because of the attitude behind it.

We all need to understand what's going on here. To begin with, it's a fact that taxes equal services. If we cut taxes, we also cut services.

There's nothing wrong with that, but we do need to recognize the underlying assumption: and that is that some of the services state government provides are unnecessary. If that's the case, then we should designate just what services we're talking about, and eliminate them, and then adjust the tax burden accordingly.

That is the politically courageous way to cut taxes.

That is the method that weighs the risks and benefits.

That is the accountable way -- where you get the glory for the tax cuts only after accepting responsibility for the service cuts.

And it's the only way I can endorse.

Of course, there is another way -- the way currently being proposed: cut taxes first, and then have to cut services to balance the budget.

This is the low-risk, low courage way, because it's hard to argue with cuts when the coffers are really empty. At the same time, this approach pushes the responsibility for making those cuts into the future and onto someone else's shoulders.

Now maybe you're asking -- what's the real difference here? What does it matter whether we cut taxes first and then cut services, or cut services and then cut taxes?

The difference between these two approaches is very subtle -- but very, very critical in terms of our future, and it gets at the heart of the difference between politics . . . and policy.

If we restrict revenue, so that program cuts have to be made, the debate is driven by money. The tendency is to look at the price-tag before looking at the value of the service or program, and too often without considering the long-term consequences of eliminating it. This approach focuses on the present requirement for a balanced budget, not on the future welfare of Oregonians.

On the other hand, searching for unnecessary services when money is not an issue, is more likely to produce sound policy. The debate centers around the value of particular services, to present and future Oregonians.

In the first case, the criterion for making cuts is money: short-term savings. The question is, "how much can we save if we cut this?"

In the second case, the criterion for making cuts is usefulness: long-term value. And the question is, "how will it affect people's lives, how will it affect their future, if we cut this?"

I personally believe we have a greater responsibility than to give people a tax break with no apparent strings attached. There are always strings attached. You don't cut taxes in a vacuum.

If we want to cut taxes, fine; but it's our duty to spell out what that will mean in people's daily lives. It might mean more money in their pockets today, yes, but at what price? What about tomorrow? At this point in our history, I think the price is too high. If we value our future, I think the price is too high. But to see whether I'm right or not, let me ask you seven questions:

Is it good enough for Oregon to be dead last among the 50 states in funding for higher education?

Is it good enough to let our new high-tech industries provide entry-level jobs for Oregonians, but to bring in their professional research and development people from outside, because our universities aren't equipped to train them?

Is the telecommunications revolution going to pass three-fifths of Oregon by because we can't afford to run fiber-optic lines to Union or Baker City or Myrtle Point?

Do enough of our children come to school ready to learn, and are our schools good enough when they get there?

Do Eastern Oregonians have good enough access to higher education so they can relearn their skills to keep pace with a changing economy?

Are our roads and transit systems good enough?

Are we investing enough in Oregon's future?

If you can answer "yes" to all these questions, then there's nothing left for us to do here. But if you answered "no" -- to even one of them -- then how responsible is it to be talking about cutting taxes?

Now is the time to invest and reinvest in our future.

Now is the time to bring our higher education system up to speed.

Now is the time to buy into the technology that will put Oregon on the cutting edge of the new global economy, and make education and jobs accessible to every single one of our people.

Now is the time to streamline our transit systems, and to update our curriculum to prepare the best qualified workforce in the nation and the world.

Now is not the time to start backing away from our responsibilities, if we value our future.

I take those responsibilities seriously, because I do value our future. For the next 40 months I am the chief custodian of Oregon's future -- and I will not stand idly by and countenance choices that may buy a little temporary political gain -- if

the price is a mortgage on the future of this state.

That's too high a price to pay. It's what one would expect of a politician, whose eye is on the next election, not of a statesman whose eye is on the next generation.

Your presence here today bears testimony to your commitment to the next generation of Oregonians. You understand that today's choices will expand -- or restrict -- tomorrow's options.

You understand that unless our children are ready to learn when they get to school, it won't matter how good our schools are.

That unless we invest in higher education and establish superiority in narrow but strategic areas, our new high-tech, high-paying jobs will go to non-Oregonians.

That unless we provide the necessary telecommunications infrastructure, rural Oregonians will continue to be at a disadvantage in accessing education and job opportunities.

That unless we foster more cooperative relationships between our schools and our business community, our workforce will never reach its full potential.

If we don't move ahead in these areas, we will fall behind. If we don't invest now in our future, we will lose control over our future.

I, for one, am not willing to let that happen. Neither are you. You are community leaders. You have the power to get people to listen. So let me leave you with this charge:

Go back to your communities here on the North Coast and tell them about the importance of training a quality workforce to meet the demands of the new high-tech industries;

About the importance of expanding our definition of education to include pre-kindergarten, higher education, and lifelong learning;

About the importance of investing in this whole spectrum of education, not just K-12;

About the importance of investing in the technology that will open education and employment opportunities to people in every region of Oregon;

About the importance of fostering closer working relationships between our schools and our business community, as you are doing here.

Help me help Oregonians understand that our future depends on making policy instead of playing politics; that it depends on making long-term investments, not just short-term expenditures; that above all it depends on seeing each other not as adversaries, but as allies, united by a common vision.

Oregon has always been a leader. We've proved that time and again -- with our land use laws, the Oregon Health Plan, the Educational Act for the 21st Century, the Oregon Benchmarks, our school-to-work program, and in countless other ways.

We've always been in the vanguard of change, because of our rare ability to foresee where the world is going and to get there first, setting an example for other states and for the nation. The economic and educational challenges we face -- the very challenges you're gathered to discuss -- are one more opportunity to prove that Oregon will continue to shine -- a bright beacon of hope on America's western rim.

I want to thank you for doing your part, and I pledge my continued support.

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- **More Information:** [Prison Reform Press Release - January 11, 1996](#)

Governor Kitzhaber has called a special session of the Oregon Legislature to begin February 1, 1996 to implement Senate Bill 1145, the Partnership for Community Corrections. The plan is part of the Governor's statewide public safety strategy that aims at not only effectively locking up violent criminals, but also reducing the occurrence of crime in the first place. The following speech describes Senate Bill 1145 and its role in improving the public safety system in Oregon.

Governor John Kitzhaber, M.D.

Senate Bill 1145 / Community Corrections

It's been said that those who do not learn from history are doomed to repeat it.

That's why I'm worried about public safety policy in Oregon. Because, despite the best efforts of the well-meaning, the history of the criminal justice system in Oregon is a history of failure.

It's not a failure to build and operate prisons.

It's not a failure to try and convict felons, and to put a good many of them in jail.

It's not a failure to spend enormous sums of money on these endeavors -- more than \$1 billion over the last decade alone.

But it is a failure to make the public safe.

Let me ask you a couple of questions:

Do you feel any safer today than you did ten years ago before we built those three thousand new prison beds in the late 1980s? Do you think the crime rate is going up or going down? Are we being successful at turning kids away from crime -- or are we letting them go until they do something really bad and then simply locking them away?

We know the answers to those questions. Every poll taken shows crime as our number one concern. Every time we turn around, there's another story of senseless murder, rape or assault. And in response, we've passed tough, mandatory sentencing laws like Ballot Measure 11 that ensure serious criminals are given serious punishment. And let me just assure you that I am committed to fully implementing Ballot Measure 11.

Let me just tell you what we are doing in this state. We are building 3,000 new prison beds at Snake River Correctional

Institution. We are going to site and building another 1,500 bed adult prison. We are constructing 400 beds in five regional juvenile facilities and building two juvenile boot camps. This is a strong commitment to punishment.

But I am not confident that will make any lasting difference.

We'll build more prison beds and put more criminals away for longer periods of time. But does that do anything to choke off the ever-growing supply of juvenile delinquents who become young thugs who become violent felons? No, it doesn't. Ballot Measure 11 is only one part of the equation. It's punishment, but it's not prevention. Having either one without the other means you don't have public safety.

For the last year, I have been working with sheriffs, district attorneys, judges, county and city officials to take a first step toward creating a public safety system -- not just a state prison system. And this public safety system would be marked by these three things:

First, accountability:

- All offenders would be held accountable for their actions and receive some kind of punishment. This may be a diversion program, a boot camp, or a cell -- depending upon the offense committed. But no one would escape without consequence as they do today. Second, local control:

- Crime happens at the local level -- not in some vague abstraction called the state. That's why we need to empower local officials to deal with their crime problems in ways they know will work -- instead of mandating a cookie cutter, one size fits all approach from Salem. Third, prevention:

- Our public safety system would allow us greater resources, flexibility and creativity to deal with first-time and lesser offenders in a way that can help move them away from the crime system and into productive, law-abiding lives.

In the 1995 legislative session, we put these concepts into law and it was passed as Senate Bill 1145. It is based upon the three principles of accountability, local control and prevention. Senate Bill 1145 establishes an unprecedented partnership between county and state government, and it distributes the responsibility for punishing criminals in a way that is most likely to increase our overall safety in the long run.

Under the system created by this bill, the state, being in the best position to do so, and in accordance with the mandate of Ballot Measure 11, will assume responsibility for incarcerating violent offenders, and will build the bed space necessary to keep those felons off our streets and behind bars for the full duration of their sentences. Make no mistake about it. We will implement Ballot Measure 11 fully and we will keep these people off the streets.

Counties, on the other hand, will assume responsibility for designing and implementing effective, appropriate sanctions for felons sentenced to twelve months or less.

In addition, Senate Bill 1145 specifically requires the state to supply counties with the money and expertise necessary to carry out their charge, and provides that counties may opt out of the partnership if state funding ever falls below a baseline figure.

Why are we doing this? Conventional wisdom would tell us that simply building more prison space and keeping criminals in it longer is the way to go.

But that's not good enough. And it's not working. If it was, we wouldn't have a crime problem. We'd simply build ourselves out of it.

I am pushing hard for this new partnership in corrections between the state and the citizens of local communities because I am committed to reducing crime tomorrow, not merely containing it today. Because I am resolved to increase, permanently, the safety of the Oregon people. And because what we've been doing simply does not work.

To most of us that fact is very plain. But not to everyone. Representative Mannix and Representative Tiernan , whose

public assault on Senate Bill 1145 amounts to an endorsement of the status quo.

Let me tell you about the status quo.

What we have today is a system focused almost exclusively on punishment, and hardly at all on prevention. Now, with the passage of Ballot Measure 11, we have a system which says, essentially, it doesn't matter how many crimes are committed or how many victims there are -- as long as the people who commit them get locked up.

It's a system where local responsibility for the kind of people we're talking about under Senate Bill 1145 extends only to transporting them to a state prison, where they serve an average of four-and-a-half months, and are then paroled back into the communities.

It is a system where, all too often, a series of minor offenses are typically ignored until they escalate into a major offense and someone really gets hurt -- a system where, all too often, no one takes responsibility -- until something tragic happens.

But by then it's too late. Not too late for punishment; it's too late for the victim. Let me give you a couple of examples of today's public safety system at work:

Consider Fred, from the Eugene area. He's currently doing time until 1999 at the Snake River Correctional Facility. He is 20 years old and convicted rape II, two charges of attempted use of a dangerous weapon and with a felon in possession of a firearm.

But that wasn't the start of his criminal career. When he was 13, he was adjudicated for theft II, sex abuse I, and menacing. At age 17, Fred was charged with robbery II and possession of a short-barreled shotgun. At age 19, he was charged with rape II.

We put Fred away for several years now. But we apparently had no way to get him out of a cycle of crime until he had victimized at least half a dozen people.

At least no one died. You can't say that about the man in Portland who was beaten to death at a light rail stop -- allegedly by a group of young thugs with similar rap sheets.

Now ultimately, these folks have ended up doing hard time. But, isn't it too late?

Isn't it too late for the victims of all those petty crimes -- and the victim of that last brutal crime?

And isn't it too late for the criminal who finally went over the edge and did something horrible enough to get put away? I think it is way too late.

It's too late for the victim.

It's too late for the person who committed the crime.

And it's too late for us as a state which cannot even afford to adequately fund its schools. And here we are creating long-term wards of the state, who, even after they get out of prison are much more likely to be on public assistance.

The price of the status quo is simply too high -- too high in terms of victims and too high in terms of dollars.

Just remember that every time we talk about adequately funding our schools;

Every time we talk about our universities being dead last in the country in terms of per capita support;

And every time we cut back health coverage;

Just remember that we will spend an extra one billion dollars in the next five years on prison construction and operation.

That's a billion dollars we can't invest in the very infrastructure that helps keep kids out of crime in the first place.

But let's not forget that we're also talking about a ruined human being -- someone whose life might have gone otherwise if we had taken appropriate steps early on -- instead of looking the other way until we had no choice but to lock them up -- taking no responsibility until they do something that forces us to lock them up.

And that also means we take no responsibility for their victims -- we do nothing to prevent them from becoming victims. To accept arguments of Representatives Mannix and Tiernan is to accept the necessity of victims -- and I just don't buy that.

Representatives Mannix and Tiernan, and those they have enlisted under their "tough-on-crime-whatever-the-cost" banner -- argue that Senate Bill 1145 is "soft on crime." They argue that Senate Bill 1145 is a waste of tax dollars because the state can build prisons more cheaply than the counties can. And they argue that if 12-month-or-less felons are relegated to the communities, instead of the state, they will flood our streets and imperil our citizens.

Let's look for a moment at the assumptions behind these arguments.

To be "hard on crime" translates into punishment. But that's not being hard on crime -- it's being hard on criminals. It's not just a semantic distinction. It is a fundamental philosophical divide. On the one side you have a single minded determination to make sure criminals are punished. On the other -- the one I am trying to describe -- you have to couple that with a determination to prevent the commission of crimes in the first place.

Secondly, Senate Bill 1145's critics will tell you that we are turning dangerous criminals loose in local communities.

That is categorically false -- and it's insulting to the men and women who run local law enforcement. The fact of the matter is that 90 percent of those covered under Senate Bill 1145 are already on probation or parole in local communities.

And, under the existing system, when an offender violates parole or probation, the county can (and often does) pack the offender off to a receiving center and they eventually wend their way to a state facility -- or several different state facilities -- for a stay of less than five months.

Hence, what you have is a transportation system. Not a public safety system.

The issue before us is not about building prison beds. It's not about locking people up. It's about **keeping people safe**.

Thirdly, critics of 1145 charge that the state can build the prison space needed at a lesser cost than counties. The numbers are still out on that and our preliminary estimates show that costs are on a par. But the real cost issue is whether you are making any progress toward preventing the need to build more and more prison beds in the future. If we had started a decade ago to really prevent kids from becoming criminals, would we be spending a billion dollars on new prison beds in the next five years? That's the important question.

As for the argument that it is unsafe to place less than 12-month felons in a community setting, it too rests on a faulty assumption. It assumes that the current system keeps them out of the communities. It does -- for a few months; but then they're back, with no kind of program/treatment to keep them from committing further offenses. And, as I mentioned, the majority of this population gets into the state system not for a new offense, but for a technical violation of parole/probation.

Under the current system in many parts of Oregon, there are inadequate local sanctions and little local accountability for prevention. These folks are free to break the law and all communities have to do is drive to the jail, dump off their cargo, and then wait until the next time. Senate Bill 1145 would force communities to take some responsibility for preventing these violations -- and would give them the tools to do so.

What we are talking is the difference between a bus ride to a state cell and providing the resources to local counties for programs like secure, lock down alcohol and drug treatment that make these offenders work on the very problems that

landed them in jail in the first place. Or maybe they are sanctioned in a local work camp program that gives them an intense punishment experience the first time they commit a crime.

And if these prisoners are too tough for the programs -- the legislation I will introduce will build the jail bed that this offender will spend time in locally. This is the beginning of a real community safety effort. A vision of a range of local sanctions backed by the availability of a local hard jail bed.

As a doctor, I can't resist medical analogies. So let me begin to wrap up today by comparing the health care system to the public safety system.

The goal of our health care system is to decrease the supply of patients that need care -- especially expensive hospital care. In other words, to keep people healthy.

But the political and emotional media imperative always drives the system to deal with crisis. In health care, that means spending millions on resuscitating low birthweight infants -- but not investing in the very inexpensive pre-natal care that would ensure healthy babies in the first place.

The same is true of our public safety system. As you can see by the push to build big prisons and give long sentences -- the imperative is to deal with the symptom. And the symptom here is violent criminals. But I can't believe that together, we can't do something about preventing the creation of violent criminals.

Let me take this analogy a little further.

Individuals bear some responsibility for maintaining their own health. They can't abuse their bodies by smoking and drinking and driving recklessly and then expect someone else to take care of them and pay their bill.

In the same way, individuals in our communities can't ignore their at-risk population, turning a blind eye to minor infractions until something terrible happens, and then expect the state to take over with its prison system.

But that my friends is today's status quo.

It is a status quo I'm seeking to change. Our best chance of keeping people out of the criminal justice system occurs early, and it occurs locally -- the state cannot do this without community involvement. And that's what Senate Bill 1145 is about: it not only begins to assure that there's a sanction for everyone, for every infraction; it also puts everyone in the fight. And that's what it's going to take.

Half a century ago, under the threat of Nazi aggression, Winston Churchill rallied the free world with words we might use today, because the threat of escalating crime is every bit as sinister, and we must meet it with the same courage and resolve. To paraphrase Churchill, even though the challenge is great, we shall not flag or fail. We shall fight this threat on our streets and our highways. We shall fight it in our neighborhoods and our schools, and even in our homes.

We shall fight at every level of government and with every branch of law enforcement . . . we shall never stop, never weary, never give in . . . Until we are satisfied that we have restored the safety our people deserve.

To turn our backs on the premises and objectives of Senate Bill 1145 is to turn our backs on countless future victims, waiting in the wings for crime to strike -- crime we refused to prevent. To advocate a stepped-up version of our current approach -- build more and more prisons and lock up more and more people -- is, ironically, a wanton disregard for the safety of Oregonians.

Let me be clear: I did not undertake this office to preside over a penal colony we call Oregon. But if we continue to ignore the conditions that breed lawlessness, if we continue to ignore lawlessness in its early stages, if we continue to come down hard on crime only after it happens, and only when it involves violent and heinous infractions that cause untold suffering, if we refuse to learn from our history -- then a penal colony is what we will become -- and ... Oregonians will never be truly safe.

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Governor John Kitzhaber

Oregon Newspaper Publishing Association Speech
21 July 1995

Governor Kitzhaber believes that in recent years, Oregon has lacked a solid, long-term vision for its future. On July 21, 1995, he delivered this speech to the Oregon Newspaper Publishing Association that outlined what he believes state government should be doing to secure a stable future for all Oregonians.

Thank you for inviting me to speak to you today. I am grateful for this opportunity -- particularly in this forum -- to share some of my thoughts and plans for the future of Oregon.

I sought this office in the first place because, when I looked at Oregon I saw a rudderless ship, drifting from one crisis to another without any clear direction or purpose.

I thought we were worth more than that...that we deserved more than that. And I wanted to do something about it.

William Jennings Bryan once said that the future is not a thing to be waited for, but a thing to be achieved.

Today, as Governor, I am more than ever convinced that if we're not going to just wait for the future to happen to us, we must develop a long-range vision -- a 20-year vision -- of what we want this state to become...a vision that will serve as a goal and an anchor in the riptide of change swirling around us. Without such a vision, we have no context for evaluating our day-to-day choices. The question is, how to change that.

Well, to begin with, I've found that one of the greatest obstacles to constructive change is a prevailing attitude that government is our enemy -- the cause of all our problems, rather than a tool for correcting them.

All of you here today know that anti-government sentiment formed a powerful campaign theme in 1994. Unless something changes, I expect 1996 will bring more of the same, and I think we have better uses for our time and energy.

I'm not here to defend government; but I do want to define it -- because I think that's the missing piece. And the easiest way to do that is to go back to our beginnings.

When we think of the Declaration of Independence, which we so recently celebrated, we tend to focus on the promise of equality and on our inalienable right to Life, Liberty, and the Pursuit of Happiness. But to that famous passage Jefferson added these important words: "That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

In other words, the function of government is to secure or protect our most fundamental human rights. The question we should be asking is not whether we need more government or less government; but what should government be doing for us -- and is it doing it? That's the question I want to address today.

Let's back up for a moment. Life, liberty, and the pursuit of happiness are wonderful words. But what do they actually

mean in our daily lives?

Over the past two years I have traveled to every corner of this state, and although we certainly have our differences, we also have certain basic things in common. We all want to feel safe in our homes and on our streets; we want to have jobs and job security; we want to be able to educate our children; we care about our vulnerable citizens -- a frail parent or grandparent, an abused or abandoned child; and we all want to be able to enjoy a good quality of life -- clean air and water, and open spaces in which to play.

These are the common desires of all Oregonians, transcending our individual differences. They are things that people, acting alone, could not provide for themselves. And they are important precisely because without them our rights to life, liberty, and the pursuit of happiness are jeopardized.

Taken together, they translate into a vision of our common future -- a vision that includes simple things like...

-- the freedom to ride a bike to the corner market, or to go running at dawn, or to catch the light rail into town -- without fear of assault...

-- the freedom that comes from knowing your job is secure, and pays enough to support your family, and educate your children, and set aside something for tomorrow...

-- the freedom to teach and to learn -- from pre-Kindergarten through the university -- without fear that money will run out and programs will be slashed.

When I look toward the future...

-- I see an Oregon where concern for our environment is balanced by concern for our economy, and where concern for our economy is balanced by concern for our environment...

-- I see an Oregon full of compassion for our children, our frail, and our poor...

-- Finally, I see an Oregon whose government and public institutions are trusted and respected -- because they have earned that trust and respect -- by being a tool for achieving this vision, and by being accountable to the people.

If this vision of the future is indeed one we all share, then the next question is -- how can government help us achieve it?

I see four ways where government can -- and should -- in the words of Abraham Lincoln, "do for a community of people what they need to have done, but cannot do themselves, acting separately and individually."

These are: providing for public safety, creating opportunities for work, caring for the vulnerable among us, and protecting our quality of life.

-- First, government has a legitimate duty to protect people's lives and property through an integrated system of public safety that not only provides swift, certain, and appropriate penalties for those who break the law, but also recognizes the value of prevention.

Because the fact is that most criminals are not born; they are made. I'm talking about the people who turn to gangs for acceptance, who turn to drugs to make life a little less bleak, who turn to vandalism, to child abuse, to other forms of domestic violence, out of frustration and rage at a society that seems not to care.

Punishment is absolutely necessary once a crime has been committed. But we will never reach our vision of a better future unless we also invest in prevention.

-- Second: government has a legitimate duty to create opportunities for work.

I'm not saying that government has a duty to give everyone a job. What I'm saying is that in this age of information and technology and global competition, the opportunity for work depends on two kinds of investments that could not be

made by individuals acting on their own.

These are investments in education and in infrastructure.

Of the four legitimate roles of government, this may well be the most important, because investments in education, in transportation, and in telecommunication infrastructure drive our economy and create jobs -- well-paying jobs that can support families. And economic activity and job creation provide the public revenue that, in turn, allows us to fund our educational system, to ensure the public safety, and to care for the vulnerable.

-- Third: government has a legitimate duty to assist us in caring for the less fortunate among us.

I like to think that here in Oregon, most of us believe that any personal gain that turns a blind eye to the suffering of others, or is built on the ruins of someone else's life, is a hollow victory.

We know that compassion exists -- we see it in our communities every time someone's house burns down. We saw it three months ago in the wake of the Oklahoma City bombing.

Compassion has always been part of the Oregon tradition. Yet the best evidence of compassion is to help the less fortunate move from dependence to independence, wherever that's possible -- so that they too can share equally in the opportunity for life, liberty and the pursuit of happiness. And the challenge we face is to restructure our human service programs to accomplish that aim.

-- Finally, government has a legitimate duty to ensure that all Oregonians can enjoy a good quality of life...to see that the collective actions of individuals, and our efforts to keep the economy moving, do not degrade our air, our water, or our land -- the very things that make Oregon what it is -- the most beautiful place in the world to live.

At the same time we must remember that quality of life in pristine rural Oregon is more than an environmental issue. It includes the ability to have jobs, to have good schools, and to feel safe.

Actually, that applies to all of us, anywhere in Oregon, because what we're talking about is a complex network of inter-related parts -- all necessary, all essential to the smooth functioning of the whole -- and all connected, so that over-emphasis in one area is bound to affect everything else.

More money for public safety, for example, will mean less money for education, less money for helping people who may pose a threat to public safety -- thus increasing the need for public safety. This is the cycle of short-term crisis-management in which we've been stuck for too long, and which we must break free of if we hope to create a future, not simply react to one.

Government's legitimate role, then, is to secure our basic rights by making appropriate, balanced investments in the four general areas I've mentioned -- always with an eye to achieving a particular vision of the future.

And here let me distinguish between investments and expenditures:

-- Expenditures keep the present stabilized; they have an immediate and visible return, but no long-term value.

-- Investments, by contrast, are stepping-stones to the future, even though we may not see a return for ten or twenty years.

But the important thing to note is that a choice to make expenditures often interferes with our ability to make investments.

Let me give you an example:

We know that low birthweight is a direct result of inadequate prenatal care. But as long as we devote our resources to the costly process of resuscitating low birthweight infants, we cannot make large-scale investments in prenatal care. That means more premature births, and more need for dramatic intervention.

Whereas investing in prenatal care would ultimately arrest the cycle, failure to make that investment simply assures that it will continue.

-- Education is an investment -- a stepping-stone to a better future.

-- Keeping our roads and bridges in good repair is an investment.

-- Helping the vulnerable among us move from dependence to independence is an investment.

Building prisons is largely an expenditure -- albeit a necessary one -- because it does nothing to stem the tide of people coming into the system on the front end.

The difference between expenditures and investments is the difference between treating symptoms and treating causes. And if you put it that way, it's pretty clear which choice is the wise one. But it's not always the easy one. Why? Because the emotional, political, and media imperatives are almost always to address symptoms -- to make expenditures -- because that's what people see.

That's the news you report.

An investment, on the other hand, is not "news." It has no emotional pull, and little political advantage, because we don't see an immediate return. BUT -- and this is important -- our collective rights to life, liberty, and the pursuit of happiness will never be secure unless we collectively resist the temptation only to make expenditures.

Only by making investments can we reduce the need for expenditures.

Only by making wise investments can we steer this ship we call Oregon toward a safe harbor, instead of just struggling to stay afloat, without security... and without hope.

But the political reality is that we cannot make investments, as opposed to expenditures, without some kind of six -- or eight -- year action plan that will give us a context for evaluating individual fiscal decisions...a context for ensuring that those decisions are more than isolated biennial balancing exercises, but are rather steps, each building on the one before, each moving us toward the kind of future we want to create.

To that end, I am requiring all state agencies to redefine themselves in the context of our long-range vision, and I will hold them accountable for the extent to which their budgets and their performance move us toward that vision.

At the same time, I think we must try, to the greatest possible extent, to move agency functions from centralized state control to local community control.

Because the fact is that people need some sense of ownership, of individual empowerment, over the programs that affect their daily lives. And local communities have the clearest sense of their own needs, and are in the best position to devise their own solutions. They may need state support to carry them out. And I intend to see that they have it.

But in every instance, the state government should be a partner, not a director -- an instrument for securing our right to life, liberty, and the pursuit of happiness, freeing us to create the kind of future we want.

My friends, if we think that government is a hindrance, not a helper, it just might be because we -- the people -- have allowed that to happen. One way or another, we must dispel the attitude of government versus the people.

Here in Oregon, at least, government is the people. And the people themselves have a role to play in shaping our future -- in fact, the most important role of all.

All of us should remember that we didn't just inherit this state from our ancestors; we are borrowing it from our children. And with the cooperation and support and accountability of the ONPA, of government at all levels, and of every single Oregon citizen -- together we can see that the future we create is one our children can be proud of.

Thank you.



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Governor John Kitzhaber
Working Communities Speech

Governor Kitzhaber believes that the best solutions to many of Oregon's problems cannot be handed down by state government; rather, these solutions must come from the people of the communities at the local level. It is people at the local level who have the ability to join together to solve problems and create a living environment that they know is best for them. Governor Kitzhaber believes state government should empower these people to allow them to do this. With this theme, he has delivered the Working Communities speech to many different audiences.

WORKING COMMUNITIES

I want to start today by telling you a little story. It illustrates what I see as the best of Oregon: people with different backgrounds coming together to solve problems at the local level.

About a month after I took office, I took a trip to visit Coos Bay, Gold Beach, Bandon and Coquille. I spent an afternoon of that trip with volunteers from the Coquille Watershed Restoration Group. We visited the farm of Mr. Richard Deadmond. Now, Mr. Deadmond is not your typical environmentalist. He raises cattle on a farm -- through the middle of which runs the Coquille River.

However, working with volunteers, businesses and government, Mr. Deadmond cooperated in a major streamside restoration project on his property.

He helped build fences to keep the cattle out of the river. He put in irrigation pipes and watering troughs to bring water to his cattle so they wouldn't break down the fences.

And others on the river went to work building rock weirs, replacing lost gravel beds and other elements that fish need to survive in a stream.

And it worked.

Plain and simple, the people on the Coquille River -- from timber owners to fishermen to cattle ranchers like Mr. Deadmond -- came together and made a difference. and it was a difference which was easy to see: we saw literally dozens of steelhead going up stream -- fish that wouldn't have made it if the folks on the Coquille hadn't come together.

This is more than just a fish story -- though I've told plenty of those.

This is a story of how government, business and communities ought to work together.

It is a story of cooperation, not coercion; of progress, not conflict and of solutions not endless legal wrangling.

It is a story of success -- for Mr. Deadmond, for the Coquille River and for the fish that live in it.

And finally, it is a story about how I will govern:

by returning as much power as possible to local communities;

by stressing cooperation over conflict;

by reminding Oregonians that what ties us together is greater than that which divides us;

and by reminding people that everything we do is based on making stronger communities; making working communities.

because ultimately what matters is what happens in the reality of our communities -- not the abstraction we call the State of Oregon.

I think that too often there is a tendency to assume that we have *state* problems -- and not *community* problems.

I think that too often we push off responsibility for solving our common problems by saying "Oh, well, that's a problem for the state to solve."

Finally, and in a sense most disturbing, Oregonians have recently begun to create scapegoats in a process that divides urban from rural, poor from wealthy and environmentalists from those who make their living in the forests, fields and rivers.

It's become so bad that there is a new saying in the state: "In Oregon, we don't discard bottles, we discard people."

I think there is a way through this.

I think there is a way to move beyond the cynicism and negativity that have marked our public life and public discourse for the past several years.

And it starts by public officials being frank, honest and open.

It starts by a willingness to give power to people at the local level and get them invested in solving their own problems.

It starts by giving people real choices instead of false choices.

Let me give you the classic example of a "false choice" -- the Balanced Budget Amendment.

Now, I have nothing against a balanced budget. We balance ours every two years.

But, let's face it, the Balanced Budget Amendment didn't have anything to do with a balanced budget. It had everything to do with political expediency and posturing.

It doesn't balance the budget. It puts the burden of doing that on some future Congress. If Congress wanted to balance the budget, they could do it themselves.

A real choice would be "what should we cut out of the budget?"

The false choice is either being for or against the Balanced Budget Amendment.

Let me give you another example -- one that is close to my heart: the Oregon Health Plan. The Oregon Health Plan faced the issue of how to pay for medical care fairly and squarely. We know that ultimately, it will be cheaper to invest in prevention and wellness for Oregonians than it is to deny people care and wait to treat them in an emergency room.

Remember -- it is always cheaper and more human to treat high blood pressure than it is to treat a stroke.

Besides offering people real choices, I think government must seek to return power and responsibility to the community level.

Since I became Governor, I have traveled to Bend, Redmond, Prineville, Pendleton, Baker City, Astoria, Rainier,

Hermiston, Gold Beach, Coos Bay, Coquille, Bandon, Roseburg, Grants Pass, Medford and Ashland.

I haven't done it because I like to travel, although, trust me, it's nice to get away from the Capitol.

I've done it because of my sincere belief that it is at the community level that our problems are being solved -- just like Mr. Deadmond and the efforts to restore the habitat on the Coquille River.

In every one of these towns I've seen liberals and conservatives, environmentalists and ranchers, volunteers and business people coming together to solve local problems.

And in some instances, though not always, they are doing so in conjunction with state government. But in all instances where the state has been involved successfully, it's been with the state as a partner, not as a director.

Where we've been able to step back and let local communities take the initiative and lend support, we've been successful.

Because, after 15 years as a legislator and now Governor, I've learned that you can't make anybody do what they don't want to do. The only way things happen is when people become involved and invested in finding a solution for their community.

This is my guiding principle for governing.

Let me give you a couple of examples from the budget I presented to the Legislature in January.

In corrections, I have proposed giving responsibility to local communities for criminals sentenced to less than one year. This allows the state to take care of the most violent and dangerous criminals.

But it also allows communities the flexibility of how to deal with less serious offenders, including juveniles. Because it is at the community level that we are most capable of taking first and second time offenders, especially those under 18, and creating programs that prevent them from assuming a life of crime.

My goal is give local communities and local governments control, flexibility and funding to address certain correctional issues at the local level and at the same time to get the violent offenders and the career criminals out of the communities and into the state system where they belong.

This approach is an opportunity to develop a better partnership between the state and city and county governments, because managing crime is not just a state problem. Crimes are committed in counties and cities, programs to address and prevent juvenile crime are located in counties and in cities and people are paroled or put on probation in counties and cities.

Another example is the \$15 million I have proposed to be used for rural economic development.

The rural investment fund would provide flexible dollars to match other funds, build local economic capacity or provide project financing -- whatever the local community defines as its priority. Rural communities would define their own objectives for the funds and be held accountable to meet objectives defined by local communities themselves. The fund could be used by communities to develop rural telecommunications, encourage new business starts, improve local cultural attractions or whatever the community itself defines as its priority.

I'm confident that granting this kind of local power -- in corrections, economic development or whatever other endeavor you care to define -- will unleash tremendous creative power.

It's what I see every time I visit the communities of Oregon.

After all, the Coquille River is being improved not because the state mandated it. Mr. Deadmond isn't working with environmentalists because someone at the state ordered him to. People aren't cooperating because of some implicit or explicit threat.

Rather, people in this community have discovered their common interest. Face to face, they've found a way to act on it.

That's powerful. And it's a power I intend to build on as Governor.

Thank you.



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Governor John Kitzhaber

Inaugural Address

January 9, 1995

In accepting the honor and assuming the duties of this high office, I do no more and no less than thirty-three men -- and one extraordinary woman -- have done before me.

So in a sense, this occasion is no different from the advent of any new administration, and it's difficult to say anything that hasn't been said before.

I might say that this is a new beginning. But each day is a new beginning.

I might say that these are difficult times. But other times have also been difficult.

I might say that, as Oregon's elected officials, we have a solemn obligation to act. But every elected official has that obligation.

I might say that history will judge us by our deeds. But when has history not done so?

Any of these things I might say. All of them are true. None of them sets us apart, or makes us any different from those who have gone before.

The only way we can be different is to make a difference. That is what we have been sent here to do.

The people of Oregon have placed on us two clear and urgent demands: to live within our means, and to carry out the legitimate work of state government by providing certain essential services.

If we are to make any difference at all, we must:

- provide for a good, stable school system from pre-Kindergarten through higher education
- provide for the public safety
- provide for our vulnerable citizens wherever possible by helping them help themselves
- provide good systems of transportation and telecommunications to support our economy
- and we must do all this with the money we now have

The budget I am submitting to the 68th legislature does meet these demands. But complete success hinges on two other factors:

First, if we are not to raise taxes, then we need an economy that thrives -- not just in the Willamette Valley, but everywhere in Oregon -- to provide the revenue to fund essential services. In the next several days I will be announcing detailed strategies to accomplish just that.

Second, we need a government that performs more effectively, more efficiently, and above all more accountably than it has ever had to do before.

I will hold government employees -- myself included -- accountable for meeting clear performance standards that can be measured.

And I will insist that all state employees reorient programs in ways that sustain economic growth and safeguard our quality of life.

All this we can do. But it will not be enough as long as we value today more than tomorrow, as long as we attack symptoms, while causes spread like a plague, as long as we are content to trade one set of problems for another, and call it a solution, and as long as we insist that the ways we differ are more important than the things we share.

We can make no progress until we rededicate ourselves to these plain truths: that Oregon's whole is greater than the sum of its parts; that blind self-interest is not just bad morals -- it's bad economics; and (as I've said before) that Oregon cannot be a good place for any of us to live until it is a good place for all of us to live.

Of course we'll have our differences. But we do agree on many issues that will shape our future:

- the need to end the school funding crisis
- the need to attack the root causes of juvenile crime
- the need to keep our economy moving, so all Oregonians have the opportunity for jobs and the pride and security that come with them
- and the need to manage Oregon's growth in ways that do not degrade our unmatched quality of life

These issues affect all Oregonians, regardless of political party, regardless of ethnic background, or religion, or sexual orientation. They affect all of us -- wherever we live or work or go to school -- and they cannot be solved without cooperation. That means we must stop ceding power to groups and individuals that draw their life-blood and their livelihood from turning Oregonians against each other. Our success depends on our willingness to respect our differences, on our willingness to strive to understand other points of view, and on our willingness to recognize that our most critical challenges have nothing to do with partisan politics and everything to do with the future of Oregon -- Our future.

The great lesson of our pioneer heritage is not just about perseverance and hard work; it's about a rare blending of individual strength and community spirit. It's about men and women with the wisdom to use diversity as a building block, not a stumbling block--and never as a weapon. It is that spirit and that wisdom that we need to recapture. And the time to do so is NOW.

It makes no difference whether the challenges we face are greater than ever before; we still must meet and surmount them. It makes no difference whether the legislature and the governor are of different political parties; we still have a job to do -- not as Republicans or Democrats, but as Oregonians. And we will do that job despite the difficulty, despite the popularity polls, despite the pressures of any special interest.

So today I call on President Smith, on Speaker Clarno, on the other members of the legislature, and on every single Oregonian to join me in this pledge:

- We will not sink to partisan bickering.
- We will not postpone action in order to preserve political power.
- We will not put personal gain above public trust.
- We will not trade one set of problems for another.
- Nor will we pile up superficial gains for the present, letting the future like a bewildered, abandoned child fend for

itself.

- Above all, we will not pretend there's an easy answer to all our problems, or that we can solve everything with no pain and no sacrifice.

Instead we will be honest with ourselves and with each other. We will balance today's urgent needs with tomorrow's imperative necessities. All it will take is a little common sense and some uncommon wisdom.

Only then will we deserve the trust we asked for when we entered the campaign of 1994. Only then can we begin to restore people's faith in government and in democracy itself. Only then will progress be more than a word. Only then will we be worthy not just to lead or legislate but to live in this magnificent state of Oregon at all.

Two months ago, at the polls, we proved we could gain a victory. Now, in the trenches, we must prove that we know how to use it wisely for the good of the many, not just the few; for the benefit of tomorrow's children, not just for ourselves today.

This day offers a breathing space, before our real work begins -- a time to recollect, to reconnect, to reassess and to rededicate ourselves to the solemn trust that's been placed in our hands.

Tomorrow, we will take up our task, mindful that whatever we do or leave undone will send ripples through an endless succession of days, touching, for better or for worse, the lives of those who come after us.

So let us dare to be different -- to make a difference. Let us boldly proclaim a new kind of progress -- the kind we too often pay lip service to, and too seldom translate into action. The kind of progress that considers more than our own private interests, but understands that the welfare of others is vital to our own. The kind of progress that does not regard compromise as weakness. The kind of progress that sees diversity not as a threat, but as a treasure; an opportunity to enrich and strengthen the fabric of our society. The kind of progress that values timeless principles over transient popularity -- principles like truth and honor and courage and compassion and service and sacrifice. These will remain, when wealth and worldly power and popular opinion are dust upon the wind.

And they are more than high-sounding rhetoric, more than outworn virtues with no place in the modern world. Without them, we may endure but we will never prevail. And we have a choice.

Today we stand perilously close to the brink of a chasm, and all our minds and all our energies have been concentrated on avoiding a fall. But with courage and honesty, with cooperation and balance, we can again find ourselves poised on the wings of promise to take flight toward our highest aspirations.

And why not? Why not?

We dwell in a rare and lovely place, where the flame of hope is not yet extinguished. More than half a century ago, a visitor here said that Oregon was as close as man could come to paradise on earth. I believe Oregon's greatness can rival its natural beauty. Working with each other, not against each other, we've seen this state rise out of the unblemished land, a bright beacon of hope on America's western rim, a tribute to community spirit and individual strength alike, and a credit and model to the nation.

My friends, we walk this path together. As long as we live within these borders, and share in the blessings and bounties of this small green corner of God's earth, we owe something in return. We owe something to each other. What we get, we must give back in equal measure. Let us begin today --

one state . . . one people . . . one destiny.

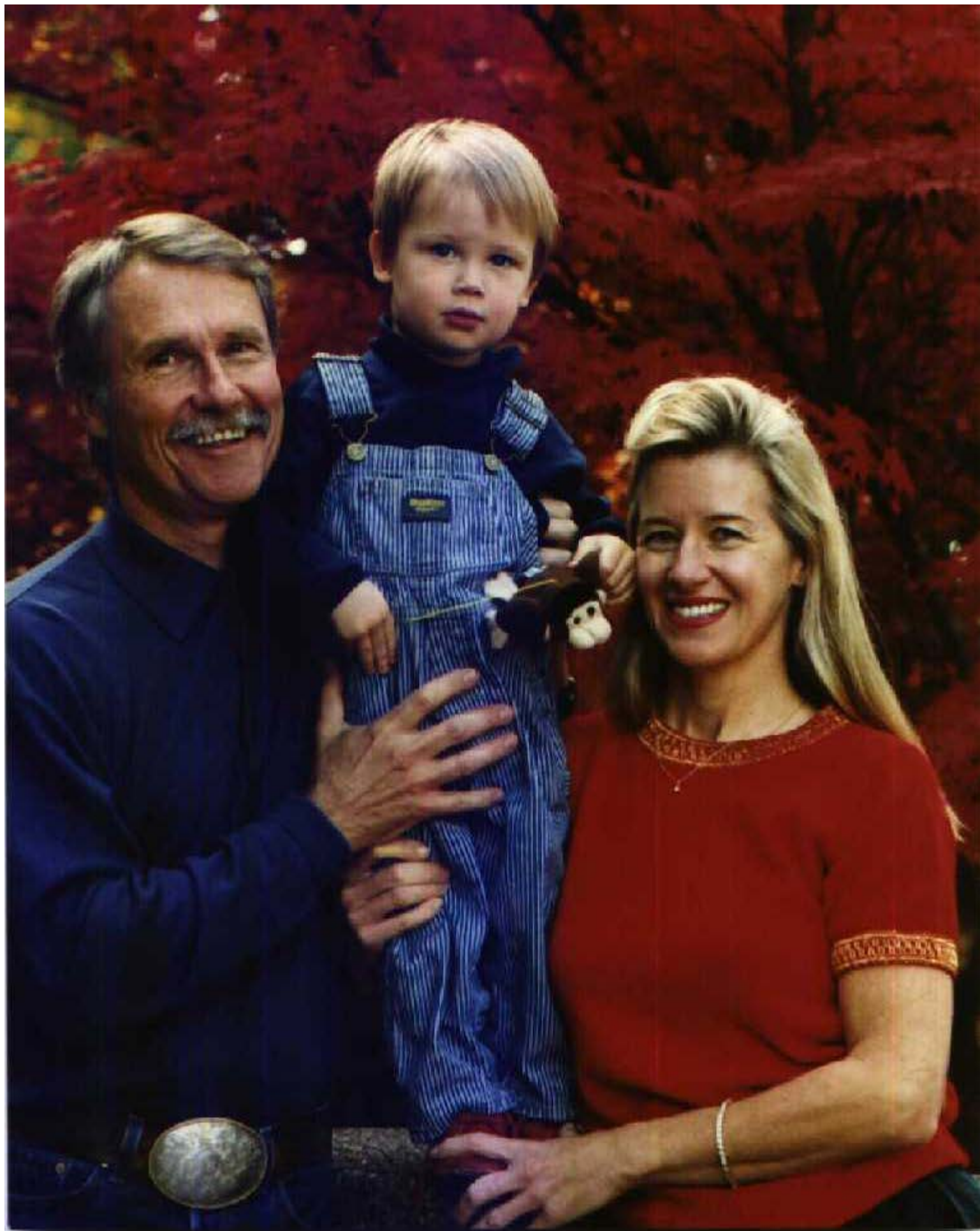
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Governor Kitzhaber's Photo Gallery

Governor and Sharon Kitzhaber with son, Logan Kitzhaber



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Governor Kitzhaber's Photo Gallery

Gov. John Kitzhaber speaks at a Sept. 11 memorial ceremony in front of the State Capitol in Salem



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Governor Kitzhaber's Photo Gallery

F-15 fighter jets from the Oregon Air National Guard perform a fly-over of the Sept. 11 ceremony.



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Governor Kitzhaber's Photo Gallery

Gov. John Kitzhaber discusses forest health with the media on August 6 at the Cache Mountain Fire Complex just outside of Sisters, OR. Most severe wildfires are a symptom of poor forest health, however, the U.S. Forest Service had thinned small trees from this particular area, and though it burned, the fire was significantly less hot and damaging than an adjacent untreated area. This also reduced the risk to over 1,200 homes on the nearby Black Butte Ranch.



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Governor Kitzhaber's Photo Gallery

On May 30, Gov. Kitzhaber attended a ground-breaking ceremony at the Oregon Zoo for the new Salmon and Eagle exhibit. Here, Gov. Kitzhaber is meeting Sundance, a 9-year-old Red-Tailed Hawk, and Chinook, an 11-year-old Bald Eagle. Sundance was found in the wild in Arizona while she was still in the egg, and is imprinted onto people and is non-releasable. Chinook was found injured in the wild in Alaska; she can fly well enough to do a downhill flight in zoo shows but, because of her injury, she can't fly well enough to be released back into the wild.



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Governor Kitzhaber's Photo Gallery

Also on May 30, Gov. Kitzhaber visited David Douglas High School in Portland. While there, the governor drove the inaugural run of the David Douglas Express, a solar and wind-powered rail car that was designed and built entirely by students over the past six years. It will be used to transport students approximately 600 yards from one end of campus to the other.



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Governor Kitzhaber's Photo Gallery

Gov. John Kitzhaber, Adjutant General of the Oregon National Guard Alex Burgin and Oregon State Police Superintendent Ron Ruecker at a news conference outlining Oregon's security and preparedness measures.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber speaking at the memorial ceremony held on the front steps of the Oregon Capitol Building on Friday, Sept. 14.



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Governor Kitzhaber's Photo Gallery

An estimated 5,000 people attended the ceremony.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber receiving a briefing at the Monument Fire.



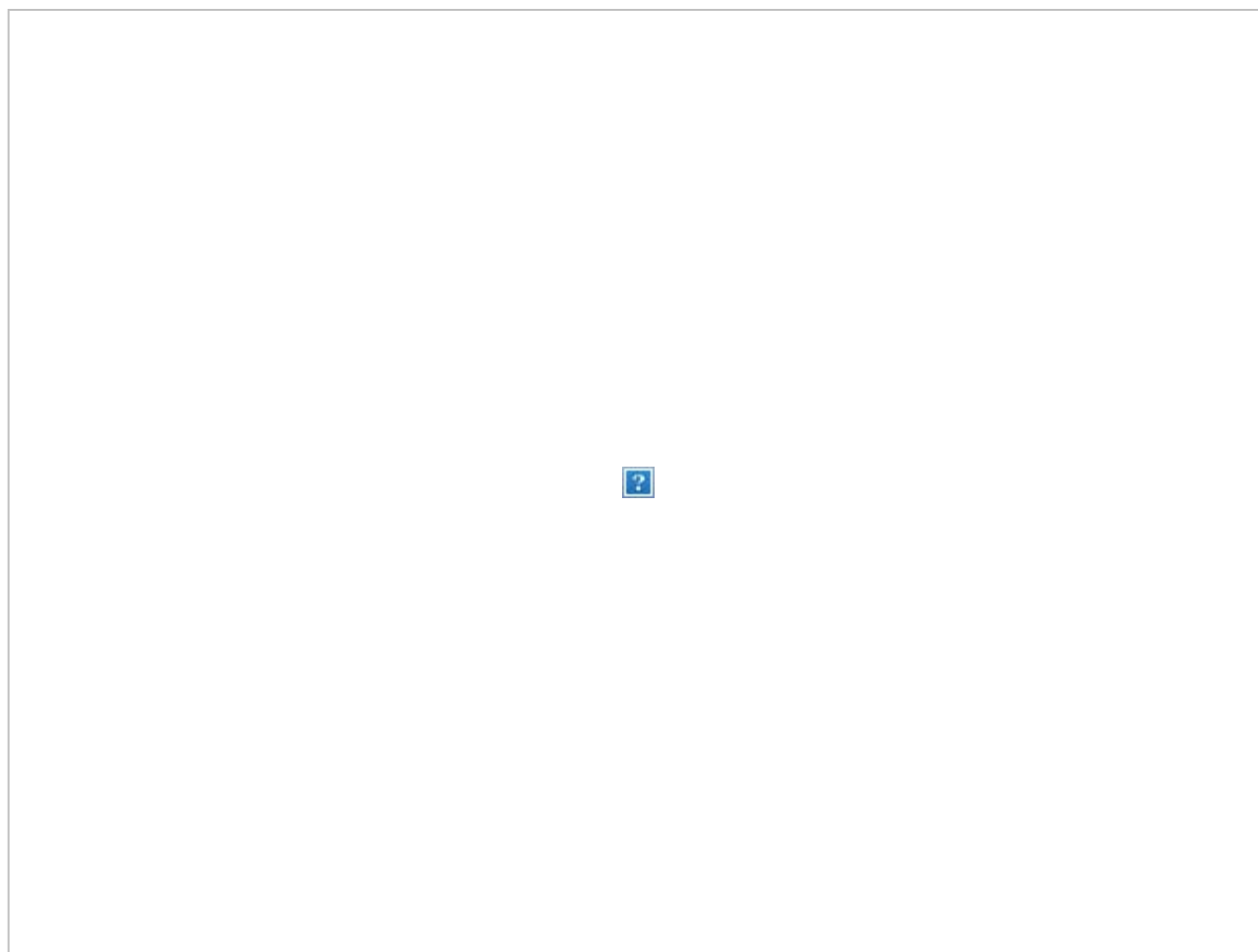
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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber greeting Oregon National Guard troops at the Quartz Fire.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber greeting fire fighting personnel at the Quartz Fire.



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Governor Kitzhaber's Photo Gallery

A view of the Monument Fire from the air.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber speaks at a ceremony dedicating the sale of the Wilsonville Tract property from the State to Metro on May 24. The sale will guarantee that the 230 acre parcel, which includes forests, farm land, wetlands and critical riparian habitat along Mill Creek, will be protected from development and preserved for public use. Seated next to the governor is Secretary of State Bill Bradbury, Wilsonville Mayor Charlotte Lehan and State Treasurer Randall Edwards.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber serves bread and greets customers at the Great Harvest Bread Company in Salem on Feb. 23. All proceeds from the day's sales will benefit the Governor's Food Drive.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber serves bread and greets customers at the Great Harvest Bread Company in Salem on Feb. 23. All proceeds from the day's sales will benefit the Governor's Food Drive.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber and the President of Mexico, Vicente Fox, discuss Oregon-Mexico trade relations at Los Pinos, the official presidential residence in Mexico City on February 12. Kitzhaber is currently on the first-ever official trade mission to Mexico by an Oregon governor. Photo courtesy of the Associated Press.



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Governor Kitzhaber's Photo Gallery

"Gov. John Kitzhaber, Idaho Gov. Dirk Kempthorne and Alaska Gov. Tony Knowles at the Western Governors' Energy Roundtable on February 2, 2001."



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber and Washington Gov. Gary Locke urge residents and businesses of their states to conserve energy at a press conference at Bonneville Dam.



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Governor Kitzhaber's Photo Gallery

Govs. John Kitzhaber and Gary Locke tape a public service announcement overlooking the Bonneville Dam on the Columbia River calling for energy conservation.



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Governor Kitzhaber's Photo Gallery

"Governor Kitzhaber Presenting the 2001-2003 Budget"



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Governor Kitzhaber's Photo Gallery

"Governor Kitzhaber Presenting the 2001-2003 Budget"



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Governor Kitzhaber's Photo Gallery

"Gov. Kitzhaber, Sen. Peter Courtney and Willamette University President M. Lee Pelton ring bells for the Salvation Army on Friday, December 15 at the Salem Centre Mall."



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber helps a young Oregonian donate to the Salvation Army.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber with students at the University of Oregon who built the World's Largest Ballot Box to raise voter participation among young voters.



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Governor Kitzhaber's Photo Gallery

Governor John Kitzhaber views a demonstration of the Oregon National Guard's new Firehawk firefighting equipment over the Willamette River in Salem on July 19. The Firehawk is a rapid-filling 1,000 gallon water tank affixed to the bottom of a Blackhawk helicopter. It can fill-up using a snorkel in 60 seconds and transport water faster and dump it with greater accuracy than traditional helicopter buckets.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber watching kids at the climbing rock while visiting the recently-opened Boys and Girls Club in December, 1999 in Bend, Oregon.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber meeting with North Medford High School students at the Bear Creek Watershed project in February, 2000.



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber and Secretary of State Bill Bradbury sign-up the Governor's Residence in Salem for "Salmon-Friendly Power."



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Governor Kitzhaber's Photo Gallery

Gov. Kitzhaber with a group of local elementary school kids in the Governor's Ceremonial Office in Salem.



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Governor Kitzhaber's Photo Gallery

Governor Kitzhaber is by trade an emergency room physician. Here he participates in a "well-baby" exam at a Hood River clinic.



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Governor Kitzhaber's Photo Gallery

Governor Kitzhaber is by trade an emergency room physician. Here he participates in a "well-baby" exam at a Hood River clinic.



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EXECUTIVE ORDER NO. 02-27

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN COOS COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS.

Under ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions in Coos County have the imminent potential for causing a natural and economic disaster of catastrophic proportions. The projected outlook will not significantly alleviate the current conditions, and it is anticipated that those conditions will continue. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark economic impacts.

State agencies including the Department of Agriculture, the Department of Water Resources, and Oregon Emergency Management are addressing the current conditions.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Coos County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

- I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.
- II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780
- III. The Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.
- IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 1st day of December, 2002

/s/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02-26

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN CURRY COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS.

Under ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions in Curry County have the imminent potential for causing a natural and economic disaster of catastrophic proportions. The projected outlook will not significantly alleviate the current conditions, and it is anticipated that those conditions will continue to worsen. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

State agencies including the Department of Agriculture, the Department of Water Resources, and Oregon Emergency Management are addressing the current conditions.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Curry County I am therefore declaring a "state of drought emergency" and directing the following activities:

IT IS HEREBY ORDERED AND DIRECTED:

- I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.
- II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780
- III. The Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.
- IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 1st day of December, 2002

/s/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02-25

IMPLEMENTING THE PROTOCOL GOVERNING SITING AND PERMITTING OF INTERSTATE ELECTRIC TRANSMISSION LINES

Because recent changes to transmission access requirements have created a more regional electric power market in the western U.S., and

Because states have generally exercised authority to site electric transmission lines, and expanding wholesale electricity markets point out the need for closer cooperation between states and federal agencies, tribal governments and local governments in the efficient permitting and siting of new interstate transmission lines, and

Because a protocol has been established to enable affected states, local governments, federal agencies and tribal governments to participate in a systematic, coordinated, joint review of interstate transmission lines in the western U.S., and

Because it is the intent of the Western Governors to work with affected states, local governments, federal agencies and tribal governments to expedite the siting and construction of needed transmission facilities to better ensure an adequate, affordable and reliable electricity supply to western consumers, and

Because a coordinated review of proposed interstate transmission facilities will better serve interstate needs, enable the construction of needed transmission and ensure the public interest is protected, as long as it is linked with pro-active regional transmission planning considering both transmission and non-transmission alternatives and appropriate systems of financing, and

Because a Memorandum of Understanding has been entered into between the U.S. Department of Energy, U.S. Department of the Interior, U.S. Department of Agriculture, U.S. Environmental Protection Agency, Council on Environmental Quality and the Western Governors' Association regarding Energy Development and Conservation in the Western United States, signed in 2001.

THEREFORE, IT IS ORDERED AND DIRECTED:

That when an interstate electric transmission facility going through Oregon is proposed, the Oregon Energy Facility Siting Council and other Oregon agencies that have a role in environmental siting and permitting will:

- Create an efficient environmental review process that results in documents that can be shared and used by all entities with jurisdiction in the siting and permitting process,

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- Establish and periodically review, joint time lines for the conduct and timely completion of the review process and regulatory decisions,
- Establish a common understanding of the information needs, regulatory requirements and public interest issues prior to the environmental review process,
- Eliminate duplication of pre-application, scoping and permit review meetings among participating state, local, tribal and federal authorities,
- Create an understandable, streamlined review process that is structured, user friendly and predictable,
- Provide for early notification and sharing of information among affected states, local governments, federal agencies, tribal governments and project sponsors, and
- Preserve and protect the authority of each affected state, local government, tribal government and federal agency.

To implement this review process, the Oregon Energy Facility Siting Council and other Oregon review agencies shall adopt the following elements as part of a joint, coordinated review of specific proposed interstate transmission facilities:

- The Administrator of the Energy Resources Division, Oregon Office of Energy (OOE) will participate in a Project Team made up of representatives of each state to coordinate the review of the proposed project.
- The reviewing Oregon agencies shall notify OOE of any analysis related to need for the project, and OOE shall use this information in any review of need for the proposed facility done by the Project Team.
- The reviewing Oregon agencies shall, to the extent practicable, participate in joint activities, a system of record keeping, planning, evaluating and monitoring the proposed transmission facility.

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- The reviewing Oregon agencies shall participate in the preparation and review of environmental assessments and impact statements, evaluation of project impacts, public involvement efforts, project construction and operation monitoring and any other activities necessary to determine compliance with applicable requirements, and
- The reviewing Oregon agencies shall, to the extent practicable, comply with timelines, information requests, procedures and policies of the Project Team established under the Protocol Governing the Siting and Permitting of Interstate Electric Transmission Lines in the Western United States.

Done at Salem, Oregon this 1st day of December, 2002

/s/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 - 24

OREGON COUNCIL ON DEVELOPMENTAL DISABILITIES (Rescinds Executive Order NO. 88-07 and its Amendments)

The U.S. Congress has enacted Public Law 106-402 to assist states in affording persons with developmental disabilities the opportunity to become fully integrated and included in their communities, and to achieve their potential for independence and productivity. Under Public Law 106-402, states receive grants for activities to build their strength and capacity to address the unmet needs of persons with developmental disabilities in a coordinated fashion and for evaluating the implementation of such activities.

The Oregon Developmental Disabilities Council was initially established by Executive Order No. 74-18, and was continued by Executive Order Nos. 76-25, 79-11, 83-07, and 88-07 (amended by EO 98-08 and EO 99-08). The Council should now be called the Oregon Council on Developmental Disabilities, and should be continued under the mandate of PL 106-402 and as directed in this executive order.

IT IS ORDERED AND DIRECTED:

1. The Oregon Council on Developmental Disabilities Council is established to serve as an advocate for persons with developmental disabilities, and to advise the Governor, the Legislative Assembly, state agencies, and the public on matters relating to the needs and rights of such persons and their families. In doing so, the Council shall:
 - a. Prepare a Developmental Disabilities Council State Plan, as required by federal law, which describes the extent and scope of services provided to persons with developmental disabilities by federally assisted state programs, sets out specific objectives and related activities to be achieved under the Plan, and lists the state and federal resources to be used to meet such objectives.
 - b. Monitor, review, and evaluate annually the implementation of the Council's plan.
 - c. Review and comment, to the extent feasible, on other state agency plans, rules, policies, current or proposed, which affect persons with developmental disabilities.
 - d. Review and make recommendations to the Governor regarding the administration, management, and resources utilization of programs pertaining to persons with developmental disabilities.

EXECUTIVE ORDER NO. 02-24

Page 2

- e. Review and make recommendations to the Governor regarding current or proposed legislation affecting persons with developmental disabilities.
 - f. Review and make recommendations regarding the state's system for monitoring the quality of, and human rights protections in, state-sponsored programs for persons with developmental disabilities.
 - g. Assist state and local agencies to do coordinated planning by conducting public policy forums, studies, and other assessments of the major issues and challenges facing the service delivery system.
 - h. Coordinate public education efforts that seek and promote positive attitudes toward, and valued acceptance of, persons experiencing disabling conditions.
 - i. Submit to the Secretary of the Department of Health and Human Services, through the Governor, annual reports describing the strategies, activities, and results of the preceding year in relation to the Council's state plan, together with an accounting of the manner in which the federal and matching state funds were expended.
2. The Department of Human Services shall be the designated state agency to supervise the administration of the Council's state plan, keep records as needed by the Council and the federal government, and provide fiscal control and fund accounting.
3. The Council shall recommend to the Governor through the designated state agency, a staffing pattern adequate to carry out its duties and functions. Consistent with personnel procedures, the Administrator of the designated state agency shall appoint the Council's Executive Director upon the recommendation of the Council. Other Council staff shall be appointed upon the recommendation of the Council Executive Director, within the Council's hiring authority.
4. Council members shall be appointed by the Governor. The Council may offer recommendations regarding membership for the Governor's consideration. Council members shall serve four-year terms. The Governor may reappoint the same person to a second succeeding term. Membership shall consist of representatives as specified in Public Law 106-402.
5. The Council shall elect a Chairperson by majority vote. The Chairperson shall serve for a term of two years and may serve no more than one succeeding term. The Council shall meet at the call of the Chairperson, but not less than six times per year. The chairperson may appoint committees, as needed, consisting of Council members and non-members.

EXECUTIVE ORDER NO. 02-24

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6. Except as otherwise specified herein, Council members shall receive no compensation for their services, but are entitled to reimbursement for actual and necessary travel and other expenses incurred in the performance of their duties. Such expenses shall be paid from the budget of the Council, except that members who are public employees or employees of represented organizations or constituency groups shall be reimbursed by the respective agencies. Members of committees shall also not receive compensation, but may receive reimbursement for travel as in the case of members of the Council.
7. Subject to the availability of funds designated in the budget of the Council, all Council members, except public employees and employees of represented organizations or constituency groups, shall be eligible for a stipend for each day or partial day the member attends a meeting(s) sanctioned by the Chairperson. Such payments are set by the Council and may not exceed \$30.00 per day.
8. Consistent with Oregon and federal law, the Council shall develop a budget for its personnel, administration, and activities necessary to implement the Council's State Plan, which shall be submitted to the Department of Human Services for inclusion in the Department's biennial budget request to the Governor.
9. Executive Order No. 88-07 and its amendments (EO 98-08 and EO 99-08) are rescinded.

Done at Salem, Oregon this 1st day of November, 2002

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 - 23

**DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN MALHEUR COUNTY
DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS.**

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and Oregon Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Malheur County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780

III. The Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 31st day of October, 2002

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02-22

The safety of Oregon's children is a priority and the state should use every resource available to protect them.

The first few hours after a child is abducted are critical to the safe recovery of that child, and it is essential to utilize maximum public participation in the recovery efforts of law enforcement.

The Amber Plan, using the Emergency Alert System, television, radio and the state highway variable message system, provides timely emergency information to the public regarding a child abduction.

The Departments of Oregon State Police and Oregon Emergency Management, with partnership from the Oregon Department of Transportation, Oregon State Sheriffs' Association, Oregon Association Chiefs of Police, Oregon Association of Broadcasters and others, have formed an Amber Plan Work Group that has developed a statewide Amber Plan proposal.

The proposed statewide Amber Plan has been approved by the Governor's Public Safety Policy & Planning Council.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED

1. The Departments of Oregon State Police and Oregon Emergency Management shall work with Oregon law enforcement agencies, Oregon Department of Transportation, local media and broadcasters, and others to fully implement the state Amber Plan as soon as practical.
2. That upon implementation of the state Amber Plan, the state Amber Plan Work Group shall assume the role of a review committee charged with oversight and review of the state Amber Plan. The state Amber Plan review committee will self appoint a chair and co-chair person and determine other administrative details for the effective operation of committee.

Executive Order No. 02-22
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3. All state agencies shall cooperate fully with the Departments of Oregon State Police and Oregon Emergency Management and provide assistance as needed to implement this Executive Order.

Done at Salem, Oregon this 28th day of October 2002.

/s/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 - 21

**DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN HARNEY COUNTY
DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS.**

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and Oregon Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Harney County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

- I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.
- II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.
- III. The Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.
- IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 11th day of October, 2002

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02-20

AMENDS EXECUTIVE ORDER NO. EO 02-02

IT IS HEREBY ORDERED AND DIRECTED:

Executive Order No. EO 02-02, creating the Task Force on the Alcoholic Beverage Industry is hereby amended as follows:

4. The Task Force shall prepare a report for the Governor and Legislative Assembly setting out its findings and recommendations no later than, February 15, 2003.
5. This Executive Order expires when the Task Force presents its report to the Governor and the Legislative Assembly, unless sooner rescinded or explicitly extended by the Governor.

Done at Salem, Oregon this 25th day of September, 2002.

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 - 19

**DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN GRANT COUNTY
DUE TO CONDITIONS CAUSED BY DROUGHT AND LOW WATER CONDITIONS.**

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and Oregon Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Grant County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

- I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.
- II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.
- III. The Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.
- IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 11th day of October, 2002

/s/

John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 – 18

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Curry County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 13, 2002 at 2:55 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of the "Biscuit Fire." The Biscuit Fire was caused by lightning strikes and has spread unchecked over large portions of Curry County. The fire threatens homes in rural areas of Curry County on the western side of the fire.

A structural overhead incident management team from the Office of State Fire Marshal is being sent to work with local, state and federal resources to develop and implement plans for protecting homes. After consultation with the Governor's Chief of Staff, the Department of Forestry and Governor Kitzhaber, the request was formally made by the Office of State Fire Marshal.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall make a limited mobilization of an overhead team and some task force leaders who will be carrying out a special structural protection assignment using resources arranged for by the Incident Management Team.

This emergency is declared only for this specifically named fire in Curry County, which occurred on August 13, 2002.

This order was made by verbal proclamation at 2:55 p.m. the 13th day of August, 2002 and signed this 11th day of September, 2002, in Salem, Oregon.

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02-17

Public safety communication systems, and the ability to readily communicate among all public safety providers, play a critical role in protecting the lives and property of citizens and public safety professionals.

Given that the State's public safety communications infrastructure is rapidly aging and becoming outdated and the Federal Communications Commission is adopting policies and standards that affect communications systems, the State is going to have to make significant investments to upgrade its public safety communication system. These investments must be planned and leveraged in such a way so as to minimize the costs and maximize interoperability of these public safety communication systems.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Statewide Interoperability Executive Council is hereby created. The membership of the Council shall be comprised as follows:
 - a. Two members of the Legislative Assembly with interest in the subject of public safety and wireless communication systems.
 - b. Twelve additional members appointed by the Governor from the following organizations:
 - i. Oregon State Police
 - ii. Office of Emergency Management
 - iii. Department of Forestry
 - iv. Department of Corrections
 - v. Department of Transportation
 - vi. Department of Administrative Services
 - vii. Department of Human Services (for emergency medical services)
 - viii. Oregon Military Department
 - ix. Oregon Fire Chiefs Association
 - x. Oregon Association of Chiefs of Police
 - xi. Oregon State Sheriff's Association
 - xii. Oregon Association of Public Safety Communications Officials/
National Emergency Number Association

EXECUTIVE ORDER NO. 02-17

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- c. The Governor shall appoint a Chair from among the Council members. The Council may elect a Vice Chair from among the Council members to carry out the Chair's duties in his/her absence. The Chair shall establish an agenda and meeting schedule for the Council.
 - d. The State Interoperability Executive Council may vote and elect to accept as council members additional representatives from other agencies or organizations that have an interest in and/or contribution to developing a statewide public safety communication system.
2. The purpose of the State Interoperability Executive Council is to provide policy level direction for matters related to planning, designing and implementing guidelines, best practices, and standard approaches to address Oregon's public safety communications interoperability issues. The Council shall also recommend funding strategies that support development of a statewide system, including seeking federal funding, or other funding, for statewide interoperability. In an effort to improve wireless interoperability in Oregon, the Council shall:
- a. recommend strategies with regard to improving Oregon's wireless interoperability between agencies;
 - b. research and evaluate the best practices for the purchasing of equipment and the sharing of communications infrastructure;
 - c. strive to foster cooperation and improve inter-agency wireless communications among state, federal, and local jurisdictions;
 - d. serve as a central coordination point for local, regional, and national interoperability matters; and
 - e. develop recommendations for legislation or other state action that may be required to further promote wireless interoperability in Oregon.

Done at Salem, Oregon this 10th day of September, 2002.

/s/
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 – 16

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Josephine County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 27, 2002 at 11:45 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Florence/Biscuit Complex Fire.” The Florence Fire, being managed by the Incident Management Team based at Lake Selmac, was caused by lightning strikes and has spread unchecked. The fire threatens the communities of Selma, O’Brien, and Cave Junction.

Assistance with life safety and structural fire protection is needed and was formally requested by the Josephine County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Josephine County, which occurred on July 27, 2002.

This order was made by verbal proclamation at 11:45 p.m. the 27th day of July, 2002 and signed this 21st day of August, 2002, in Salem, Oregon.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 – 15

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Wasco County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 25, 2002 at 3:45 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “White River Fire.” The White River Fire was caused by lightning strikes and has spread unchecked. The fire threatens residents in Maupin.

Assistance with life safety and structural fire protection is needed and was formally requested by the Maupin Fire Chief and the Wasco County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Wasco County, which occurred on July 25, 2002.

This order was made by verbal proclamation at 3:45 p.m. the 25th day of July, 2002 and signed this 21st day of August, 2002, in Salem, Oregon.

/s/

John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 02 – 14

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Jackson County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 27, 2002 at 8:25 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Timbered Rock Fire.” The Timbered Rock fire was caused by lightning strikes and has spread unchecked. The fire threatens 150 homes in four residential areas including Elk Creek.

Assistance with life safety and structural fire protection is needed and was formally requested by the Jackson County Commission Chair and the Jackson County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Jackson County, which occurred on July 27, 2002.

This order was made by verbal proclamation at 8:25 p.m. the 27th day of July, 2002 and signed this 21st day of August, 2002, in Salem, Oregon.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 – 13

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Wasco County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 25, 2002 at 5:00 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of the “Sheldon Ridge Fire.” The Sheldon Ridge fire was caused by lightning strikes and has spread unchecked over large portions of Wasco County. The fire threatens a large number of structures, mostly residences, in the 7-Mile Hill, Browns Creek, Chenoweth and Mill Creek communities. Also threatened are 500 acres of cherry trees and the BPA Lolo power transmission lines.

Assistance with life safety and structural fire protection is needed and was formally requested by the Wasco County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Wasco County, which occurred on July 25, 2002.

This order was made by verbal proclamation at 5:00 p.m. the 25th day of July, 2002 and signed this 21st day of August, 2002, in Salem, Oregon.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02 – 12

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Deschutes County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 28, 2002 at 4:25 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the "Cache Mt. Fire." The Cache Mt. fire, being managed by the Incident Management Team based in Sisters, was caused by lightning strikes and has spread unchecked. The fire threatens 1200 residences in Black Butte.

Assistance with life safety and structural fire protection is needed and was formally requested by the Deschutes County Acting Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Deschutes County, which occurred on July 28, 2002.

This order was made by verbal proclamation at 4:25 p.m. the 28th day of July, 2002 and signed this 21st day of August, 2002, in Salem, Oregon.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

**EXECUTIVE ORDER NO. 02 - 11
SUSPENSION OF OREGON LAW REGARDING MOTOR CARRIER
REGULATIONS DUE TO EMERGENCY DECLARATION IN EXECUTIVE
ORDER NO. EO 02- 06**

Executive Order No. EO 02-06 declares a statewide emergency due to imminent threat of wildfire pursuant to ORS 401.055. Wildfires currently burning throughout Oregon constitute a significant danger to the state's resources and to the health and welfare of Oregon residents.

Furthermore, the number, and varied locations, of wildfires currently burning and endangering Oregon resources and residents require facilitation of rapid deployment of equipment and personnel to assist in containment of the wildfires.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. Under ORS 401.095(2), I find the following statutes and administrative rules inconsistent with the purposes of ORS 401.065 – ORS 401.085, and shall be deemed inoperative for all vehicles assisting in the emergency declared in Executive Order No. EO 02-06 while the emergency exists:

OAR 740-100-0010(2)(D);
ORS 825.100;
ORS 825.160;
ORS 825.450;
ORS 825.474; and
ORS 825.490.

2. All state agencies are hereby directed to suspend efforts to enforce these provisions for the duration of the emergency declared in Executive Order No. EO 02-06.

Done in Salem, Oregon this 1st day of August, 2002.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. E.O. 02 – 10

DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES.

Pursuant to ORS 401.055, I find that threat to life and safety exists due to wildfires, which started in Josephine County during July 2002, and are currently continuing. The fire conditions in Josephine County caused by the Florence and Sour Biscuit fires are threatening residents of the numerous communities located in the Illinois Valley from Haynes Hill south to the California border.

The County of Josephine has exhausted their resources and are asking for the following assistance from the state: Firefighting personnel, bulldozers, water tenders, graders and fuel tankers.

IT IS ORDERED AND DIRECTED:

1. The Office of Emergency Management shall coordinate access to and the use of personnel and equipment from appropriate state agencies necessary to assess, alleviate, respond to or recover from conditions caused by this emergency.
2. The Oregon Department of Transportation shall provide essential assistance that is deemed necessary to assist the County in its needs.
3. The Oregon National Guard shall provide essential assistance that is deemed necessary to assist the County in its needs.
4. The Oregon State Police shall provide essential assistance that is deemed necessary to assist the County in its needs.
5. This order shall remain in effect until the threat is significantly relieved or eliminated.

This emergency is declared only for those areas of Josephine County impacted by wildfires, which started during July 2002.

This order is made by verbal proclamation at 4:00 p.m. this 30th day of July 2002 and signed this 31st day of July, 2002, in Salem, Oregon.

/s/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02 – 09

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Grant County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 17, 2002 at 5:31 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Malheur Complex/Flagtail Fire.” These fires, being managed by the same Incident Management Team based at Prairie City, were caused by lightning strikes and have spread unchecked over large portions of Grant County near Austin Junction and near Seneca. These fires threaten large numbers of structures, including residences and significant Oregon Department of Transportation and Department of Fish and Wildlife compounds.

Assistance with life safety and structural fire protection is needed and was formally requested by the Grant County Fire Defense Chief and the Grant County Judge.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Grant County, which occurred on July 17, 2002.

This order was made by verbal proclamation at 5:31 p.m. the 17th day of July, 2002 and signed this ___ day of July, 2002, in Salem, Oregon.

John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02 – 08

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Jackson County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 16, 2002 at 11:40 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Squires Peak/Wall Creek Fire.” These fires, being managed by the same Incident Management Team from a base camp near Ruch, were caused by lightning strikes and have spread unchecked through populated areas of Jackson County near Shady Cove and near Ruch. These fires threaten large numbers of occupied structures, mostly residences.

Assistance with life safety and structural fire protection is needed and was formally requested by the Jackson County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Jackson County, which occurred on July 16, 2002.

This order was made by verbal proclamation at 11:40 p.m. the 16th day of July, 2002 and signed this ___ day of July, 2002, in Salem, Oregon.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02 –07

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Lake County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 15, 2002 at 9:52 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a complex of fires known as the “Winter/Toolbox Fire.” The Winter/Toolbox fires, being managed by the same Incident Management Team based near Paisley, were caused by lightning strikes and have spread unchecked over large portions of Lake County. The fires threaten a large number of structures, mostly residences, in Summer Lake and at Ana’s Reservoir.

Assistance with life safety and structural fire protection is needed and was formally requested by the Lake County Fire Defense Chief and the Lake County Board of Commissioners.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Lake County, which occurred on July 15, 2002.

This order was made by verbal proclamation at 9:52 p.m. the 15th day of July, 2002 and signed this ___ day of July, 2002, in Salem, Oregon.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO-02-06

DETERMINATION OF A STATE OF EMERGENCY DUE TO THE IMMINENT THREAT OF WILDFIRE

Pursuant to ORS 401.055, I find that a fire emergency exists due to imminent threat from wildland fires statewide. Current fires in several areas, the ongoing potential for thunderstorms with lightning strikes, and this year's extreme drought conditions in several areas of Oregon indicate that these conditions will not be significantly relieved in the near future. I hereby declare that a wildland fire emergency exists statewide.

IT IS ORDERED AND DIRECTED:

The Department of State Police through it's Office of State Fire Marshal and Office of Emergency Management is authorized to coordinate the use of state personnel and equipment of all state agencies for the performance of any activity designed to prevent or alleviate damage from the emergency. This includes, but is not limited to use of the resources of the State of Oregon Military Department

This determination of a fire emergency is statewide. It is not to be construed as a comprehensive declaration or proclamation of emergency for other purposes. It is limited to the use of state resources and the National Guard for fire management. Requests for state resources must be submitted through the County governing body to Oregon Emergency Management in the same manner as required for other emergencies.

This order shall remain in effect until the threat is significantly relieved or the fire season ends.

This order was made by verbal proclamation at 8:25 AM on the 14th day of July, 2002 and signed this 17th day of July, 2002 in Salem, Oregon

/s/ _____
John A. Kitzhaber
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02 -05

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Jefferson County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 11, 2002 at 10:27 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the "Eyerly Fire." The "Eyerly Fire" was caused by lightning strikes and spread from the southeast corner of the Warm Springs Indian Reservation to public and private lands near Lake Billy Chinook. The fire is threatening a number of homes near Lake Billy Chinook and the Three Rivers recreational area.

Assistance is needed and was formally requested by the Jefferson County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Jefferson County, which occurred on July 11, 2002.

This order was made by verbal proclamation at 10:27 p.m. the 11th day of July, 2002 and signed this ___ day of July, 2002, in Salem, Oregon.

/s/ _____
John A. Kitshaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 02-04

WHEREAS, 1999 Senate Bill 555 created a new method of comprehensive planning for services provided to Oregon's children and their families; and

WHEREAS, implementing Senate Bill 555 required significant changes in the way state and local government agencies and other entities work together to identify, plan for, and provide needed, services, supports, and initiatives to children and families; and

WHEREAS, Senate Bill 555 identified the Department of Human Services, Criminal Justice Commission, Commission on Children and Families, Oregon Youth Authority, Department of Education, and Oregon Progress Board as principal State partners (principal State partners); and

WHEREAS, the Senate Bill 555 planning process affects additional State agencies, including the Community College and Workforce Development Department, Housing and Community Services Department, Economic and Community Development Department, Employment Department, and others (affected State agencies); and

WHEREAS, the role of the State of Oregon and its agencies in implementing Senate Bill 555 include:

- Developing partnerships among State agencies to combine planning and reporting requirements;
- Identifying, disseminating, and promoting information on best practices, promising approaches, and research-based practices;
- Collecting and managing data needed to inform the State and county planning and decision-making processes and developing a system to communicate to State agencies and counties in a coordinated fashion and at an appropriate level of detail;
- Jointly developing with counties planning and accountability processes that meet state needs and respond to the capacity of counties to implement those processes; and
- Providing resources, which may include funding, capacity-building, and technical assistance, to support the availability of effective, community-based services.

WHEREAS, the local community comprehensive plans shall include:

1. Identification of ways to connect all state and local planning processes related to services to children and families into the local coordinated comprehensive plan to create positive outcomes for children and families;
2. Provisions for a continuum of social supports at the community level for children from the prenatal stage through 18 years of age, and their families, that takes into account areas of need, service overlap, asset building, and community strengths;
3. An early childhood system plan;
4. Local alcohol and other drug prevention and treatment plans;
5. The local high-risk juvenile crime prevention plan;
6. Ways to improve results by addressing the needs, strengths, and assets of all children, families, and communities in the county or region including those children and families at high risk;
7. Strategies based on proven practices of effectiveness for the specific community; and
8. Strategies designed to achieve outcomes based on research-identified proven practices of effectiveness.

WHEREAS, State and local agencies have made significant progress in implementing the planning required by Senate Bill 555 but additional actions are necessary to continue that progress;

THEREFORE, IT IS ORDERED AND DIRECTED:

1. The principal State partners shall, to the greatest extent possible and within their assigned agency mission, jointly submit budget and legislative recommendations to the Department of Administrative Services for consideration in developing the 2003-05 Governor's Recommended Budget. The recommendations shall identify which planning processes and resources of the principal State partners should be directed by the county comprehensive plans and shall be based on information from the comprehensive plans submitted by the counties.
2. The principal State partners and other affected State agencies shall develop a statewide plan for children and families based upon the county plans. The State plan shall be based on the needs, priorities, and strategies identified in

the county plans and shall include recommendations for State agency actions. The principal State partners shall identify and involve other affected State agencies necessary to address issues identified in the county plans.

3. The principal State partners shall develop formal agreements to improve coordination among the principal State partners and shall develop agreements among the principal State partners and other affected State agencies as necessary. The agreements shall:
 - Identify which resources should be directed by the county comprehensive plans;
 - Identify individual planning processes of the principal State partners and other affected State agencies affected by the State and county comprehensive planning processes;
 - Systematize within each principal State partner how coordination will occur among the principal State partner agencies and programs within those agencies, including reviewing county plans and using information from the county plans in the State planning process;
 - Identify means for systematic communication among principal State partner agency staff at all levels;
 - Recognize the shared responsibility to achieve positive outcomes for children and families;
 - Identify data to be provided to counties for planning purposes, how it will be made available, and how it will be updated;
 - Identify data counties must collect and report to the State and how to minimize reporting requirements to counties;
 - Identify joint outcome measures and accountability processes that the principal State partners will use.
 - Establish a process and structure for the principal State partners to develop the statewide plan referred to above;
 - Identify how decisions affecting implementation of Senate Bill 555 will be made within and among the principal State partners, and
 - Identify how to provide coordinated training and technical assistance.
4. All State agencies and programs that serve children and families, directly or indirectly, shall review the contents of the county plans and to the greatest extent possible within the assigned agency mission of each partner incorporate them into their budget and policy development.

EXECUTIVE ORDER NO. 02-04
Page Four

5. The principal State partners shall report to the Governor annually on December 1 on the status of compliance with the provisions of this Executive Order.

Done at Salem, Oregon this ____ day of July, 2002.

/s/ _____
John A. Kitzhaber, M.D.
Governor

ATTEST:

/s/ _____
Bill Bradbury
Secretary of State

EXECUTIVE ORDER NO. 02 - 03

**DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN
UMATILLA COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT,
LOW WATER CONDITIONS.**

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and Oregon Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Umatilla County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780

III. The Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

EXECUTIVE ORDER NO. 02 – 03
Page Two

IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 5th day of July, 2002

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02-02

This Executive Order creates the Task Force on the Alcohol Beverage Industry. The Task Force will examine contemporary issues relating to the Oregon Liquor Control Commission and the alcohol beverage industry. It will review, analyze, and recommend changes as needed in the State's alcohol-related programs and policies.

The Task Force will be comprised of concerned members of the public, the alcohol beverage industry, policymakers, and local government.

The Task Force will make recommendations to the Governor and the Legislative Assembly before the 72nd Legislative Assembly convenes on ways to improve the business success of the alcohol industry in Oregon that do not adversely impact state and local revenue and that are not likely to increase alcohol problems.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Task Force on the Alcohol Beverage Industry is hereby created. The membership of the Task Force shall be comprised as follows.
 - a. Three members of the Legislative Assembly with interest and expertise in the subject of the alcohol beverage industry.
 - b. Eighteen additional members appointed by the Governor who are as follows:
 - i. Two persons representing liquor agents, one representing exclusive agents and another representing non-exclusive agents;
 - ii. Two people representing the distillery industry, one person from a local distillery and another representing national and international distillers;
 - iii. One person from the alcohol distributor industry;
 - iv. One person from the wine industry;
 - v. Three persons representing liquor sales licensees, one representing large off-premises licensees, one representing small, convenience store licensees, and one representing on-premise licensees;
 - vi. One person representing local law enforcement;
 - vii. One person representing labor;

Executive Order No. 02-02

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- viii. One person representing local government;
 - ix. One person from a neighborhood association;
 - x. One person from either the Oregon Coalition to Reduce Underage Drinking or the Oregon Partnership;
 - xi. One person from either Mothers Against Drunk Driving, or the Governor's Commission on Driving Under the Influence of Intoxicants;
 - xii. One person representing local business leaders;
 - xiii. One person from the Oregon Liquor Control Commission; and
 - xiv. One person representing community health providers.
 - c. The Governor shall appoint a Task Force Chair from the Task Force members. The Chair may designate a Vice Chair among the members of the Task Force to carry out the chair's duties in his/her absence. The Chair shall establish an agenda and meeting schedule for the Task Force, facilitate communication among the members of the task force, and shall assign duties to Task Force members.
- 2. The Oregon Liquor Control Commission shall provide staff support to the Task Force within its current budgetary resources. The directors of other state agencies with programs that relate to the Oregon Liquor Control Commission and the alcohol beverage industry shall cooperate by providing information as needed and available, and by meeting with and reporting to the Task Force as requested.
- 3. The purpose of the Task Force is to review alcohol regulation of businesses in Oregon in order to identify practices or policies that can be streamlined or eliminated without reducing government revenue and without increasing alcohol problems. To accomplish that purpose, the Task Force shall carry out the following activities:
 - a. Examine alternative models to Oregon's method of operating and regulating the sale of distilled spirits;
 - b. Review existing state statutes and administrative regulations affecting the sale and distribution of alcoholic beverages in order to identify regulations or practices that no longer serve a sound regulatory purpose;

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Page Three

- c. Propose such legislation as the Task Force determines is necessary, and for each piece of proposed legislation, the Task Force shall outline the potential impacts of the proposed legislation on:
 - i. state/local/and other revenues;
 - ii. alcohol abuse prevention;
 - iii. treatment of alcohol abuse and alcohol addiction;
 - iv. public safety; and
 - v. community health and livability.
 - d. In carrying out its duties, the Task Force should seek testimony from concerned citizens, liquor agents, industry representatives, law enforcement, local government, alcohol prevention/moderation groups, health organizations, and state elected officials.
4. The Task Force shall prepare a report for the Governor and Legislative Assembly setting out its findings and recommendations no later than January 10, 2003.
5. This Executive Order expires on January 10, 2003, unless sooner rescinded or explicitly extended by the Governor.

Done at Salem, Oregon this 14 day of June, 2002.

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 02 - 01

AMENDS EXECUTIVE ORDER NO. EO 01 – 08

IT IS HEREBY ORDERED AND DIRECTED:

Executive Order No. EO 01 – 08, relating to Oregon’s Partnership For Occupational and Career Information, is hereby amended as follows:

Strike “Done at Salem, Oregon the 15th day of June, 2000.” and replace with “Done at Salem, Oregon the 15th day of June, 2001.”

Done at Salem, Oregon this 19th day of February, 2002.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 26
OFFICE OF EMERGENCY MANAGEMENT

The unprecedented terrorist attacks on the United States of America on September 11, 2001 reaffirm to everyone the importance of adequate emergency preparedness. People of the State of Oregon now know they face the uncertain hazards of malicious harm as well as the more easily understood acts of nature and human error.

Oregon's Office of Emergency Management exists to execute the Governor's responsibilities to maintain an emergency services system, preparing and providing for the prevention, mitigation and management of emergencies or disasters that present a threat to the lives and property of citizens of and visitors to the State of Oregon.

Now therefore, after consultation with the Governor's Security Council, the Superintendent of State Police, the Speaker of the House and the President of the Senate,

IT IS HEREBY ORDERED AND DIRECTED:

1. The Office of Emergency Management shall be administratively elevated to the level of a department and member of the Governor's Cabinet, from which it shall perform its statutory duties.
2. The Legislative Assembly shall be requested to suitably enact this administrative change into law at its next regular session.
3. The Department of State Police, Department of Administrative Services, and any other applicable departments shall execute such agreements or memoranda as may be necessary to accomplish this administrative change.
4. The Office of Emergency Management shall provide overall leadership in coordinating private and governmental sector efforts to prepare, plan and communicate the efficient and effective use of our emergency system resources for all disasters or emergencies that affect Oregon.

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5. The Department of State Police, the Health Services – Department of Human Services, the Military Department and other State agencies shall coordinate with and assist the Office of Emergency Management in its duties and functions to assure the preparedness of the state and its people for emergencies of all kinds.

Done at Salem, Oregon this 21st day of December, 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/s Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 25
Amends Executive Order EO 00-30

ELECTRONIC GOVERNMENT

Electronic government both enables and requires rethinking how government is organized from the view of the citizen. It also requires rethinking the functions that government performs to serve the needs of its citizens.

An electronic government system based on customer demands rather than agency jurisdiction will lead to a more intuitive and efficient process of government-provided services, where information is collected once and government functions are integrated. Doing this well requires a focus on the government's relationship with the public and recognizes citizens as real stakeholders. It will also raise citizen expectations of their government.

Electronic technologies, utilizing the Internet and World Wide Web, promise to enable Oregon citizens and businesses to exchange information, transact business, receive government services, and more effectively participate in government debate.

The State of Oregon Enterprise Information Technology Strategy (1998) was implemented by Executive Order 99-05, directing:

- That Oregon public agencies seek to utilize information technologies to meet enterprise-wide needs on a priority basis; and
- That agencies and branches of state and local governments work in collaboration to recognize the need to promulgate and pursue the implementation of common standards in enterprise network, systems and applications as described in the *State of Oregon Information Technology Standards Directory*.

The Department of Administrative Services has developed a policy (DAS-03-27) to guide the development of electronic commerce and government transactions by all state agencies utilizing the Internet and World Wide Web.

The 1999 session of the Oregon Legislature approved through budget processes the funding of e-government through the Information Resources Management Division (IRMD) within the Department of Administrative Services. The IRMD is charged with coordinating and facilitating the use of Internet-based information technology by public agencies to deliver information, services, and electronic access to citizens and businesses. IRMD continues to report their progress through status reports per section 9 of this Executive Order.

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These services must be delivered in an efficient, user-friendly manner, and facilitate citizen access and customer satisfaction.

The Electronic Commerce Policy Committee of the Information Resources Management Council has completed a “*Electronic Commerce In Oregon Policy Briefing Paper*,” which provides technical and policy advice on matters relating to the requirements for successful use of Internet technology by state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Department of Administrative Services, through the IRMD, shall work closely with all agencies and branches of government and institutions of higher education in developing and supporting the most effective and cost efficient means of providing information, delivering services, and promoting the participation in government processes utilizing the Internet and World Wide Web. The Department shall facilitate for all agencies, including branches of government and institutions of higher education, the sharing of resources, applications, application service provisioning, and common systems in the accomplishment of the Executive Order.
2. State agencies planning to utilize the Internet or World Wide Web to deliver information services will give priority to Enterprise Strategy's goals of open access and free information to private citizens, including new forms of citizen participation in government activities. This can be accomplished while pursuing new-cost, value-added services to citizens and businesses.
3. The Department of Administrative Services will lead an effort to produce standards for agencies to assess the impact of Web applications on the Wide Area Network (WAN). Agencies will participate in standard setting; and upon adoption of the standards by the Governor's Information Technology Roundtable, agency heads will certify, in writing, that their agency meets the standard. All applications designed for delivering Internet and Web-enabled financial and non-financial services to other agencies, businesses and citizens shall be reviewed by agencies based on standards to determine their impact on resources provided by the State of Oregon Enterprise Network (SOEN), and SOEN related network services. Such impacts take into consideration the following:

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- a) Quality of service components required for the delivery of time-critical financial transactions;
 - b) Capacity planning associated with the state's connection to the Internet (Transit);
 - c) Capacity planning associated with the state's arrangements with private Internet Service Providers within the state (Peering);
 - d) Determining the impact on resources within the Department of Administrative Services' General Government Data Center, including resources needed to provide secure financial transactions; and,
 - e) Assuring that the applications are adequately secured in conformance with state policy and standards.
4. It is envisioned that all state agencies planning the utilization of the Internet or World Wide Web for the conduct of financial transactions, or the delivery of non-financial services to citizens and businesses, will complete and document an "E-Government Readiness Assessment." The white paper "E-Government Strategic Planning" developed by the National Electronic Commerce Coordinating Council will be used as a guide. The Department of Administrative Services will lead an effort, in concert with state agencies, to develop the E-Government Readiness Assessment tool. This information will be maintained by the Information Resources Management Division of the Department of Administrative Services.
5. Upon formal adoption of risk and security standards by the Governor's Information Technology Roundtable, all applications of Internet or Web-enabled financial services offered by agencies and offices must meet or exceed performance of those adopted policies and standards, with technical assistance and ongoing coordination of such standards to be provided by DAS IRMD and the Oregon State Treasurer.

Until then, agencies will utilize prudent business practices to align their processes with the spirit of this Order. For instance, agencies planning to utilize, or who are actually utilizing the Internet or World Wide Web for the conduct of financial transactions or the delivery of services to citizens and businesses must certify, in writing, that the agency has met the Department of Administrative Service's security policies and standards for conducting financial transactions over the Internet or the World Wide Web. The current policy on electronic commerce in Oregon State Government is extended to the implementation date for the payment processing solution. This action will continue to address the desire for a consistent look and feel to the online electronic government application, and the formulation of a uniform set of both system standards and business policies and practices.

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6. The DAS IRMD shall develop, implement, and maintain a unified state government Web site, which is designed to provide citizens and businesses with secure, reliable, and convenient access to the information, services, and transactions offered by state agencies and branches. To be called "Oregon.gov" as to represent the purpose of the site and provide a path to its location, the coordinated site shall be hosted in the General Government Data Center and distributed through the State of Oregon Enterprise Network.

In all cases, the agencies and branches shall retain control of the underlying business processes located at Oregon.gov. All applications utilizing or enabling financial transactions must meet enterprise security standards.

7. In order to achieve the purposes of this Executive Order, all agencies should have completed an analysis of the legal, policy, and other limitations that may affect their conduct of electronic government not later than March 1, 2001. Such an assessment should include, but not be limited to, state and federal laws that do or may affect such transactions: privacy, confidentiality, funding, authentication, digital signature, accessibility, security, and fees.

The Department of Administrative Services shall be responsible for the coordination of this activity, working with the Department of Justice and agencies, with the Department of Administrative Services securing clarification of all common, enterprise-wide issues affecting agencies and individual agencies responsible for completing the analysis of rules, laws or policies uniquely applicable to them.

8. The Department of Administrative Services shall develop a policy governing the utilization of unauthorized software applications by state government agencies to protect the intellectual property of the owners of such applications and as a necessary measure to provide security from non-compliant applications operating within agencies on the State of Oregon Enterprise Network or at the General Government Data Center.

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9. The Governor's Information Technology Roundtable shall provide leadership for implementing this Order, and the State's Chief Information Officer shall provide status reports to the Office of the Governor, State Treasurer, the Secretary of State, and the Joint Legislative Committee on Information Management and Technology on January 1 of each year following the effective date of this Order, so long as this order remains in effect.

Done at Salem, Oregon this 1st day of November 2001.

/s/ John A. Kitzhaber

John A. Kitzhaber, M.D.

GOVERNOR

ATTEST:

/s/ Bill Bradbury

Bill Bradbury

SECRETARY OF STATE



EXECUTIVE ORDER NO. 01 - 24

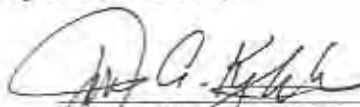
OREGON EMERGENCY RESPONSE SYSTEM

The Oregon Emergency Response System, established in 1972 and currently operating under Executive Order EO-91-17, has been the system for the notification, coordination, and management of state resources in response to natural and technological emergencies and civil disorder involving multi-jurisdictional cooperation between all levels of government and the private sector.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon Emergency Response System shall continue as a 24-hour operation under the management of the Department of State Police, Office of Emergency Management (OEM) as authorized under ORS 401.275
2. The Oregon Emergency Response System shall be the primary point of contact by which any public agency provides the state notification of an emergency or disaster; or a county requests access to state or federal resources to assist in responding to existing conditions.
3. The agencies participating in the Oregon Emergency Response System are those listed in the accompanying Memorandum of Understanding. (Attachment A)
4. All agencies participating in the Oregon Emergency Response System Council are directed to provide cooperative assistance within their resources and authority to other agencies, including but not limited to federal, state, county, city, special districts, and tribal entities in responding to or mitigating hazards that threaten the State of Oregon, pending further directives of the Governor.
5. Executive Order No. EO - 91 - 17 is rescinded.

Done at Salem, Oregon this 4 day of October 2001.


John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:


Bill Bradbury
SECRETARY OF STATE



MEMORANDUM OF UNDERSTANDING

The Oregon Emergency Response System (OERS) has been established to provide and implement procedures for coordinated state agency action in cases involving natural or technological hazards or civil disorder.

The Oregon Emergency Response System requires coordinated effort among various agencies of the State of Oregon. The signatories of this document, in consideration of the following mutual promises and covenants agree and understand:

1. The Oregon Emergency Response System shall be a coordinated effort among signatory agencies. Its effectiveness depends upon coordination with agencies among local, state, and federal governments as well as the private sector.
2. The scope of activities for Oregon Emergency Response System shall be defined by an OERS Council with designated representatives of each signatory. The role of the Council is to promote cooperation and consistency in emergency planning, response, mitigation, and recovery. The representatives, which include either division administrators or program managers, are identified on a membership roster attached to this document. Representatives may be changed by the Department Director without affecting the provisions of this agreement.
3. The function of the Council is to establish planning guidelines, review procedures, develop criteria for the provision of call lists and notification of personnel through the Oregon Emergency Response System, and to advise the Oregon Emergency Management Division on changes necessary to improve or update Oregon's emergency plans, policies, and procedures.
4. The Council shall be chaired by the Office of Emergency Management OERS Program Manager who is responsible for the updating process of OERS plans, guidelines, procedures, call-lists, and for the dissemination of information to participating agencies.
5. Technical advisory committees may be established to review state agency response to any event, identify special problems or issues, and/or advise on options to improve the overall statewide emergency services system.
6. No single agency will, in all cases, have the necessary resources or authority to carry out all response activities for an emergency or disaster. Therefore, coordination among agencies is essential. The Council endorses the Oregon Emergency Response System as a cooperative and unified effort which supports the individual agency responsibilities. Interagency agreements may periodically be reviewed by the OERS Council in order to ensure consistency and continuity with goals and objectives.

7. Preparedness for future incidents or emergency situations will be enhanced by the establishment of an after-action review, reporting process, and the development of training and exercises. Each agency will participate in OERS sponsored training as appropriate.

8. Public Information requires coordination and cooperation among affected agencies. The signatory state agencies agree to develop and maintain public information protocols relevant to their agencies responsibilities for hazards addressed in ORS 401.025(4).

SIGNATORIES:

Members of the Oregon Emergency Response System Council indicate their review of and support for the Executive Order and Memorandum of Understanding through their signatures affixed below:

 Ann Crook, Director Department of Aviation	 Phil Ward, Director Oregon Department of Agriculture
 Rick Willis, Executive Director Public Utility Commission	 Mary Neidig, Director Department of Consumer and Business Services
 Ronald C. Ruecker, Superintendent Department of State Police	 Hardy Myers, Attorney General Oregon Department of Justice
 Laurie Warner, Deputy Director State Parks and Recreation Department	 Grace Crunican, Director Oregon Department of Transportation

Gary K. Weeks, Director
Department of Human Services

John Beaulieu, State Geologist
Department of Geology and Mineral Industries

Alexander H. Burgin, Major General
Adjutant General
Oregon Military Department

Richard P. Benner, Director
Department of Land Conservation and
Development

James E. Brown, State Forester
State Forestry Department

Stan Bunn, Superintendent of Public Instruction
Department of Education

John Savage, Administrator
Office of Energy

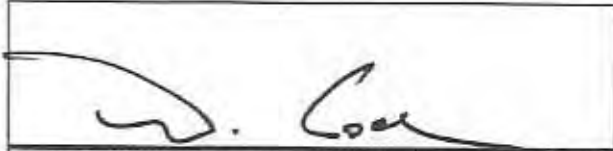
~~Paul R. Cleary~~
Martha G. Pagel, Director
Water Resources Department

Stephanie Hallock
Landon Marsh, Director
Department of Environmental Quality

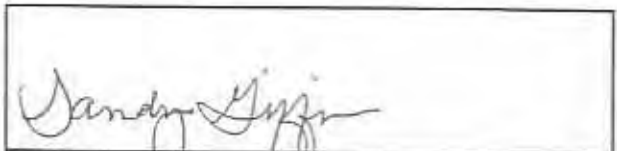
~~Lindsay Ball~~
Jim Greer, Executive Director
Oregon Department of Fish and Wildlife

Mike Greenfield, Director
Department of Administrative Services

~~Ann Hanus~~
Paul Cleary, Director
Division of State Lands



David S. Cook, Director
Department of Corrections



Sandy Giffin, Department Director
Oregon Poison Center

EXECUTIVE ORDER NO. 01-23

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN MORROW COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well as the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Morrow County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 17th day of September, 2001

/s/ John A. Kitzhaber

John A. Kitzhaber, M.D.

GOVERNOR

ATTEST:

/s/ Bill Bradbury

Bill Bradbury

SECRETARY OF STATE

EXECUTIVE ORDER NO. 01-22

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Umatilla County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 15, 2001 at 12:30 a.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the "Bridge Creek Fire." The "Bridge Creek Fire" was caused by lightning strikes and is located south of Ukiah along Highway 395 near the Bridge Creek Wildlife Management Area. The fire is threatening ten homes in the Camas Creek area and more structures including homes in Dale, and a state work center may be threatened due to erratic fire behavior.

Assistance is needed and was formally requested with a joint request by the Umatilla County Fire Defense Chief and the Grant County Judge.

IT IS HEREBY ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Umatilla County, which occurred on August 15, 2001.

This order was made by verbal proclamation at 12:30 a.m. the 15th day of August, 2001 and signed this 6th day of September, 2001, in Salem, Oregon.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 21

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Grant County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 14, 2001 at 7:45 a.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Monument Complex Fires.” The “Monument Complex Fires” were caused by lightning strikes in several areas and includes approximately 24 fires. Three of the fires are threatening the town of Monument and approximately 30 homes north and south of Monument.

Assistance is needed and was formally requested with a joint request by the Grant County Judge and the Grant County Fire Defense Chief.

IT IS HEREBY ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Grant County, which occurred on August 14, 2001.

This order was made by verbal proclamation at 7:45 a.m. the 14th day of August, 2001 and signed this 6th day of September, 2001, in Salem, Oregon.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 20

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Wallowa County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 17, 2001 at 11:39 a.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the "Horse Creek Fire." The "Horse Creek Fire" was caused by lightning strikes and is located north of Imnaha in the northeast corner of the state. The fire is threatening a number of homes along the Imnaha River and the town of Imnaha.

Assistance is needed and was formally requested by the Wallowa County Fire Defense Chief in conjunction with the Board of Wallowa County Commissioners.

IT IS HEREBY ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Wallowa County, which occurred on August 17, 2001.

This order was made by verbal proclamation at 11:39 a.m. the 17th day of August, 2001 and signed this 6th day of September, 2001, in Salem, Oregon.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01-18
AMENDS EXECUTIVE ORDER 00-09

IT IS HEREBY ORDERED AND DIRECTED:

1. Section E of Executive Order 00-09, is hereby amended so that it reads as follows:

“Submitting to the Governor, beginning on September 1, 2002 an Annual Agency ADR Report which shall include information for the previous fiscal year on:

- 1) agency utilization of ADR,
- 2) the effectiveness of agency ADR processes,
- 3) ADR Training received by agency employees,
- 4) the implementation of any new ADR programs or projects,
- 5) the status of any activities or actions proposed in the Agency ADR Plan, and,
- 6) the goals for improving their ADR Programs in the next fiscal year.”

Done before me at Salem, Oregon on this 6th day of August 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01-17

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN DESCHUTES COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well as the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Deschutes County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed to coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 13th day of August, 2001

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury_____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 16

SUSPENSION OF OREGON LAW REGARDING MOTOR CARRIER REGULATIONS DUE TO EMERGENCY DECLARATIONS OF EXECUTIVE ORDERS NO. EO – 01 – 14 and NO. EO – 01 - 15.

Executive Order No. EO 01 – 14 declares an emergency pursuant to ORS 476.510 – ORS 476.610 due to a conflagration fire in Umatilla County. Executive Order No. EO – 01 – 15 declares a statewide emergency due to imminent threat of wildfire pursuant to ORS 401.055. Wildfires currently burning throughout Oregon constitute a significant danger to timberland and to the health and welfare of residents.

Airports in LaGrande, John Day, Redmond, are currently unable to maintain sufficient fuel supplies for aircraft engaged in fighting these fires. Additional airports and other sources of motor fuel may confront similar circumstance in the near future. Various provisions of Oregon law relating to the regulation of motor carriers prohibit the level of delivery service required to alleviate these fuel supply shortages.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) Pursuant to ORS 401.095(2), I find the following statutes and administrative rules inconsistent with ORS 401.065 – ORS 401.085, and said statutes and administrative rules shall be deemed inoperative for all vehicles assisting in the emergencies declared in Executive Orders No. EO – 01 – 14 and No. EO – 01 – 15 so long as those emergencies exists:

OAR 740-100-0010(2)(D);
ORS 825.100;
ORS 825.160;
ORS 825.450;
ORS 825.474;
ORS 825.490.

The waiver of provisions of ORS Ch. 825 applies only to vehicles engaged in fire suppression activities that originate from out-of-state.

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- 2) All state agencies are hereby directed to suspend efforts to enforce these provisions for the duration of the emergencies declared in Executive Order No. EO – 01 – 14 and No. EO – 01 – 15.

Done before me this 13th day of August, 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 15

**DETERMINATION OF A STATE OF EMERGENCY DUE TO THE
IMMINENT THREAT OF WILDFIRE**

Pursuant to ORS 401.055, I find that a fire emergency exists due to imminent threat from wildland fires statewide. Current fires in several areas, the ongoing potential for thunderstorms with lightening strikes, and a predominant weather pattern indicated these conditions will not be significantly relieved in the near future. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED:

1. The Department of State Police Office through its Office of State Fire Marshal and Emergency Management of the State of Oregon is authorized to coordinate the use of state personnel and equipment of all State agencies for the performance of any activity designed to prevent or alleviate damage from the emergency. This includes, but is not limited to, the resources of the Oregon Department of Forestry and the State of Oregon Military Department.
2. This determination of a fire emergency is statewide. It is not to be construed as a comprehensive declaration or proclamation of emergency for other purposes. It is limited to the use of state resources and the National Guard. Requests for resources for other emergencies must be submitted through the County governing body as required for other emergencies.
3. This order shall remain in effect until the threat is significantly relieved or the fire season ends.

This Order was made by verbal proclamation at 3:30 p.m. the 13th day of August 2001, and signed this 13th day of August, 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 14

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Umatilla County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 28, 2001 at 3:35 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the "Two Rivers Fire." The "Two Rivers Fire" began in a wood chip pile at the Boise Cascade facility at the Port of Umatilla. The fire threatened industrial plants in the port, the Two Rivers Correctional facility, Hat Rock State Park and approximately 50 homes near Hat Rock State Park.

Assistance is needed and was formally requested by the Fire Defense Chief of the fire defense district composed of Morrow, Umatilla, and Gilliam counties.

IT IS HEREBY ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Umatilla County, which occurred on July 28, 2001.

This order was made by verbal proclamation at 3:35 p.m. the 28th day of July, 2001 and signed this 13th day of August, 2001, in Salem, Oregon.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 01 – 13

AUTHORIZATION FOR ACCESS TO LAW ENFORCEMENT DATA SYSTEM

ORS 181.010 (8) (i) – (9) and OAR 257-010-0025 (1) (d) operate in conjunction to allow the Governor to authorize Law Enforcement Data System access to designated state and local agencies which require such information in order to fulfil statutory criminal and regulatory missions. Executive Order No. EO 90-05 grants such access to a number of state agencies, and establishes the conditions under which such access is authorized; subsequent Executive Orders Nos. EO 90-14, EO 90-21, EO 97-21, EO 98-13, EO 98-19, EO 99-04, EO 99 – 11, and EO 00-08 have authorized access for additional state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) In addition to those agencies listed in paragraph (4) of Executive Order No. EO 90-05, and pursuant to the authority vested in me by ORS 181.010 (8) (i) (9) and OAR 257-010-0025 (1) (b), I hereby authorize the Oregon State Police to provide the following agencies with access to the Oregon State Police criminal offender information system:
 - a: The Oregon State Marine Board for purposes of issuing registration cards and licenses relating to the Oregon Outfitter Guide Program (ORS 704.020 – ORS 704.030) and the Oregon Charter Vessel Program (ORS 830.430 - ORS 830.440), and for enforcement of Oregon law regarding Boating Under the Influence of Intoxicants (ORS 830.315, ORS 830.994, ORS 830.815).
 - b: The Department of Revenue for purposes of protecting the confidentiality of taxpayer information pursuant to ORS 314.835, ORS 314.840, ORS 314.991, ORS 118.525, ORS 309.290, ORS 308.413, ORS 308.990, ORS 321.381, ORS 321.682, ORS 321.686, ORS 657.665, and Internal Revenue Code sec. 7213(a) and 7431, and for purposes of conducting background checks on prospective employees for specific, identified positions that involve the performance of tasks related to the Department of Revenue’s mission regarding seized property pursuant to ORS 314.419 and ORS 323.245, and duties

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involving receipt, processing, banking, distribution, accounting, and security for tax receipts and other state assets in the care of the Department of Revenue, and for positions involved with purchasing, payroll, and personnel information.

- 2) Executive Order No. EO 90-05 continues to govern the compilation, maintenance, and dissemination of criminal offender information as defined in ORS 181.010 (2), and Executive Order EO 90-05 governs the access authorized for the state agencies granted LEADS access in this Order.

Done this 31st day of July, 2001, at Salem, Oregon.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 12

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN HARNEY COUNTY AND UNION COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well as the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Harney County and Union County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 6th day of July, 2001

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 – 11

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN JACKSON COUNTY AND JOSEPHINE COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Jackson County and Josephine County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 6th day of July, 2001

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 01-10

TASK FORCE ON THE FUTURE OF SERVICES TO SENIORS AND PEOPLE WITH DISABILITIES

This Executive Order creates the Task Force on the Future of Services to Seniors and People with Disabilities. The Task Force will help Oregon prepare for the aging of the Baby Boomer Generation and the growth in the numbers of people with significant disabilities. It will review, analyze, and recommend changes as needed in the State's age and disability-related programs and policies.

The Task Force will be comprised of concerned seniors and people with disabilities, policymakers, and representatives from both private and non-profit organizations serving these populations.

The Task Force will make recommendations to the Governor and Legislative Assembly on improvements to systems serving seniors and people with disabilities in their communities

It is essential that Oregon prepare for the aging of the Baby Boomer generation and for the increasing numbers of people with severe disabilities. Failure to prepare and build systems capable of meeting the needs of these individuals will result in substantial costs and diminished quality of life for these individuals.

WHEREAS the numbers of seniors and persons with disabilities has been growing rapidly, and is expected to continue to grow rapidly over the next 25 years;

WHEREAS the ratio of seniors to available caregivers is expected to diminish over the next 25 years;

WHEREAS there is evidence that many individuals who will be retiring over the next 25 years will not have access to sufficient financial resources to allow economic self-sufficiency throughout their lives;

WHEREAS Oregon does not currently have enough accessible, affordable housing to shelter this growing senior and disabled population;

WHEREAS Oregon does not have enough accessible transportation to allow the senior and disabled population to fully participate in community life;

WHEREAS it takes many years to build the community-based infrastructure required to house, transport and care for growing numbers of seniors and persons with disabilities in a manner that optimizes dignity and autonomy;

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THEREBY IT IS HEREBY ORDERED AND DIRECTED:

1. The Task Force on the Future of Services to Seniors and People with Disabilities is hereby created. The membership of the Task Force shall be no greater than 25, comprised as follows:
 - a. Six members of the Legislative Assembly with interest and expertise in the subject of social services, long-term care or financial planning.
 - b. One representative from each of the following agencies and organizations, as nominated by the executive authority of the organization or agency and appointed by the Governor:
 - i. The Governor's Commission on Senior Services;
 - ii. The Oregon Disabilities Commission;
 - iii. Oregon Association of Area Agencies on Aging and Disability;
 - iv. The Housing and Community Services Department;
 - v. The Department of Human Services;
 - vi. The Long Term Care Ombudsman; and
 - vii. The Governor's Office.

Organizations are encouraged to nominate persons who are knowledgeable about systems serving seniors and people with disabilities and who have a specific knowledge about the priority areas that constitute the focus of the Task Force.

- c. Twelve additional members appointed by the Governor who are as follows:
 - i. Three persons representing consumers and advocates for individuals with long term care needs;
 - ii. Four persons from statewide organizations representing long term care providers, including two from not-for-profit providers;
 - iii. One in-home care provider;
 - iv. One person from an organization representing services to persons with special needs;

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- v. One person from the financial services industry; and
 - vi. Two physicians specializing in gerontology who are licensed to practice under ORS chapter 677.
2. The Governor shall appoint two members of the Task Force as co-chairs. One member shall be a member of the Legislative Assembly and one member shall be a representative from a provider or advocacy organization. The co-chairs shall establish an agenda for the Task Force, facilitate communication among members of the Task Force, and shall assign duties to Task Force members and appropriate staff.
3. The Department of Human Services shall provide support to the Task Force. The directors of other state agencies with programs that impact the dignity, quality of life, safety, health and independence of seniors and people with disabilities shall cooperate by providing information as needed and available, and by meeting with and reporting to the Task Force as requested.

The Department of Human Services and the Oregon Department of Administrative Services shall share the staffing functions of the Task Force. The Legislative Fiscal Office and the Legislative Administrator may consult and work with the Task Force in the performance of its functions and may furnish such information and advice as the members of the Task Force consider necessary to perform its functions.

4. The Task Force shall carry out the following activities:
- a. Develop a long range plan on the future of services to seniors and people with disabilities;
 - b. Consider the different types of long term care services necessary to meet the needs of Oregon's aging population;
 - c. Review and recommend legislative actions and levels of funding necessary to implement the long range plan;
 - d. Review the effectiveness of such recommendations and make an annual report to the Governor and the Legislature to detail findings and advice to appropriate agencies on any recommended changes.

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5. In carrying out these activities, the Task Force shall focus upon the following priorities:
 - ? Evaluating and improving where needed methods of governing and managing state programs for assistance to the elderly and persons with disabilities;
 - ? Identify methods for controlling the costs of long term care services;
 - ? Identify cross generational issues expected as demographics shift;
 - ? The development of long term care services sufficient to meet the needs of a rapidly aging population;
 - ? Exploring long-term care financial planning options that reduce the potential impact on the state's General Fund;
 - ? Identifying strategies to ensure adequate private and public funding of long term care services;
 - ? Identifying housing needs of the senior and disabled population;
 - ? Identifying strategies to replace, modernize or update deteriorating long term care facilities in order to meet the physical, psychological and medical needs of the long term care population;
 - ? Managing chronic health care issues and strengthening the connection between medical providers and caregivers through the study of behaviors to reduce the incidence of chronic disease; and
 - ? Identifying the different types of long term care services that are needed in rural and urban areas of the state;
 - ? Coordinate strategies to assure there is an adequately trained workforce to meet the needs of the growing senior and persons with disabilities.
6. The Task Force shall meet at least monthly, and may hold additional meetings as deemed necessary by the chairs.
7. The Task Force shall make its first report to the Governor by September 1, 2002, so that its recommendations can be considered in the development of the Governor's Recommended Budget.

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8. This Order expires September 30, 2004, unless explicitly extended by the Governor.

Done at Salem, Oregon, this 30th day of June, 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 09

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN BAKER COUNTY, SHERMAN COUNTY, WALLOWA COUNTY, AND WHEELER COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well as the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Baker County, Sherman County, Wallowa County, and Wheeler County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 22 day of June, 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 08

OREGON'S PARTNERSHIP FOR OCCUPATIONAL AND CAREER INFORMATION

The State of Oregon acknowledges the essential roles played by occupational and career information in our educational and work force development systems. To address the need for quality career information, it is the policy of the state to coordinate and cooperate across the education and workforce systems to develop, disseminate, and effectively use the best occupational and career information products and services for Oregonians. The state is dedicated to coordinating and improving the partnerships between information providers and customers.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) Oregon's Partnership for Occupational and Career Information is established.
- 2) The Oregon Employment Department, having been designated by the Governor and the State Board of Education as Oregon's occupational/career information entity under the Carl Perkins Act, 20 USC sec 2301 *et seq*, shall lead and coordinate activities of the partnership.
- 3) The Oregon Career Information System shall be Oregon's designated Career Information Delivery System.
- 4) The Oregon Employment Department shall be Oregon's designated entity for the collection, analysis, and dissemination of occupational information.
- 5) The Partnership shall be comprised of representatives from
 - a: the Oregon Employment Department,
 - b: Oregon Career Information System,
 - c: the Oregon Department of Education, and
 - d: Department of Community College and Workforce Development.

To ensure the Partnership meets the goals in Part 6, these representatives shall be actively engaged in activities directly related to the development and delivery of occupational and career information. Partnership members are not entitled to compensation or expenses pursuant to ORS 292.495.

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- 6) The Partnership shall:
- a) Build and maintain strong, collaborative communication strategies that will ensure the sharing of information among state agencies, career information entities, and interested stakeholders;
 - b) Provide support for career guidance and academic counseling programs to promote improved career and education decision-making by individuals consistent with Oregon’s Educational Act of the 21st Century;
 - c) Improve student, parent, teacher, administrator, and counselor access to information and planning resources that relate educational preparation to career goals and expectations;
 - d) Increase state and local capacity for dissemination of occupational and career information that meets or exceeds industry standards;
 - e) Equip teachers, administrators, and counselors with the knowledge and skills needed to assist students and parents with occupational information, career exploration, and educational opportunities and financing;
 - f) Lead cooperative planning efforts for new occupational and careers information resources to support state workforce and educational goals;
 - g) Improve coordination and communication among organizations authorized by the Workforce Investment Act and the Wagner-Peyser Act to ensure the appropriate use of shared information and data and non-duplication of efforts as appropriate;
 - h) Provide ongoing means for customers, in particular, students and parents, to provide comments and feedback on products and services and design new products and services as appropriate to better meet customer requirements;
 - i) Collaborate with additional stakeholders on specific goals and targeted activities for the development, dissemination, and improvement of occupational and career information, resources, and services.

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- 7) The Partnership will meet quarterly.
- 8) Executive Order No. EO 92 – 02 is hereby rescinded.
- 9) This executive order shall remain in effect until amended or rescinded.

Done at Salem, Oregon the 15th day of June, 2000.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 07

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN DOUGLAS COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well as the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Douglas County I am therefore declaring a "state of drought emergency" and directing the following activities:

IT IS HEREBY ORDERED AND DIRECTED:

- I. The Oregon Department of Agriculture is directed to coordinate and provide assistance in seeking state and federal resources available to mitigate conditions and effect agricultural recovery.
- II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.
- III. The Department of State Police, Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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- IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 11th day of June, 2001.

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 06

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN GILLIAM COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Gilliam County, I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed to coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this 30th day of May, 2001

/s/ John A. Kitzhaber
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ Bill Bradbury
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 05

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN CROOK COUNTY, HOOD RIVER COUNTY, AND LAKE COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well as the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Crook County, Hood River County, and Lake County I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this _____ day of May, 2001.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 04

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN WASCO COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Wasco County, I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

Done at Salem, Oregon this ____ day of _____, 2001.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. 01 - 03

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN JEFFERSON COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Jefferson County, I am therefore declaring a "state of drought emergency" and directing the following activities;

IT IS HEREBY ORDERED AND DIRECTED:

I. The Oregon Department of Agriculture is directed to coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.

II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.

III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions.

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IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

This Executive Order shall take effect immediately upon the date hereof.

Done at Salem, Oregon this _____ day of April, 2001.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 01 – 02

OREGON TASK FORCE ON BRAIN INJURY

The Center for Disease Control estimates that approximately 5.3 million Americans suffer from disabilities related to brain injury, a total exceeding that of each of the following: persistent mental illness, Alzheimer's, stroke, epilepsy, cerebral palsy or spinal cord injury.

The Health Division of the Oregon Department of Human Services analyzed hospital discharge data for the years 1997 and 1998 which identified 6,791 cases of persons hospitalized in Oregon for Traumatic Brain Injury (TBI). These data indicate that the largest number of brain injuries were caused by motor vehicle traffic crashes followed by falls. Oregon Trauma Registry data from the years 1995 and 1996 identified 5,598 persons admitted to hospitals for TBI. The annual average incidence rate of moderate and severe TBI, calculated using Oregon Hospital Discharge Index and the Oregon Trauma Registry data is 60-65 per 100,000.

As recently as 1970, approximately half of all persons suffering from TBI ultimately died as a result of their injuries. However, as a result of improved emergency response, quicker transport to trauma centers, and improved medical technology and techniques, as well as more prevalent use of safety equipment such as seat belts, child safety seats and air bags, that mortality rate has fallen to nearly 22%.

The resultant increase in persons living with TBI creates a need for long term care and rehabilitation that require a concentrated effort to better understand the nature of TBI. At present once patients are discharged from the hospital, there are very few service options to help address the variety of challenges these patients face. As a result, most TBI patients face a post-hospitalization landscape lacking in adequate support systems and viable care options. What makes the situation more difficult is that many individuals with TBI look outwardly normal, but still are significantly impaired in ways that affect their everyday functioning. In this sense, TBI is a "silent epidemic".

At present, available data regarding brain injuries in Oregon are very limited. They do not provide sufficient detail to enable targeting of additional TBI prevention measures or planning for post-hospital service care and service system needs based on functional outcome information. Consideration should be given to establishing a comprehensive TBI tracking system to collect data on incidence,

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patient demographics, nature of injury, cause of injury, injury locale, details on severity of injury, and functional outcomes. Such a system would make an important contribution to the prevention of brain injury and provide information to help improve the system of long-term support services to meet the needs of those who survive brain injury.

In Oregon, no State agency is charged with lead responsibility for programs to address the problems of persons with brain injury. This contrasts with the situation for persons who are developmentally disabled and persons with mental illness. Persons with brain injury and their families express frustration over the lack of services and the perceived fragmentation in delivery of services that do exist. Most of all, they express a desire for greater understanding and awareness of brain injury and its consequences on the part of agency staff, other professionals and the public generally. Overwhelmingly, they express the desire to work or participate in meaningful activity.

In an attempt to respond to the need for more services for persons with brain injury, the Oregon Department of Education in 1997 applied for and received a grant from the federal Bureau of Maternal and Child Health (MCH) of the Health Resources and Services Administration. Grant monies have been used to 1) create teams of experts on brain injury to support educators in Oregon school districts; 2) conduct training of survivors and families in self advocacy; and 3) to create an Oregon Brain Injury Resource Network (OBIRN) so that survivors and family members can call an 800 number or use the internet to obtain information about brain injury and referral to resources which may be able to help them. The grant project will end in August 2001, and with it an Advisory Council on Brain Injury formed to advise on the grant will disband.

Recognizing the need for greater attention to brain injury, 26 states have formally established brain injury advisory or coordinating councils, by executive order or legislation. These councils typically advise the Governor and legislature on the planning, coordination and development of services related to brain injury. They also promote the prevention of brain injury. Establishment of an advisory body on brain injury within the State government, whether by Executive Order or legislation, would be an important step toward creating greater awareness of brain injury as a major public health problem.

Approximately 12 states have established brain injury trust funds to provide services to persons with brain injury which were not being adequately funded from other sources. The source of funding in most cases has been surcharges on motor vehicle violations, and particularly drunk driving. Typically, utilization of trust

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fund monies is overseen by a board appointed by the governor. Most boards also have advisory functions in addition to their trust fund responsibilities.

The Brain Injury Association of Oregon has suggested that the State of Oregon establish such a TBI trust fund trust fund. An obvious issue related to the proposal is whether a state appropriation is to be made and the source of funding for such appropriation. Trust funds are also frequently authorized to seek and accept other private and public sources of funding. These issues, as well as the relationship of the suggested Brain Injury Advisory Council and the body which would oversee the trust fund should be examined by the Task Force.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Governor's Task Force on Traumatic Brain Injury is hereby created.
2. The Task Force shall consist of the following members, appointed by the Governor to serve indefinitely:
 - a. Two TBI survivors;
 - b. Two relatives of TBI survivors;
 - c. Two representatives of organizations which advocate for persons with brain injuries;
 - d. A representative from the insurance industry; and
 - e. Four representatives of the Oregon Department of Human Services, selected by that agency's Director, to include the following areas of expertise:
 - 1) Epidemiology, public health surveillance and injury prevention;
 - 2) Provision of social services to the disabled;
 - 3) Provision of vocational rehabilitation services; and
 - 4) Provision of mental health services and/or persons with developmental disabilities.

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- f. A representative of the Oregon Department of Education, selected by the Superintendent of Public Instruction;
 - g. two members of the Legislative Assembly or their designees; and
 - h. two medical professionals with experience in treating TBI.
3. The Task Force shall appoint a Chair and Vice-Chair by majority vote.
4. The Task Force shall:
 - a. Analyze and make recommendations regarding a coordinated state agency response to brain injury which focuses on the needs of persons with brain injury. This task should take special note of the results of input provided by brain injury survivors, family members and services providers during town meetings conducted jointly by the Department of Education and the Brain Injury Association of Oregon.
 - b. Explore sources of funding for a TBI Trust Fund to be used to provide support and assistance to survivors which will help them in their efforts to reclaim their lives, develop their abilities to function more independently and enable them to be integrated into and make their contribution to society.
 - c. Review the costs and benefits of establishing an Oregon TBI Registry and TBI Surveillance Program. The review shall include consideration of the experience of other states with similar programs.
 - d. Review and make recommendations regarding the establishment of a Brain Injury Advisory Council in order to advise the Governor and the Legislative Assembly on the needs of persons with brain injuries, and the coordination of the delivery of services to persons with brain injuries and their families.
 - e. Propose such legislation as may be necessary to implement the recommendations of the Task Force.

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- f. The Task Force may submit an interim report and recommendation on one or more of the preceding tasks if it determines it to be necessary or desirable.
- 5. Members of the Task Force are entitled to no compensation or reimbursement of expenses.

Done before me at Salem, Oregon this _____ day of April, 2001.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 01-01

DETERMINATION OF A STATE OF DROUGHT EMERGENCY IN KLAMATH COUNTY DUE TO CONDITIONS CAUSED BY DROUGHT, LOW WATER CONDITIONS, AND ENERGY SHORTAGES IN THE WESTERN STATES.

Pursuant to ORS 401.055, I find that the weather pattern, ongoing drought and low water conditions, and the energy shortages in the western states have the imminent potential for causing a natural and economic disaster of catastrophic proportions. It is anticipated that the projected outlook will not significantly alleviate the current conditions, and that they will continue to worsen during the summer months. This will have profound consequences on the county's agricultural and natural resources, as well the likelihood for stark energy and economic impacts.

Current conditions are being addressed by state agencies including the Department of Agriculture, the Department of Water Resources, and the Department of State Police and its Office of Emergency Management.

A timely response to this situation being vital to the well being and economic security of the citizens and businesses of Klamath County, I am therefore declaring a "state of drought emergency" and directing the following activities;

THEREBY IT IS HEREBY ORDERED AND DIRECTED:

- I. The Department of Agriculture is directed to coordinate assistance in seeking federal resources available to mitigate conditions and effect agricultural recovery.
- II. The Department of Water Resources is directed to coordinate and provide assistance and regulation it determines necessary in accordance with ORS 536.700 to 536.780.
- III. The Department of State Police Office of Emergency Management is directed to coordinate and assist as needed with assessment and mitigation activities to address current and projected conditions
- IV. All other departments are directed to coordinate with the above agencies and to provide appropriate state resources as determined essential to assist affected political subdivisions.

EXECUTIVE ORDER NO. EO 01-01

This Executive Order shall take effect immediately upon the date hereof.

Done before me at Salem, Oregon this ____ day of March, 2001.

John A. Kitzhaber, M.D.
Governor

Attest:

Bill Bradbury
Secretary of State

EXECUTIVE ORDER NO. 00 - 31

OREGON SHOWCASE STATE PARTNERSHIP FOR NATURAL DISASTER RESISTANCE AND RESILIENCE

WHEREAS, the State of Oregon is geographically vulnerable to earthquakes, wildfires, coastal and inland flooding, landslides, alluvial fan flooding, volcanic eruptions and other natural disasters that in the past have caused extensive loss of life and property and severe disruption to essential human services; and

WHEREAS, Oregon is one of the nation's fastest growing states, with a significant percent of the population living in the Cascadia Region Subduction Earthquake zone, in areas at high risk of flooding, and in wildland/urban interface areas prone to wildfires; and

WHEREAS, modeled earthquake losses for Oregon into the future rank third among all the states; and

WHEREAS, earthquakes in 1993 caused \$40 million in damage and floods in 1996 and 1997 caused over \$200 million in damage; and

WHEREAS, projected losses from an earthquake in the Cascadia subduction zone could exceed \$12 billion dollars, 30,000 destroyed buildings, and 8,000 lives lost; and

WHEREAS, wildfires have destroyed 100 homes in Oregon the past decade; and

WHEREAS, the State of Oregon is committed to providing the highest possible level of protection to its citizens in a manner consistent with risk management principles; and

WHEREAS, the State of Oregon views risk management of natural hazards as integral to efforts to achieve sustainability; and

WHEREAS, to further protect our residents, the State of Oregon has embarked upon a public/private partnership called the "Showcase State Initiative" in partnership with the Institute for Business and Home Safety (IBHS), SAFECO Insurance Companies, the University of Oregon Community Service Center, the State of Oregon Emergency Management, the Oregon Department of Geology and Mineral Industries (DOGAMI), the Department of Land Conservation and Development, many other state agencies, the Federal Emergency Management Agency, Oregon local governments and the business community; and

WHEREAS cooperation between public and private partners can expand efforts to reduce risks and demonstrate the benefits of taking specific, creative and partnered steps to further help Oregon communities reduce deaths, injuries, property damage, economic losses and human suffering caused by natural disasters.

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NOW, THEREFORE, I, John A. Kitzhaber, M.D., by virtue of the authority vested in me as Governor of the State of Oregon proclaim the State of Oregon a “Showcase State” for natural disaster resistance and resilience. The state, in cooperation with its public and private partners, and to the extent to which existing state budgetary and staff resources allow, will do the following:

1. Identify state agencies and private sector entities responsible and accountable for implementing actions in each of the areas listed below. Executives with authority and accountability in these areas will coordinate respective planning and will develop a mid-range strategic plan and a first-year action plan.
2. Complete statewide hazard, risk and vulnerability assessments for significant hazards that include hazard characterization, economic data, social and vulnerability data, and will provide assistance to municipalities to identify their natural hazard risks and vulnerability.
3. Develop partnerships with appropriate businesses to provide a public-private link for coordinated mitigation, preparedness, response and recovery. Partnerships should include critical businesses involved in recovery from natural hazard events (e.g., utilities, communications, food suppliers, medical facilities) and those businesses whose losses would impact the ability of the local and state economy to recover.
4. Promote and support enforcement of the latest version of the model building code as adopted by the state of Oregon and implemented in cooperation with local government to manage disaster-resistance.
5. Address relevant hazards and the risks they pose in any state-level land use decisions, including plans for state-owned property development. The state will also encourage adoption of local comprehensive plans that properly incorporate hazards into decision-making and provide for appropriate safeguards.
6. Maintain a state emergency response plan, develop a state post-disaster recovery plan, and provide technical assistance to municipalities for development of local recovery plans.
7. Ensure that communities participating in the National Flood Insurance Program (NFIP) are compliant, improve participation and ratings in the NFIP Community Rating System (CRS), and work with communities to improve community ratings in other areas including fire and building code effectiveness.

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8. Incorporate disaster protection into capital improvement budgets of public lifelines and critical facilities, such as utilities, telecommunications systems, transportation infrastructure, water supply, hospitals, wastewater treatment facilities, etc., and promote incorporation of disaster protection into capital improvements of similar private facilities.
9. Encourage the development of a disaster resistant state including encouragement of disaster resistant communities within the State in collaboration with the Federal Emergency Management Agency's *Project Impact* initiative.
10. Develop public outreach programs about the importance of mitigating the damage caused by natural hazards, to increase public awareness, change public attitudes, and spur action, through a coordinated effort with multiple stakeholders.
11. Support the proper incorporation of natural hazard reduction programs or information into school curricula.
12. Support, through cooperative public information efforts, the Institute for Business & Home Safety and its partners the in the non-structural retrofit of non-profit childcare centers through cooperative public information efforts.
13. Develop and conduct mitigation training for building, design, and construction professionals.
14. Identify and publicize existing incentives and disincentives for implementing mitigation measures in the areas of regulation, policy, social values, and in the financial and economic sectors.
15. Implementation of this order shall be implemented and coordinated by DOGAMI and Oregon Emergency Management on a joint basis.

This Executive Order shall take effect immediately upon the date hereof. Done at Salem, Oregon, this 12th day of December, 2000.

/s/ _____
John A. Kitzhaber, M.D.
Governor

Attest:

/s/ _____
Bill Bradbury
Secretary of State

EXECUTIVE ORDER NO. EO 00 – 30

ELECTRONIC GOVERNMENT

Electronic government both enables and requires rethinking how government is organized from the view of the citizen. It also requires rethinking the functions that government performs to serve the needs of its citizens.

An electronic government system based on customer demands rather than agency jurisdiction will lead to a more intuitive and efficient process of government-provided services, where information is collected once and government functions are integrated. Doing this well requires a focus on the government's relationship with the public and recognizes citizens as real stakeholders. It will also raise citizen expectations of their government.

Electronic technologies, utilizing the Internet and World Wide Web, promise to enable Oregon citizens and businesses to exchange information, transact business, receive government services, and more effectively participate in government debate.

The State of Oregon Enterprise Information Technology Strategy (1998) was implemented by Executive Order 99-05, directing:

- That Oregon public agencies seek to utilize information technologies to meet enterprise-wide needs on a priority basis; and
- That agencies and branches of state and local governments work in collaboration to recognize the need to promulgate and pursue the implementation of common standards in enterprise network, systems and applications as described in the *State of Oregon Information Technology Standards Directory*.

The Department of Administrative Services has developed a policy (DAS-03-27) to guide the development of electronic commerce and government transactions by all state agencies utilizing the Internet and World Wide Web.

The 1999 session of the Oregon Legislature approved through budget processes the formation of the Oregon Center for Electronic Commerce and Government within the Department of Administrative Services. The Center is charged with coordinating and facilitating the use of Internet-based information technology by public agencies to deliver information, services, and electronic access to citizens and businesses.

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These services must be delivered in an efficient, user-friendly manner, and facilitate citizen access and customer satisfaction.

The Electronic Commerce Policy Committee of the Information Resources Management Council has completed a “*Electronic Commerce In Oregon Policy Briefing Paper,*” which provides technical and policy advice on matters relating to the requirements for successful use of Internet technology by state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Department of Administrative Services, through the Oregon Center for Electronic Commerce and Government, shall work closely with all agencies and branches of government and institutions of higher education in developing and supporting the most effective and cost efficient means of providing information, delivering services, and promoting the participation in government processes utilizing the Internet and World Wide Web. The Department shall facilitate for all agencies, including branches of government and institutions of higher education, the sharing of resources, applications, application service provisioning, and common systems in the accomplishment of the Executive Order.
2. State agencies planning to utilize the Internet or World Wide Web to deliver information services will give priority to Enterprise Strategy's goals of open access and free information to private citizens, including new forms of citizen participation in government activities. This can be accomplished while pursuing new-cost, value-added services to citizens and businesses.
3. The Department of Administrative Services will lead an effort to produce standards for agencies to assess the impact of Web applications on the Wide Area Network (WAN). Agencies will participate in standard setting; and upon adoption of the standards by the Governor's Information Technology Roundtable, agency heads will certify, in writing, that their agency meets the standard. All applications designed for delivering Internet and Web-enabled financial and non-financial services to other agencies, businesses and citizens shall be reviewed by agencies based on standards to determine their impact on resources provided by the State of Oregon Enterprise Network (SOEN), and SOEN-related network services. Such impacts take into consideration the following:

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- a) Quality of service components required for the delivery of time-critical financial transactions;
 - b) Capacity planning associated with the state's connection to the Internet (Transit);
 - c) Capacity planning associated with the state's arrangements with private Internet Service Providers within the state (Peering);
 - d) Determining the impact on resources within the Department of Administrative Services' General Government Data Center, including resources needed to provide secure financial transactions; and,
 - e) Assuring that the applications are adequately secured in conformance with state policy and standards.
4. It is envisioned that all state agencies planning the utilization of the Internet or World Wide Web for the conduct of financial transactions, or the delivery of non-financial services to citizens and businesses, will complete and document an "E-Government Readiness Assessment." The white paper "E-Government Strategic Planning" developed by the National Electronic Commerce Coordinating Council will be used as a guide. The Department of Administrative Services will lead an effort, in concert with state agencies, to develop the E-Government Readiness Assessment tool. This information will be maintained by the Information Resources Management Division of the Department of Administrative Services.
5. Upon formal adoption of risk and security standards by the Governor's Information Technology Roundtable, all applications of Internet or Web-enabled financial services offered by agencies and offices must meet or exceed performance of those adopted policies and standards, with technical assistance and ongoing coordination of such standards to be provided by the Oregon Center for Electronic Commerce and Government and the Oregon State Treasurer.

Until then, agencies will utilize prudent business practices to align their processes with the spirit of this Order. For instance, agencies planning to utilize, or who are actually utilizing the Internet or World Wide Web for the conduct of financial transactions or the delivery of services to citizens and businesses must certify, in writing, that the agency has met the Department of Administrative Service's security policies and standards for conducting financial transactions over the Internet or the World Wide Web. The current policy on electronic commerce in Oregon State Government, DAS-03-27, is extended to November 1, 2001, consistent with this section.

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6. The Oregon Center for Electronic Commerce and Government shall develop, implement, and maintain a unified state government Web site, which is designed to provide citizens and businesses with secure, reliable, and convenient access to the information, services, and transactions offered by state agencies and branches. To be called "AccessOregon," or other appropriate name, the coordinated site shall be hosted in the General Government Data Center and distributed through the State of Oregon Enterprise Network.

In all cases, the agencies and branches shall retain control of the underlying business processes located at AccessOregon. All applications utilizing or enabling financial transactions must meet enterprise security standards.

7. In order to achieve the purposes of this Executive Order, all agencies should have completed an analysis of the legal, policy, and other limitations that may affect their conduct of electronic government not later than March 1, 2001. Such an assessment should include, but not be limited to, state and federal laws that do or may affect such transactions: privacy, confidentiality, funding, authentication, digital signature, accessibility, security, and fees.

The Department of Administrative Services shall be responsible for the coordination of this activity, working with the Department of Justice and agencies, with the Department of Administrative Services securing clarification of all common, enterprise-wide issues affecting agencies and individual agencies responsible for completing the analysis of rules, laws or policies uniquely applicable to them.

8. The Department of Administrative Services shall develop a policy governing the utilization of unauthorized software applications by state government agencies to protect the intellectual property of the owners of such applications and as a necessary measure to provide security from non-compliant applications operating within agencies on the State of Oregon Enterprise Network or at the General Government Data Center.
9. The Governor's Information Technology Roundtable shall provide leadership for implementing this Order, and the State's Chief Information Officer shall provide status reports to the Office of the Governor, State Treasurer, the Secretary of State, and the Joint Legislative Committee on Information Management and Technology on January 1 of each year following the effective date of this Order, so long as this order remains in effect.

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Done at Salem, Oregon this 29th day of November, 2000.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 00 - 29

DETERMINATION OF A STATE OF EMERGENCY DUE TO SEVERE DAMAGE TO ACCESS BRIDGE STRUCTURES IN CLATSOP COUNTY

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to critically failing bridge structures on Labiske Rd. in Clatsop County. The severity of which was evaluated on October 28, 2000. The following impacts have occurred for which State assistance has been requested:

1. The county does not have the resources to effect an immediate permanent structure.
2. Unforeseen delays have occurred that preclude immediate resolution.
3. Emergency access for 16 families has been severely compromised and could become impossible during the winter months.
4. Most of the homes are heated with fuel oil that cannot now be delivered over the damaged bridges.
5. Other access routes do not exist.

Oregon National Guard assistance is needed to provide for the immediate installation of a temporary bridge to ensure fire and medical care vehicle access until the county can replace the damaged structure with a permanent structure, a time period not to exceed August 1, 2001. The County has agreed to reimburse the Oregon National Guard for the temporary use of such equipment, and to provide appropriate signage with warning information related to use of the bridges.

IT IS ORDERED AND DIRECTED:

1. The Oregon National Guard is directed to manage and coordinate the use of personnel and equipment necessary to alleviate, and mitigate the threat to life and safety caused by this emergency.

This emergency is declared only for the temporary replacement of the bridges on Labiske Rd. in Clatsop County impacted by this situation.

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This order is made by verbal proclamation at 1:40 PM the 31st day of October, 2000 and signed this 1st day of November, 2000, in Salem, Oregon.

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 00 - 28

DETERMINATION OF A STATE OF EMERGENCY FOR HOOD RIVER COUNTY DUE TO FLASH FLOODING ACTIVITY

Pursuant to ORS 401.055, I find that severe weather in Hood River County has caused a natural disaster, which has severely damaged a portion of a county roadway. Damage occurred to bridges on Oregon 35, including the Whitewater Creek, Newton Creek, and Robin Hood Park bridges. The flooding also caused damage to U.S. Forest Service roads in Hood River County.

Immediate repair and reconstruction of the state highway system and Federal-aid highways is vital to the security, well-being and health of the citizens of Hood River County.

IT IS HEREBY ORDERED AND DIRECTED:

The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect recovery from this emergency.

This declaration is specifically limited to the affected area in Hood River County.

Done at Salem, Oregon, this 10th day of October, 2000.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 27

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Wallowa County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 28, 2000 at 1:47 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of two fires known as the “Carrol Creek Fire” and the “Thorn Fire.” The “Carrol Creek Fire” and the “Thorn Fire” are two of several fires in more than one location around Enterprise and Innaha. The first is at Carrol Creek 10 miles east of Wallowa Lake and the second is one of a series of fires in the Eastside complex about 37 miles northeast of Enterprise in the Thompson Creek area.

Assistance is needed and was formally requested by the Acting Wallowa County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fires in Wallowa County, which occurred on August 28, 2000.

This order was made by verbal proclamation at 1:47 p.m. the 28th day of August, 2000 and signed this 16th day of September, 2000, in Salem, Oregon.

/s/ _____
John A. Kitshaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 26

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Crook County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 26, 2000 at 9:37 p.m. and is confirmed by this Executive Order. Response to the fire was re-opened on August 29, 2000 at 7:00 p.m. when the fire jumped the fire lines.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Hash Rock Fire.” The “Hash Rock Fire” is located north of the Ochoco Reservoir in Crook County, 18 miles northeast of Prineville. The “Hash Rock Fire” was declared contained and demobilization had begun. Heavy winds caused the fire to jump the lines and crews were re-dispatched to protect lines and structures.

Assistance is needed and was formally requested by the Crook County Fire Defense Chief and county judge through the Deschutes County alternate Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Crook County, which occurred on August 26, 2000.

This order was made by verbal proclamation at 9:37 p.m. the 26th day of August, 2000 and signed this 16th day of September, 2000, in Salem, Oregon.

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 00 – 25

GOVERNOR’S MATERNITY CARE TASK FORCE

Executive Order No. EO 95 – 10 established a Maternal Care Task Force (Task Force) to monitor policy issues relating to access to maternity care and study state and federal policies impacting maternity care in Oregon.

Since that time, the Oregon Medical Assistance Program (OMAP) and the Oregon Health Division (OHD) have developed a network of collaborative relationships with health plans participating in the Oregon Health Plan, as well as other community partners. Additionally, OMAP monitors maternity care access through review of encounter data and compliance with the requirement that fully capacitated health plans submit annual reports regarding HEDIS® measures related to member initiation of prenatal care. These policy developments achieve the charge set out for the Task Force in Executive Order No. EO 95 – 10.

THEREFORE IT IS HEREBY ORDERED AND DIRECTED:

Executive Order No. EO 95 – 10 is rescinded.

Done before me this 16th day of September, 2000 at Salem, Oregon.

/s/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 24

**DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO
FIRE IN GILLIAM AND MORROW COUNTIES**

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Gilliam and Morrow Counties. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 10, 2000 at 4:56 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Willow Creek Two Fire.” The “Willow Creek Two Fire” burned in three separate areas about eight miles west of Boardman in Gilliam and Morrow Counties, threatening the City of Boardman.

Assistance is needed and was formally requested by the Fire Defense Chief of three consolidated counties: Morrow, Umatilla and Gilliam counties.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Morrow County, which occurred on August 10, 2000.

This order was made by verbal proclamation at 4:56 p.m. the 10th day of August, 2000 and signed this 23rd day of August, 2000, in Salem, Oregon.

/s/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 00 - 23

USE OF STATE RESOURCES TO ENCOURAGE THE DEVELOPMENT OF QUALITY COMMUNITIES

WHEREAS it is a goal of the State of Oregon as expressed in statute and in state agency goals and programs to accommodate growth and development in a manner that promotes quality communities, protects the land base for our farm and forest industries, and reduces the cost of public facilities and services; and

WHEREAS several state agencies are responsible for implementing this goal through state policies, statutes and administrative rules; and

WHEREAS there is a need to coordinate and target these programs and activities in order to protect the long-term value of the state's investments in Oregon communities and to use limited public dollars strategically; and

WHEREAS a set of development objectives reflecting state policies, statutes and administrative rules is needed to articulate the state's community development interests and to provide a framework for coordinating and targeting state programs and actions; and

WHEREAS it is recognized that local jurisdictions may have their own set of development objectives and priorities reflecting local needs and interests; and

WHEREAS the state should negotiate to resolve differences between state and local community development objectives.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The state shall strive to ensure that its programs and activities help build and maintain quality communities which have clean air and water, housing that is affordable to community residents, a balance of jobs and housing in proximity to one another, development patterns that minimize the cost of public services, and a mix of residential, commercial, industrial and institutional uses that supports a balanced transportation system.

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A. Quality Development Objectives

The following Quality Development Objectives are hereby established to articulate the state's community development interests and to establish the state's investment priorities for the physical development of communities. The Objectives should be used in combination with state and local partnership principles and local development objectives to help build healthy and diverse communities and regions throughout Oregon.

- 1) Promote compact development within urban growth boundaries to minimize the costs of providing public services and infrastructure and to protect resource land outside urban growth boundaries.
- 2) Give priority to a quality mix of development that addresses the economic and community goals of a community and region.
- 3) Encourage mixed use, energy-efficient development designed to encourage walking, biking and transit use (where transit is available).
- 4) Support development that is compatible with a community's ability to provide adequate public facilities and services.
- 5) Facilitate development that is compatible with community and regional environmental concerns and available natural resources (e.g., available water, air quality, etc.)
- 6) Support development that provides for a balance of jobs and affordable housing within a community to reduce the need to commute long distances between home and work, thereby minimizing personal commuting costs as well as the public and societal costs of expanding the transportation infrastructure.
- 7) Promote sustainable local and regional economies in order to provide jobs for residents and financial support for community services.

B. Affected Agencies

The Quality Development Objectives are intended to guide all state agency actions related to community development.

EXECUTIVE ORDER NO. EO - 00 – 23

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However, the agencies on the Governor's Community Solutions Team including the Oregon Departments of Transportation, Environmental Quality, Economic and Community Development, Transportation, Land Conservation and Development, and Housing and Community Services will have the primary responsibility for implementation.

C. Implementation of "Quality Development Objectives"

- 1) Each agency shall ensure that agency actions are consistent with the "Quality Development Objectives."
- 2) Each Director of a Community Solutions Team agency shall designate staff to implement the executive order and to develop a training program for agency personnel responsible for implementing the "Quality Development Objectives."
- 3) No later than April 30, 1998, each Community Solutions Team agency shall submit a report to the Governor indicating how it will implement the "Quality Development Objectives" through agency programs, activities and the budget process. At that time, the Community Solutions Team shall also identify other state agencies which shall be involved in implementation.
- 4) The Community Solutions Team agencies shall implement an on-going mechanism to ensure coordination among major programs affecting community development.
- 5) By December 31, 1998, the Community Solutions Team shall prepare a report outlining how it is implementing the "Quality Development Objectives."
- 6) Each Community Solutions Team agency shall use the population and employment forecasts developed or approved by the Department of Administrative Service's Office of Economic Analysis in coordination with Oregon's 36 counties to plan and implement programs and activities.

Executive Order No. EO – 97 – 22 is hereby rescinded.

EXECUTIVE ORDER NO. EO - 00 – 23

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Done at Salem, Oregon, this 23rd day of August, 2000.

/s/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 22

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN WASCO COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Wasco County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 8, 2000 at 6:04 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Antelope Fire.” The “Antelope Fire” is located in an unprotected area 1/4 mile from Antelope.

Assistance is needed and was formally requested by the Bureau of Land Management Incident Commander through the alternate Wasco County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Wasco County, which occurred on August 8, 2000.

This order was made by verbal proclamation at 6:04 p.m. the 8th day of August, 2000 and signed this 14th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 21

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN JACKSON COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Jackson County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 8, 2000 at 7:43 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Antioch Road Fire.” The “Antioch Road Fire” is located in an unprotected area near Evans Creek in the Rogue River Valley.

Assistance is needed and was formally requested by the Jackson County Fire Defense Chief.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Jackson County, which occurred on August 8, 2000.

This order was made by verbal proclamation at 7:43 p.m. the 8th day of August, 2000 and signed this 14th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 00 - 20

DETERMINATION OF A STATE OF EMERGENCY DUE TO THE IMMINENT THREAT OF WILDFIRE

Pursuant to ORS 401.055, I find that a fire emergency exists due to imminent threat from wildland fires statewide. Current fires in several areas, the ongoing potential for thunderstorms with lightning strikes, and a predominant weather pattern indicated these conditions will not be significantly relieved in the near future. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED:

1. The Department of State Police Office through its Office of State Fire Marshal and Emergency Management of the State of Oregon is authorized to coordinate the use of state personnel and equipment of all State agencies for the performance of any activity designed to prevent or alleviate damage from the emergency. This includes, but is not limited to, the resources of the Oregon Department of Forestry and the State of Oregon Military Department.
2. This determination of a fire emergency is statewide. It is not to be construed as a comprehensive declaration or proclamation of emergency for other purposes. It is limited to the use of state resources and the National Guard. Requests for resources for other emergencies must be submitted through the County governing body as required for other emergencies.
3. This order shall remain in effect until the threat is significantly relieved or the fire season ends.

This order was made by verbal proclamation at 4:00 p.m. the 8th day of August, 2000, and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. E.O. - 00 - 19

DETERMINATION OF A STATE OF EMERGENCY DUE TO WILDFIRES.

Pursuant to ORS 401.055, I find that threat to life and safety exists due to wildfires which occurred in Grant County on August 4, 2000. The following impacts have occurred for which State assistance has been requested:

1. Wildfires out of control near Slide Mountain in Strawberry wilderness area and numerous smaller sites throughout the county.
2. Fire threatening private property and structures
3. High winds and temps forecast for several days

Oregon National Guard Assistance is needed to assist with helicopters to fight the fires.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Office of Emergency Management, shall coordinate access to and the use of personnel and equipment of all state agencies necessary to assess, alleviate, respond to, mitigate, or recover from conditions caused by this emergency.
2. The Oregon National Guard shall provide essential assistance that is deemed necessary to support this effort.

This emergency is declared only for those areas of Grant County impacted by wildfires which occurred on August 4, 2000.

This order is made by verbal proclamation this 4th day of August , 2000, and signed this 10th day of August, 2000, in Salem, Oregon.

/s/
GOVERNOR

ATTEST:

/s/
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 18

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN MORROW COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Morrow County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 22, 2000 at 1:50 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Willow Creek Fire.” The “Willow Creek Fire” started at the junction of Eight Mile Road and Four Mile Canyon in Gilliam County and spread out of control to Morrow County.

Assistance is needed and was formally requested by the Fire Defense Chief of three consolidated counties: Morrow, Umatilla and Gilliam counties.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Morrow County, which occurred on July 22, 2000.

This order was made by verbal proclamation at 1:50 p.m. the 22nd day of July, 2000 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 17

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN MALHEUR COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Malheur County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 14, 2000 at 7:40 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Jackson Fire.” The “Jackson Fire” started in the Vale area moving east towards Huntington and south towards Ontario.

Assistance is needed and was formally requested by the Fire Defense Chief of Malheur County.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Malheur County, which occurred on July 14, 2000.

This order was made by verbal proclamation at 7:40 p.m. the 14th day of July, 2000 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 16

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN BENTON COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Benton County in Central Eastern Washington. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on June 29, 2000 at 12:01 p.m. and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “24 Command Fire.” The “24 Command Fire” is located on the Hanford Nuclear Reservation and has burned into Benton City, Washington.

Assistance is needed and was formally requested by Washington State Fire Marshal Mary Corso through the WA/OR Interstate Fire Protection Operational Plan as authorized by the 1951 Civil Defense and Disaster Compact.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Benton County, Washington, which occurred on June 29, 2000.

This order was made by verbal proclamation at 12:01 p.m. the 29th day of June, 2000 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 15

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN GRANT COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Grant County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 9, 1999 at 6:55 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Cummings Creek Fire.” The “Cummings Creek Fire” is located 11 miles west of Mt. Vernon.

Assistance is needed and was formally requested by the Deputy Chief of Mt. Vernon Fire Department.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Grant County, which occurred on August 9, 1999.

This order was made by verbal proclamation at 6:55 p.m. the 9th day of August, 1999 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 14

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN CROOK COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Crook County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on July 9, 1999 at 4:32 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “McCain Road Fire.” The “McCain Road Fire” is located 10 miles north of Prineville near Grizzly Mountain.

Assistance is needed and was formally requested by the Crook County Commissioner.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Crook County, which occurred on July 9, 1999.

This order was made by verbal proclamation at 4:32 p.m. the 9th day of July, 1999 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 13

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN WASCO COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Wasco County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on May 15, 1999 at 8:47 a.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as “The Dalles Grain Elevator Fire.” “The Dalles Grain Elevator Fire” is located in the city of The Dalles.

Assistance is needed and was formally requested by the Fire Defense Chief of Wasco County.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Wasco County, which occurred on May 15, 1999.

This order was made by verbal proclamation at 8:47 a.m. the 15th day of May, 1999 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 12

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN UMATILLA COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Umatilla County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 15, 1998 at 5:15 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of two fires headed for Pendleton, ultimately named the “Reith-Barnhart Fire.” The “Reith-Barnhart Fire” is located approximately 6 miles west of Pendleton.

Assistance is needed and was formally requested by the Fire Defense Chief of Umatilla County.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Umatilla County, which occurred on August 15, 1998.

This order was made by verbal proclamation at 5:15 p.m. the 15th day of August, 1998 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 11

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN WASCO COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Wasco County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 9, 1998 at 9:30 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Rowena Fire.” The “Rowena Fire” is located 1 mile east of Rowena, in Mount Hood National Forest of the Columbia River National Scenic Area along the I-84 corridor at approximately mile post #81.

Assistance is needed and was formally requested by the Fire Defense Chief of Wasco County.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Wasco County, which occurred on August 9, 1998.

This order was made by verbal proclamation at 9:30 p.m. the 9th day of August, 1998 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

.EXECUTIVE ORDER NO. EO – 00 – 10

DETERMINATION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN DESCHUTES COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration fire in Deschutes County. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on August 24, 1996 at 12:40 p.m and is confirmed by this Executive Order.

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as the “Skeleton Fire.” The “Skeleton Fire” is located south of Bend.

Assistance is needed and was formally requested by the Fire Defense Chief of Deschutes County.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshal, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Deschutes County, which occurred on August 24, 1996.

This order was made by verbal proclamation at 12:40 p.m. the 24th day of August, 1996 and signed this 10th day of August, 2000, in Salem, Oregon.

/s/ _____
GOVERNOR

ATTEST:

/s/ _____
SECRETARY OF STATE

EXECUTIVE ORDER NO. - 00-09

INTEGRATING DISPUTE RESOLUTION INTO STATE GOVERNMENT

WHEREAS, this Administration is committed to ensuring that state agencies utilize the most efficient and effective means of resolving disputes in fulfilling the mission of state government; and

WHEREAS, to be effective in addressing the wide array of issues they face, agencies need to employ a variety of strategies and problem solving tools; and

WHEREAS, alternative dispute resolution (ADR) methods offer an opportunity to resolve disputes in a collaborative manner; and

WHEREAS, ADR has proven to be successful in resolving and preventing public and private conflicts throughout the State of Oregon as well as globally; and

WHEREAS, the appropriate use of ADR by state agencies and the state's partners will improve the provision of public services by providing for broad input on, and creative resolutions to, complex public policy disputes; and

WHEREAS, the Oregon Dispute Resolution Commission, the Department of Justice, and the Department of Administrative Services have statutory roles in assisting agencies with ADR and are required by ORS 183.502 to collaborate in assisting state agencies to increase the use of alternative dispute resolution to resolve disputes involving the State of Oregon and a dispute resolution steering committee was created by executive order 96-32;

IT IS HEREBY ORDERED AND DIRECTED:

Each state agency shall:

review its processes for managing conflicts and controversies and take steps to ensure that its dispute resolution and conflict management processes are efficient and effective;

determine whether those systems could be improved through the use of facilitation, mediation, collaborative rulemaking, and other alternative dispute resolution processes, and;

take necessary steps to implement those improvements.

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1. The Director of each Executive Department or Agency, with 50 FTE employees or more, shall designate an Agency Alternative Dispute Resolution Coordinator (Agency ADR Coordinator). The Agency ADR Coordinator shall work with the Dispute Resolution Steering Committee and the Public Policy Dispute Resolution Cluster Coordinators to encourage and facilitate the appropriate use of ADR within their agency and shall report with respect to such activities to the director of that department or agency.
2. The Agency ADR Coordinator of each Executive Department or agency shall participate in an ADR orientation and training conducted by the Oregon Dispute Resolution Commission and the Department of Justice **no later than** June 30, 2001.
3. The Agency ADR Coordinator shall be responsible for:
 - A. Acquiring and maintaining general knowledge of ADR processes, and the dispute resolution processes employed by their agency,
 - B. Determining where and how ADR might be applied in their or agency to increase agency efficiency, decrease the costs of resolving disputes and increase public and agency satisfaction with the process and results of agency dispute resolution activities, and
 - C. Coordinating their activities with their assigned Cluster Coordinators and with the other Agency ADR Coordinators within their cluster of agencies.
 - D. Submitting to the Governor by September 2001, an Agency ADR Needs Assessment, which shall include:
 - 1) a description of agency activities in which significant resources are used to resolve or manage disputes or controversies.
 - 2) a summary or description of the rules, policies and procedures that the agency employs, or plans to employ, to ensure that ADR is an available and effective dispute resolution option.

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- 3) a description of the process, or a proposal to develop a process, for determining which disputes or controversies could benefit from the use of ADR.
 - 4) an assessment of how well the significant dispute resolution and conflict management processes within the agency are functioning as a system.
 - 5) an assessment of ADR training needs and a strategy for meeting those needs.
 - 6) a identification of where, within the individual agency budget, funding is available to adequately meet agency ADR Plan objectives.
- E. Submitting to the Governor, beginning on September 1, 2001, an Annual Agency ADR Report which shall include information for the previous fiscal year on:
- 1) agency utilization of ADR,
 - 2) the effectiveness of agency ADR processes,
 - 3) ADR Training received by agency employees,
 - 4) the implementation of any new ADR programs or projects,
 - 5) the status of any activities or actions proposed in the Agency ADR Plan, and,
 - 6) the goals for improving their ADR Programs in the next fiscal year.
- F. Working with the Dispute Resolution Steering Committee to ensure consistency of Agency ADR Plans and Agency Annual Reports. The cluster coordinators will be available for consultation and technical assistance in the development of these plans and reports.

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4. The Governor, in consultation with the Oregon Dispute Resolution Commission and the Department of Justice, shall present an annual "Oregon Dispute Resolution Award" to recognize and honor an individual or agency within Oregon government who has performed outstanding service in the promotion or use of alternative dispute resolution in Oregon.

5. The Director of each Executive Department or Agency shall ensure that his/her department or agency has adopted those Attorney General Model Rules of Procedure under the Administrative Procedures Act and Attorney General's Model Confidentiality Administrative Rules that the department or agency has determined are appropriate for the agency's effective use of ADR.

Done before me at Salem, Oregon on this 26th day of July 2000

/s/

John A. Kitzhaber
GOVERNOR

ATTEST:

/s/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 00-08

AUTHORIZATION FOR ACCESS TO LAW ENFORCEMENT DATA SYSTEM

ORS 181.010 (8) (i) – (9) and OAR 257-010-0025 (1) (d) operate in conjunction to allow the Governor to authorize Law Enforcement Data System access to designated state and local agencies which require such information in order to fulfil statutory criminal and regulatory missions. Executive Order No. EO 90-05 grants such access to a number of state agencies, and establishes the conditions under which such access is authorized; subsequent Executive Orders Nos. EO 90-14, EO 90-21, EO 97-21, EO 98-13, EO 98-19, EO 99-04, and EO 99 - 11 have authorized access for additional state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) In addition to those agencies listed in paragraph (4) of Executive Order No. EO 90-05, and pursuant to the authority vested in me by ORS 181.010 (8) (i) (9) and OAR 257-010-0025 (1) (b), I hereby authorize the Oregon State Police to provide the following agencies with access to the Oregon State Police criminal offender information system:
 - a: The Housing Authority of Yamhill County for purposes allowed under Public Law 104-120.
 - b: The Oregon Board of Chiropractic Examiners for purposes of conducting background checks on applicants for licensure as a Doctor of Chiropractic in Oregon.
- 2) Executive Order No. EO 90-05 continues to govern the compilation, maintenance, and dissemination of criminal offender information as defined in ORS 181.010 (2), and Executive Order EO 90-05 governs the access authorized for the state agencies granted LEDS access in this Order.

EXECUTIVE ORDER NO. EO 00-08

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Done this 11TH day of July, 2000, at Salem, Oregon.

/s/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO-00-07

**DEVELOPMENT OF A STATE STRATEGY PROMOTING
SUSTAINABILITY IN INTERNAL STATE GOVERNMENT OPERATIONS**

WHEREAS the unique natural qualities of the Pacific Northwest are unparalleled in the world and state government, as a large employer and facilities manager, impacts these qualities through its internal state government operations;

WHEREAS the people of the State of Oregon have a long history of finding innovative solutions to the most challenging and complex problems;

WHEREAS the State of Oregon strategic plan, *Oregon Shines*, reflects values that balance community, environmental and economic aspects of life in Oregon;

WHEREAS analysis of current trends described by the *Oregon Benchmarks* and by the *Oregon State of the Environment Report* shows significant threats to quality of life and environmental and economic sustainability;

WHEREAS the State of Oregon aspires to learn from the leadership of private industry, business, labor, educational institutions and other governments in addressing the goal of sustainable development;

WHEREAS it is the goal of the State of Oregon to increase efficiency in state government, cut long-term costs associated with state programs and save taxpayer dollars; and

WHEREAS this complex challenge is evolving, it is believed there are important steps the State of Oregon can take now to amend internal government operations to meet important goals.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The State of Oregon shall develop and promote policies and programs that will assist Oregon to meet a goal of sustainability within one generation - - by 2025.

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A number of significant steps will be necessary to achieve a sustainable future and will require the participation of all Oregonians. As an initial effort under this executive order, the State of Oregon shall focus on improving its internal operations as state government's first step toward meeting the goal of sustainability. This step is the first of many to be taken as we advance the state toward a sustainable future.

The State of Oregon adopts the following definition, goals and guidelines to promote sustainability.

Definition

Sustainability means using, developing and protecting resources at a rate and in a manner that enables people to meet their current needs and also provides that future generations can meet their own needs. Sustainability requires simultaneously meeting environmental, economic and community needs.

Goals

1. Increase the economic viability of all Oregon communities and citizens;
2. Increase the efficiency with which energy, water, material resources and land are used;
3. Reduce releases to air, water and land of substances harmful to human health and the environment; and
4. Reduce adverse impacts on natural habitats and species.

Guidelines

As the State of Oregon works toward sustainability, the state shall:

1. Employ the knowledge, expertise and creativity of Oregon's citizens in developing solutions;
2. Build upon existing private and public efforts throughout the state to ensure efficient and complementary results;

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3. Integrate efforts in ways that enhance the effectiveness of new and existing efforts;
4. Collaborate and cooperate to remove barriers and find solutions;
5. Emphasize on-going learning and adaptive management as techniques needed to inform and improve the process continually;
6. Develop voluntary, incentive-based and performance-oriented systems to supplement traditional regulatory approaches;
7. Seek to understand the full costs and benefits of possible actions to ensure that decisions are fully informed;
8. Using good science, measure resource use, environmental health and costs to determine progress in achieving desired outcomes; and
9. Establish clear, measurable goals and targets to guide state efforts toward sustainability.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

All state agencies and employees are expected to take actions to promote sustainable practices within state government. As an initial step, the Department of Administrative Services, with its central role in state buildings, procurement and communication, shall lead efforts focused on internal government operations. The following specific actions shall be taken under this executive order:

1. Adopt Sustainability Practices within State Government Operations to Demonstrate how to Reduce Waste

The Governor designates the Department of Administrative Services as the leader in implementing early sustainability measures in such areas as: facilities construction and operations; purchasing; energy usage; vehicle use and maintenance; information systems operations; and publishing and distribution.

The Department of Administrative Services, in collaboration with other state agencies, shall implement the following objectives:

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- a. Within six months following the date of this order, the Department of Administrative Services shall adopt sustainable facilities standards and guidelines. These shall guide the siting, design, construction, deconstruction, operation and maintenance of state buildings and landscapes, and the selection, terms and conditions for state leaseholds. The department shall:
 - i. Review and consider sustainable facilities standards, practices and principles employed by businesses, educational institutions and other governments;
 - ii. Obtain input from the existing Central Facilities Planning Committee and the existing Capital Projects Advisory Board, organized for state facilities coordination under ORS 276.227;
 - iii. Review and update state sustainable facilities standards and guidelines at least biennially; and
 - iv. Track and report key sustainable facilities performance elements through the existing State Facilities Coordination Program.
- b. The Department of Administrative Services shall use the North Mall Complex design, construction and maintenance as a pilot project to employ and evaluate sustainability methods and programs. The facility design shall employ a wide range of compatible, reliable sustainability actions. Where feasible, it shall test such programs and standards as the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.

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- c. The Department of Administrative Services shall expand state government purchasing power by aggressively entering into joint bidding agreements with other state and local governments and with multi-government purchasing alliances, and by encouraging local governments to access resulting low-price, high-value purchase agreements that promote sustainability. This will make sustainable products and services more widely available to local governments.

- d. To the extent that it is effective and practical to do so, the Department of Administrative Services shall take immediate action to purchase electrical energy from renewable resources such as wind, solar, geothermal and biomass. In the immediate future, this shall involve purchasing green power from private utilities as appropriate; beginning October 2001, this shall involve purchasing green power through direct access to the power generation market.

- e. The Department of Administrative Services shall appoint a Sustainable Supplier Council. In consultation with the council, the department, by June 2001, shall develop sustainability purchasing policies, targets and benchmarks for each of the following areas: paper products; building construction; cleaning products and coatings; general purpose motor vehicles and office furniture. In determining benchmarks, the council shall consider benefits and costs that could arise as a result of purchasing sustainable alternatives.

The Department of Administrative Services shall develop, based on its experience in implementing the preceding objectives, appropriate mechanisms to assist other state agencies in efficiently achieving sustainable internal operations. Mechanisms may include replication of department procedures or collaboration on the development of alternative approaches. In this effort, the department shall consult with the sustainability work group.

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The Department of Administrative Services shall report biennially to the Governor and the Legislative Assembly on actions taken to promote sustainability. The first such report shall be submitted by December 15, 2000 and shall address actions taken by the Department of Administrative Services and other state agencies to implement this executive order.

2. Create a Sustainability Work Group

To improve the efficiency and effectiveness of efforts related to the sustainability of state operations, the Governor shall assemble a Sustainability Work Group comprising representatives of the Legislative Assembly, state agencies, business, natural resources industry and environmental interests, labor, education and local government for the purpose of providing evaluations, recommendations and feedback on state efforts. The work group shall also be asked to develop options for additional steps the state can take to promote sustainability. Staffing for the work group shall be coordinated by the Governor's office. The work group shall present a first report to the Governor and the Legislative Assembly by December 15, 2000, with a final report due by June 1, 2001.

3. Assess Options for Sustainability Indicators and Targets

The Oregon Progress Board shall evaluate potential measures, including Oregon Benchmarks and the State of the Environment Report, for their effectiveness in measuring progress toward sustainability. In this evaluation, the Progress Board shall consult with the Sustainability Work Group and with the Department of Administrative Services. The Progress Board shall report to the Governor and Legislative Assembly on their findings as part of the board's biennial reporting process.

4. Conduct Business, Community and Public Outreach

Business and Community Outreach

In order for state government to develop sustainable internal operations and assist local organizations to do the same, the Economic and Community Development Department, after consultation with the Economic and Community Development Commission, other Community Solutions Team agencies and other appropriate state agencies, shall develop and implement strategies to accomplish the following actions:

- a. Develop partnerships among state and local governments, businesses and communities that support and promote sustainability;
- b. Coordinate efforts to better market sustainable products, industries and services from Oregon and encourage development of environmental technologies;
- c. Develop a range of resources to support organizations adopting sustainable practices. These resources may include training and educational opportunities, electronically available information, case studies and other services of greatest value to businesses, communities and other organizations;
- d. Intensify efforts to increase the economic stability of communities designated as “economically distressed;” and
- e. Evaluate a range of incentives that would make investments in sustainably-oriented businesses and practices more attractive.

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By September 30, 2000, the Economic and Community Development Department shall prepare and submit to the Sustainability Work Group for its review a plan to encourage businesses and communities throughout the state to learn about and voluntarily adopt sustainable practices.

By December 15, 2000, the Economic and Community Development Department shall prepare and submit to the Governor and the Legislative Assembly a report on the actions taken to implement this executive order.

Public Outreach

The Governor's office, the Department of Administrative Services and the Economic and Community Development Department shall, after consultation with the Sustainability Work Group, develop and maintain Internet web sites describing the plans, actions and accomplishments of state agencies and highlighting examples of successful sustainability practices from the public and private sectors.

In addition, these entities, in collaboration with the Sustainability Work Group, shall develop and implement short-term plans to communicate with the general public about the state's efforts to promote sustainability.

5. **Pursue Further Efforts**

The State of Oregon, in cooperation with businesses, non-profit organizations, local governments and other citizens, will pursue further actions in an on-going effort to meet the goals and principles outlined in this executive order. The Governor, in subsequent orders and directives, may announce additional objectives to be pursued by agencies. Directives may also identify steps to ensure broad public participation in this sustainability effort.

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Done before me at Salem, Oregon, this 17th day of May, 2000.

/s/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 06

EXECUTIVE BRANCH CONTACT WITH THE PUBLIC UTILITY COMMISSION AND STAFF

WHEREAS, the Public Utility Commission (PUC) is statutorily obligated to represent and protect customers and put into effect measures that protect the public interest;

WHEREAS, the PUC is charged under Oregon statutes with oversight of regulated, investor owned utilities;

WHEREAS, the proceedings before the PUC should continue to produce decisions that are arrived at fairly and openly;

WHEREAS, Oregon citizens are best served when the PUC decisions are based on sound policy rather than political favor;

WHEREAS, the 70th Legislative Assembly enacted House Bill 3615, now enrolled as 1999 Oregon Laws, ch. 1102;

WHEREAS, House Bill 3615 created substantive changes in the appointment and duties of the chair of the PUC;

WHEREAS, there is concern that the direct appointment of the PUC chair by the governor could jeopardize the independence of the commission and its proceedings;

WHEREAS, the continued independence of the commission and the professional staff of the PUC is fundamental to the proper execution of the statutory obligation of the PUC's role in public protection;

WHEREAS, these concerns are particularly acute in connection with regulatory matters; and

WHEREAS, “regulatory matters”, as used in this Executive Order, means any matter that is pending or likely to be pending before the PUC and in which the PUC acts as the decision-maker including, but not limited to, open dockets, tariff filings and special contract filings.

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THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. That the Governor, the governor's staff and executive branch personnel will respect and encourage the commission and professional staff to independently fulfill their statutory and administrative duties;
2. That toward that end, the governor's staff and executive branch personnel shall refrain from and shall not make any attempt to pressure the commission, its chair or its staff to render a specific outcome in any regulatory matter of the commission other than in *on the record* presentations or as otherwise provided in the Executive Order;
3. The Governor, the governor's staff and executive branch personnel shall continue to abide by all *ex parte* rules including but not limited to written documents submitted in the record with regard to any communications with commissioners, the chair and the PUC staff with regard to any regulatory matters;
4. Any such communications as described in part 3 above shall be submitted by the commissioners or the professional staff to the commission in a timely manner for possible inclusion in the record of the regulatory matter in question so that all parties may offer comment on the record;
5. The commissioners and professional staff of the PUC are directed to report in writing directly to the entire commission any instances of *ex parte* communications from legislative or executive branch members or staff that could have the effect of materially affecting the outcome of any regulatory matters;
6. Such communications include, but are not limited to, subject matter directly connected to factual matters within the regulatory matter pending before the commission or communications designed to affect the assignment or reassignment of professional staff. This provision does not extend to processing of routine personnel issues in a manner consistent with Commission policy and procedures or that requires action by the Executive Branch under state law;
7. Any such communication as described in parts 5 and 6 of this order shall be submitted *in writing* to, and be considered by, the commission for inclusion in the record of the matter in question so that all parties may offer comment on the record if appropriate;

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8. Notwithstanding the preceding sections of this order, the Governor, governor's staff, legislators, legislative staff and executive branch personnel may:
 - A. Continue to consult with the PUC chair, commissioners and members of the commission professional staff on the substance of legislative proposals or matters of legislative policy development, even if the substance of the proposals may reflect on matters pending before the PUC;
 - B. Participate, consistent with state law and PUC rules, as a party in any PUC proceeding and in so doing communicate with the PUC and its professional staff in the same manner as any party;
 - C. Consult with commissioners and professional staff when the PUC is participating in proceedings before an agency of the United States government or agencies of other states pursuant to ORS 756.040(3); and
 - D. Consult with the commissioners and professional staff when the PUC is engaged in interagency activities required by statute, Executive Order, interagency agreement or other such arrangement pursuant to ORS 756.040(4).
 - E. Receive factual briefings from PUC commissioners or professional staff.

Done at Salem, Oregon this ___ day of May, 2000.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 05

OREGON ENVIRONMENTAL JUSTICE CITIZEN ADVISORY BOARD

Environmental justice is the fair treatment and meaningful involvement of people of all colors, national origins, cultures, income levels, ages, gender and education level, in the development, implementation and enforcement of environmental laws, regulations and policies.

Executive Order No. EO 97 – 16 and EO 98 – 17 created an Environment Justice Advisory Board (Board) to oversee state agency implementation of the Environmental Equity Task Force Report (Task Force Report). State agencies were required to report on their efforts. The Task Force Report recommendations sought to ensure that state agencies assess and address the impacts of agency decisions on low-income and minority communities. Under the terms of EO 97 – 16, the Board ceased to exist in July of 1999.

Minority and low-income communities continue to lack adequate access to environmental-related governmental processes and decision-making. Proactive outreach efforts to such communities are essential to ensure that the crafting of state agency environmental decisions fully incorporate the impacts such decisions have on minority and low-income communities.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) Executive Orders No. EO 97 – 16 and 98 - 17 are hereby rescinded,
- 2) A 12 member Environmental Justice Advisory Board shall be appointed by the Governor. Members shall serve at the Governor's pleasure and shall, to the greatest extent possible, be comprised of individuals representing minority and low-income communities, environmental interests, industry and the geographically diverse areas of the state of Oregon. The Board shall select a chair by majority vote.
- 3) Members are entitled to no compensation under ORS 292.495.
- 4) The Board shall serve as a conduit between the Governor, agencies, and environmental justice communities regarding environmental-related processes and decision-making.

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- 5) The Board shall advise natural resource and other state agencies (and other governmental entities where such entities request), on applicable environmental justice issues, including community concerns and public participation processes.
- 6) The Board shall define environmental justice issues.
- 7) State agencies will work collaboratively with the Board to identify minority and low-income communities that may be affected by environmental decisions made by such agencies.
- 8) Upon identification of these communities state agencies shall: a: define public outreach processes; b: assess the potential impacts of environmental decisions; and c: adequately address the ramifications of such impacts. State agencies shall work with the Board and communities on these actions.
- 9) The Board will meet with environmental justice communities and advise the Governor and agencies of issues raised by these communities and, if appropriate, make recommendations to address concerns.

Done at Salem, Oregon this ____ day of April, 2000.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Bill Bradbury
SECRETARY OF STATE

JUDICIAL LIAISON TO DISPUTE RESOLUTION COMMISSON

Pursuant to ORS 36.115, the Dispute Resolution Commission (Commission) establishes standards and guidelines for the operation and evaluation of dispute resolution programs, sets minimum reporting standards for dispute resolution programs and sets minimum qualifications and training qualifications for persons performing mediation services. The Commission also formulates the basis for the allocation of funds from the Dispute Resolution Account.

In order to execute its statutory duties, it is essential that the commission receive input from members of the Oregon judiciary. Pursuant to ORS 36.105(4) and (7), the Commission's purposes include the provision of methods to evaluate the effect of dispute resolution programs on communities, local governments, the justice system and state agencies, and to foster efforts to integrate community, judicial and state agency dispute resolution programs. Judicial perspective is integral to ensuring that the Commission crafts and administers dispute resolution programs which are viable and capable of implementation and use by Oregon judges.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) The Chief Justice of the Oregon Supreme Court shall appoint a member of the Oregon judicial branch to act as a liaison from the judicial branch to the Oregon Dispute Resolute Commission (Commission).
- 2) The liaison shall offer judicial perspective on Commission action and shall participate freely in all discussion and matters that come before the commission.
- 3) The judicial branch appointee shall be a non-voting member of the commission and shall serve a three year term at the pleasure of the Chief Justice and the Governor.
- 4) The judicial liaison shall be entitled to no compensation or reimbursement for expenses under ORS 292.435.

Done at Salem, Oregon this 12th day of April, 2000.

/s/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/s/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 03

GOVERNOR’S DRUG AND VIOLENT CRIME ADVISORY BOARD

Each year the State of Oregon applies for the Edward Byrne Memorial State and Local Law Enforcement Assistance Grant from the U.S. Department of Justice to provide funding for new and innovative programs to improve Oregon’s ability to respond to drugs and violent crime. This grant award is based on Oregon’s annual Drug and Violent Crime Strategy. The Strategy identifies the Governor’s priorities in criminal justice and identifies methods or programs that would best meet those priorities. Each year the Strategy is developed by the Criminal Justice Services Division of the Oregon State Police, with input from state and local criminal justice and social service agencies and professionals. The Governor’s Drug and Violent Crime Advisory Board serves to advise the Criminal Justice Services Division and the Governor on what programs or practices would best serve to address crime.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. There is established a Governor’s Drug and Violent Crime Advisory Board.
2. The Board serves to advise the Governor on criminal justice issues and to develop the Governor’s annual Drug and Violent Crime Strategy to improve the criminal justice system in Oregon.
3. The Board shall consist of members appointed by the Governor and serving at his pleasure. Each member shall serve a four year term with the first terms being staggered with an equal number of terms expiring in each of the following years: 2002, 2003 and 2004. Each member may serve unlimited additional terms as determined by the Governor.
4. Board membership may consist of representatives or their designees from the following organizations: the Oregon State Sheriff’s Association, the State Commission on Children and Families, the Oregon Juvenile Department Directors Association, a Public Defender, a State Representative, a State Senator, a specialist in drug and alcohol abuse, a county community corrections department, the Department of Human Services, a State Court Judge, the Oregon Police Chiefs Association, the Oregon Military Department, the District Attorney’s Association, the domestic violence community, the Oregon University System, the Department of Education, the Attorney General’s Office, the Oregon State Police, the Department of Corrections, the US Attorney’s Office, the Portland Police Bureau, and the Oregon Youth Authority.

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5. The Governor will appoint the Chairperson of the Board. A Vice-Chair will be elected by the Board from the current Board members.
6. The Council shall establish procedures to ensure public input; such procedures shall include notice to both domestic violence-related groups and interested individuals of public meetings held at such time and places as the Council shall determine.
7. The Board shall:
 - a. Develop and recommend to the Governor the annual Oregon Drug and Violent Crime Strategy for the expenditure of the Edward Byrne Memorial Grant Fund.
 - b. Identify and evaluate criminal justice programs that impact crime in the state of Oregon.
8. Members of the Board shall receive no pay or compensation for their involvement in the activities of the Board.
9. This executive order shall remain in effect until amended or rescinded.

Done at Salem, Oregon this 2 day of March, 2000.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 - 02

OREGON GEOGRAPHIC INFORMATION COUNCIL

Geographic information about the character and location of the state's human, economic, natural, and infrastructure resources, and the activities that affect and are affected by those resources, is essential to all levels of government in Oregon. Mapping land records, and geographic information systems (GIS) are the primary tools for analyzing this information.

For these reasons, Executive Order No. EO 83 - 15 established the State Map Advisory Council. The Council was given additional responsibilities by Executive Order No. EO 87- 11. Executive Order No. EO 89 - 16 charged the State Map Advisory Council with establishing a statewide GIS plan, establishing standards and procedures for digital map data, and providing direction to the State Service Center for Geographic Information Systems created by the Order. Executive Order No. EO 94 - 16 further revised the State Map Advisory Council, renamed the council the Oregon Geographic Information Council, and broadened the representation to include the human resource and public safety agencies.

State agencies require access to complete, current and accurate geographic information as human and natural resource policies become more complex. Furthermore, the completeness and accuracy of geographic information relies heavily on shared information between state, federal, and local governments. Consequently, further revision of the Oregon Geographic Information Council's appointed representation is required.

Oregon requires leadership to ensure it maintains a consistent vision for geographic information activities within the state and between governments. Such leadership requires a forum to encourage participation and to facilitate sharing of information about all aspects of geographic information, including GIS, mapping, global positioning systems, satellite imagery, and desktop tools. Finally, the need to assure the wisest use of limited resources requires a central point for coordination and partnerships.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. Executive Order No. EO 96-40 is hereby rescinded.

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2. This Executive Order continues the Oregon Geographic Information Council (OGIC). The OGIC shall:
 - a. Provide leadership within state government regarding the accumulation, dissemination, analysis, and management of geographic information, including, but not limited to:
 - i. Advocacy before the Oregon Legislative Assembly, United States Congress, county commissions, city councils, and the private sector;
 - ii. Exploration of “best practices” relating to geographic information, while determining if such practices are applicable to Oregon;
 - iii. Creation and promotion of a statewide mission for geographic information; and
 - iv. Direction of that statewide mission through work with the Legislative Assembly, the Federal Geographic Data Exchange Group, and units of local government.
 - b. Provide a statewide forum for all geographic information issues. In providing such a forum, the OGIC shall:
 - i. Encourage the involvement of all parties potentially affected by geographic information issues;
 - ii. Function as the primary point of contact on discussions regarding geographic information issues affecting state agencies; and
 - iii. Facilitate the free flow of information between interested parties.
 - c. Fulfill a policy, planning, and assessment role regarding geographic information issues, including:
 - i. Conduct an ongoing review of statewide geographic information

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systems, as well as oversight of GIS, in coordination and consultation with the Information Resources Management Division of the Department of Administrative Services (DAS);

- ii. Prioritization of geographic information initiatives;
 - iii. Development of geographic information guidelines and standards to be adopted by the Information Resource Management Council; and
 - iv. Provide advice to DAS on budget decisions regarding implementation of GIS functions.
- d. Promote coordination and partnerships among federal, state, and local government entities regarding geographic information issues.
3. The OGIC shall consist of the Director, or policy-level alternate, of the following governmental bodies:
- a. The Department of Agriculture, the Department of Environmental Quality, The Department of Fish and Wildlife, the Department of Forestry, Parks and Recreation Department, the Department of Human Resources, the Department of Transportation, the Department of Revenue, the Oregon Economic and Community Development Department; the Water Resources Department; the Department of Geology and Mineral Industries, and the Division of State Lands;
 - b. The Secretary of State's Office; and
 - c. The Governor's Office

Additionally, the OGIC shall consist of:

- d. The statewide coordinator for GIS;

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- e. Two representatives of local governments; and
- f. A representative of one federal agency.

Additionally, the OGIC shall encourage other interested state and federal agencies to participate.

- 4. The Director or Deputy Director of the Department of Administrative Services (DAS) shall serve as the chair of the Council. Additionally,
 - a. The OGIC may establish standing committees and ad hoc work groups, as needed, to achieve its purpose, and to ensure the continual involvement of local and federal agencies;
 - b. The chair shall call the OGIC to meeting at least once per calendar quarter;
 - c. The DAS Information Resources Management Division shall provide staff assistance to the OGIC; and
 - d. No member of the OGIC shall receive compensation for their services.
- 5. This Executive Order provides for the coordination of statewide GIS projects; provides and administers a library of spatial data; and manages access to that data. Functions shall include:
 - a. Develop and document statewide spatial library data, as well as provide federal, state, county and local governments, and private sector representatives access to that information. Emphasis will be placed on strategies of on-site storage and on linked web site access to the data;
 - b. Provide customer support; and DAS-provided/brokered consultation, project support, and programming services to other state agencies;
 - c. Coordinate with federal agencies, state agencies and the private sector on the maintenance, gathering, distribution, and licensing, where applicable, of geographic information; and

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- d. Provide staff support to the chair of the Council.
6. State agencies shall coordinate GIS mapping, and other geographic information activities with the OGIC, the Oregon Spatial library, and other local and federal agencies. Where appropriate, state agencies shall:
 - a. Create and maintain geographic data themes, and provide updates or linked web site access of that data to the Oregon Spatial Library on a schedule to be determined by the Information Resources Management Division;
 - b. Share information through the OGIC, and the GIS Coordinator, regarding projects involving geographic information and related systems technology;
 - c. Coordinate with the OGIC, and the GIS Coordinator, before making decisions about planning and development of projects involving the acquisition of geographic data, hardware, or software;
 - d. Participate in the review and updating of an Oregon Geographic Information Council Plan, and adhere to the policies and standards established in the Plan; and.
 7. The Information Resources Management Division of DAS shall work with the OGIC to develop policies and guidelines to guide agency acquisition of geographic information, based upon, yet not limited to, the following considerations:
 - a. The-cost effectiveness of computer hardware and software;
 - b. Compatibility with the Enterprise Information Technology Strategy;
 - c. Compliance with statewide standards, developed by OGIC, and endorsed by the Information Resources Management Council; and

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- d. Whether or not agency acquisition or efforts duplicate the efforts of other agencies.

Done at Salem, Oregon this 1st day of February, 2000.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 00 – 01

DETERMINATION OF A STATE OF EMERGENCY IN LANE COUNTY DUE TO SEVERE WEATHER AND FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety and property exists due to severe weather that has caused a natural disaster of major proportions to the state highway system in Lane County. During the past two months, heavy rains have caused landslides and erosion along Oregon Coast Highway No. 9 (U.S. 101). The instability has resulted in repeated debris flows forcing closure of the highway at Cape Cove, ten miles north of Florence.

This has resulted in an estimated \$2,000,000 in damage to the state highway system.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect repair and reconstruction of the federal aid highway system in Lane County.

Done at Salem, Oregon this 1st day of February, 2000.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO – 99 - 20

OREGON WORKFORCE INVESTMENT BOARD

1. The Governor has an interest in the further development of a statewide workforce investment system that brings together workforce training programs, education, and economic development to assure the self-sufficiency and economic well-being of the citizens of the state. In order to carry out this effort, the Governor will establish a Workforce Investment Board, constituted according to federal and state statute, to assist him in establishing and coordinating workforce programs in the State of Oregon and to advise him on policy relating to developing an effective workforce development system. This board will be named the Oregon Workforce Investment Board.
2. The United States Congress enacted the Workforce Investment Act of 1998, PL 105-220 (hereinafter the Act), that re-writes federal statutes governing job training programs, adult education and literacy, and vocational rehabilitation. The Act is intended to provide a more coordinated, customer-friendly, locally-driven workforce development system. It "codifies" the one-stop career center system approach that has been underway in Oregon for several years and supported, in part, by grants from the Department of Labor. Public Law 105-220 requires the Governor establish a State workforce investment board to assist in the development of the State plan described in section 112 of the Act and to carry out the other functions described therein.
3. The Governor is required to appoint 32 members to the state workforce investment board, hereinafter referred to as the Oregon Workforce Investment Board or "board", pursuant to Section 3, Chapter 1019, Oregon Laws 1999.
4. Through execution of this order, the Governor is exercising his authority under federal law to establish terms of appointment and other conditions governing appointment or membership on the board.
5. The 70th Oregon Legislature enacted legislation to implement the Act and specified the workforce programs and activities that shall be a part of Oregon's One Stop System, referred to as the Oregon Career Network. Section 6 of Chapter 1091, Oregon Laws 1999 (House Bill 2989). These programs and activities consist of:
 - a) programs authorized under Title IB of the Workforce Investment Act;
 - b) programs authorized under the Wagner- Peyser Act (29 U.S.C. 49 et seq.);
 - c) adult education and literacy activities authorized under title II of the Act;
 - d) programs authorized under Title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.);

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- e) programs authorized under section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) (as added by section 5001 of the Balanced Budget Act of 1997);
 - f) activities authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.);
 - g) postsecondary vocational education activities authorized under the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2301 et seq.);
 - h) activities authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.);
 - i) activities authorized under chapter 41 of title 38, United States Code;
 - j) employment and training activities carried out under the Community Services Block Grant Act (42 U.S.C. 9901 et seq.);
 - k) employment and training activities carried out by the Department of Housing and Urban Development;
 - l) programs authorized under State unemployment compensation laws (in accordance with applicable Federal law);
 - m) programs authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);
 - n) programs authorized under section 6(d)(4) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4));
 - o) work programs authorized under section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)); and
 - p) programs authorized under the National and Community Service Act of 1990 (42 U.S.C. 12501 et seq.).
6. The board shall:
- a) advise the Governor on the development, implementation and coordination of state and local policies relating to the workforce programs listed above and others designated by the Governor;
 - b) carry out the duties and functions prescribed under the laws relating to: Workforce Investment Act of 1998 and Chapter 1019, Or Laws 1999 (House Bill 2989);
 - c) identify the workforce development needs in the state and recommend to the Governor goals for meeting such needs;

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- d) prepare and recommend to the Governor a strategic and unified plan to accomplish the workforce development needs of the state and that meets the requirements of Section 112 of the Workforce Investment Act of 1998; and
- e) monitor the implementation of evaluate the effectiveness of the strategic plan.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) The Governor shall appoint the Chair and the Vice Chair from among the board's private sector business members.
- 2) The members shall serve a term of three years. Of the members first appointed to the board by the Governor, term-end dates shall be staggered using two, three and four year terms.
- 3) There is no limit on the number of terms a member may serve.
- 4) If a board member resigns or is incapacitated, the Governor shall appoint a person to fill out the remainder of the member's term.
- 5) Non-legislative and non-position Board members are entitled to reimbursement for mileage and expenses pursuant to ORS 292.495(2) for overnight stays subject to the standards applied to state employees by the Department of Administrative Services and the availability of funds.
- 6) The board is hereafter charged with carrying out the duties listed under Section 701 of the 1992 amendments to the Job Training Partnership Act (JTPA) (29 U.S.C. Sec. 1792)(1992) until the JTPA expires on June 30, 2000.
- 7) Executive Order No. EO-98-04 is hereby repealed.

Done at Salem, Oregon this 29 day of December, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 19

DETERMINATION OF A STATE OF EMERGENCY IN TILLAMOOK COUNTY DUE TO SEVERE WEATHER AND FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused a natural disaster of major proportions to the state highway system in Tillamook County. Beginning November 24, heavy rains caused flooding, landslides and erosion throughout the County.

This has resulted in an estimated \$374,500 damage to local federal-aid roads reported by Tillamook County, in addition to damages to the state highway system. Slides occurred on state highways at U.S. Highway 101, Oregon Coast Highway, milepost 102, and at Oregon 18, Salmon River Highway, milepost 13. Preliminary damage estimates for these two slides totals \$750,000.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect repair and reconstruction of the state highway system and local federal-aid highways in Tillamook County.

Done at Salem, Oregon this 2 day of December, 1999.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 18

DETERMINATION OF A STATE OF EMERGENCY DUE TO HEAVY RAIN AND FLOODING

Pursuant to ORS 401.055, I find that threat to life and safety exists due to heavy rains causing downed trees and extensive damage to highways which occurred in Lincoln County on November 25, 1999. The following are impacts for which State and federal assistance have been requested:

Threats to life and property due to major flooding exist along the Salmon and Siletz Rivers in Lincoln County. Residents are unable to leave their homes to get to the Red Cross shelter in Lincoln City. There is significant difficulty for residents attempting to travel in any direction. Extensive hazards and road closures have occurred as the result of numerous land slides on county and state roads.

Lincoln County has indicated the situation is beyond their ability to respond in an effective and timely manner. State resources have been requested to assist with problems such as road clearance, debris removal, public safety and evacuation of residents.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess alleviate, and/or mitigate damage caused by this emergency.
2. The Oregon National Guard shall provide essential assistance that is deemed necessary to support this effort.

This emergency was verbally declared at 2:05 a.m. for those areas of Lincoln County impacted by severe weather conditions on November 25, 1999.

Done at Salem, Oregon, this 1 day of December, 1999.

/S/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/ _____
Bill Bradbury

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 17

WILLAMETTE RESTORATION INITIATIVE (Amends EO 98-18)

WHEREAS, The Executive Order 98-18 established the Willamette Restoration Initiative in September, 1999;

WHEREAS, The Willamette Restoration Initiative has begun to make plans for, and is initiating and coordinating programs for, the restoration of the Willamette River and its watershed;

WHEREAS, It is desirable that the charge to the Willamette Restoration Initiative be refined and expanded to meet needs that have become apparent since the issuance of Executive Order 98-18;

WHEREAS, The relationship between the Willamette Restoration Initiative and the Executive and Legislative branches of state government needs to be clarified and defined; and,

WHEREAS, In particular, communications between the Legislative Assembly and the Willamette Restoration Initiative need to be improved, and the Legislative Assembly needs to be more fully involved in the work of the Initiative;

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

Executive Order 98-18 is hereby amended by this addendum:

1. Among the objectives of the Willamette Restoration Initiative (WRI) are:
 - A) Ensuring that the Legislative Assembly is fully informed of the problems, issues, and opportunities in the Willamette Valley watersheds, as well as of the work of the WRI, and
 - B) Providing full opportunity for the Legislative Assembly to participate effectively in the processes of the WRI.

2. In addition to its other responsibilities and activities, the Board of the WRI shall:
 - A) As part of the preliminary draft Willamette Basin amendments and supplements to the Oregon Plan for Salmon and Watersheds, identify the major problems that need to be addressed by the WRI and provide general guidance on strategies for addressing those problems;

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- B) Deliver bimonthly progress reports to the Governor and the appropriate committees of the Legislative Assembly, which shall include a accounting of the budget, expenditures, and receipts of the WRI;
 - C) Afford the Legislative Assembly, as part of its oversight and coordination responsibilities under Ch. ____, Sec. 2, 1999 Oregon Laws (SB 133), full opportunity to participate in the work of the WRI and to comment effectively on that work, by delivering all papers, reports, agendas and other written work products of the WRI to the leadership of the Legislative Assembly at the same time as they are delivered to the WRI Board; and
 - D) Work with watershed councils and soil and water conservation districts to assist them in their missions and to coordinate their input into the work of the WRI.
3. In carrying out its responsibilities and activities, the WRI will not exercise governmental authority over any entity or to supersede the authority of watershed councils, soil and water conservation districts, or any other entity.
 4. State agencies will keep the appropriate committees of the Legislative Assembly informed of their activities with respect to the WRI.
 5. The Speaker of the House and the President of the Senate are invited jointly to appoint a member of the Legislative Assembly to the WRI Board, with all the rights and responsibilities of other WRI Board members.
 6. Executive Order 98-18 and this Executive Order are repealed, effective June 30, 2001.

Done at Salem, Oregon, this 29 day of November, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Bill Bradbury
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99-16

QUALITY EDUCATION COMMISSION

WHEREAS, with the passage of Measure 5 in 1990, primary funding responsibility for Oregon's K-12 system of public schools has shifted from the local to the state level;

WHEREAS, funding for K-12 schools now represents almost half the state's General Fund budget;

WHEREAS, the Legislature passed the Oregon Educational Act for the 21st Century to establish high levels of academic standards for Oregon's children;

WHEREAS, state policymakers have not previously had adequate tools allowing them to establish the reasonable costs of providing a quality education necessary for Oregon's children to meet those standards;

WHEREAS, the Legislative Council on the Oregon Quality Education Model published a report in June 1999 outlining a possible approach to determining those costs, but also acknowledging that the model was a work in progress, needing improvement and refinement; and

WHEREAS, the Legislature included funding in the Oregon Department of Education's 1999-2001 budget to continue work on development of a budget model;

THEREFORE, IN CONSULTATION WITH THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION, IT IS HEREBY ORDERED AND DIRECTED:

1. The Quality Education Commission is hereby created to help direct the further work necessary to validate and refine the Quality Education Model for use by state policymakers.
2. The Commission shall include 11 members co-appointed by the Governor and the State Superintendent of Public Instruction. Members shall serve at the pleasure of the Governor and State Superintendent.
3. The Chair shall be co-appointed by the Governor and the State Superintendent of Public Instruction.
4. The Commission shall meet at the call of the Chair. A majority of the members of the Commission shall constitute a quorum to do business.

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5. Staffing to the Commission shall be provided by the Oregon Department of Education.
6. Members of the Commission shall receive no compensation for their activities as members of the Commission, but may be reimbursed for travel expenses incurred in attending Commission business pursuant to ORS 292.495(2).
7. The Commission shall:
 - Identify key issues to address in further validating and refining the Quality Education Model;
 - Solicit input from educators, education policy experts and others about the elements of the model;
 - Solicit public input regarding educational priorities for use in developing the model;
 - Make recommendations regarding model development based on research, data, public input and experience; and
 - Communicate with stakeholders regarding model development.
8. The Commission may establish subcommittees as necessary to assist in carrying out its work.
9. The Commission shall approve and monitor a workplan that will allow for further refinement and completion of a model in sufficient time to be used by the Governor in developing the Governor's Recommended Budget for K-12 schools.

Done at Salem, Oregon this 5 day of November 1999.

/S/ _____
John A. Kitzhaber, M.D.
Governor

ATTEST:

/S/ _____
Phil Keisling
Secretary of State

EXECUTIVE ORDER NO. EO - 99 - 15

GOVERNOR'S PROCESS FOR FORECASTING K-12 SCHOOL FUNDING

WHEREAS, funding for K-12 schools now comprises almost half the State General Fund budget; and

WHEREAS, the primary source of revenue for K-12 schools is the State General Fund; and

WHEREAS, the State's calculation of a "current service level" budget for K-12 schools has not and cannot be developed at the level of detail as for other state programs; and

WHEREAS, K-12 schools require additional and more timely information on reasonable assumptions of a current service level budget to assist them in planning for their annual budgets;

THEREFORE IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon Department of Administrative Services (DAS) shall annually forecast a statewide allowable growth factor of general operating revenue per ADM_w that can be reasonably expected for each of the next three fiscal years by K-12 education districts. That forecast will consider:
 - a. Projected changes in the cost of personal services, other services, supplies and capital outlay; and
 - b. Forecasted local revenues as provided by the Oregon Department of Administrative Services, Legislative Fiscal Officer, Legislative Revenue Officer and Department of Revenue.
2. The Oregon Department of Administrative Services shall annually provide this forecast in conjunction with the December 1 Oregon Economic and Revenue Forecast.
3. With the agreement of the Superintendent of Public Instruction, the Oregon Department of Education will calculate, based upon current law, the distribution of those revenues and shall provide K-12 education districts with those forecasts annually in January of each year.
4. K-12 education districts should use these forecast revenues in the formulation of their budgets and other considerations for expenditure levels, including collective bargaining, contractual commitments, and program changes.

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5. The State Board of Education will provide, in rule, procedures for K-12 education districts to report conditions that do not allow them to operate within the forecast revenue.

6. The Department of Administrative Services will form a "School Revenue Forecast Committee" to review the statewide average ADM_w forecasts. This committee shall consist of representatives from the Oregon Department of Education, the Legislative Fiscal Office, the Legislative Revenue Office, K-12 stakeholders from school districts, labor unions and the Legislature. This committee will meet in the fall prior to each annual forecast. Notwithstanding the requirement to provide the allowable growth factor in conjunction with the December 1 Oregon Economic and Revenue Forecast, the first allowable growth factor forecast will be provided subsequent to the convening of the School Revenue Forecast Committee.

Done at Salem, Oregon this 28 day of October, 1999.

/S/ _____
John A. Kitzhaber, M.D.
Governor

ATTEST:

/S/ _____
Phil Keisling
Secretary of State

EXECUTIVE ORDER NO. EO - 99-14

EMPLOYMENT OF PEOPLE WITH DISABILITIES

WHEREAS, the 1990 passage of the Americans with Disabilities Act represented an historical benchmark and a milestone in America's commitment to full and equal opportunity for all of its citizens,

WHEREAS, the State of Oregon recognizes that the surest path to Oregon's continued vitality, competitiveness and resourcefulness is through the full realization of the contributions of all of its citizens,

WHEREAS, work is a valued activity, both for individuals and society and fulfills the need of an individual to be productive, promotes independence, enhances self-esteem, and allows for full inclusion in the mainstream of life,

WHEREAS, the State of Oregon has long recognized the value of maximizing the employment potential of all its citizens, including individuals with disabilities,

WHEREAS, increased employment of individuals with disabilities can be achieved through the provision of reasonable accommodations and expanded employment opportunities in the public and private sector,

WHEREAS, individuals with disabilities continue to encounter various forms of exclusion and discrimination in the critical area of employment,

WHEREAS, as a group, individuals with disabilities experience staggering levels of unemployment and poverty,

WHEREAS, the State of Oregon has long recognized the need to eliminate the effects of past and present societal discrimination based on physical, mental or developmental disabilities in which it has played a passive or active role,

WHEREAS, the State of Oregon requires that every state agency present the affirmative action objectives and performance of that agency to the Governor and to the Legislative Assembly,

WHEREAS, the increasing diversity of Oregon's population demands that we extend our efforts to maintain our economic viability and provide a high quality of life for all our citizens,

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WHEREAS, state government can play a leadership role in promoting the employment of individuals with disabilities by serving as a model employer,

WHEREAS, the state of Oregon has had a state government hiring program for individuals with disabilities for twenty years,

WHEREAS, the Office on Affirmative Action reports that the state government workforce has seen a decline in job share by individuals with disabilities,

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) The Department of Administrative Services shall establish a revised state hiring program to increase the employment of individuals with disabilities in state service.
- 2) The mission of the new state hiring program is to create a coordinated and aggressive state program to bring individuals with disabilities into state employment at a rate that is as close as possible to that of the general population of working Oregonians.
- 3) The Department of Administrative Services, in partnership with the Department of Human Services, the Commission for the Blind and in cooperation with the Oregon University System which is responsible for its personnel under ORS 351.070, shall promote, administer and be accountable for the program.
- 4) The Department of Administrative Services shall report biennially to the Director of Affirmative Action the representation of individuals with disabilities in the state population who are ready and able to work. The Department shall base the report on the most current census and other data available to the Oregon Progress Board, relevant state agencies, Commissions and Councils.
- 5) The Director of Affirmative Action shall biennially set affirmative action objectives for the employment of individuals with disabilities for each division of state service and for state service overall; the Chancellor of the Oregon University System shall report to the Director on the related objectives of the OUS and the progress made during the biennium.

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- 6) To aid and advise the Department of Administrative Services in implementing and evaluating the state hiring program, the Director of the Department of Administrative Services, the Chancellor of the Oregon University System and the Oregon Disabilities Commission shall jointly appoint an advisory committee that shall meet regularly and issue a progress report annually. The first report shall be delivered to my Affirmative Action Director by February 1, 2000.

Done at Salem, Oregon, this 20 day of October, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 13

ELIMINATION OF PERSISTENT, BIOACCUMULATIVE, AND TOXIC POLLUTANTS

WHEREAS, the quality of Oregon's environment today is the result of many years of combined efforts by the public, government agencies, and industry.;

WHEREAS, recent international studies have concluded that contaminants that are persistent, bioaccumulative, and toxic present the greatest risk to human health and the environment, and are not adequately addressed;

WHEREAS, these persistent, bioaccumulative, and toxic pollutants (PBTs) are associated with a broad range of adverse human health impacts such as cancer, effects on the nervous system, reproductive and development problems and hormonal disruption;

WHEREAS, PBTs accumulate in the tissues of plants and animals and become increasingly concentrated as they move up the food chain;

WHEREAS, PBTs remain an environmental and health concern long after they are used, generated as waste, or released into the environment;

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) In order to address the presence of the most threatening chemical substances in Oregon's environment, the Oregon Department of Environmental Quality shall lead a state-wide effort to eliminate the releases of PBTs into the environment.
- 2) Oregon's initial goals in this effort shall be to:
 - Outline a range of approaches that might be undertaken in Oregon to identify, track and eliminate the release of PBTs into the environment by the year 2020;
 - Evaluate state, national, and international efforts to eliminate PBTs;
 - Use available information to identify which PBTs are generated in Oregon, determine what activities generate PBTs, estimate the amounts being generated, and identify missing data; and
 - Identify ways to utilize education, technical assistance, pollution prevention, economic incentives, government procurement policies, compliance, and permitting activities to eliminate PBT releases.

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- 3) All Oregon citizens, businesses, and governments are encouraged to participate in efforts to implement this Executive Order.

Done at Salem, Oregon, this 24 day of September, 1999.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 12

AUTHORIZATION FOR SITING A WOMEN'S CORRECTIONAL FACILITY AND INTAKE CENTER COMPLEX

WHEREAS: 1. The Legislative Assembly during the 1999 regular session passed Senate Bill 686.

WHEREAS: 2. Senate Bill 686 established the process for siting a womens' correctional facility and intake center complex.

WHEREAS: 3. SB 686 requires the Governor to initiate the process established in this act.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Director of the Department of Corrections shall begin the siting process set out in SB 686 by proposing a site for the construction and operation of a womens' correctional facility and mens' and womens' intake center complex to be sited in Clackamas, Multnomah, or Washington County.
2. Within 30 days from the issuance of this Executive Order, the Director of the Department of Corrections shall make available for the Governor's review the final report on the site proposed for the construction and operation of a women's correctional facility and mens' and womens' intake center complex.

Done at Salem, Oregon, this 20 day of August, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 11

AUTHORIZATION FOR ACCESS TO LAW ENFORCEMENT DATA SYSTEM

ORS 181.010(8)(i)-(9) and OAR 257-010-0025(1)(b) operate in conjunction to allow the Governor to authorize Law Enforcement Data System access to designated state and local agencies which require such information in order to fulfill statutory criminal and regulatory missions. Executive Order No. EO 90 - 05 grants such access to a number of state agencies, and establishes the conditions under which such access is authorized; subsequent Executive Orders Nos. EO 90 - 05, EO 90 -21, EO 97 -21, EO 98 -13, and EO 98 - 19 have authorized access for additional state and local agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) In addition to those agencies listed in paragraph (4) of Executive Order No. EO 90 - 05, and pursuant to the authority vested in me by ORS 181.010(8)(i)-(9) and OAR 257-010-0025(1)(b), I hereby authorize the Oregon State Police to provide the Department of Consumer and Business Services with access to the Oregon State Police criminal offender information system solely for the purpose conducting background investigations on prospective employees for positions involved with cash receipting and depositing, payroll preparation functions, and mailroom services.
- 2) Executive Order No. EO 90 - 05 continues to govern the compilation, maintenance, and dissemination of criminal offender information as defined in ORS 181.010(2), and that Order governs the access authorized for state agencies granted access to the Oregon State Police criminal offender information system by this Order.

Done at Salem, Oregon, this 13 day of August, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 -10

ACCOMMODATION BY STATE AGENCIES FOR EMPLOYEE BREAST FEEDING

WHEREAS, extensive research shows diverse and compelling advantages to infants, mothers and families from breast feeding and the use of human milk for infant feeding;

WHEREAS, these advantages include health, nutritional, immunologic, developmental, psychological, social, economic and environmental benefits;

WHEREAS, epidemiological research indicates that breast feeding and feeding infants with human milk decreases the incidence of a number of childhood diseases, ailments, and syndromes. Breast feeding and feeding with human milk also entails significant health benefits for mothers;

WHEREAS, increasing the rates of breast feeding initiation and duration is a national health objective, and one of the goals of Healthy People 2000, a national prevention initiative to improve the health of all Americans;

WHEREAS, the percentage of women currently electing to breast feed their babies is still below levels reported in the mid-1980s, and is far below the Healthy Project 2000 goal;

WHEREAS, multiple obstacles reduce the number of mothers who continue breast feeding after returning to work. Such obstacles include finding an adequate place for feeding or expressing milk, finding the time or flexibility to feed or express milk during working hours, using workspace to store milk, and general concerns about the social acceptability of feeding or expressing milk within the workplace;

WHEREAS, making state workplaces supportive for nursing mothers we will reap many benefits including: less employee turnover, reduced absenteeism, lower health care costs. And, we will be making an investment in the health of Oregon children and sending a clear message to our employees that they and their families are important by doing so;

WHEREAS, most employers are sympathetic to the needs of nursing mothers, and are very supportive of their employees when breast feeding concerns are brought to their attention. However, employees must be encouraged to discuss their needs with employers; and

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Page Two

WHEREAS, the Oregon Health Division has not only achieved breast feeding friendly environment for its employees but has also taken the lead in developing resource materials to assist all employers in establishing breast feeding friendly policies in the workplace.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) State agencies shall take measures to ensure that all State of Oregon employees shall be provided with an adequate location for the expression of milk or breast feeding. Specifically, state agencies shall make reasonable efforts to provide a room or other location in close proximity to work areas, other than a restroom, where an employee can breast feed her child or express her milk in privacy.
- 2) State agencies shall provide reasonable unpaid rest periods each day to employees who choose to breast feed or express milk for their children.
- 3) State agencies shall work with employees to maximize flexibility regarding implementation of this Order, including the appropriate amount of time employees are allowed to express milk or breast feed
- 4) All state agencies shall obtain the Breast Feeding Friendly Employer Resource Packet from the Oregon Health Division and move as quickly as possible to become eligible for the Breast-Feeding Friendly Employer Certificate issued by the Health Division.

Done at Salem, Oregon, this 24 day of June, 1999.

/S/

John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99- 09

GOVERNOR'S ADVISORY COMMITTEE ON MOTORCYCLE SAFETY

The Governor's Advisory Committee on Motorcycle Safety was informally established by Governor Vic Atiyeh in 1981. The Committee represents the voice of Oregon motorcyclists and advises the Governor of the State of Oregon and the Governor's Highway Safety Representative on safety for motorcyclists in Oregon.

IT IS HEREBY ORDERED AND DIRECTED:

- 1) There is created a Governor's Advisory Committee on Motorcycle Safety (Committee), consisting of not more than eight members appointed by the Governor. Committee members shall serve at the pleasure of the Governor for four year terms as those terms were initially staggered. In case of a vacancy for any cause, the Governor shall make an appointment for the unexpired term.
- 2) The Committee shall focus its efforts upon rider education, drinking and riding, road hazards unique to motorcycles, motorist awareness of motorcycles, sharing the road and other safety issues. It shall advise the Governor and the Governor's Highway Safety Representative regarding motorcycle safety issues and legislation that is in the best interest of the Oregon transportation public. The Committee shall submit an annual report to the Governor outlining the Committee's accomplishments, goals and mission statement.
- 3) The Committee shall elect a chairperson by majority vote. The chairperson shall designate a vice-chair to carry out the duties of the chair in the chair's absence. The chair may designate subcommittees as needed.
- 4) The Committee shall meet in accord with a schedule approved by a majority of its members and shall meet on special occasions at the call of the chair. Five voting members shall constitute a quorum. A vote of the majority shall be sufficient for all actions of the Committee.
- 5) The Department of Transportation and the Governor's Highway Safety Representative shall provide staff assistance to the Committee.

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- 6) Members of the Committee shall receive no compensation for their services. However, members shall be eligible for reimbursement of travel expenses pursuant to ORS 292.495(2).
- 7) This Order shall expire on July 31, 2003.

Done at Salem, Oregon, this 2 day of June, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 99 - 08

OREGON DEVELOPMENTAL DISABILITY COUNCIL AMENDS EXECUTIVE ORDER NO. EO 88 - 07

The United States Congress has enacted Public Law 104-183 in order to assist states in affording persons with developmental disabilities the opportunity to become fully integrated into their communities and to achieve their potential for independence and productivity. Under the Public Law 104-183, states receive grants for activities to enhance their strength and capacity to address the unmet needs of persons with developmental disabilities in a coordinated fashion, evaluating the implementation of such activities.

In order to comply with federal guidelines relating to the receipt of such grants, the Oregon Developmental Disability Council must amend Executive Order No. EO - 88- 07 in order to allow for more frequent rotation of its membership.

IT IS HEREBY ORDERED AND DIRECTED:

- 1) Paragraph 4 of Executive Order No. EO - 88 - 07 is hereby amended so that it reads as follows:

“The Council shall consist of not more than 28 persons appointed by the Governor. The Council may offer recommendations regarding membership for the Governor’s consideration. Council members shall serve four year terms. The Governor may re-appoint the same person to a single succeeding term. Membership shall consist of representatives as as specified in Public Law 104-183.”

- 2) Paragraph 5 of Executive Order No. EO - 88 - 07 is hereby amended so that it reads as follows:

“The Council shall elect a chairperson by majority vote. The chairperson shall serve for a term of two years and may serve no more than one succeeding term. The Council shall meet at the call of the chairperson,

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but not less than six times per year. The chairperson may appoint subcommittees, as needed consisting of Council members and non-members.”

Done at Salem, Oregon, this 18th day of March, 1999.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 07

RACIAL AND ETHNIC HEALTH TASK FORCE

This Executive Order creates the Racial and Ethnic Health Task Force to review, analyze, and recommend changes as needed in State of Oregon Agencies, including but not limited to the Department of Human Resources and other state programs with the goal of improving the individual and community health status for people of color and ethnic populations.

The Task Force created by this Order shall be comprised of concerned individuals from effected racial and ethnic communities, as well as representatives from both private and non-profit organizations and state agencies who are dedicated to working toward improvement in the health status of Oregon's racial and ethnic populations.

The Task Force will report annually to the Governor and Legislative Assembly on the performance of those state agencies whose programs address racial and ethnic health issues.

The Task Force will generally advise and assist state agencies in meeting the goals and objectives established by the Governor.

It is essential that we as a state achieve this goal for the economic, health, and social costs attributed to poor health status of racial and ethnic communities are substantial, and inflict a needless toll upon these communities and our state as a whole.

In early 1998 a group of concerned citizens gathered to form the Racial and Ethnic Health Work Group (Group) to study issues regarding racial and ethnic health issues. The Group developed a plan of action which identified the following three goals:

- * develop legislation establishing an entity to oversee racial and ethnic health issues affecting Oregonians;
- * recommend increased funding for the Oregon Health Division's Office of Multicultural Health;
- * create a task force to provide assistance and advice on monitoring and ensuring accountability for state activities related to prioritized racial and ethnic health issues identified in this Order for the 1999-2001 biennium.

WHEREAS the Oregon Benchmarks track the progress on infant mortality, prenatal services, and the numbers of adults and children lacking health coverage;

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WHEREAS the Oregon Progress Board issued an update on Oregon minorities in January 1998 indicating improvement in selected health benchmarks but Oregon minorities continue to lag behind the state as a whole in areas such as infant mortality, prenatal services, and people lacking health coverage;

WHEREAS it has been determined that access to health care by racial and ethnic minorities is inadequate to address the chronic health issues these communities face;

WHEREAS it has also been determined that health coverage can best be defined as medically appropriate care provided when needed by culturally competent providers;

WHEREAS it has been determined that people of color and people with native languages other than English experience extreme difficulty accessing health services;

WHEREAS improving health status in all communities requires effective programs of prevention, protection, education and health promotion;

WHEREAS six critical health priorities have been identified for increased efforts during the 1999-2001 Biennium;

THEREBY IT IS HEREBY ORDERED AND DIRECTED:

1. The Racial and Ethnic Task Force is hereby created. The membership of the Task Force shall be no greater than 21, comprised as follows:
 - a: Six members of the Legislative Assembly with interest and expertise in the subject of racial and ethnic health. Three of these members shall be members of racial or ethnic groups.
 - b: One representative from each of the following agencies and organizations, as nominated by the executive authority of the organization or agency.
 - i) the Commission on Asian Affairs;
 - ii) the Commission on Black Affairs;
 - iii) the Commission on Hispanic Affairs;
 - iv) the Legislative Committee on Indian Services;
 - v) the Oregon Medical Association;
 - vi) the Conference of Local Health Officials;

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- vii) the Oregon Association of Hospitals and Health Systems;
- viii) the Governor's Office.

Organizations are encouraged to nominate persons who are knowledgeable about public health issues and persons who have a specific knowledge about one or more of the six priority areas that shall constitute the focus of the Task Force during the 1999-2001 biennium.

- c: Seven additional members appointed by the Governor who are members of racial or ethnic groups.
2. The members of the Task Force shall choose two members as co-chairs. The co-chairs shall establish an agenda for the Task Force, facilitate communication among members of the Task Force, and generally provide leadership and direction for the Task Force.
 3. The following state agencies shall provide support to the Task Force:
 - a: the Oregon Health Division;
 - b: the Office of Alcohol and Drug Abuse Programs;
 - c: the Office of Medical Assistance Programs;
 - d: the Mental Health Division;
 - e: Senior and Disabled Services Division;
 - f: the Office for Oregon Health Plan Policy and Research;
 - g: the Oregon Medical Insurance Program;
 - h: the Insurance Pool Governing Board.

The directors of these state agencies, and other state agencies with authority and activities affecting the health status of racial and ethnic communities as identified by the Oregon Health Council and the Oregon Health Division, shall cooperate by providing information as needed and available, and by meeting with and reporting to the Task Force as requested.

4. The Task Force shall carry out the following activities:
 - a: review and recommend revisions to the goals, strategies, and outcome measurements of prevention and treatment programs

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related to the racial and ethnic health issues identified in this Executive Order;

- b: review and recommend revisions to the implementation plans for programs related to the priority racial and ethnic health issues identified by this Executive Order and the accompanying budgets;
 - c: review the overall effectiveness of such programs and advise the appropriate agencies of any recommended changes including redirection of resources as indicated;
 - d: Make an annual report to the Governor detailing its findings and recommendations.
5. In carrying out these activities during the 1999-2001 biennium, the Task Force shall focus upon the following priorities:
- a: adequate access to treatment for Oregonians with physical and mental health coverage, with adequate access being defined as medically appropriate care provided when necessary by culturally competent providers in a suitable setting;
 - b: HIV/AIDS
 - c: diabetes;
 - d: asthma;
 - e: lead poisoning;
 - f: alcohol and drug abuse.
6. While other issues also disproportionately effect racial and ethnic communities, these priority areas were identified for the extreme consequences they visit upon children and families throughout racial and ethnic populations, as well as the need for concerted collaboration toward improving outcomes in the treatment of these conditions. In prioritizing these conditions, the Group assumed continued and funding levels and

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service efforts for existing programs and activities in areas which also aim to provide increased access to services relating to racial and ethnic health. The Task Force shall establish priorities for future bienniums.

7. Meetings of the Task Force shall be coordinated and staffed by the Office for Oregon Health Plan Policy and Research in collaboration with the Oregon Health Division Office of Multicultural Health. The Task Force shall meet at least once per quarter, and may hold additional meetings as deemed necessary by the chairs.
8. This Order expires four years from the date of its issuance unless explicitly extended by the Governor.

Done at Salem, Oregon, this 10th day of March, 1999.

/S/_____

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/_____

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 06

DETERMINATION OF A STATE OF EMERGENCY IN LINCOLN COUNTY DUE TO THE GROUNDING OF THE NEW CARISSA

Pursuant to ORS 401.055, I find that threat to life and safety exists due to the grounding of the freighter New Carissa which occurred on March 3, 1999. The following events have occurred for which State and federal assistance have been requested:

The 440 foot New Carissa bow section ran aground at approximately 7:30 a.m. yesterday morning near the south entrance to Alsea Bay, near Waldport.

An overflight yesterday revealed an oil sheen to the mouth of Alsea Bay, as well as to the Bay to the Highway 101 bridge. Oil has also been detected as far as three miles north of the vessel.

Tarballs, ranging in size from those no larger than a dime to fist-sized, have been reported.

Assistance is needed in providing site security and traffic control to the beach areas affected by the grounding.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate damage caused by this emergency.
2. The Oregon Air Guard shall activate personnel and equipment needed for the provision of air traffic control at the Newport Municipal Airport.

This emergency is declared only for those areas of Lincoln County affected by this event.

This order was made by verbal proclamation at 3:10 pm on March 3, 1999 and signed this 5th day of March, 1999, at Salem, Oregon.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 05

ENTERPRISE INFORMATION TECHNOLOGY STRATEGY

Pursuant to EO 98-05 and ORS 291.038, the Department of Administrative Services, in collaboration with the Information Resources Management Council and other state agencies, developed an Enterprise Information Technology Strategy.

WHEREAS the Enterprise Information Technology Strategy addresses the combined interests and missions of Oregon state government, including all three branches of government, higher education, community colleges, K-12 education, local and county governments and communities of interest serving a public interest mission.

WHEREAS Oregon governments can, through collaborative effort, achieve savings in the cost of collecting, using, networking, and maintaining information.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. All state agencies shall adopt the vision, principles, operating principles, strategies, and tactical imperatives of the Enterprise Information Technology Strategy. The key initiatives addressed in the plan are:
 - a: Find and fix mission critical systems that are not Year 2000 ready.
 - b: Adopt a common framework and guidelines to build information systems based on industry and international standards.
 - c: Develop and implement the operational alignment of the Department of Administrative Services and Department of Transportation data centers.
 - d: Adopt, implement and monitor technical and management information technology standards.
 - e: Establish a voice, video, and data network available for the use of all organizations within the enterprise.
 - f: Leverage existing and emerging Internet and network technologies to deliver educational coursework, transform government service delivery, and promote new and balanced economic and business development opportunities for all Oregonians.

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- g: Develop policies, standards and pilot project opportunities in the areas of electronic communication, electronic data interchange and electronic commerce, including the public and private sector aspects of such commerce.
 - h: Foster interagency and intergovernmental data sharing through corporate data management and the development of multi-agency and multi-branch integrated databases. Privacy and confidentiality will be ensured where appropriate.
 - i: Recruit and retain qualified information technology professionals by offering competitive compensation, appropriate classifications, continuous technical education programs, and project management training.
2. The Department of Administrative Services shall employ and manage a statewide enterprise network. The network will:
- a: Consist of a scaleable electronic network that serves the agencies, institutions, partners of state government and qualified communities of interest.
 - b: Provide points-of-presence and access to all state agencies and major state facilities, intelligent transportation systems, county courthouses, public colleges and universities, public schools, educational service districts, community colleges and key public networks. The network will facilitate connection with all schools, hospitals, libraries, and local governments.
 - c: Be acquired as a service from existing and future providers of communications, computing and telecommunications systems and technologies.
 - d: The Department of Administrative Services may allow for the creation of separate research networks by institutions of higher education.
 - e: All state agencies will use the statewide enterprise network for delivery of voice, video, and data services, except that educational, public, and non-profit organizations are encouraged, but not required, to purchase network services that connect individual sites through the statewide enterprise network managed by the Department of Administrative Services.

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3. The Department of Administrative Services, in collaboration with other state agencies, shall identify and deploy integrated database applications that serve the agencies and mission of State Government.
 - a: Selected pilot projects shall:
 - i. deliver education and training throughout the state and the enterprise;
 - ii: improve the effectiveness of government.
 - iii: demonstrate the benefits of sharing data among state agencies and their clients or partners.
 - b: At least one pilot project shall support the mission of the Community Solutions Team.
4. The Department of Administrative Services Information Resources Management Division shall develop an enterprise-wide intranet to serve the business processes of all participating agencies and organizations.
 - a: Selected pilot projects shall:
 - i: improve the effectiveness of government or education;
 - ii: demonstrate the benefits of improved communications and data sharing among state organizations and their clients or partners.
5. All organizations within the Oregon state governmental enterprise which are developing systems or applications for use on the statewide enterprise network or who propose to use state funding to support such efforts shall comply with the Department of Administrative Services Information Resource Management Division planning, implementation, and data archival policies and guidelines.

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6. The Information Resources Management Council shall provide the leadership and necessary oversight to implement each initiative contained in the Oregon Enterprise Information Technology Strategy and shall make quarterly reports on progress to the Governor, the Joint Legislative Committee on Information Management and Technology, and the Department of Administrative Services.

Done at Salem, Oregon this 26th day of February, 1999.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil A. Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 99 - 04

DETERMINATION OF A STATE OF EMERGENCY DUE TO THE GROUNDING OF THE NEW CARISSA

Pursuant to ORS 401.055, I find that threat to life and safety exists due to the grounding of the freighter New Carissa and subsequent oil spill which occurred in Coos County on February 4, 1999. The following events have occurred for which State and federal assistance have been requested:

Coos County law enforcement services have been expended and need assistance in providing site security for the grounding area and affected beaches with oil on them.

Assistance is needed in providing site security to the beach areas affected by the grounding and oil spill on a 24 hr basis.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess alleviate, or mitigate damage caused by this emergency.
2. The Oregon National Guard in coordination with Oregon Emergency Management shall provide essential assistance that is deemed necessary to support this effort.
3. The Oregon Air Guard shall activate personnel and equipment needed for the provision of air traffic control at the North Bend Airport in Coos County, Oregon.

This emergency is declared only for those areas of Coos County affected by events which occurred from February 4 to February 17, 1999.

This order was made by verbal proclamation at 1210 hours on the 17th day of February, 1999, and signed this 19th day of February, 1999, at Salem, Oregon.

/S/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 99 - 03

**DETERMINATION OF A STATE OF EMERGENCY IN TILLAMOOK COUNTY
DUE TO LANDSLIDE ACTIVITY**

Pursuant to ORS 401.055, I find that severe weather in Tillamook County has caused a natural disaster which has severely damaged a major portion of a county roadway. Due to heavy precipitation, a landslide occurred on January 29, 1999, which has compromised public safety due to a massive failure and collapse on the Sandlake Road. The slide is continuing. Immediate repair and reconstruction of this roadway is vital to the security, well-being and health of the citizens in Tillamook County.

IT IS HEREBY ORDERED AND DIRECTED:

The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect recovery from this emergency.

This declaration is specifically limited to the affected area in Tillamook County.

Done at Salem, Oregon, this 3rd day of February, 1999.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 99 - 02

JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT

IT IS HEREBY ORDERED AND DIRECTED:

1. Executive Order No. EO 94-04 is rescinded.
2. The Oregon Criminal Justice Commission shall be responsible for administration of the Juvenile Justice and Delinquency Prevention Act.
3. A statewide advisory group (SAG) for Juvenile Justice and Delinquency Prevention Act (JJDP A) shall be appointed by the Governor. The membership of the SAG will be in compliance with requirements of the JJDP A. Members shall be appointed from the Juvenile Crime Prevention Advisory Committee (JCPAC) and others.

The SAG shall consist of not less than 15 and not more than 33 persons appointed by the Governor. Those members shall be persons who have training, experience, or special knowledge concerning the prevention and treatment of juvenile delinquency or the administration of juvenile justice. Members will be broadly representative of geographic, economic, and ethnic minority interests in Oregon, and will meet the membership requirements specified in Title II, Part B, Section 223 (a) (3) of the Juvenile Justice and Delinquency Prevention Act, as amended (Public Law 93-415), 42 U.S.C. Section 5601 et seq.

The chair of the SAG shall be appointed by the JCPAC chair, consistent with requirements of the JJDP A.

4. The SAG shall meet at the call of the Chair. A majority of the members of the SAG constitute a quorum to do business.
5. The SAG shall:
 - A. Develop and recommend to the JCPAC a juvenile justice plan and recommendations to distribute funds made available under the JJDP A.

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The plan and funding recommendations shall be consistent, to the greatest extent possible, with both the purposes of the JCPAC under EO 98-09 and the requirements of the JJDPDA;

- B. Submit to the JCPAC, at least annually, recommendations related to its functions, including state compliance with the requirements of the Act;
 - C. Review and comment on Juvenile Justice and Delinquency Prevention Act applications submitted to the JCPAC and review progress and outcomes of projects funded;
 - D. Contact and seek regular input from juveniles currently under the jurisdiction of the juvenile justice system;
 - E. Provide for the active consultation with and participation of general local government in the development of a state plan that adequately takes into account the needs and requests of local governments; and
 - F. Complete other duties as assigned by the JCPAC.
 - G. The JJAC shall continue to serve as SAG for the purposes of JJPDA until such time as the Governor appoints members to the SAG established by this Order. The Commission on Children and Families shall continue to administer funding authorized for the JJAC on behalf of the SAG established by this Order as outlined in the transition plan submitted to the Governor.
 - H. Executive Order No. EO 98 - 09 is hereby amended such that JCPAC shall no longer serve as the SAG for purposes of the JJDPDA.
6. Subject to laws governing reimbursement of state officers and employees, members of the SAG shall be reimbursed for their actual and necessary travel

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expenses and other reasonable expenses incurred in the performance of their official duties, from money available for this purpose under the Juvenile Justice and Delinquency Prevention Act.

Done this 1st day of February, 1999, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil A. Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 99-01

THE OREGON PLAN FOR SALMON AND WATERSHEDS

The purpose of the Oregon Plan for Salmon and Watersheds (the "Oregon Plan") as stated in the Plan and reaffirmed in this Executive Order is to restore Oregon's wild salmon and trout populations and fisheries to sustainable and productive levels that will provide substantial environmental, cultural, and economic benefits and to improve water quality. The Oregon Plan is a long-term, ongoing effort that began as a focused set of actions by state, local, tribal and private organizations and individuals in October of 1995. The Oregon Plan first addressed coho salmon on the Oregon Coast, was then broadened to include steelhead trout on the coast and in the Lower Columbia River, and is now expanding to all at-risk wild salmonids throughout the state. The Oregon Plan addresses all factors for decline of these species, including watershed conditions and fisheries, to the extent those factors can be affected by the state. The Oregon Plan was endorsed and funded by the Oregon Legislature in 1997 through Oregon Senate Bill 924 (1997 Or. Laws, ch. 7) and House Bill 3700 (1997 Or. Laws, ch. 8). The Oregon Plan is described in two principal documents: "The Oregon Plan," dated March 1997, and "The Oregon Plan for Salmon and Watersheds, Supplement I -- Steelhead," dated January 1998. As used in this Executive Order, the Oregon Plan also incorporates the Healthy Streams Partnership (Oregon Senate Bill 1010, 1993 Or. Laws, ch. 263).

The Oregon Plan is a cooperative effort of state, local, federal, tribal and private organizations and individuals. Although the Oregon Plan contains a strong foundation of protective regulations -- continuing existing regulatory programs and speeding the implementation of others -- an essential principle of the Plan is the need to move beyond prohibitions and to encourage efforts to improve conditions for salmon through non-regulatory means. Many of the most significant contributions to the Oregon Plan are private and quasi-governmental efforts to protect and restore salmon on working landscapes, including efforts by watershed councils.

Salmon and trout restoration requires action and sacrifice across the entire economic and geographic spectrum of Oregon. The commercial and sport fishing industries in Oregon have been heavily affected by complete or partial closures of fisheries. The forest industry operates under the Oregon Forest Practices Act, and has contributed substantially to salmon recovery through habitat restoration projects on private lands and by funding a large part of the state recovery efforts. The agriculture and mining industries are also taking actions that will protect and restore salmon and trout habitat and improve water quality (including financial support of restoration efforts by the mining industry). Urban areas are developing water conservation programs, spending funds for wastewater

treatment improvements to reduce point source pollution, reducing non-point source pollution and reducing activities that degrade riparian areas. All citizens of Oregon share responsibility for declining populations of wild salmon and trout, and it is important that there be both a broad commitment to reversing these historic trends and a sense that the burdens of restoration are being shared by all of society.

It is also important that there be independent scientific oversight of the Oregon Plan. This oversight is being provided by the Independent Multidisciplinary Science Team (IMST), established under Oregon Senate Bill 924 (1997 Or. Laws, ch. 7). Additional legislative oversight for the Oregon Plan is being provided by the Joint Legislative Committee on Salmon and Stream Enhancement (the "Joint Committee").

Under the federal Endangered Species Act (ESA) the U.S. Fish & Wildlife Service (F&WS) and the National Marine Fisheries Service (NMFS) are responsible for identifying species that are threatened or endangered, and for developing programs to conserve and recover those species. F&WS and NMFS have now listed salmonids under the ESA on the entire Oregon Coast, the lower Columbia River (including most of the Portland metropolitan area), the Klamath River basin, and in the upper Columbia and Snake River basins. More listings are expected within the next year.

To date, the F&WS and NMFS generally have not had the resources to develop and implement effective recovery plans for fisheries. In addition, in many areas a large proportion of the habitat that listed salmonids depend on is located on private lands, where the regulatory tools under the ESA are relatively ill-defined and indirect. Finally, federal agencies alone, even if they take an active regulatory approach to recovery, will not restore listed salmonids. The federal ESA may work to prohibit certain actions, but there is simply too much habitat on private lands for restoration to succeed without pro-active involvement and incentives for individuals, groups, and local governments to take affirmative actions to restore habitat on working landscapes.

In April, 1997 the State of Oregon and NMFS entered into a Memorandum of Agreement (MOA) under which the State agreed to continue existing measures under the March 1997 Oregon Plan and to take certain additional actions to protect and

restore coho salmon on the Oregon Coast. On May 6, 1997, NMFS determined that the Oregon Coast Evolutionarily Significant Unit (ESU) of coho salmon did not warrant listing as a threatened or endangered species under the ESA.

On June 2, 1998, the U.S. District Court for Oregon ordered NMFS to reconsider its

decision without taking into account any parts of the Oregon Plan or MOA that are not "current enforceable measures." The U.S. District Court for Oregon also held that the MOA was speculative, due to the fact that it provided for termination by either party on thirty days notice, and that therefore the MOA could not be considered by NMFS in its listing decision.

Under court order, NMFS reconsidered its decision without taking into account the application in the future of the harvest and hatchery measures contained in the Oregon Plan, or the habitat improvement programs being undertaken under the Oregon Plan, or the commitments made by the State of Oregon in the MOA for improvement of applicable habitat measures. Accordingly, NMFS listed Oregon Coast coho as threatened under the ESA on or about October 2, 1998.

The MOA provided for the State of Oregon to take actions necessary to ensure that Oregon Coast coho did not warrant listing as a threatened or endangered species under the federal ESA. Now that Oregon Coast coho are listed as a threatened species as a result of the U.S. District Court's order, the central purpose of the MOA has been eliminated. Due to the uncertainties created by the District Court's decision and the increasing extent of salmonids listed or proposed for listing under the federal ESA, it is important that the status of the State of Oregon's substantive commitments under the MOA and the purpose of the Oregon Plan be clarified.

Through this Executive Order, the State of Oregon reaffirms its intent to play the leading role in protecting and restoring Oregon Coast coho and other salmonids through the implementation of the Oregon Plan. This Executive Order provides the framework and direction for state agencies to implement (to the extent of their authorities) the Oregon Plan in a timely and effective manner. This Executive Order also provides a framework for extending the state's efforts beyond a focus on Oregon Coast coho, to watersheds and fisheries statewide. Consistent with the principle of adaptive management, this Order applies the experience gained to date in implementing the Oregon Plan to provide additional detailed direction to state agencies. Finally, this Executive Order establishes a public involvement process to prioritize continuing efforts under the Oregon Plan.

NOW THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

(1) Overall Direction

(a) Agencies of the State of Oregon will, consistent with their authorities, fully implement the state agency efforts described in the Oregon Plan and in this Executive Order.

(b) The overall objective for state agencies under the Oregon Plan and this Executive Order is to protect and restore salmonids and to improve water quality.

(c) The Governor will, in cooperation with the Joint Committee, IMST, affected state agencies, watershed councils, and other affected local entities and persons develop and implement a process to set biological and habitat goals and objectives to protect and restore salmonids on a basin or regional basis as soon as practicable. Once these goals and objectives are established, they will be used by state agencies to evaluate their regulatory and non-regulatory programs and measures relating to the protection and restoration of salmonids. Through this on-going evaluation, state agencies will determine any changes to their programs or measures that may be necessary to meet the biological and habitat goals and objectives. In the interim, the following objectives in subsections (d) and (e) shall apply to agencies' implementation of the Oregon Plan and this Executive Order.

(d) Actions that state agencies take, fund and/or authorize that are primarily for a purpose other than restoration of salmonids or the habitat they depend upon will, considering the anticipated duration and geographic scope of the actions:

(A) to the maximum extent practicable minimize and mitigate adverse effects of the actions on salmonids or the habitat they depend on; and

(B) not appreciably reduce the likelihood of the survival and recovery of salmonids in the wild.

(e) State agencies will take, fund and/or authorize actions that are primarily for the purpose of restoring salmonids or the habitat they depend upon, including actions implementing the Oregon Plan, with the goal of producing a conservation benefit that (if taken together with comparable and related actions by all persons and entities within the range of the species) is likely to result in sustainable population levels of salmonids in the foreseeable future, and in population levels of salmonids that provide substantial environmental, cultural and economic benefits to Oregonians in the long term.

(f) With the broadening of the Oregon Plan, prioritizing all agency actions according to coho core areas is no longer appropriate. Each state agency participating in the Oregon Plan, in consultation with ODFW and other partners involved in the implementation of the Plan and through a public involvement process, will modify their existing work programs in the Oregon Plan to prioritize agency measures to protect and restore salmonids in a timely and effective manner. The work programs will continue to

identify key specific outcomes, refine and improve designations of priority areas, and establish completion dates. These modifications will be submitted to the Governor, the Joint Committee, and to the appropriate boards and commissions as soon as possible, but in no event later than June 1, 1999. Progress reports on action plans will be submitted to the Governor, the Joint Committee, and to the appropriate boards and commissions on an annual basis. In prioritizing their efforts, state agencies shall consider how to maximize conservation benefits for salmonids and the habitat they depend on within limited resources and whether their actions are likely to increase populations of salmonids in the foreseeable future.

(g) State agencies will work cooperatively with landowners, local entities and other persons taking actions to protect or restore salmonids.

(h) As the Oregon Plan grows in geographic scope and in intensity of activity, there is a growing need to streamline and prioritize state agency activity at the regional level. One proposal has been to organize state natural resource agency field operations along hydrologic units. Therefore, state agencies will consider this proposal and, through the collective efforts of state agency directors, develop an organization plan that focuses state agency field effort on the activities and areas of highest priority under the Oregon Plan.

(i) State agencies will continue to encourage and work with agencies of the U.S. government to implement the federal measures described in the Oregon Plan. In addition, the state agencies will work with the federal government to develop additional means of protecting and restoring salmonids. Where appropriate, state agencies will request that federal agencies obtain incidental take permits under Section 7 of the federal ESA for state actions that are funded or authorized by a federal agency.

(j) State agencies will help support efforts to evaluate watershed conditions, and to develop specific strategic plans to provide for flood management, water quality improvement, and salmonid restoration in basins around the state, including the Willamette basin through the Willamette Restoration Initiative.

(k) The IMST will continue to provide oversight to ensure the use of the best scientific information available as the basis for implementation of and for adaptive changes to the Oregon Plan. State agencies will ensure that the IMST receives data and other information reasonably required for its functions in a timely manner. The Governor's Natural Resources Office (GNRO) has requested that the IMST's initial priority be review of the freshwater habitat needs of coho and the relationship between population levels, escapement levels, and habitat characteristics. The GNRO also will continue to request that the IMST annually review monitoring results and identify where the Oregon Plan

warrants change for scientific or technical reasons and make recommendations to the appropriate agency on those adjustments that appear necessary. Agencies will report their responses to any recommendations by the IMST to the Governor and to the Joint Committee. Any other changes identified by the IMST as necessary to achieve properly functioning riparian and aquatic habitat conditions required to protect and restore salmonids will be forwarded to the appropriate governmental entity for its consideration of the adoption of new, changed, or supplemental measures as rapidly as possible while providing for public involvement. Each state agency, by June 1, 1999, will ratify a monitoring team charter through an interagency memorandum. A draft of the charter is contained in the 1998 Oregon Plan Annual Report.

(l) Monitoring is a key element of the Oregon Plan. Each state agency will actively support the monitoring strategy described in the Oregon Plan. Each affected agency will participate on the monitoring team to coordinate activities and integrate analyses. Each agency will implement an appropriate monitoring program to assess the effectiveness of their programs and measures in meeting the objectives set forth in the Oregon Plan on an annual basis. In addition, agencies with regulatory programs that are included in the Oregon Plan will determine levels of compliance with regulatory standards and identify and act on opportunities to improve compliance levels.

(m) If information gathered regarding the effectiveness of measures in the Oregon Plan shows that existing strategies within state control are not achieving expected improvements and objectives, the agency(ies) responsible for those measures will seek appropriate changes in their regulations, policies, programs, measures and other areas of the Oregon Plan, as required to protect and restore coho and other salmonids. Such modification or supplementation will be done as rapidly as possible, consistent with public involvement.

(n) Agencies are using geographically-referenced data in their efforts under the Oregon Plan, and will be using Geographic Information Systems (GIS) in the analysis of these data. In doing so, the State GIS Plan, developed by the Oregon Geographic Information Council (OGIC) (see Executive Order 96-40) will be followed, with specific adherence to the Plan guidance on data documentation, coordination and data sharing. The agency with primary responsibility for gathering and updating the specific data will be responsible for meeting the requirements of the Plan, and to ensure coordination with OGIC, the State Service Center for GIS and other cooperating agencies. In addition, state agencies will cooperate with the Governor's Watershed Enhancement Board (GWEB), Soil and Water Conservation Districts (SWCDs), local watershed councils, landowners and others in making these essential data available.

(o) Geographically-based strategies to assess and achieve habitat needs and adequate escapement levels will be used, and the state agencies will continue with the development of standardized watershed assessment protocols, including a cumulative effects assessment. State agencies will also continue with the development of habitat restoration guides to evaluate and direct habitat restoration efforts.

(2) Continuation and Expansion of Existing Efforts. Without limiting the generality of section (1)(a) of this Executive Order, the following subsections of this Executive Order describe some of the many efforts in the Oregon Plan where the initial phase of work has been completed, and where efforts will be continued.

(a) The Oregon Fish & Wildlife Commission (OFWC), the Oregon Department of Fish & Wildlife (ODFW), and the Pacific Fishery Management Council (PFMC) are managing ocean and terminal fisheries according to the measures set forth in the Oregon Plan (ODFW I-A.1 and III-A.1). These measures set a maximum mortality rate (resulting from other fisheries) for any of four disaggregated stocks of coho of fifteen percent (15%) under poor ocean conditions. In 1997, the mortality rate from harvest is estimated to have been between nine and eleven percent (9-11%). ODFW and OFWC will continue these measures in state waters, and will actively support

continued implementation of the ocean harvest measures by the PFMC (Amendment 13 to the Council's salmon management plan) until and unless a different management regime agreeable to NMFS is adopted.

(b) The OFWC and ODFW will ensure that the fish hatchery measures set forth in the Oregon Plan are continued by the OFWC and ODFW. ODFW is marking all hatchery coho on the Oregon Coast. This marking will allow increased certainty in estimating hatchery stray rates beginning in 1999. Available data on hatchery stray rates for coho and steelhead are being provided to NMFS on an annual basis. The number of hatchery coho released is estimated to have been 1.7 million in 1998 -- substantially below the level called for in the Oregon Plan. This number will be reduced to 1.2 million in 1999. In addition, ODFW has, and will continue to provide annual reports regarding: (i) the number of juvenile hatchery coho that are released by brood year, locations and dates of release, life stage, and broodstock origin; (ii) the number of adult coho taken for broodstock for each hatchery, the location and date of collection, and the origin (hatchery or natural); (iii) the number of hatchery coho estimated to have spawned in natural habitat by basin; (iv) the estimated percentage of hatchery coho in the total natural spawning population; and (v) the mortality of naturally-spawning coho resulting from each fishery. NMFS may provide comments about hatchery programs affecting coho to ODFW, with any concerns to

be resolved between NMFS and ODFW.

(c) In addition to recent modifications to hatchery practices and programs, a new vision is needed for how Oregon will utilize hatcheries in the best and most effective manner. Therefore, the ODFW and the OFWC shall engage in a process to create a strategic plan for fish hatcheries in Oregon over the next decade (including state and federally-funded hatcheries, private hatcheries, and the STEP program). The essential elements of this process are as follows: (i) Impartial analysis -- conduct an impartial analysis of the scientific bases, and the social and economic effects of Oregon hatchery programs utilizing existing analyses and review where feasible, but conducting new analyses if necessary; (ii) Review the Wild Fish Management Policy (WFMP) -- because the future plan for hatcheries in Oregon is dependent on implementation of the WFMP, ODFW shall conduct a science and stakeholder review to determine if this significant policy should be revised and shall make any revision by July 2000; (iii) Frame alternative strategies -- convene a group of stockholders to frame alternative strategies, including outcomes and descriptions, of how hatcheries will be used in Oregon over the next decade (these strategies will address the use of hatcheries for wild fish population recovery including supplementation, research and monitoring, public education, and sport and commercial fishing opportunities); (iv) Public review and selection of a strategy -- the OFWC shall, after public review and comment, adopt a strategic plan to guide development of future hatchery programs, incorporating the strategy developed and adopted in accordance with subpart (iii) of this paragraph.

(d) Criteria and guidelines directing the design of projects that may affect fish passage have been established in a Memorandum of Understanding (MOU) between the Oregon Department of Transportation (ODOT), ODFW, the Oregon Department of Forestry (ODF), the Oregon Department of Agriculture (ODA), the Division of State Lands (DSL) and the Federal Highway Administration. These guidelines apply to the design, construction and consultations of projects affecting fish passage. Under the MOU, projects requiring regulatory approvals that follow these criteria and guidelines are expedited. Oregon agencies will continue to provide technical assistance to ensure that the criteria and guidelines are applied appropriately in restoration projects, as well as any other projects that may affect fish passage through road crossings and similar structures. ODFW will work with state agencies, local governments, and watershed councils to ensure that Oregon's standards for fish passage set forth in Exhibit A to the MOU are understood and are implemented.

(e) Fish presence, stream habitat, road and culvert surveys have been conducted for roads within ODOT jurisdiction and county roads in coastal basins, the Lower Columbia basin, the Willamette basin, and the Grande Ronde/Imnaha basins. Among the results of

these surveys is the finding that culvert barriers to fish passage affect a substantial quantity of salmonid habitat. For example, surveys of county and state highways in western Oregon found over 1,200 culverts that are barriers to passage. As a result, ODOT is placing additional priority on restoring fish access. For 1998, ODOT repaired or replaced 35 culverts restoring access to 101 miles of salmonid habitat. For 1999, the Oregon Transportation Commission will be asked to fund approximately \$4.0 million for culvert modification. ODOT and the Commission will continue to examine means to speed restoration of fish passage and to coordinate priorities with ODFW.

(f) Draft watershed assessment protocols have been developed and are being field tested. Beginning in 1999, SWCDs, watershed councils and others will be able to use the protocols as the basis for action plans to identify and prioritize opportunities to protect and restore salmonids. Watershed action plans have already been completed in a number of basins including the Rogue, Coos, Coquille and Grande Ronde. State agencies will work to support these watershed assessments and plans to the maximum extent practicable. Where watershed action plans have been developed under the protocols, GWEB will ensure that projects funded through the Watershed Improvement Grant Fund are consistent with watershed action plans, and other state agencies will work with SWCDs and watershed councils to ensure that activities they authorize, fund or undertake are consistent with watershed action plans to the maximum extent practicable.

(g) The State of Oregon has developed interim aquatic habitat restoration and enhancement guidelines for 1998. State agencies involved with restoration activities (ODFW, ODF, DSL, ODA, DEQ, and GWEB) will continue to develop and refine the interim guidelines for final publication in April 1999. The guidelines will be applied in restoration activities funded or authorized by state agencies. The purpose of the guidelines will be to define aquatic restoration and to identify and encourage aquatic habitat restoration techniques to restore salmonids.

(h) ODA and ODF have each entered into a Memorandum of Understanding with the Oregon Department of Environmental Quality relating to the development of Total Maximum Daily Loads (TMDLs) and Water Quality Management Area Plans (WQMAPs). ODA will adopt and implement WQMAPs (through the Healthy Streams Partnership) and ODF will review the adequacy of forest practices rules to meet water quality standards. ODF and ODA will evaluate the effectiveness of these measures in achieving water quality standards on a regular basis and implement any changes required to meet the standards.

(i) Agencies are implementing a coordinated monitoring program, as described in the Oregon Plan. This program includes technical support and standardized protocols for watershed councils, stream habitat surveys, forest practice effectiveness monitoring, water

withdrawal monitoring, ambient water quality monitoring, and biotic index studies, as well as fish presence surveys and salmonid abundance and survival monitoring in selected subbasins. State agencies are also working to coordinate monitoring efforts by state, federal, and local entities, including watershed councils. State agencies will work actively to ensure that the monitoring measures in the Oregon Plan are continued.

(j) GWEB has put into place new processes for identifying and coordinating the delivery of financial and technical assistance to individuals, agencies, watershed councils and soil and water conservation districts as they implement watershed restoration projects to improve water quality and restore aquatic resources. Over \$25 million has been distributed for watershed restoration projects in the last ten years. During the present (1997-99 biennium) GWEB has awarded over \$12 million dollars in state and federal funds for technical assistance and watershed restoration activities to implement the Oregon Plan. GWEB and state agencies will continue to seek financial resources to be allocated by GWEB for watershed restoration activities at the local and statewide levels.

(k) State agencies will continue to encourage, support and work to provide incentives for local, tribal, and private efforts to implement the Oregon Plan. In addition, state agencies will continue to provide financial assistance to local entities for projects to protect and restore salmonids to the extent consistent with their budgetary and legal authorities, and consistent with their work programs in the Oregon Plan. To the maximum extent practicable, state agencies will also provide technical assistance and planning tools to provide local conservation groups to assist in and target watershed restoration efforts. These efforts (during 1996 and 1997) are reported in "The Oregon Plan for Salmon and Watersheds: Watershed Restoration Inventory, 1998." Just a few of the important efforts that have been completed include:

(A) Eighty-two watershed councils have joined with forty-five Soil and Water Conservation Districts as well as private and public landowners to implement on-the-ground projects to protect and restore salmonids. During 1996 and 1997, a reported \$27.4 million was spent on 1,234 watershed restoration projects on non-federal lands. Both the amount spent and the number of projects represent significant increases (of over 300 percent) over prior years. In 1996-97, watershed councils, SWCDs and other organizations and individuals completed: (i) 138 stream fencing projects, involving at least 301 miles of streambank; (ii) 196 riparian area planting projects, involving at least 111 miles of streams; and (iii) 458 instream habitat improvement projects.

(B) Private and state forest landowners are implementing key efforts under the Oregon Plan, including the road risk and remediation program (ODF-1 and 2). Under this effort in 1996 and 1997, close to 4,000 miles of roads have been surveyed to identify

risks that the roads may pose to salmonid habitat. As the risks are identified, they are then prioritized for remediation following an established protocol. Already, 52 miles of forest roads have been closed, 843 miles of road repair and reconstruction projects to protect salmonid habitat have been completed, and an additional 14 miles of roads have been decommissioned or relocated. In addition, 530 culverts have been replaced, upgraded or installed for fish passage purposes, improving access to a reported 146 stream miles.

(C) Organizations working in Tillamook County have developed the Tillamook County Performance Partnership. The Partnership is implementing the Tillamook Bay National Estuary Program by addressing water quality, fisheries, floodplain management and economic development in the county. Among the actions that the Partnership has already accomplished are: (i) the closure of seven miles of degraded forest roads and the rehabilitation of 469 miles of roads to meet current standards, at a cost of \$18 million; (ii) the fencing of 53 miles of streambank, and the construction of three cattle bridges and 100 alternative cattle watering sites, at a cost of \$214,000; and (iii) the completion of 24 instream restoration projects and 34 barbs protecting 4,200 feet of streambank, at a cost of \$1.3 million dollars.

(D) The Confederated Tribes of the Grande Ronde Community of Oregon have completed a forest management plan that establishes standards for the protection of aquatic resources that are comparable to those found in the Aquatic Conservation Strategy of the Northwest Forest Plan.

(E) A combination of funding from the Oregon Wildlife Heritage Foundation and the National Fish and Wildlife Heritage Foundation (private, non-profit organizations) is providing support for seven biologists to design restoration projects. These projects are prioritized based on stream surveys, and are carried out with the voluntary participation and support of landowners. A ten-year monitoring plan has been funded and implemented to determine project effectiveness.

(F) The Oregon Cattlemen's Association has implemented its WEST Program that is designed to help landowners better understand their watersheds and stream functions through assessments and monitoring. The WEST Program brings landowners together along stream reaches, and offers a series of workshops, conducted on a site specific basis, free of charge. The workshops include riparian ecology, setting goals and objectives, Proper Functioning Condition (PFC), data collection and monitoring. Over 25 workshops have been held, with attendance ranging from 5 to 30 landowners per workshop. The WEST Program is sponsored by the Oregon Cattlemen's Association, DEQ, Oregon State University, and GWEB.

(G) Within the Tillamook State Forest road network 1,902 culverts have been replaced or added to improve road drainage and to disconnect storm water runoff from roads reducing stream sediment impacts. Additionally, some of these culverts also improved fish passage at stream crossings. In this process, ODF has also replaced six culverts with bridges improving fish passage to approximately four miles of stream. The Tillamook State Forest in conjunction with many partners, such as the Association of Northwest Steelheaders, GWEB, Simpson Timber Company, Tillamook County, the FishAmerica Foundation, Hardrock Construction Company, the Oregon Wildlife Heritage Foundation, the F&WS, the Oregon Youth Conservation Corps, Columbia Helicopters and Terra Helicopters, has also recently completed instream placement of over 400 rootwads, trees and boulders at a cost of \$300,000 for habitat enhancement.

(3) Key Agency Efforts. Continuation and completion of the following state agency efforts is critical to the success of the Oregon Plan. State agencies will make continuation or completion (as appropriate) of the following efforts a high priority.

(a) The State of Oregon and the U.S. Department of Agriculture have entered into a Conservation Reserve Enhancement Program (CREP). This cost-share program, one of the first of its kind, will be used to reduce the impacts of agricultural practices through water quality and habitat improvement. The objectives of the CREP are to: (i) provide incentives for farmers and ranchers to establish riparian buffers; (ii) protect and restore at least 4,000 miles of stream habitat by providing up to 95,000 acres of riparian buffers; (iii) restore up to 5,000 acres of wetlands that will benefit salmonids; and (iv) provide a mechanism for farmers and ranchers to comply with Oregon's Senate Bill 1010 (1993 Or. Laws, ch. 263).

(b) ODF will work with non-industrial forest landowners to administer the Stewardship Incentive Program and the Forest Resources Trust programs to protect and restore riparian and wetland areas that benefit salmonids.

(c) The Oregon Board of Forestry will determine, with the assistance of an advisory committee, to what extent changes to forest practices are needed to meet state water quality standards and to protect and restore salmonids. A substantial body of information regarding the effectiveness of current practices is being developed. This information includes: (i) the IMST report regarding the role of forest practices and forest habitat in protecting and restoring salmonids; and (ii) a series of monitoring projects that include the Storms of 1996 study, a riparian areas study, a stream temperature study, and a road drainage study. Using this information, as well as other available scientific information including scientific information from NMFS, the advisory committee will make

recommendations to the Board at both site and watershed scales on threats to salmonid habitat relating to sediment, water temperature, freshwater habitat needs, roads and fish passage. Based on the advisory committee's recommendations and other scientific information, the Board will make every effort to make its determinations by June 1999. The Board may determine that the most effective means of achieving any necessary changes to forest practices is through regulatory changes, statutory changes or through other programs including programs to create incentives for forest landowners. In the event that the Board determines that legislative changes are necessary to carry out its determinations, the Board will transmit any recommendations for such changes to the Governor and to the Joint Committee at the earliest possible date.

(d) Consistent with administrative rule, and statutory and constitutional mandates for the management of state forests, ODF State Forest management plans will include an aquatic conservation strategy that has a high likelihood of protecting and restoring properly functioning aquatic habitat for salmonids on state forest lands.

(e) ODF will present to NMFS a Habitat Conservation Plan (HCP) under Section 10 of the federal ESA that includes the Clatsop and Tillamook State Forests. ODF has already completed scientific review and has public review underway for this draft HCP. The scientific and public review comments will be considered by ODF in completing the draft HCP. The draft HCP will be presented to NMFS by June 1999. An HCP for the Elliott State Forest was approved by the U.S. Fish & Wildlife Service in 1995. In October of 1997, ODF and DSL forwarded the Elliott State Forest HCP to NMFS with the request that it be reviewed to determine whether it has a high likelihood of protecting and restoring properly functioning aquatic habitat conditions on state forest lands necessary to protect and restore salmonids. Based on discussions surrounding the NMFS review, ODF and DSL will determine what revisions, if any, are required to the Elliott HCP and/or Forest Management Plan to ensure a high likelihood of protecting and restoring properly functioning aquatic habitat for salmonids.

(f) Before the OFWC adopts and implements fishery regulations that may result in taking of coho, ODFW will provide NMFS with all available scientific information and analyses pertinent to the proposed regulation where the harvest measures are not under the jurisdiction of the PFMC, including results of the Oregon Plan monitoring and evaluation program. This information, together with the proposed regulation and supporting analysis, will be provided at least two weeks prior to the OFWC's action, to give NMFS time to review and comment on the proposed regulations.

(g) ODFW will evaluate the effects of predation on salmonids, and will work with affected federal agencies to determine whether changes to programs and law relating to

predation are warranted in order to protect and restore salmonids.

(h) Under Oregon Senate Bill 1010 (1993 Or. Laws, ch. 263), ODA will adopt Agricultural Water Quality Management Area Plans (AWQMAPs) for Tier I and Tier II watersheds by the end of 2002. The AWQMAPs will be designed and implemented to meet load allocations for agriculture needed to achieve state water quality standards. In addition, ODA will work with ODFW, DEQ, GWEB, SWCDs, federal agencies and watershed councils to determine to what extent additional measures related to achieving properly functioning riparian and aquatic habitat on agricultural lands are needed to protect and restore salmonids, giving attention first to priority areas identified in the Oregon Plan. In the event ODA is unable to reach a consensus regarding such measures, ODA will ask the IMST to review areas of substantive scientific disagreement and to make recommendations to ODA regarding how they should be resolved. In the event that legislative changes are needed to implement such measures, ODA will transmit any recommendations for such changes to the Governor and to the Joint Committee at the earliest possible date. In addition, any measures identified as needed by ODA will be implemented at the earliest practicable time.

(i) ODFW will expedite its applications for instream water rights and OWRD will process such applications promptly where flow deficits are identified as adversely affecting salmonids, and where such rights are not already in place. The Oregon Water Resources Department (OWRD) and the Oregon Water Resources Commission (OWRC) will also seek to facilitate flow restoration targeted to streams identified by OWRD and ODFW as posing the most critical low-flow barriers to salmonids. In addition, where necessary, OWRD will continue to work with the Oregon State Police to provide enforcement of water use. Where illegal water uses are identified, OWRD will ensure outcomes consistent with maintenance and restoration of flows.

(j) The Oregon Environmental Quality Commission (EQC) and DEQ will evaluate and will make every effort to utilize their authorities to continue to provide additional protection to priority areas (as determined under section 1(f) of this Executive Order), including in-stream flow protection under state law, and antidegradation policy under the federal Clean Water Act (including Outstanding Resource Waters designations and high quality waters designations).

(k) DSL has proposed to adopt changes to its Essential Salmonid Habitat rules that will provide additional protection for spawning and rearing areas of anadromous salmonids. In addition, ODFW and DSL will consult with the OWRC to determine where it is necessary to administratively close priority areas (including work under General Authorizations) to fill and removal activities in order to protect salmonids. DSL, ODFW,

ODF and ODA also will work together to identify means of regulating the removal of organic material (such as large woody debris) from streams where such removal would adversely affect salmonids and would not be contrary to other agency mandates.

(l) DSL will seek the advice of the IMST regarding whether gravel removal affects gravel and/or sediment budgets in a manner that adversely affects salmonids.

(m) The Department of Land Conservation and Development (DLCD), and the Land Conservation and Development Commission (LCDC) will evaluate and, to the extent feasible, speed implementation of existing Goal 5 requirements for riparian corridors.

(n) DLCD, DEQ, ODF, ODA, ODFW, and DSL and their respective boards and commissions will evaluate and implement programs to protect and restore riparian vegetation for the purposes of achieving statewide water quality standards and protecting and restoring aquatic habitat for salmonids.

(o) DLCD, with the assistance of DSL and ODFW, and in consultation with coastal cities and counties, shall review the requirements of Statewide Planning Goal 16 as they pertain to estuarine resources important to the restoration of salmonids, and shall, report its findings to LCDC for its consideration.

(p) The Oregon State Police will work to facilitate the existing cooperative relationship with the NMFS Office of Law Enforcement, as well as to maintain cooperation with other enforcement entities, in order to enhance law enforcement, public awareness and voluntary compliance related to harvest, habitat and other issues addressed in the Oregon Plan.

(q) The Oregon Parks and Recreation Department will continue to work to provide information and education to the public on salmon and steelhead needs through park programs and interpretive aids.

(r) The Oregon Marine Board will work to ensure fish friendly boating and to develop boating facilities that protect salmonids.

(s) State natural resource agencies will continue, to the extent feasible, to support watershed councils by providing technical assistance to develop watershed assessments, restoration plans and to develop watershed priorities to benefit salmonids. In addition, state natural resource agencies will work on a larger watershed scale to develop basin-wide restoration priorities.

(4) Future Modifications; Public Involvement for the Oregon Plan Generally. The GNRO will solicit public comments and input from participants in the Oregon Plan regarding whether there are refinements or changes to the Plan and/or the organizational framework for implementing the Plan that are necessary or desirable based on the experience gained over the past three years, or resulting from the widespread listings and proposed listings of salmon and trout under the federal ESA. Based on this public involvement, the GNRO will provide a report and recommendations to the Governor and the Joint Committee regarding whether modifications are necessary to the Oregon Plan in order to protect and restore coho and other salmonids.

(5) Definitions. For purposes of this Executive Order:

(a) The "Oregon Plan" means the Oregon Coastal Salmon Recovery Initiative, dated March 1997, and the Steelhead Supplement, dated January 1998. "Oregon Plan," as used in this Order, is intended to be consistent with the definition of the Oregon Coastal Salmon Recovery Initiative in Oregon Senate Bill 924 (1997 Or. Laws, ch. 7), and to include the Healthy Streams Partnership (1993 Or. Laws, ch. 263).

(b) "Protect" has the meaning given in section (1)(d) of this Executive Order.

(c) "Restore" has the meaning given in section (1)(e) of this Executive Order. Restore necessarily includes actions to manage salmonids to provide for adequate escapement levels, and actions to increase the quantity and improve the quality of properly functioning habitat upon which salmonids depend.

(d) "Coho" means native wild coho salmon found in rivers and lakes along the Oregon Coast.

(e) "Salmonids" means native wild salmon, char and trout in the State of Oregon.

(6) Effective Date; Relation to Federal ESA. This Executive Order will take effect on the date that it is filed with the Secretary of State. The State of Oregon will continue to work with NMFS to determine the appropriate relationship between the Oregon Plan and NMFS's efforts under the federal ESA.

Done at Salem, Oregon, this 8th day of January, 1999.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Suzanne Townsend
DEPUTY SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 20

GOVERNOR'S COMMITTEE ON STATE BOND PROGRAMS

An Oregon State Bond Committee is necessary to the effective management and coordination of state financing programs. The Committee can serve to assist state agencies with planning, education, and communication. This Order serves to continue the State Bond Committee established by Executive Order No. EO - 83 - 17.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Bond Committee (Committee) is hereby continued. The Committee shall assist the Governor in oversight of State programs which issue state financial obligations, including certificates of participation.
2. There shall be at least 10 Committee members, with the following members serving by virtue of their positions involving key roles in issuing State bonds and certificates of participation:
 - a. The State Treasurer or the Treasurer's representative.
 - b. The Director or senior finance manager[s] from each of the following state agencies:
 - i) Housing and Community Services Department
 - ii) Economic Development Department
 - iii) Office of Energy
 - iv) Department of Environmental Quality
 - v) Department of Administrative Services
 - vi) Department of Higher Education
 - vii) Department of Transportation
 - viii) Water Resources Department
 - ix) Department of Veterans' Affairs
 - c. Where the Director or senior finance manager from any other state agency that uses state financial obligations and wishes to have a member on the committee, the Governor may appoint additional members of the Committee. Such members shall serve at the Governor's pleasure.
3. The Director of the Department of Administrative Services or his designee from among other Committee members shall serve as chair of the

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Committee. The chair may involve individuals from organizations related to bonding or financial obligations to participate in Committee activities. The representative of the State Treasurer shall serve as vice-chair.

4. Committee members are entitled to neither compensation nor reimbursement for expenses.
5. The Committee shall meet on a monthly basis. The Committee is not required to meet in the absence of a determination by the Chair that there is Committee business to discuss. The Committee shall organize itself and adopt procedures which it deems necessary to carry out its tasks under this Order.
6. The Committee shall review the financing activities of each state agency and the designated members shall present status reports for their agencies at each meeting. The Committee may also organize and conduct training and educational standards for state employees whose work involves State bonds and other financial obligations. The Committee may also prepare reports in order to advise the Governor, the Legislative Assembly, and state agencies on matters affecting state bond programs. The Committee shall report on its activities to the Governor as requested.
7. The Committee shall provide advice and written procedures to ensure state agencies comply with state and federal tax laws and nationally recognized financial reporting standards, as well as disclose rules and guideline applicable to the administration of State bonds and financial obligations.
8. The chair may appoint subcommittees and task forces. The chair may appoint ex officio members to conduct special studies. The Committee may hold training and educational sessions. It may also prepare reports to advise the Governor, Legislative Assembly, and state agencies on matters affecting state bond programs.

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9. The Department of Administrative Services shall provide staff assistance to the Committee.

Done this 25th day of October, 1998, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil A. Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 19

AUTHORIZATION FOR ACCESS TO LAW ENFORCEMENT DATA SYSTEM

ORS 181.010(8)(i)-(9) and OAR 257-010-0025(1)(b) operate in conjunction to allow the Governor to authorize Law Enforcement Data System access to designated state and local agencies which require such information in order to fulfill statutory criminal and regulatory missions. Executive Order No. EO 90 - 05 grants such access to a number of state agencies, and establishes the conditions under which such access is authorized; subsequent Executive Orders Nos. EO 90 - 14, EO 90 - 21, EO 97 - 21, and EO 98 - 13 have authorized access for additional state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED :

- 1) In addition to those agencies listed in paragraph (4) of Executive Order No. EO 90 - 05, and pursuant to the authority vested in me by ORS 181.010(8)(i)-(9) and OAR 257-010-0025(1)(b), I hereby authorize the Oregon State Police to provide the following state agencies with access to the Oregon State Police criminal offender information system:
 - a: The Governor's Advocacy and Childrens' Ombudsman Office, solely for the purpose of enforcing ORS 417.815, ORS 418.747, and ORS 419A.170.
 - b: The Department of Administrative Services, (DAS) solely for the purpose of conducting background investigations on prospective employees for specific, identified positions involving the printing, distribution, and inventory of negotiable documents which DAS prints for most state agencies.
 - c: The Oregon Military Department, solely for the purposes of enforcing 10 U.S.C. sec 504, the National Gun Control Act (18 U.S.C. sec 922), and for conducting background checks upon prospective employees of the National Guard Challenge Program operated pursuant to 32 U.S.C. sec 509.
- 2) Executive Order No. EO 90 - 05 continues to govern the compilation, maintenance, and dissemination of criminal offender information as

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defined in ORS 181.010(2), and Executive Order No. EO 90 -05 governs the access authorized for the state agencies granted LEDS access in this Order.

Done this 23rd day of October, 1998, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 18

WILLAMETTE RESTORATION INITIATIVE AND BOARD OF DIRECTORS

WHEREAS, the Willamette basin is home to 70 percent of Oregon's population, accounts for roughly 75 percent of its employment base, provides about half of its agricultural production, gives rise to Oregon's largest and the nation's 13th largest river, and contributes enormously to the vitality of the state by virtue of its diverse ecosystems, forests, cities and towns, and other human and natural resources; and

WHEREAS, stocks of the Willamette basin's once-abundant wild salmon and steelhead have either been designated, or are being considered for designation, under the Endangered Species Act as threatened, and whereas nearly 50 other species are at risk of extinction; and

WHEREAS, the Willamette River and its tributaries are subject to continued deterioration of water quality and consequent loss of both environmental and economic opportunity, such that more than 1,500 river-miles do not meet national water quality standards; and

WHEREAS, on December 17, 1997, Governor Kitzhaber accepted the recommendations of the Willamette River Basin Task Force, which included a proposal to establish a basin council to oversee an integrated, coordinated approach to maintaining and improving watershed health; and

WHEREAS, Governor Kitzhaber met in April, 1998 with more than 125 community leaders from throughout the basin, including local and state elected officials, city managers, and representatives from agricultural, conservation and business groups, who conveyed both their concerns about Endangered Species Act impacts, as well as their commitment to work together to improve the health of the Willamette's watershed; and

WHEREAS, there is no on-going and permanent structure in place to enable the residents of the basin to mount a concerted, collaborative effort to restore watershed health; and

WHEREAS, in June, 1998, Governor Kitzhaber requested the advice of an interim group on the purpose and attributes of a body to lead the preparation of basin recovery strategies;

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THEREFORE, IT IS ORDERED AND DIRECTED:

1. There is created a Willamette Restoration Initiative.
2. The Willamette Restoration Initiative's (hereinafter "WRI" or "The Initiative") objectives should include, but not be limited to:
 - A. Coordinating with other relevant efforts such as the Willamette Valley Livability Forum to ensure that the pursuit of watershed health is integrated with other community and economic development goals in the Valley.
 - B. Identifying and promoting the implementation of short- and long-term watershed-based, adaptive strategies that:
 - I. Within the context of human habitation and continuing basin growth, specifically focus on:
 - a) protecting fish and wildlife, restoring their habitat, and increasing populations of declining species;
 - b) properly managing floodplain areas; and
 - c) enhancing water quality; and
 - II. Generally the strategies should also:
 - a) engage broadly with watershed health issues rather than focus solely on tactics to avoid particular species listings;
 - b) result in sustainable ecological health;
 - c) help communities comply with environmental laws;
 - d) enhance local, cooperative efforts to restore watersheds;
 - e) promote long-term environmental stewardship and collective action;
 - f) build on existing local and regional efforts;
 - g) recognize and make efficient use of the underlying framework of existing law; and
 - h) are founded on sound science.

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- C. Forging a new private/public partnership dedicated to basin restoration and having the common goals of sustaining robust ecosystems and thriving economies.
 - D. Integrating to the maximum extent feasible all other on-going legal and planning processes of the federal, state, and local governments.
 - E. Simultaneously developing and assessing broad strategies and promoting actions to implement strategic choices.
 - F. Preventing the potentially disastrous consequences of uncoordinated and inadequate actions that could result in litigation that in turn reduces the region's ability to shape its environmental and economic future.
 - G. Employing collaborative political agreements and sound science to attain and maintain credibility.
 - H. Energetically publicizing the urgency of this mission and the serious social, economic, ecological and legal costs that will stem from a failure to act.
 - I. Serving as a focal point for the coordination of multiple agency agendas, as well as a communications vehicle for the dozens of public and private groups that have a stake in Basin watershed health.
 - J. Otherwise acting as the chief means for effecting the objectives of the Oregon Plan for Salmon and Watersheds in the Willamette Basin.
3. There is established a Board of Directors for WRI. Specifically, the Board shall:
- A. Oversee the preparation of a Willamette Restoration Strategy, including developing Willamette Basin amendments and supplements to the Oregon Plan for Salmon and Watersheds for approval by the Governor and the Legislature.

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- B. Work closely with the Lower Columbia River Estuary Program and Watershed Councils to harmonize and integrate strategies commonly needed for recovery of the Lower Columbia and Willamette River systems.
- C. In its oversight of the Restoration Initiative, recognize and build on the work of the Willamette Valley Livability Forum, as well as the Willamette River Basin Task Force, including its expression of a future vision for the basin, as restated below: The Willamette Basin must attain a dynamic balance between diverse human and ecological needs. Basin residents should live in healthy watersheds with functioning floodplains and habitats supporting a diversity of native species. Opportunities should exist for people to interact with the wildness of a restored, healthy river system. Valley residents should be part of a larger Basin community, connected by a system of rivers and streams. That system should provide healthy aquatic life, clean drinking water, safe places for recreation and support for a vibrant economy. Residents must accept individual and collective responsibility for this vision, and provide leaders with a mandate and the resources necessary to achieve and sustain it.
- D. Assure broad, on-going opportunity for groups with interests in the Willamette basin's ecological and economic resources to participate in the identification, refinement, and implementation of recovery objectives, strategies, and performance measures.
- E. Articulate clear and measurable criteria for communicating both the mission of restoration and the viability of specific strategies. The criteria should permit the identification of indicators of success and help to identify the costs of failure. The criteria should include timelines as well as actions. The Board shall also promote clear and objective reporting of the measures.
- F. Calculate costs of restoration strategies and assess federal, state and local resources and the availability as well of private groups and non-governmental bodies to sustain this long-term effort by considering the following tasks:

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- I. Reviewing rehabilitation opportunities identified by the Task Force;
 - II. Developing a sense for the most critical functions that operate within the valley affecting these opportunities;
 - III. Ranking Task Force items that speak to these most critical functions; and
 - IV. Identifying current or new funding sources to address these priorities.
 - V. Working closely and consulting with groups which have interests in the Willamette basin's ecological and economic resources.
 - VI. Encouraging development of federal, state, and local government and private organization budgets and budget processes that clearly identify, coordinate and schedule implementing actions specific to Willamette Basin recovery efforts.
- G. Guide fundraising efforts necessary for restoration strategy development and implementation.
 - H. Actively promote and support restoration strategy objectives and measures with government and private sector decision-makers and stakeholders, as well as with the general public.
 - I. Consider further alternatives to its structure and mission including the possibility of securing enabling authority from the Oregon Legislative Assembly at some appropriate time.
 - J. Deliver progress reports to the Governor and the Joint Legislative Committee on Salmon and Stream Enhancement detailing compliance with these goals. The reports shall be delivered on a

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periodic basis throughout the calendar year, beginning with the date of issuance of this Order.

4. The Board shall consist of not fewer than 20 members, nor more than 35 members including a Chair and vice-Chair. The Chair, in consultation with the Board shall select the vice-Chair. These Board members shall be appointed by and serve at the pleasure of the Governor.
5. The Board shall adopt by-laws which, in its estimation, establish clear processes and procedures for achieving the purposes described in sections 2 and 3 above. These by-laws shall, at a minimum, provide for:
 - A. Staggered terms of Board member service not to exceed four years;
 - B. A mechanism for making recommendations to the Governor for filling Board vacancies and/or adding members, should the Board determine it necessary;
 - C. An equitable and efficient mechanism for making Board decisions;
 - D. The respective roles of the Board and an executive director with regard to staff, budget, work programs, and operational responsibilities; and,
 - E. A seven member executive committee, appointed by the Chair, to perform the following internal and external functions:
 - I. Develop agendas for Board meetings;
 - II. Develop mechanisms for governance and maintenance of organizational cohesion, including guidelines for the participation of Board members on the Executive Committee;
 - III. Formulate initial strategic and implementation alternatives for full Board consideration;

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- IV. Develop initial criteria for measurement and assessment of basin restoration strategies;
 - V. Identify specific projects and timelines that will minimize impacts of listing decisions or other adverse regulatory actions, and optimize recovery efforts;
 - VI. Develop coordination mechanisms with other agencies and groups with authority to affect the restoration of the Willamette River Basin;
 - VII. Develop, for consideration by the Board, a more specific definition of mission and objectives consistent with any future vision of the basin endorsed or created by the Board, and other basin needs.
6. In pursuing its charge, the Board is authorized to appoint advisory and technical groups from within or outside its own membership, including but not limited to:
- A. Public interest and citizen stakeholder groups;
 - B. Elected public officials of affected governments;
 - C. State agency representatives;
 - D. Federal agency representatives; and,
7. State agencies shall cooperate with the Willamette Restoration Initiative and its Board to the maximum extent feasible, subject to their legal mandates and budgetary ability.
8. On behalf of the Willamette Restoration Initiative, the Board may accept contributions of funds and assistance from the United States or its agencies, or from any other source, public or private, and agree to conditions thereon not inconsistent with the purposes described in this Order.

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9. This Executive Order shall remain in effect until amended or rescinded.

Done this 5th day of October, 1998, at Salem, Oregon.

/S/ _____

John A. Kitzhaber, M.D.

GOVERNOR

ATTEST:

/S/ _____

Phil Keisling

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 17

AMENDS EXECUTIVE ORDER NO. EO 97 - 16

Executive Order No. EO 97 - 16 is hereby amended to read as follows:

- “1. A 14-member Environmental Justice Advisory Board shall be appointed by the Governor and serve at the Governor’s pleasure, to function from August, 1997 to July, 1999. The Board shall be comprised of citizens representing minority and low income communities, environmental interests, affected industries, and the geographically diverse areas of Oregon.”

Done this 10th day of September, 1998, at Salem, Oregon.

/S/

John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 16

OREGON HISTORIC TRAILS ADVISORY COUNCIL

The *Oregon Historic Trails Report* presented by the Oregon Trails Coordinating Council in May, 1998 was the first step in the development of a statewide Oregon Historic Trails Program. The report serves as a general guide and planning document for future efforts in developing historic trail resources in Oregon. The Executive Summary of the *Oregon Historic Trails Report* noted the following:

“The objective of the Oregon Historic Trails Program is to establish Oregon as the nation’s leader in developing historic trails for their educational, recreational, and economic values. The Oregon Historic Trails Program, when fully implemented, will help preserve and leverage existing heritage resources while promoting rural economic development and growth through heritage tourism.

The opportunity to realize these benefits will depend on the entities that have the authority to act and collaborate on the program’s behalf: land management agencies, government commissions, heritage organizations, and tourism associations. The Council recommends that these entities move forward with the Oregon Historic Trails Program.”

The dissolution of the Oregon Trails Coordinating Council creates the need for a statewide advisory body to continue to recognize the value and significance of Oregon’s historic trails as outlined in ORS 358.057. The Oregon Trails Coordinating Council has recommended the reactivation of the Oregon Trails Advisory Council to oversee and advocate on behalf of Oregon’s historic trails.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) The Oregon Trail Advisory Council was created by Executive Order No. EO-84-10 and revised under Executive Order No. EO-94-02. This order restates the previous orders, revises the council’s scope, increases the membership, and changes the name to the “Oregon Historic Trails Advisory Council.”
- 2) The Oregon Historic Trails Advisory Council is hereby created. The council shall consist of nine members who shall be appointed by the Governor and serve at the Governor’s pleasure. Members shall be appointed to terms of four years. The council shall reflect the demographic

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diversity of the state of Oregon to the greatest extent possible. Current members of the Oregon Trail Advisory Council are eligible to serve on the OHTAC under their original term expiration dates.

The Governor shall designate the council chair. The chair shall designate a vice-chair who shall carry out the duties of the chair in the chair's absence. The council may add non-voting ex officio members, associate members, and subcommittees as it deems appropriate.

The council shall have regular stated meetings as determined by a majority of its members and shall meet on special occasions upon the calling of the chair. Five voting members shall constitute a quorum. A vote of the majority shall be sufficient for all actions of the council.

No members of the council, regardless of their status as voting members, ex officio members, associate members, or any other classification, are entitled to compensation for their services or reimbursement for their expenses.

- 3) The Oregon Historic Trails Advisory Council shall serve as an advisory body for activities and policies involving Oregon's historic trails as listed in ORS 358.057, particularly as they concern the State of Oregon. The council shall:
 - Promote public awareness of the historical significance of the trails and encourage the development, protection and interpretation of historical sites and outdoor recreation resources along their routes.
 - Act in an advisory capacity to Oregon agencies, bureaus, commissions, councils and committees, making recommendations about activities and policies that relate to the history of the trails and associated sites.
 - Serve as Oregon's official liaison with other states, associations, federal departments, bureaus and committees concerned with these trails to plan and coordinate activities which foster state and national recognition of the significance of Oregon's historic trails.

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- 4) The council shall have the authority to negotiate for staff assistance from the Oregon Parks and Recreation Department. The council shall report to the State Parks and Recreation Commission.

Done this 11th day of August, 1998, at Salem, Oregon.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 15

AMENDS EXECUTIVE ORDER NO. EO 98 - 11

Executive Order No. EO 98 - 11 is hereby amended to read:

- “1. The Governor’s Task Force on Cultural Development is hereby created. The Task Force shall consist of not less than 12 and no more than 17 members appointed by the Governor serving at his pleasure. Members shall include representatives from arts, cultural, and heritage organizations, as well as individuals representing diverse, bi-partisan, statewide perspectives on how Oregon’s arts, culture, and heritage organizations can make Oregon a better place to live and work.

The Governor shall designate a Task Force chair. The vice-chair shall be designated by the chair and shall carry out the chair’s duties in his/her absence. The Governor may also appoint a member of his staff as a Task Force member or liaison.

The Task Force may add non-voting ex officio members, associate members, and subcommittees as it deems appropriate. No members of the Task Force, regardless of their status as voting members, ex officio members, associate members, or any other classification, are entitled to compensation or reimbursement for their services.”

Done at Salem, Oregon, this 20 day of July, 1998.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 14

GOVERNOR'S SMALL BUSINESS COUNCIL

The State of Oregon has an interest in promoting the growth and continued development of Oregon's small businesses, which comprise nearly 95 per cent of all Oregon businesses. There currently exists a need for a Small Business Council, which can work with the Governor and the Oregon Economic Development Department (OEDD) and other state agencies to develop recommendations on how best to promote the growth and economic vitality of Oregon's small business sector.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) The Governor's Small Business Council (the Council) is established.
- 2) The Council shall be made up of small business owners and managers representing diverse interests. In making appointments to the Council, the Governor shall consider the following:
 - a: Geographic and community diversity;
 - b: Balanced representation from among the following economic sectors:
 - i) manufacturing;
 - ii) retail;
 - iii) wholesale;
 - iv) services;
 - v) special segments, including micro-, emerging fast-growth companies, and family-owned and established businesses.
 - c: Adequate representation of minority- and women-owned businesses.
- 3) The Council shall consist of eleven persons appointed by the Governor; each member shall serve a term of three years, with the terms of the initial members to be staggered. Staffing for the Council shall initially be provided by OEDD.

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- 4) Council members may be owners or senior managers of the entities which they represent. A chair and vice-chair shall be selected by the Council.
- 5) When a vacancy occurs on the Council, a nominating committee appointed by the chair shall develop a list of nominees qualified within the diversity guidelines for Council membership established by Section 3 of this Executive Order. While the committee shall forward those nominees to the Governor for consideration, the Governor is not limited in appointing a member to the list developed by the committee.
- 6) Members of the Council shall receive no compensation for their activities as members of the Council, but may be reimbursed for travel expenses incurred in attending Council business pursuant to ORS 292.495(2).
- 7) The Council shall organize multiple regional conferences and a single statewide conference at which Oregon small business people may provide ongoing input to OEDD and other state agencies regarding state policies affecting the climate for small business in Oregon.
- 8) Additionally, the Council shall:
 - a: Develop and recommend to the Governor a formal policy statement supporting the advancement and success of the small business sector and ensuring that Oregon remains a small business-friendly state;
 - b: Develop a broad public policy agenda based upon Council recommendations enabling small and growing small businesses to have a voice in state policy-making;
 - c: Identify and evaluate state regulations which have the potential to unreasonably constrain small businesses;

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- d: Recommend changes in state programs, laws, policies, and services for the more efficient development of small businesses throughout Oregon;

Done at Salem, Oregon, this 20 day of July, 1998.

/S/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 13

AUTHORIZATION FOR ACCESS TO LAW ENFORCEMENT DATA SYSTEM

ORS 181.010(8)(I)-(9) and OAR 257-010-0025(1)(d) operate in conjunction to allow the Governor to authorize Law Enforcement Data System Access to designated state and local agencies which require such information in order to fulfill statutory criminal and regulatory missions. Executive Order No. EO 90 - 05 grants such access to a number of state agencies, and establishes the conditions under which such access is authorized; subsequent Executive Orders Nos. EO 90 - 14, EO 90 - 21, and EO 97 - 21 have authorized access for additional state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) In addition to those agencies listed in paragraph 4(a) of Executive Order No. EO 90 - 05, and pursuant to the authority vested in me by ORS 181.010(9) and OAR 257-010-0025(1)(b), I hereby authorize the Oregon State Police to provide the following local agencies with access to the Oregon State Police criminal offender information system solely for purposes allowed under Public Law 104-120:
 - a: Housing Authority of Clackamas County;
 - b: North Bend City/Coos-Curry Housing Authority;
 - c: Housing Authority of Lane County;
 - d: Housing Authority of Lincoln County;
 - e: Marion County Housing Authority;
 - f: Housing Authority of City of Salem;
 - g: Housing Authority of Portland;
 - h: Polk County Housing Authority;
 - i: Housing Authority of Umatilla County.

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- 2) Executive Order No. EO 90 - 05 continues to govern the compilation, maintenance, and dissemination of criminal offender information as defined in ORS 181.010(2), and that Order governs the access authorized for above-listed local housing agencies.

Done this 26 day of June, 1998, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 12

DECLARATION OF A STATE OF EMERGENCY DUE TO FLOODING

Pursuant to ORS 401.055, I find that threat to life and safety exists due to flooding which occurred in Crook County on May 29 and 30, 1998. The following impacts have occurred for which State assistance has been requested:

Major flooding on Ochoco Creek below Ochoco Dam has resulted in the need to evacuate homes in the immediate area. A one block area on each side of the Creek extending through the City of Prineville, and including some residents outside the city limits of Prineville, could result in approximately 300 evacuations.

Oregon National Guard Assistance is needed to assist with evacuations and to provide access control at approximately 25 intersections over the next 24 hours.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment required in response to this emergency.
2. The Oregon National Guard shall provide essential assistance that is deemed necessary to support this effort.

This emergency is declared only for those areas of Crook County impacted by flooding which occurred on May 29 and 30.

This order was made by verbal proclamation at 10:15 pm on this 29th day of May, 1998, and signed this 11 day of June, 1998, at Salem, Oregon.

/S/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/ _____
Michael Greenfield
DEPUTY SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 11

GOVERNOR'S TASK FORCE ON CULTURAL DEVELOPMENT

Oregon's cultural organizations make important contributions to Oregon's quality of life, such as

- strengthening civic spirit in communities and encouraging growth and redevelopment in Oregon's cities and towns;
- attracting visitors to our state and otherwise directly contributing to the economy;
- enhancing the academic performance of Oregon's children and encouraging life-long learning among adults; and
- promoting greater appreciation of the natural environment and greater understanding of the humanities, history and Oregon's education and ethnic derivation to help Oregonians discover common purpose.

In spite of these contributions, the level of Oregon's public and private investment in its cultural organizations is among the lowest in the nation. Therefore, an official policy is needed to guide and encourage the investment needed to ensure and expand access to cultural opportunities for all Oregonians.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Governor's Task Force on Cultural Development is hereby created. The Task Force shall consist of not less than 12 and no more than 15 members appointed by the Governor and serving at his pleasure. Members shall include representatives from arts, cultural and heritage organizations, as well as individuals representing diverse, bi-partisan, statewide perspectives on how Oregon's arts, culture and heritage organizations can make Oregon a better place to live and work.

The Governor shall designate a Task Force chair. The vice-chair shall be designated by the chair and shall carry out the chair's duties in his/her absence. The Governor may also appoint a member of his staff as a Task Force member or liaison.

The Task Force may add non-voting ex officio members, associate members, and subcommittees as it deems appropriate. No members of the Task Force, regardless of their status as voting members, ex officio members, associate

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members, or any other classification, are entitled to compensation or reimbursement for their services.

The Task Force shall have regular stated meetings as determined by the majority of its members and shall meet on special occasions upon the calling of the chair.

2. The purpose of the Task Force is to create a broad based plan for preserving Oregon's cultural heritage and providing Oregonians with cultural opportunities throughout the state. This plan should address the strategic goals of Oregon Shines II:

- Quality jobs for all Oregonians
- Safe, caring, and engaged communities
- Healthy, sustainable surroundings

Specifically, this plan should:

- a) Assess arts, culture, and heritage in Oregon; establish priorities to guide and increase public and private investment; make recommendations on appropriate funding levels; and suggest means to encourage effective use of resources, assure accountability, and measure return on investment;
 - b) Encourage partnerships among Oregon's cultural organizations and between those organizations and other public and private institutions, including business, education, tourism, social services, government, community development, and others;
 - c) Include strategies for demonstrating better and more broadly how Oregon's cultural organizations can continue to make Oregon a better place to live and work, including ways to help Oregonians connect culture with issues such as the environment, youth at risk, education, public safety, economic development, and growth.
3. The Task Force's work shall include, but is not limited to, the following elements:
 - *Assessment* of the current status of Oregon's arts, culture, and heritage - how they are delivered and preserved, who they serve, how they benefit Oregonians, and how we pay for them in Oregon.

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- *Formation of a vision* regarding the methods by which Oregon might improve heritage preservation and the creation of cultural opportunities and adding missing elements to such preservation and opportunities, particularly through coordination and partnerships;
- *Development of a plan* to fulfill this vision, including the expected results of implementation and a means with which to measure return on investment;
- *Recommendations* regarding the resources and advocacy needed to implement the plan.

The Task Force shall rely on existing information and assessments to the greatest extent possible.

4. The Task Force shall strive to present its recommendations to the Governor no later than October 15, 1998.
5. This Executive Order expires and stands rescinded on December 31, 1998, unless sooner rescinded or explicitly extended by the Governor.

Done at Salem, Oregon, this 19 day of June, 1998.

/S/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 10

AMENDS EXECUTIVE ORDER NO. EO 96 - 39

IT IS HEREBY ORDERED AND DIRECTED:

Section 1 of Executive Order No. EO 96 - 39 is amended to read:

“1) The Council on Domestic Violence is hereby created. The Council shall consist of 21 members with twenty members appointed by the Governor as set forth below and the twenty-first member holding a seat by virtue of their office as set forth below. The Governor shall appoint a chair of the Council from among the 21 members.

2) Nine of the Council’s 21 members shall consist of persons currently active in the domestic violence field, while ten members shall consist of lay citizens with diverse backgrounds and experiences. The twentieth member of the Council shall be a member of the Oregon legislature. The twenty-first member of the Council shall be the State Health Officer. The composition of the Council shall reflect the multi-cultural composition of the State of Oregon to the greatest extent possible.”

Done at Salem, Oregon, this 24 day of June, 1998.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 09

HIGH-RISK JUVENILE CRIME PREVENTION PARTNERSHIP

WHEREAS, our children are our future. We must take steps to see that Oregon children are given the chance to grow and become productive members of our society. But the pressures of growing up can lead youth to become involved in crime; and

WHEREAS, as a society Oregon has expressed a desire to punish criminals, even some youthful offenders. But we must also increase efforts to prevent youthful excursions into criminal behavior; and

WHEREAS, state government can not act alone. Oregon counties must become partners with state government to develop the strategy to curb the rise in juvenile crime; and

WHEREAS, juvenile crime can be prevented and reduced in Oregon. To better coordinate efforts to reduce juvenile crime, we must first begin to focus our efforts on High-Risk Juveniles; and

WHEREAS, the 36 Oregon Counties will adopt High-Risk Juvenile Crime Prevention plans that will target youth with more than one of the following risk factors:

- school failure
- substance abuse
- negative peer association
- anti-social behavior
- poor family function or support; and
- who are clearly demonstrating at-risk behaviors; and

WHEREAS, government or community agencies, schools and law enforcement will be the first to detect these at risk behaviors and are the front line in intervening with high risk juveniles; and

WHEREAS, without intervention such at-risk behavior will lead to imminent or increased involvement in the juvenile justice system; and

WHEREAS, funding sources are available to enable counties and state government to coordinate and plan this valuable effort;

THEREFORE, IT IS ORDERED AND DIRECTED:

1. The Juvenile Crime Prevention Advisory Committee (JCPAC) is established to review county plans to prevent high-risk juvenile crime and to recommend such plans to the Governor for funding.

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2. The JCPAC has the following roles for High-Risk Juvenile Crime Prevention planning:
 - Review allocation formula and budget.
 - Review/recommend local plans.
 - Ensure that planning criteria are met.
 - Recommend high-risk juvenile justice and prevention policy to Governor.
 - Ensure initiation of contracts based on approved plans. Serve as arena for any necessary mediation. Unresolved disagreements may be forwarded -- so noted -- to the Governor.
 - Review data and outcome information. Recommend revisions as necessary.
 - Establish and publish review/assessment criteria for the plans.
 - Oversee contract changes/adjustments.
3. The JCPAC shall utilize a framework for outcome evaluation in evaluating the ability of plans to meet the goal of juvenile crime reduction. The strategy shall be evaluated against specific indicators and interim outcomes.

Goal: To reduce juvenile crime

Indicators:

Reduce juvenile recidivism rates (reduce juvenile recidivism)

Reduce total juvenile arrest rate (crime per 1,000 youth)

Compliance with discretionary bed allocation at OYA institutions (maintain discretionary caps)

Interim Outcomes:

Decreased anti-social or acting out behavior

Increased family functioning

Increased school success

Decreased substance abuse

Increased positive peer association

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4. In developing this strategy the JCPAC will rely primarily upon the following documents which have been developed by the Joint Juvenile Crime Prevention Work Group and adopted by the partnership:

- *High-Risk Juvenile Crime Prevention Partnership Points of Agreement* dated June 26, 1998, which outlines the agreements of the state and local partners;
- *High-Risk Juvenile Crime Prevention Budget* (formula) dated June 26, 1998;
- *Community Planning Guide* dated June 26, 1998, which specifically describes how to meet the planning requirements of the programs and how to identify outcomes; and
- *Model Strategies for Juvenile Crime Prevention* dated May 1998 which outlines effective national models for juvenile crime prevention.

5. The JCPAC will have following balanced state and local membership:

<u>Local</u>	<u>State</u>	<u>Other Members</u>
County Commissioner	The Director of the Oregon Youth Authority or Designee	Citizen
Juvenile Director	The Director of the Oregon Commission on Children and Families or Designee	Research
Local CCF Director	The Director of the Dept. of Human Resources or Designee	
Law Enforcement Official	The Director of Office of Alcohol and Drug Abuse Programs or Designee	
Law Enforcement Official	The Director of the Criminal Justice Commission or Designee	
County Mental Health Director	Superintendent of Public Instruction or Designee	
Alcohol and Drug Professional	Superintendent of State Police or Designee	
School Superintendent	Governor's Designee	
Private Youth Service Provider	Governor's Designee	
Elected City Official		

6. The chair and members of the committee are appointed by the Governor and serve at the pleasure of the Governor. For each local position three candidates will be recommended by

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local associations for the Governor's final selection. This process will be developed by AOC in conjunction with affiliates. Where associations are not clearly identified the Governor's Executive Appointments Director will solicit nominations.

7. JCPAC shall also:

- Approve and coordinate the county youth diversion plans funded through the Oregon Youth Authority with the high-risk strategy (diversion funds remain in the budget of the Oregon Youth Authority).
- Act as the statewide advisory group (SAG) for Juvenile Justice Advisory Committee (JJAC) programs, after consultation and planning with the current JJAC to develop a mechanism to coordinate and integrate the functions required of the SAG by the federal Juvenile Justice and Delinquency Prevention Act.
- Coordinate planning and implementation for State Incentive Grant from the federal Center for Substance Abuse Prevention with the state and county High-Risk Juvenile Crime Prevention Partnership. (This is consistent with the State Office of Alcohol and Drug Abuse Program's comprehensive Alcohol, Tobacco, and Other Drug Prevention Plan Criteria.)
- The JCPAC will work to ensure broad-based citizen involvement in the planning and execution of coordinated juvenile crime prevention plans at both the state and local levels.
- Develop a funding policy that provides incentives for flexible programming and promotes strategies that stress re-investment in youth.

8. The JCPAC will periodically report to the Governor on its progress according to the schedule set out in the *High-Risk Juvenile Crime Prevention Partnership Community Planning Guide*. The planning for the 1999-01 biennium shall follow the following timeline, which may be extended by the JCPAC:

All local planning begins.....June 15, 1998
Local Plans Submitted to the State.....September 15, 1998
Recommendations to Governor regarding Statewide
Advisory Group transition planOctober 15, 1998
JCPAC local plan funding recommendations.....December 15, 1998
Prevention Plans Delivered to LegislatureJanuary 11, 1999

9. The Criminal Justice Commission shall staff the JCPAC and be responsible for implementation of the JCPAC recommendations. The Commission will also coordinate state technical assistance efforts on a statewide and county specific basis.

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10. The state will work on a nation-to-nation basis with tribal governments to develop tribal high-risk juvenile crime prevention plans.
11. All state agencies are hereby directed to coordinate with the JCPAC by adopting procedures and policies that promote the strategic plans developed by JCPAC. These efforts shall include but not be limited to interagency agreements and provision of staff to help coordinate the strategy.

Done at Salem, Oregon this 25 day of June, 1998.

/S/ _____

John A. Kitzhaber, M.D.

GOVERNOR

ATTEST:

/S/ _____

Phil Keisling

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 08

**OREGON DEVELOPMENTAL DISABILITY COUNCIL
AMENDING EXECUTIVE ORDER NO. EO - 88 - 07**

The United States Congress has enacted Public Law 104-183 in order to assist states in affording person with developmental disabilities the opportunity to become fully integrated into their communities and to achieve their potential for independence and productivity. Under Public Law 104-183, states receive grants for activities to build their strength and capacity to address the unmet needs of persons with developmental disabilities in a coordinated fashion, evaluating the implementation of such activities.

The Oregon Developmental Disabilities Planning Council was established by Executive Order No. EO - 74 -18, and continued by Executive Orders Nos. EO - 76 - 25, EO - 79 - 11, EO - 83 - 07, and EO - 88- 07. The Council should now be continued under the mandate of Public Law 104-183.

THEREFORE, IT IS ORDERED AND DIRECTED:

- 1) Paragraph 4 of Executive Order No. EO- 88- 07 is hereby amended so that its last sentence reads as follows:

“Membership shall consist of representatives as specified in Public Law 104-183.”

- 2) Paragraph 5 of Executive Order No. EO - 88 - 07 is hereby amended so that its last sentence is deleted.

Done at Salem, Oregon this 20 day of April, 1998.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 07

REDUCE WASTE AND REUSE OR RECYCLE MATERIALS

The policy of the State of Oregon is to reduce waste and to reuse or recycle materials. The state must also reduce hazardous waste and the use of toxic substances.

While state government has already set a good example, it must continue to do so. In order to help preserve the natural beauty of our state and its resources for future generations, state government must be a leader in preventing waste through recycling of materials it uses.

THEREFORE, IT IS ORDERED AND DIRECTED:

1. Executive Order No. EO - 90 - 09 is hereby repealed.
2. State agencies shall adopt the following recycling goals:
 - a: A reduction in the amount of solid waste from 1.04 pounds per FTE per work day to .50 pounds per FTE per work day by the year 2010.
 - b: An increase in the percentage of recyclable items actually recycled from the current rate of 81 percent to 100 percent by the year 2010.
 - c: An increase in the recovery rate of state office waste from the current rate of 71 percent to 85 percent by the year 2010.
 - d: An increase in the recovery rate of state institution waste from the current rate of 36 percent to 50 percent by the year 2000. An additional increase in such recovery to 75 percent by the year 2010.
3. State purchasing policies shall:
 - a: Promote the use of products that produce the least amount of waste, have a high recycled content, and are produced through environmentally sound methods.
 - b: Promote the use of biodegradable or durable and repairable products. Products should also be energy efficient and recyclable.
 - c: Create and sustain markets for environmentally sound products through their promotion and utilization by state agencies.

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- d: Take into account life-cycle costs and environmental impacts.
 - e: Reflect a preference for minimal packaging which can be returned to vendors, or can be recycled at no cost to the state.
 - f: Require the state and its food service contractors to avoid all use of polystyrene containers to the greatest extent possible.
 - g: Require that all new laser printers have two-sided capability. By the year 2005, two-sided shall be the printers' default mode.
 - h: Reflect a preference for paper products that have not been bleached with chlorine.
 - i: Require new photocopying machines to use recycled paper as the norm and have two-sided capability. By the year 2005, two-sided shall be the copiers' default mode.
 - j: To the greatest extent possible given state law regarding public bidding, reflect a preference for food service contractors who use environmentally sound food waste disposal. Avoid disposal in landfills or burners.
 - k: To the greatest extent possible given state law regarding public bidding, reflect a preference for building and demolition contractors who recycle and use recycled materials.
4. Agencies shall:
- a: Practice least waste at the point of purchase.
 - b: Seek used items at state and federal surplus property programs as a preferred form of procurement.
 - c: Reduce all use of paper and utilize e-mail and voice mail as alternatives. Share computer files.

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- d: Use electronic publishing. Use fewer paper forms. Share subscriptions and use route slips.
- e: Reuse materials to reduce waste, save money, and conserve energy.
- f: Use the back of paper for scratch paper, draft printing, or fax machines, ultimately recycling it.
- g: Commit to a thorough recycling program to reduce solid waste.
- h: Use recycled and recyclable papers and paper products wherever feasible.
- i: Print a symbol or note to show that any state writing or printing is on recycled paper.
- j: Avoid all colored papers. Use none that are neon, ultra bright, goldenrod, or dark hues.
- k: Use only white recycled writing pads.
- l: Print business cards on recycled paper with the recycled symbol.
- m: Ensure that users make two-sided copies.
- n: Support the composting of food waste and organic (including yard debris and animal waste).
- o: Dispose of food waste and yard debris as soundly as feasible. Avoid landfills and burners.
- p: Plan, build, and maintain buildings and grounds for least environmental impacts.
- q: Use vegetation and grounds practices that are environmentally sound.

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r: Employ environmentally sound pest management.

Done at Salem, Oregon this 20 day of April, 1998.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 06

JUVENILE CORRECTION POPULATION FORECASTING ADVISORY COMMITTEE

The population in Oregon's Youth Correctional Facilities has grown substantially in recent years. The passage of Ballot Measure 11 during the 1994 General Election caused a major increase in the number of juveniles serving adult sentences. It is essential that state policy makers have accurate and uniform projections of the juvenile correctional population.

THEREFORE, IT IS ORDERED AND DIRECTED:

1. There is created a Juvenile Correction Population Forecasting Advisory Committee which shall assist the Department of Administrative Services in preparing projections of juvenile offender populations.
 - a. The Juvenile Correction Population Forecasting Advisory Committee shall consist of not more than seven members appointed by the Governor and serving at the Governor's pleasure. The committee shall include members who are knowledgeable about the juvenile justice system and trends that may affect the juvenile offender population.
 - b. Members of the Committee shall serve four-year terms. Initial appointments to the Committee may be for one, two or three years in order to provide staggered terms. Members of the Committee may be re-appointed.
 - c. The Governor shall appoint the Committee's chair, who shall hold that position at the Governor's pleasure. The Committee shall meet at least semi-annually at the call of the chair.
2. The Juvenile Correction Population Forecasting Advisory Committee shall:
 - a. Review and discuss the types of data needed to make projections of the juvenile offender population, select the most accurate data available, and inform the Department of Administrative Services of the potential location of such data for inclusion in the Department's juvenile population projection models.
 - b. Identify and evaluate trends, assumptions, policy developments and data inadequacies that may affect preliminary juvenile offender population

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projections prepared by the Department of Administrative Services and that may require adjustments to the data collected.

- c. Review and discuss the preliminary juvenile offender population projections produced by the Department of Administrative Services and provide to the Department any conclusions regarding trends, assumptions, policy developments and data inadequacies that should be included in the Department's juvenile offender population projection models or that may require alternation of the preliminary juvenile offender population projections.
 - d. Evaluate and advise on methodology used by the Department of Administrative Services in making its computations and projections.
 - e. Make recommendations to the Department of Administrative Services concerning procedures to be used and data to be collected to improve the juvenile corrections forecasting process in the future.
3. The Department of Administrative Services and the Juvenile Correction Population Forecasting Advisory Committee shall:
- a. Beginning May 1, 1998 and each subsequent April 15, ascertain by computation and project the number of juvenile offenders anticipated to be incarcerated under existing law and current practices by the Oregon Youth Authority during each month of the next calendar year, and during the next 10 years. A subsequent computation and projection is due not later than October 15, 1998 and each subsequent April 15 and October 15 thereafter.
 - b. To the greatest extent possible, include in its computations and projections a breakdown of anticipated juvenile population by gender, crime of conviction, length of incarceration and other relevant classifications.
 - c. Provide its computations, projections and updates every six months to the Governor, and to the Emergency Board if the legislature is not in session, or to the Joint Committee on Ways and Means if the legislature is in session.

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- d. Provide a written report at least biennially to the Governor and legislature on the methodology and assumptions used in preparing its computations and projections.
 - e. Provide copies of its reports to criminal justice agencies and members of the public who may be interested.
4. The Director of the Department of Administrative Services shall appoint a technical working group including persons with backgrounds in research, statistics and forecasting in the criminal justice context. The technical working group shall provide staff assistance to the Department of Administrative Services and the Juvenile Correction Population Forecasting Advisory Committee in carrying out their functions under this Executive Order. The technical working group, to the greatest extent possible, shall be comprised of members of the technical working group established in EO-95-06(5).
 5. The computations and projections prepared by the Department of Administrative Services pursuant to this Executive Order shall be used by the Oregon Youth Authority in preparing its biennial budget request and in developing its long-term plans; and by any other agency concerned with the effects of the juvenile offender population on policy development or budgeting.
 6. Members of the Committee shall be entitled to no compensation or reimbursement of travel expenses.

Done at Salem, Oregon this 1 day of April, 1998.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 05

STATEWIDE STRATEGIC PLANNING FOR INFORMATION TECHNOLOGY

Information is a strategic asset of state government. Every state official, agency, and educational institution relies upon information resources, and must plan for coordination of such resources in order to acquire and use them to their maximum potential.

The state also requires statewide management of its information resources, for only a statewide approach can effectively address inter-agency needs and issues. Only a statewide approach can ensure that state information resources operate in concert to the net benefit of the state.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED THAT:

1. The Department of Administrative Services (“DAS”) shall develop a statewide Information Technology Strategic Plan (“the Plan”), with a three to five year duration. It shall do so in collaboration with state agencies and an Information Resources Management Council (“Council”). The Plan shall serve as the blueprint for the development and utilization of the state government’s information resources, including telecommunications, computing, and information technologies.

The Plan shall define and describe:

- a: A vision of Oregon’s future information technology. The vision shall include a migration path and schedule for any required major improvements and changes.
- b: Major capital improvement investments required to implement the Plan.
- c: Duties which state agencies and related public organizations must perform in order to implement the Plan.
- d: Directions for the use of information resources throughout state government.
- e: Policies, strategies, goals, and objectives relating to the method by which the state shall plan, acquire, secure, manage, and utilize its information resources.

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- f: A design for an advanced digital communications, computing and telecommunications network. The design shall reflect and adequately meet the combined needs of state agencies.
 - g: Methods by which to share state personnel, financing, buildings, and equipment necessary to plan, collect, process, transmit, and store information.
 - h: Legislative concepts necessary to implement the Plan.
 - i: A cohesive manner in which the elements of the Plan will operate within the statewide information system which provides ready access to information, computing, and telecommunications resources.
2. Pursuant to ORS 291.038(1), the Director of DAS or his designee shall chair an Information Resources Management Council, whose membership shall include:
- a: Two members of the Legislative Assembly;
 - b: A member from the Oregon Judicial Department;
 - c: A representative of the Secretary of State;
 - d: A representative of the Treasurer's Office;
 - e: The Vice-Chairman of the Oregon Telecommunications Forum Council;
 - f: Two representatives of local governments;
 - g: A representative employed as an elementary or post-secondary public educator;
 - h: Five agency executives;
 - i: Two representatives of Oregon's private sector;

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- j: Additional members as deemed advisable by the Council chair.
- 3. Council members serve at the pleasure of the DAS Director and are entitled to no compensation or reimbursement for expenses.
- 4. The Council chair shall appoint the following five work groups to aid in creation and implementation of the Plan:
 - a: Businesses processes work group;
 - b: Network architecture work group;
 - c: Governance and management;
 - d: Internet applications;
 - e: Workforce development.

The chair may appoint additional work groups which he deems necessary to assist with creation and implementation of the Plan.

Done at Salem, Oregon, this 19 day of March, 1998.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 04

DESIGNATION OF OREGON'S VIRTUAL HUMAN RESOURCE INVESTMENT COUNCIL

Title VII of the 1992 amendments to the federal Job Training Partnership Act (29 U.S.C. sec 1792) allows states to create Human Resource Investment Councils ("HRIC") for the following purposes:

- a: Review the provisions of services and use of funds and resources under applicable federal human resource programs and advise the Governor on methods of coordinating such provisions of services and use of funds and resources consistent with the laws and regulations governing such programs. These federal human resource programs include Job Training Partnership Act, the Carl P. Perkins vocational and Applied Technology and Education Act, the National Community Service Act of 1990, the Adult Education Act, the Wagner-Peyser Act, part F of Title IV of the Social Security Act and the employment program established under section 6 (d) (4) of the Food Stamps Act of 1977;
- b: advise the Governor on the development and implementation of state and local standards relating to applicable federal human resources programs and coordination of such standards and measures;
- c: carry out the duties and functions prescribed for existing state councils described under the laws relating to the applicable federal human resource programs;
- d: identify the workforce development needs in the state and recommend to the Governor goals for meeting such needs;
- e: prepare and recommend to the Governor a strategic plan to accomplish the workforce development needs of the state; and
- f: monitor the implementation of evaluate the effectiveness of the strategic plan.

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Legislation enacted by the 69th Legislative Assembly established an executive Workforce Policy Cabinet and Regional Workforce Committees, comprised of both public sector and private sector individuals, to coordinate the implementation of state and federal workforce development programs (1997 Or Laws c 652, s3). The duties of the Workforce Policy Cabinet and the chairs of the regional work force are consistent with and support the functions of a HRIC. Designation of selected members of the Workforce Policy Cabinet and the Regional Workforce Committees as a HRIC will enable Oregon to achieve better coordination and integration of federal and state workforce development programs.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. Representatives of Oregon's Workforce Policy Cabinet, members of the Chairs of the Regional Workforce Committees, and other workforce development partners are designated as members of a Human Resources Investment Council in accordance with Section 701 of the 1992 amendments to the Job Partnership Training Act (29 U.S.C. sec 1792 (1992)).

The members shall serve at the pleasure of the Governor for a term of four years. Of the members first appointed to the Council, term-end dates shall be staggered.

2. Membership on the Oregon Human Resource Investment Council shall conform to the requirements as set forth in Section 702 of the 1992 amendments to the federal Job Training Partnership Act (29 U.S.C. sec 1792a (1992)).

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3. Council members are entitled to no compensation, per diem, or expense reimbursement.

Done at Salem, Oregon this 19th day of February, 1998.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 03

ADVISORY COMMITTEE TO OFFICE FOR OREGON HEALTH PLAN POLICY & RESEARCH

Enacted by the 69th Legislative Assembly, HB 2894 (1997 Or Laws c 683, s 34) directs the Office for Oregon Health Plan Policy and Research (“OHPPR”) to study the following public policy issues related to prepaid managed health care contracts authorized under ORS 414.725(1).

- A) the policy basis and advisability of maintaining differentials in capitation payment rates to fully-capitated health plans based on geographic regions;
- B) the reasonableness of such capitation payment rates both in the aggregate and with respect to total professional and institutional health care services, respectively; and,
- C) risk-adjustment mechanisms currently applied to such capitation payment rates, the advisability of implementing additional risk adjustment mechanisms and, as applicable, the methodology for implementing additional risk-adjustment mechanisms.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) Pursuant to 1997 Or Laws c 683, s 35 the following individuals are appointed to the Office for Oregon Health Plan Policy and Research Advisory Committee:
 - a: Representatives of managed care health care organizations serving primarily rural areas of the state:
 - i) Pat Gibford - CEO, Central Oregon Independent Health Systems, Bend
 - ii) Robert Dannenhofer, M.D.- Medical director of Sure Care Health Plan, Roseburg
 - b: Representatives of managed health care organizations serving primarily urban areas of the state:
 - i) Ruth Rogers-Bauman - Vice President, Regency HMO Oregon, Portland

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- ii) Shelly Handkins - CFO, Providence Good Health Plan, Portland
 - c: Representatives of medical providers or representatives of medical providers who serve patients in both rural and urban areas of the state:
 - i) Michael Graham, M.D. - Portland
 - ii) George Miller, M.D.- Salem
 - iii) Byron Sagunsky, M.D.- Klamath Falls
 - iv) Steve Ulrich - Health Data Research, Portland
 - d: A representative of a type A hospital:
 - i) David Harman - Harney District Hospital, Burns
 - e: A representative of a type B hospital:
 - i) Timothy Simmons - Hood River Memorial Hospital Hood River
 - f: A representative of the Office of Medical Assistance Programs:
 - i) Herschel Crawford, Salem
 - g: Additional representatives:
 - i) Ian Worden - PeaceHealth, Oregon Region, Eugene
 - ii) Timothy Goldfarb - OHSU, Portland
 - iii) Ian Timm - Oregon Primary Care Association, Portland
 - h: Mark Gibson, my Health Policy Advisor, shall serve on the committee in an ex officio capacity.
- 2) In conducting these policy evaluations and developing recommendations to the Office of Medical Assistance Programs and the 70th Legislative Assembly as detailed in 1997 Or Laws c 683 s 35, OHPPR is directed to

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consult with the Office for Oregon Health Plan Policy and Research Advisory Committee.

- 3) These policy evaluations and the consultation provided by the OHPPR Advisory Committees are an integral to assuring equitable and sound payment mechanisms which support Oregon's managed care strategy in the administration of its Medicaid program. OHPPR and the OHPPR Advisory Committee will have the full support and cooperation of the Governor's Office, the Office of Medical Assistance Programs, and the Department of Human Resources.
- 4) Members of the Advisory Committee shall serve at the pleasure of the Governor and not be entitled to compensation, reimbursement of travel expenses, or per diem.

Done at Salem, Oregon, this 6 day of February, 1998.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 02

STATE EMPLOYER PLAN TO REDUCE TRI-COUNTY TRAFFIC

Reducing commuter and business driving is a cost-saving alternative to building ever-increasing highway and public transit capacity. Reduced driving also lessens air and water pollution, energy consumption, and highway maintenance costs.

The causes of traffic congestion and all its ills are simple. Too many people in too many vehicles try to use the same road space at the same time. The solutions, however, are not so simple. The only ultimate answer is for people to drive fewer miles, less often, in fewer vehicles, and at dispersed times.

Studies of the energy crisis of the 1970's found that drive-alone trips increased heavily despite widespread incentives and education. However, recent studies of mandatory employer programs reflect a more positive outcome. A recent national study found that mandatory programs for employers yielded an average trip reduction of 15 percent. Workplace-related issues play a major role the number of people who utilize a highway system at the same time. Therefore, employers have an opportunity to play a lead role in furthering traffic-load solutions.

Workplaces are key factors in traffic volume and timing. Standard work hours are the main reason for congestion-time commuting. Unpredictable work hours and solo field work are two reasons many people drive their cars to work. Some workers commute alone because they must transport children en route. Some do so because they dislike their commuting alternatives. Some have no alternatives. But, many of the causes of driving alone and driving during congestion hours can be moderated with little cost through changing employer practices. The state, as a major employer, has a duty to do its part to reduce the traffic load.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

This order shall apply to all agencies of the Executive Branch of the State of Oregon. It shall be mandatory for state workplaces employing ten or more on day shifts in the Multnomah, Washington, or Clackamas counties (the "plan area"). For simplicity, state agencies may apply this order to any or all work shifts and worksites in the state.

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1. It shall be the goal of the state, in its role as an employer, to reduce drive-along and congestion-time commuting in the Portland and Tri-county area and in other metropolitan areas of the state.
2. To the maximum extent practical, agencies shall adopt, provide, and promote the employee Commute Options and Actions recommended by the Department of Administrative Services.
3. Each worksite shall achieve at least a ten percent reduction in its baseline auto trip rate within one year of the issuance of this Order. Worksites that already have achieved auto trip rates that are low for their locales may apply to Department of Environmental Quality Employee Commute Option program for approval of a tailored reduction goals.
4. Agencies shall eliminate unnecessary business driving. They shall reduce drive-alone trips and unnecessary auto trips that clients must make to obtain state services. To the maximum extent practical, agencies shall adopt and expand upon the Business and Client Strategies recommended by the Department of Administrative Services.
5. Agencies shall allow drive-along trips between Salem and Portland only if rescheduling, public transit, teleconferencing, ride sharing, or other options are unworkable. To the extent possible, agencies shall schedule all meetings so that staff and clients from metropolitan areas do not travel in congested areas at congestion times. In keeping with the intent of ORS 283.515, agencies shall plan for, provide, and use teleconferencing equipment whenever practical to avoid staff and client travel to meetings.
6. Where practical, agencies shall charge fees, consistent with the goals of this order, for parking they provide to employees in the plan area. In locales near DAS parking, agencies' fees shall not be less than DAS fees.

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7. Agencies shall immediately assure that all worksites subject to the Employee Commute Options (ECO) rules (OAR 340-030-0800 through 340-030-1080) are, and remain, in full compliance with those rules. ECO dates and timelines shall be met.
8. The standard day shift shall be based on an individual work schedule for each employee. To the greatest extent practical, a work schedule shall allow a compressed work week, telecommuting, stationing at home, or flextime to match pool or transit schedules. A daily 8 AM to 5 PM schedule may be approved as the exception; such a schedule may be needed to match education, child care, car pool, or transit times; to conform to law or collective bargaining, to assure customer service, or similar reasons.
9. State executives and senior managers in the plan area shall apply one or more commute options to their own work times or commuting methods. They shall apply business travel goals and methods to themselves.
10. The Office of Energy and the Departments of Administrative Services, Environmental Quality, and Transportation shall provide consultation, information resources, and advice to agencies regarding this order.
11. Department of Transportation (ODOT) shall be the lead agency in promoting, coordinating, and monitoring this order in the Tri-county plan area. ODOT shall survey area agencies and make an annual progress and status report to the Governor. Agencies shall supply whatever information ODOT shall require. Where applicable, ODOT shall require the same data that affected agencies must submit to Department of Environmental Quality under its Employee Commute Options rules. Each agency shall designate a coordinator to work with ODOT. To reduce traffic, ODOT shall seek ways to provide public access to state Internet sites through public computers at state offices outside of congestion areas.
12. Department of Administrative Services shall review and revise state policies and services, proposing legislative concepts and revisions to existing Executive Orders where necessary, with the goal to:

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- a: Cut drive-alone trips between Salem and the plan area, including consideration of a shuttle service and teleconferencing services for small meetings.
- b: Make state pool cars accessible without necessitating private car trips to a motor pool.
- c: Park state cars nearer field work and away from the central plan area.
- d: Attain higher efficiency in the allocation and use of state cars.
- e: Provide transit subsidy options as transit allowances or by other means.
- f: Increase support or subsidy of car or van pool parking at all plan area worksites.
- g: Allow agencies to subsidize public transit passes.
- h: Require that state leasing and building sites be adjacent to public transit wherever possible.
- i: Find and foster or provide communication alternatives to travel.
- j: Provide economical, useful teleconferencing, computer conferencing, telecommuting, and videoteleconferencing equipment or services to agencies.

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- k: Invite ideas for employees and use interagency work groups to foster reduced highway travel related to state work.

Done at Portland, Oregon, this 11th day of February, 1998.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 98 - 1

LEGISLATIVE PROTOCOL FOR STATE AGENCY PERSONNEL

WHEREAS, the Governor of the State of Oregon is constitutionally required to propose the biannual state budget and is authorized to develop and introduce legislation; and

WHEREAS, the Governor of the State of Oregon authorizes Executive Branch agencies to recommend legislative concepts and budget proposals; and

WHEREAS, Executive Branch agencies are charged with implementing legislation adopted by the Oregon Legislative Assembly and signed by the Governor; and

WHEREAS, representatives of Executive Branch agencies often have a great deal of experience and expertise on matters relating to pending legislation under consideration by the Legislative Assembly; and

WHEREAS, Executive Branch agencies have a duty to provide clear, accurate, complete and useful information to the Legislative Assembly and the Governor about the potential effects of proposed statutory or constitutional changes on state policy.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The Department of Administrative Services, in conjunction with representatives from other Executive Branch agencies, shall develop and implement the following prior to the 1999 Legislative Assembly:

- a) A written code of conduct for agency personnel designated as legislative liaisons and for those agency personnel who are not designated legislative liaisons but may be called upon to interact with the Legislative Assembly; and
- b) Appropriate training opportunities for state personnel who interact with the Legislative Assembly; and
- c) An internal Executive Branch process by which complaints or concerns about the conduct of state agency personnel at the Legislative Assembly may be resolved; and,
- d) A clear policy regarding when and how Executive Branch agencies may hire outside lobbyists for the purpose of communicating with or lobbying the Legislative Assembly; and,

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- e) A clear policy regarding who may register as lobbyists and represent Executive Branch agencies before the Legislative Assembly or individual members; and
- f) A clear policy addressing the expenditure of agency or outside funds for lobbying purposes by state employees or outside lobbyists; and
- g) An appropriate roster with photos of those persons registered and authorized to represent Executive Branch agencies before the Legislative Assembly; and
- h) A plan to participate in appropriate information sessions for new legislators at the start of each session to inform them of Executive Branch policies regarding agency lobbying.

Done at Salem, Oregon, this 7 day of January, 1998.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 24

GOVERNOR'S TASK FORCE ON COMMUNITY RIGHT TO KNOW

WHEREAS the people of the State of Oregon have an interest in knowing about the presence of hazardous substances in their communities; and

WHEREAS affected businesses and individuals have expressed concern regarding their ability to meet regulatory requirements dealing with the reporting of the presence of hazardous substances; and

WHEREAS the State of Oregon has benefited from a statewide Community Information on Hazardous Substances Act (ORS 453.307 *et seq*);

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) Executive Order No. EO 97 - 20 is repealed.
- 2) There is created the Governor's Task Force on Community Right To Know. The Task Force shall review federal, local, and Oregon Community Right to Know reporting requirements, and other state and local hazardous substances reporting requirements.
- 3) In conducting such review, the Task Force shall identify the following:
 - a: What benefits does the public receive from the information collected through the current requirements and what impacts does the current requirements have on businesses.
 - b: What additional hazardous substance information may need to be routinely collected, on a statewide basis, from Oregon businesses? What benefits would the public receive and what would be the impacts on businesses?
 - c: What hazardous substance information is being collected at the local level that should be collected on a statewide basis? What benefits would the public receive and what would be the impacts on businesses?

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- d: Is duplicate hazardous substance information reporting occurring, should the duplication be eliminated, can it be eliminated and if so, how?
 - e: Are there state hazardous substance reporting programs which should be merged together and if so, which ones and how?
 - f: Is the public provided adequate access to the hazardous substance information that is collected, can access be improved and if so how?
- 4) The Task Force shall submit to the Governor and 70th Legislative Assembly a report summarizing its findings and making any recommended changes to the Oregon Community Information on Hazardous Substances Act (ORS 453.307 *et seq*) no later than January 1, 1999.
- 5) The State Fire Marshall shall provide staff support to the Task Force. All other state agencies with authority or responsibility for toxic or hazardous material handling or reporting shall cooperate with the Task Force as appropriate and furnish such information and advice as the members of the Task Force deem necessary to perform their function. Agency directors shall review the Task Force recommendations relevant to their agency and seek ways to respond where applicable.
- 6) State Agency staff representing agencies potentially affected by the community right-to-know laws shall participate in the activities of the Task Force as Technical Advisory Committee. Agencies to so participate include the State Fire Marshall, the Department of Agriculture, the Department of Environmental Quality, the Economic Development Department, the Health Division, and the Office of Emergency Management.
- 7) The Task Force shall be comprised of thirteen members appointed by the Governor. Members shall include at least 13 representatives from each of the following organizations or groups, serving at the Governor's pleasure:
- a: the Oregon business community;

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- b: local emergency managers;
- c: the House Democratic Caucus;
- d: the House Republican Caucus;
- e: local fire services;
- f: local governments;
- g: right-to-know advocates;
- h: the Senate Democratic Caucus;
- i: the Senate Republican Caucus, and
- j: a public member.

- 8) Members shall receive no compensation for their duties on the Task Force, nor be entitled to travel expenses.

Done at Salem, Oregon, this 23 day of December, 1997.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 23

For the record: this executive order number was not used.

Done at Salem, Oregon this 21st day of January, 1998.

/S/

Diane S. Kirk
Administrative Assistant
to Legal Counsel
Office of the Governor
(503) 378-6246

EXECUTIVE ORDER NO. EO 97 - 22

USE OF STATE RESOURCES TO ENCOURAGE THE DEVELOPMENT OF QUALITY COMMUNITIES

WHEREAS it is a goal of the State of Oregon as expressed in statute and in state agency goals and programs to accommodate growth and development in a manner that promotes quality communities, protects the land base for our farm and forest industries, and reduces the cost of public facilities and services; and

WHEREAS several state agencies are responsible for implementing this goal through state policies, statutes and administrative rules; and

WHEREAS there is a need to coordinate and target these programs and activities in order to protect the long-term value of the state's investments in Oregon communities and to use limited public dollars strategically; and

WHEREAS a set of development objectives reflecting state policies, statutes and administrative rules is needed to articulate the state's community development interests and to provide a framework for coordinating and targeting state programs and actions; and

WHEREAS it is recognized that local jurisdictions may have their own set of development objectives and priorities reflecting local needs and interests; and

WHEREAS the state should negotiate to resolve differences between state and local community development objectives.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The state shall strive to ensure that its programs and activities help build and maintain quality communities which have clean air and water, housing that is affordable to community residents, a balance of jobs and housing in proximity to one another, development patterns that minimize the cost of public services, and a mix of residential, commercial, industrial and institutional uses that supports a balanced transportation system.

A. Quality Development Objectives

The following Quality Development Objectives are hereby established to articulate the state's community development interests and to establish the state's

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investment priorities for the physical development of communities. The Objectives should be used in combination with state and local partnership principles and local development objectives to help build healthy and diverse communities and regions throughout Oregon.

- 1) Promote compact development within urban growth boundaries to minimize the costs of providing public services and infrastructure and to protect resource land outside urban growth boundaries.
- 2) Give priority to a quality mix of development that addresses the economic and community goals of a community and region.
- 3) Encourage mixed use, energy-efficient development designed to encourage walking, biking and transit use (where transit is available).
- 4) Support development that is compatible with a community's ability to provide adequate public facilities and services.
- 5) Facilitate development that is compatible with community and regional environmental concerns and available natural resources (e.g., available water, air quality, etc.)
- 6) Support development that provides for a balance of jobs and affordable housing within a community to reduce the need to commute long distances between home and work, thereby minimizing personal commuting costs as well as the public and societal costs of expanding the transportation infrastructure.

B. Affected Agencies

The Quality Development Objectives are intended to guide all state agency actions related to community development.

However, the agencies on the Governor's Community Solutions Team including the Oregon Departments of Transportation, Environmental Quality, Economic

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Development, Transportation, Land Conservation and Development, and Housing and Community Services will have the primary responsibility for implementation.

C. Implementation of "Quality Development Objectives"

- 1) Each agency shall ensure that agency actions are consistent with the "Quality Development Objectives."
- 2) Each Director of a Community Solutions Team agency shall designate staff to implement the executive order and to develop a training program for agency personnel responsible for implementing the "Quality Development Objectives."
- 3) No later than April 30, 1998, each Community Solutions Team agency shall submit a report to the Governor indicating how it will implement the "Quality Development Objectives" through agency programs, activities and the budget process. At that time, the Community Solutions Team shall also identify other state agencies which shall be involved in implementation.
- 4) The Community Solutions Team agencies shall implement an on-going mechanism to ensure coordination among major programs affecting community development.
- 5) By December 31, 1998, the Community Solutions Team shall prepare a report outlining how it is implementing the "Quality Development Objectives."
- 6) Each Community Solutions Team agency shall use the population and employment forecasts developed or approved by the Department of

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Administrative Service's Office of Economic Analysis in coordination
with Oregon's 36 counties to plan and implement programs and activities.

Done at Salem, Oregon, this 16th day of December, 1997.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Michael Greenfield
DEPUTY SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 21

AUTHORIZATION FOR ACCESS TO LAW ENFORCEMENT DATA SYSTEM

ORS 181.010(8)(i)(9) and OAR 257-010-0025(1)(b) operate in conjunction to allow the Governor to authorize Law Enforcement Data System access to designated state agencies which require such information in order to fulfill statutory criminal and regulatory missions. Executive Order No. EO 90 - 05 grants such access to a number of state agencies, and establishes the conditions under which such access is authorized; subsequent Executive Orders No. EO 90 - 14 and No. EO 90 - 21 have authorized access for additional state agencies.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1) In addition to those agencies listed in paragraph 4(a) of Executive Order No. EO 90 - 05, and pursuant to the authority vested in me by ORS 181.010(9) and OAR 257-010-0025(1)(b), I hereby authorize the Oregon State Police to provide the following state agencies with access to the Oregon State Police Law Enforcement Data System.

- a: the Board of Radiologic Technology solely for the purpose of obtaining, and limited to, information required to enforce ORS 688.525(3), and
- b: the Board of Tax Service Examiners, solely for the purpose of obtaining, and limited to, information required to enforce ORS 673.700(4)-(5).
- c: the Oregon Health Division, solely for the purpose of obtaining and limited to, information required to enforce the following statutes:
 - i: ORS 680.535(1);
 - ii: Section 20(6) of Senate Bill 467, enacted by the 69th Legislative Assembly during its 1997 regular session;
 - iii: ORS 700.110(1)-(2);
 - iv: ORS 690.395(1);

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v: ORS 694.136(r); and

vi: Chapter 362, Section 10(c), 1995 Oregon Laws.

2) Executive Order No. EO 90 - 05 continues to govern the compilation, maintenance, and dissemination of criminal offender information as defined in ORS 181.010(2), and that Order governs the access authorized for the Board of Radiologic Technology, the Board of Tax Service Examiners, and the Oregon Health Division.

Done this 18th day of November, 1997, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 20

GOVERNOR'S TASK FORCE ON COMMUNITY RIGHT TO KNOW

WHEREAS the people of the State of Oregon have an interest in knowing about the presence of hazardous substances in their communities; and

WHEREAS affected businesses and individuals have expressed concern regarding their ability to meet regulatory requirements dealing with the reporting of the presence of hazardous substances; and

WHEREAS the State of Oregon has benefited from a statewide Community Right to Know law since 1985;

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

- 1) There is created the Governor's Task Force on Community Right To Know. The Task Force shall review federal and local reporting requirements regarding the storage of hazardous substances, as well as those embodied in the Oregon Community Right to Know Act.
- 2) In conducting such review, the Task Force shall identify the following:
 - a: the public benefit received from current federal, state, and local reporting requirements;
 - b: the impact of federal, state, and local reporting requirements upon Oregon businesses;
 - c: substantive differences and similarities between federal, state, and local reporting requirements;
 - d: existing procedures and policies for public access to information gathered under current federal, state, and local reporting requirements.
- 3) Having gathered such information, the Task Force shall undertake to determine the following:
 - a: bearing in mind the impact upon business and given the public benefit associated with current reporting requirement, what

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additional hazardous substance information, if any, should be added to current reporting requirements under the Oregon Community Right to Know Act?

- b: how may duplicate state and local reporting requirements be eliminated to render compliance with state and local reporting requirements more efficient and in so doing further the benefits to the public and minimize the impacts upon businesses?
 - c: whether reporting requirements under the Oregon Community Right to Know Act might be merged together bearing in mind the public interest and with the impact upon business in mind, and if so, which reporting requirements?
- 4) The Task Force shall submit a report to the Governor and 70th Legislative Assembly summarizing its findings and making any recommended changes to the Oregon Community Right to Know and Protection Act no later than January 1, 1999.
 - 5) The State Fire Marshall shall provide staff support to the Task Force. All other state agencies with authority or responsibility for toxic or hazardous martial handling or reporting shall cooperate with the Task Force as appropriate and furnish such information and advice as the members of the Task Force deem necessary to perform their function.
 - 6) State Agency staff representing the State Fire Marshall, the Department of Agriculture, the Department of Environmental Quality, the Economic Development Department, the Health Division, and the Office of Emergency Management shall participate in the activities of the Task Force as a Technical Advisory Committee.
 - 7) The Task Force shall be comprised of thirteen members, appointed by the Governor, consisting of a representative from each of the following organizations or groups, and such other members as the Governor may see fit to appoint:
 - a: the Oregon business community;

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- b: local emergency managers;
- c: the House Democratic Caucus;
- d: the House Republican Caucus;
- e: local fire service
- f: local governments;
- g: right-to-know advocates
- h: the Senate Democratic Caucus;
- i: the Senate Republican Caucus, and
- j: a public member.

- 8) Members shall receive no compensation for their duties on the Task Force, nor be entitled to travel expenses.

Done at Salem, Oregon, this 28th day of November, 1997.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 19

AMENDS EXECUTIVE ORDER NO. EO 97 - 18

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

Section 2 of Executive Order No. EO 97 - 18 is amended to read:

“p: the Oregon Association of Chiefs of Police.”

Done at Salem, Oregon this 12 day of November, 1997.

/S/ _____

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 18

CRIMINAL JUSTICE: PROGRAM EFFECTIVENESS DATA AND RESEARCH NEEDS

The Oregon criminal justice community needs to continue to address program evaluation and research issues. Program and offender performance data must be readily available to judges, attorneys, and other practitioners to result in decisions based on the effectiveness of correctional programs in reducing the future criminal conduct of an offender. Criminal justice agencies, policy makers, legislators, and practitioners must have information readily available upon which to base their decisions.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. The Superintendent of the Department of State Police shall convene a working group to study and make recommendations regarding the criminal justice community's need for performance data and useful research thereto.
2. The working group shall be comprised of representatives of the following, appointed by each respective entity's administrative officer unless specified otherwise:
 - a: the Board of Parole and Post-Prison Supervision;
 - b: the Department of Corrections;
 - c: the Criminal Justice Commission;
 - d: the Oregon Youth Authority;
 - e: the State Commission on Children and Families;
 - f: the Office of Alcohol and Drug Abuse Programs;
 - g: a local public safety coordinating council, as appointed by the Superintendent of the Department of State Police;
 - h: a community corrections agency, as appointed by the Superintendent of the Department of State Police;
 - i: the Oregon State Sheriffs Association;

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- j: the Oregon District Attorneys Association;
 - k: the Oregon Juvenile Department Directors Association;
 - l: a judge, appointed by the Chief Justice of the Oregon Supreme Court;
 - m: a crime victim, as appointed by the Superintendent of the Department of State Police;
 - n: the Program Manager of the State Police Criminal Justice Information Standards Program;
 - o: the Administrator of the Intergovernmental Services Bureau of the Department of State Police, who shall serve as chair of the working group.
3. The Superintendent of the Department of State Police may appoint additional members of the working group.
4. The work group shall identify issues and develop operational solutions which include as appropriate:
- a: the structure, staffing, governance and organizational location of any program recommended as part of the solution;
 - b: scope and priorities of activities undertaken as part of the solution;
 - c: legislative concepts necessary to implement the solution;
 - d: budget and recommended funding source for the solution;
 - e: collection, analysis, and dissemination of information to stakeholders;
and
 - f: coordination of existing or planned efforts between stakeholders.

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5. The Superintendent of the Department of State Police shall make a progress report to the Governor and to appropriate legislative committees during the 1997-98 interim regarding the working group's findings and recommendations. The Superintendent shall make a final report to the Governor by January 1, 1999.

Done at Salem, Oregon this 29th day of September, 1997.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 17

CHARTER SCHOOL OPTION

WHEREAS, new types of schools, known as public charter schools, should be created to provide new, innovative, and more flexible ways of educating children within the public school system; and

WHEREAS, these model schools can serve as a catalyst for efforts to improve other public schools and the public school system as whole; and

WHEREAS, the encouragement of public charter schools shall not come at the expense of a strong public school system, nor should there be a diversion of public funds to convert private or religious schools to charter schools; and

WHEREAS, the goals of these public schools should include

- * an increase in student learning and achievement;
- * the provision of greater choices of learning opportunities for students;
- * to better meet the academic needs and match the academic interests of individual students;
- * to build stronger working relationships among educators, parents, and other community members;
- * the creation of new professional opportunity for teachers;
- * the establishment of additional forms of accountability for schools;
- * the creation of innovative measurement tools; and

WHEREAS, enactment by the Sixty-ninth Legislative Assembly of legislation enhancing the authority for the creation of alternative education programs offers an opportunity to encourage the establishment of public charter schools.

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THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

The State Board of Education shall consider the goals of public charter schools and incorporate the abovementioned goals to the extent possible in administrative rules implementing the alternative education program legislation enacted by the Sixty-ninth Legislative Assembly.

Done before me this 23rd day of September, 1997, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 16

OREGON ENVIRONMENTAL JUSTICE CITIZEN ADVISORY BOARD

Environmental Justice is the fair treatment and meaningful involvement of people of all colors, national origins, cultures, income levels, age, gender and educational level, in the development, implementation and enforcement of environmental laws, regulations and policies.

WHEREAS: The Oregon Environmental Equity Citizen Advisory Committee Report delivered to Governor Barbara Roberts in October, 1994 included a number of recommendations for ways in which the State of Oregon can better address issues of environmental equity; and

WHEREAS: The Advisory Committee found that minority and low income communities generally lack adequate access to environmentally-related governmental processes and decision-making; and

WHEREAS: The primary recommendation made by the Advisory Committee was that an advisory board be created within the state's natural resource agency structure to, "oversee the implementation of the Committee's recommendations."

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. A 12-member Environmental Justice Advisory Board shall be appointed by the Governor and serve at the Governor's pleasure, to function from August 1997 to July 1999. The Board shall be comprised of citizens representing minority and low income communities, environmental interests, and the geographically diverse areas of Oregon.
2. All agency directors with authority in natural resource or environmental related areas, as designated by the Governor's Natural Resource Office, will report to the Environmental Justice Advisory Board and the Governor annually on the results of their efforts to implement the recommendations of the Environmental Equity Task Force Report.
3. The report shall propose solutions for issues of environmental justice in Oregon. The report shall:

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- a: Identify which recommendations made by the Oregon Environmental Equity Citizen Advisory Committee Report are relevant and are being addressed with each program or policy. Evaluate the success of the agency in incorporating the task force recommendations into the relevant program or policy;
 - b: Explain how the suggestions and input from minority and low income communities, expressed through the Environmental Justice Advisory Board, have been considered and/or integrated into the program or policy;
 - c: Supply information on agency plans to expand upon the 1994 Advisory Committee report recommendations to further the progress of eliminating environmental injustice in Oregon.
4. All designated agencies with authority in natural resource or environmental related areas shall cooperate with the Board, by providing information as needed, and appearing before the board or its committees, as requested.
5. The Board is to annually submit a report to the Governor beginning August 1, 1998, setting forth its view of agency progress in furthering recommendations embodied in the 1994 Advisory Committee Report and identifying any other environmental justice issues the Board believes need attention.

Done at Salem, Oregon this 1 day of August, 1997.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 97 - 15

OVERSIGHT TASK FORCE ON MENTAL HEALTH INTEGRATION

As mental health services traditionally provided by community mental health programs are integrated into the Oregon Health Plan, many Oregonians will become eligible for services through an expansion of benefits under the federal Medicaid program administered by the Oregon Department of Human Resources. Those persons who do not qualify for Medicaid, however, will continue to be served by the county-based community mental health system.

All stakeholders in Oregon's community mental health system and the Oregon Health Plan are concerned that the integration of mental health services be accomplished in an effective manner, while preserving the viability of community mental health programs. It is in Oregon's best interests to maintain the community mental health system in order to ensure that adults with serious and persistent mental illness and children suffering from serious emotional disturbances receive the care they require.

An Oversight Task Force on Mental Health Integration is required to monitor all aspects of the transition of mental health services to managed care under the Oregon Health Plan. The Task Force will identify areas of the state in which the viability of community mental health programs may be threatened, and as necessary, make recommendations to ameliorate such situations.

IT IS HEREBY ORDERED AND DIRECTED:

- 1) There is created the Oversight Task Force on Mental Health Integration.
- 2) The Task Force shall be comprised of nine members, appointed as follows:
 - a: One member of the Oregon Senate as appointed by the President of the Senate;
 - b: One member of the Oregon House of Representatives as appointed by the Speaker of the House;
 - c: One representative designated by the Association of Community Mental Health Programs;

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- d: The Director of the Department of Human Resources, or his designee;
 - e: Three members of the Oregon Health Council, appointed by the Governor, two of whom shall not be associated with health care, mental health or county government interests;
 - f: One member of the Oregon Health Services Commission, appointed by the Governor, familiar with the integration of mental health services into the prioritized list of condition-treatment pairs; and
 - g: the Administrator, Office for Oregon Health Plan Policy and Research.
- 3) The Task Force shall acquire information and make evaluations and recommendations concerning:
- a: The integration of mental health benefits and services under the Oregon Health Plan, including, but not limited to, the Request for Proposal and Contracting Process undertaken by the Mental Health and Development Disability Services Division;
 - b: The effects of the integration of mental health benefits and services, including but not limited to, access to, quality and cost of mental health treatment, and the coordination of services between and among providers of physical health and mental health services;
 - c: The effects of integration and managed care on vulnerable populations; e.g., seriously mentally ill adult, emotionally disturbed children;
 - d: Circumstances in which the viability of a county's community mental health program is threatened;

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- e: The fiscal aspects of integrating mental health services, including but not limited to, aggregate and per person revenues and expenses, administrative costs, and provider reimbursements and profits.
 - f: The structure of administration and management of mental health services within Oregon's Medicaid program.
- 4) The Task Force shall:
- a: Regularly solicit input from interested stakeholder organizations including family and consumer groups, health plans and mental and physical health providers, community mental health programs, senior and disabled services organizations, organizations representing children, and agencies of state government.
 - b: Transmit in a timely manner findings and recommendations concerning issues that come before it to the Department of Human Resources, the Office of Oregon Medical Assistance Programs, the Mental Health and Development Disability Services Division and the Emergency Board, as appropriate.
 - c: Submit a report with recommendations to the Governor and Emergency Board after the first year of integration and prior to the second-year Request for Proposal and contracts, and
 - d: Develop an independent and comprehensive final report to the 70th Legislative Assembly on mental health integration and recommendations for legislation, as necessary, to improve integration of mental and physical health care delivery to the populations served and to increase the efficiency and effectiveness of the integrated health care program funded

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by the State of Oregon. This report shall be transmitted to the 70th
Legislative Assembly no later than January 15, 1999.

- 5) In carrying out its mission, the Task Force shall be supported by staff from the Office for Oregon Health Plan Policy and Research as directed by its Administrator, in consultation with the Task Force.
- 6) The Task Force shall cease to exist on December 31, 1998.

Done at Salem, Oregon this 29 day of July, 1997.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 14

AMENDS EXECUTIVE ORDER NO. EO - 96 -39

IT IS HEREBY ORDERED AND DIRECTED:

Section 1 of Executive Order No. EO 96 - 39 is amended to read:

“1) The Governor’s Council on Domestic Violence is hereby created. The Council shall consist of 13 members with twelve members appointed by the Governor as set forth below and the thirteenth member holding a seat by virtue of their office as set forth below. The Governor shall appoint a chair of the Council from among the 13 members.

Five of the Council’s 13 members shall consist of persons currently active in the domestic violence field, while six members shall consist of lay citizens with diverse backgrounds and experiences. The twelfth member of the Council shall be a member of the Oregon legislature. The thirteenth member of the Council shall be the State Health Officer. The composition of the Council shall reflect the multi-cultural composition of the state of Oregon to the greatest extent possible.”

Done at Salem, Oregon, this 20 day of June, 1997.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 13

YEAR 2000 PROBLEM

WHEREAS: The Year 2000 Problem pervades computer systems worldwide. Early computer programs were constrained to using only the last two digits of each year. As a result, two digit year codes are the norm in all kinds of software and equipment. As the Year 2000 neared, two digit year codes were recognized to be a major design flaw, in systems around the world. This flaw is commonly referred to as the *Year 2000 Problem*.

WHEREAS: If not corrected, the Year 2000 Problem will disrupt public services. The nature of the Year 2000 Problem varies among programs and computer types. Therefore, the damage it causes may take many forms. Flawed programs may mis-calculate dates, days of the week, years of age, or any passages of time. Some programs could cease to function. Others could delete records. Flaws in one program may cascade into other programs that utilize its flawed output. Essential public services could be disrupted.

WHEREAS: The solution is not quick or easy. Every state agency must search out the Year 2000 dating flaws in all its programs and equipment. While finding and fixing these flaws, the agencies must continue normal operations. All systems must be tested before they can be relied upon. In addition, agencies must protect their systems from potentially flawed data from other systems.

IT IS HEREBY ORDERED AND DIRECTED THAT:

- 1. Each agency of the state shall be responsible to find and fix the Year 2000 Problem in its essential systems.** Agencies shall also protect their essential systems from imports of other systems' data which are not Year 2000 compliant. Agencies shall make maximum practical use of existing resources. Each agency must prepare a plan for correction of the Year 2000 problem within its computer programs and equipment and submit that plan to the Department of Administrative Services.
- 2. Year 2000 solutions shall be a state priority.** To the extent it is practical to do so, each agency shall defer commencing new computer projects until acceptance of its Year 2000 plans by the Department of Administrative Services.

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- 3. State agencies shall purchase no new software, system, enhancement, or equipment that fails to meet Year 2000 standards unless its use will end by 2000.**
- 4. The Department of Administrative Services shall continue to coordinate the state's *Year 2000 Project*.** Among other coordination tasks, the department shall:
 - a) Set year 2000 compliance standards for the state.**
 - b) Require progress reports from each state agency that is not Year 2000 compliant.**
 - c) Analyze and coordinate any Year 2000 funding requests.**
 - d) Make quarterly progress reports to the Governor's Chief of Staff.**
- 5. Agencies shall report to the Department of Administrative Services such information as the department may require.**

Done at Salem, Oregon, this 12 day of April, 1997.

/S/ _____

John A. Kitzhaber, M.D.

GOVERNOR

/S/ _____

Phil Keisling

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 12

AMENDS EXECUTIVE ORDERS NO. EO 96 - 39, NO. 96 - 46.

IT IS HEREBY ORDERED AND DIRECTED:

A) Section 1 of Executive Order No. EO 96 - 39 is amended to read:

“1) The Governor’s Council on Domestic Violence is hereby created.

The

Council shall consist of 12 members with eleven members appointed by the Governor as set forth below and the twelfth member holding a seat by virtue of their office as set forth below. The Governor shall appoint a chair of the Council from among the 12 members.

Five of the Council’s 12 members shall consist of persons currently active in the domestic violence field, while five members shall consist of lay citizens with diverse backgrounds and experiences. The eleventh member of the Council shall be

a

member of the Oregon legislature. The twelfth member of the Council shall be the State Health Officer. The composition of the Council shall reflect the multi-cultural composition of the state of Oregon to the greatest extent possible.”

B) Section 2 of Executive Order No. EO 96 - 46 is amended to read:

“2) All state agency heads shall advise agency staff of the legal requirements of ORS 399.230, ORS 408.240-.290, ORS 652.250, 38 USC sec 4301 *et seq.*, and relevant provisions of the federal Uniformed Service Employment and Re-Employment Rights Act of 1994.”

Done at Salem, Oregon, this 10th day of March, 1997.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 11

CORRECTIONS FACILITIES SITING AUTHORITY

WHEREAS: 1. The Legislative Assembly during the 1995 regular session passed House Bill 2214, now codified at ORS 421.611, et seq.

WHEREAS: 2. House Bill 2214 established the Corrections Facilities Siting Authority and the process for nominating and establishing facilities.

WHEREAS: 3. ORS 421.616 requires the Governor to initiate the corrections facilities siting process established in this act.

IT IS ORDERED AND DIRECTED THAT:

1. The Department of Corrections shall begin the corrections facilities siting process set out in ORS 421.616 by nominating sites for the following:
 - a) A men's medium security complex, with a men's minimum security component and its future expansion in Jackson County.
 - b) A men's medium security complex, with a men's minimum security component and its future expansion in Lane County.
2. The process for nominating sites by the Department of Corrections and selecting and ranking sites by the Siting Authority, shall take no longer than approximately 120 days each from the issuance of this Executive Order.

Done at Salem, Oregon, this 29 day of January, 1997.

/S/ _____
John A. Kitzhaver, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 10

TOBACCO REDUCTION ADVISORY COMMITTEE

On November 5, 1996, Oregon voters passed Ballot Measure 44, resulting in an increase in the state tobacco tax. Of the total resultant tobacco tax revenue, 5.77 per cent is to be credited to the Tobacco Use Reduction Account and continuously appropriated to the Oregon Health Division to fund prevention and education programs designed to reduce cigarette and tobacco use.

This Executive Order creates the Tobacco Reduction Advisory Committee in order to assist the Oregon Health Division in crafting, analyzing, and prioritizing such programs which seek to reduce statewide tobacco use. It is essential that we achieve this goal, for the economic, health, and social costs attributed to tobacco use are substantial and inflict a needless toll upon our state and its citizens.

Tobacco use is linked to one quarter of all deaths in Oregon. It is the leading cause of preventable death in Oregon, accounting for more than four times the number of deaths from motor vehicle accidents, suicide, AIDS, and homicide combined. Mothers' use of tobacco is related to the occurrence of low-birth weight babies and infant deaths.

The direct costs of smoking in Oregon totaled over \$400 million in 1990, with 43% paid from public funds and 57% through private insurers and individuals. Employers bear the burden of indirect costs: tobacco-related illness led to over \$100 million in lost productivity during 1990. The 6500 Oregon deaths linked to tobacco in 1990 led to a further \$800 million in lost productivity.

In December, 1995, the Tobacco-Free Coalition of Oregon published the Oregon Statewide Prevention Plan. The Plan outlines goals, objectives, and strategies to reduce tobacco use and its impact on the health and economic well-being of Oregonians. It calls for a broad-based, comprehensive effort that involves state and local policy makers, the health care community, businesses, educators, parents, and children.

The Plan also provides the blueprint for allocation of tax revenues appropriated to the Health Division. Strategies outlined in the Plan have been found effective in other states and focus heavily upon changing public policy and community norms. The Plan shall

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serves as the strategic guide for the Committee as it seeks to reduce tobacco use in Oregon through the creation and implementation of specific programs aimed at the reduction of tobacco use.

The Tobacco Reduction Advisory Committee created by this Executive Order will be comprised of representatives from both private organizations and state agencies dedicated to the reduction of the harmful impact of Oregonians' tobacco use. The Committee will advise and assist the Health Division in the development and oversight of the Tobacco Prevention and Education Program. Prime among the Committee's goals is to assist the Health Division in establishing an outcome-oriented program which effectively decreases statewide tobacco use.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Tobacco Reduction Advisory Committee is created. The Committee shall be comprised of one representative from each of the following organizations and agencies as designated by the executive authority of the organization or agency:
 - a. the American Cancer Society;
 - b. the American Heart Association;
 - c. the American Lung Association;
 - d. the Oregon Association of Hospitals;
 - e. the Oregon Medical Association;
 - f. the Conference of Local Health Officials;
 - g. Oregon Health Systems in Collaboration;
 - h. the Tobacco-Free Coalition of Oregon;
 - i. the Office of Alcohol and Drug Abuse Programs;
 - j. the Department of Education;
 - k. the Governor's Office;
 - l. the Oregon Health Division;
 - m. the Oregon Public Health Association.

2. Representatives may be removed and replaced at the discretion of

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the executive authority of the organization or state agency which they represent. The Health Division may request such removal and replacement if the representative fails to attend meetings or otherwise participate in the Committee's work. Such a request by the Health Division shall be binding upon the respective representative's organization or agency.

3. The Health Division representative and a representative chosen by a majority of the Committee shall serve as co-chairs of the Committee.
4. The Health Division shall convene and staff the meetings of the Committee. The Committee shall meet a minimum of two times per year, with additional meetings held as deemed necessary by the Health Division.
5. The Committee shall
 - a. Review the goals, strategies, and desired outcomes of the tobacco prevention and education programs;
 - b. Review the implementation plan for the Tobacco Prevention and Education Program and accompanying budget of the Health Division;
 - c. Review Administrative Rules drafted by the Health Division dealing with tobacco reduction and advise the Health Division on any necessary or desirable amendments;
 - d. Review the biennial report mandated by Section 15 of Ballot Measure 44 prior to its submission to the Legislative Assembly and the Governor and advise the Health Division on any necessary or desirable amendments;

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- e. Review the overall effectiveness of tobacco use reduction programs and advise the Health Division on any necessary or desirable amendments.

Done at Salem, Oregon, this 30th day of January, 1997.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 09

DETERMINATION OF A STATE OF EMERGENCY IN COOS, CURRY, DOUGLAS, GILLIAM, HOOD RIVER, MARION, LINCOLN, LINN, MORROW, MULTNOMAH, POLK, SHERMAN, TILLAMOOK, UMATILLA, WASCO, WASHINGTON, WHEELER AND YAMHILL COUNTIES

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused a natural disaster of major proportions to the state highways system in Coos, Curry, Douglas, Gilliam, Hood River, Marion, Lincoln, Linn, Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wasco, Washington, Wheeler and Yamhill Counties. Beginning December 21, heavy rains caused flooding, landslides and erosion throughout these counties. This has resulted in damage to roads, bridges and private property totaling \$7,080,000.00.

These counties have certified that they have expended available resources and are seeking state resources in order to take essential protective measures, and assess damages in areas affected by flooding and landslides in order to mitigate the threat to public safety and alleviate emergency conditions.

IT IS HEREBY ORDERED AND DIRECTED:

1) The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect the recovery of transportation systems damaged by the state of emergency declared in this Order.

Done this 24th day of January, 1997 in Salem, Oregon.

/S/
John A. Kitzhaber, M.D.
Governor

ATTEST:

/S/
Phil Keisling
Secretary of State

EXECUTIVE ORDER NO. EO - 97 - 08

**DETERMINATION OF A STATE OF EMERGENCY IN COLUMBIA COUNTY
DUE TO SEVERE WEATHER AND FLOODING**

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Columbia County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Columbia County.

This order was made by verbal proclamation at 3:03 p.m. on the 3rd day of January, 1997, and signed this 9 day of January, 1997, at Salem, Oregon.

/S/

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 07

VOID THIS NUMBER

SJHintzen
503.378.6246

Governor's Legal Counsel Office
Rm 160. State Capitol
Salem, OR 97310

EXECUTIVE ORDER NO. EO - 97 - 06

CORRECTIONS FACILITIES SITING AUTHORITY

WHEREAS: 1. The Legislative Assembly during the 1995 regular session passed House Bill 2214, now codified at ORS 421.611, et seq.

WHEREAS: 2. House Bill 2214 established the Corrections Facilities Siting Authority and the process for nominating and establishing facilities.

WHEREAS: 3. ORS 421.616 requires the Governor to initiate the corrections facilities siting process established in this act.

IT IS ORDERED AND DIRECTED THAT:

1. The Department of Corrections shall begin the corrections facilities siting process set out in ORS 421.616 by nominating sites for a women's prison/intake center complex and its future expansion to be sited in Clackamas, Multnomah, or Washington county.

2. The process for nominating sites by the Department of Corrections and selecting and ranking sites by the Siting Authority, shall take no longer than approximately 120 days from the issuance of this Executive Order.

Dated this 7 day of January, 1997, at Salem, Oregon.

/S/_____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/_____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 05

**DETERMINATION OF A STATE OF EMERGENCY IN WALLOWA COUNTY
DUE TO SEVERE WEATHER AND FLOODING**

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Wallowa County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Wallowa County.

This order was made by verbal proclamation at 4:55 p.m. on the 2nd day of January, 1997, and signed this 2 day of January, 1997, at Salem, Oregon.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 04

DETERMINATION OF A STATE OF EMERGENCY IN BAKER COUNTY DUE TO SEVERE WEATHER AND FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Baker County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Baker County.

This order was made by verbal proclamation at 9:20 p.m. on the 1st day of January, 1997, and signed this 2 day of January, 1997, at Salem, Oregon.

/S/_____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/_____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 03

**DETERMINATION OF A STATE OF EMERGENCY IN JOSEPHINE COUNTY
DUE TO SEVERE WEATHER AND FLOODING**

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Josephine County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Josephine County.

This order was made by verbal proclamation at 5:45 p.m. on the 1st day of January, 1997, and signed this 2 day of January, 1997, at Salem, Oregon.

/S/_____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/_____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 02

DETERMINATION OF A STATE OF EMERGENCY IN LAKE COUNTY DUE TO SEVERE WEATHER AND FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Lake County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Lake County.

This order was made by verbal proclamation at 5:15 p.m. on the 1st day of January, 1997, and signed this 2 day of January, 1997, at Salem, Oregon.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 97 - 01

DETERMINATION OF A STATE OF EMERGENCY IN CLACKAMAS COUNTY DUE TO SEVERE WEATHER AND FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Clackamas County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Clackamas County.

This order was made by verbal proclamation at 12:45 p.m. on the 1st day of January, 1997, and signed this 2 day of January, 1997, at Salem, Oregon.

/S/_____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/_____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 48

**DETERMINATION OF A STATE OF EMERGENCY IN JACKSON COUNTY
DUE TO SEVERE WEATHER AND FLOODING**

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to severe weather that has caused major flooding in Jackson County. The county has certified that they have expended available resources and are seeking state resources to take essential protective measures, and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Jackson County.

This order was made by verbal proclamation at 6:20 p.m. on the 31st day of December, 1996, and signed this 2nd day of January, 1997, at Salem, Oregon.

/S/_____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/_____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 96 - 47

WILLAMETTE VALLEY LIVABILITY FORUM ADVISORY BOARD

WHEREAS on February 27, 1996, Governor Kitzhaber accepted the recommendation of a blue ribbon panel to create the Willamette Valley Livability Forum, and;

WHEREAS the result of several years of analysis and deliberation has determined that the Forum shall be a broad-based, voluntary effort to bring together members of the business community and private citizens, and;

WHEREAS the forum shall coordinate the efforts of local, state, and federal governments, in order to understand and shape the development of the Willamette Valley in the face of rapid growth, and;

WHEREAS the Forum shall educate leaders and citizens about development trends and interrelationships among communities in the Valley, and;

WHEREAS the Forum shall advise local and state officials on issues relating to the economic development and physical environment of the Valley, and;

WHEREAS the Forum shall encourage leaders and citizens to create, promote, and implement a shared vision for shaping the Valley's growth for the next 50 years, and;

WHEREAS the Forum will need assistance and direction in fulfilling these tasks,

THEREFORE,

IT IS HEREBY ORDERED AND DIRECTED:

1. There is established a Willamette Valley Livability Forum Advisory Board.
2. The Advisory Board shall provide advice regarding Forum meetings, review and guide the Forum work plan, and select additional Forum participants.
3. The Advisory Board shall consist of 12 voting members appointed by the Governor and serving at his pleasure. The 12 members shall serve for staggered, four-year terms, with four members' terms expiring on January 31, [1998] four members' terms expiring on January 31, 1999, and four

members' terms expiring on January 31, 2000. The Advisory Board may select additional, ex officio members as it deems proper.

4. The composition of the Advisory Board members and Forum participants shall consist of private citizens, elected and appointed officials, chief executive officers, members of boards of directors, and senior managers of the entities which they represent. Ex-officio members may include representatives of federal agencies which exercise a key role in the Willamette Valley.
5. In addition to the 12 Board members, the Governor shall serve as co-chair of the Advisory Board and shall appoint a member of the Advisory Board as the other co-chair. By virtue of his chairmanship, the Governor shall exercise full member rights with regard to Board participation and voting.
6. When a position on the Advisory Board becomes vacant, a nominating committee appointed by the co-chair of the Advisory Board shall develop a list of qualified nominees and submit them to the Governor, who shall fill the vacancy by appointment after due, yet not exclusive, consideration of said list.
7. The Advisory Board shall:
 - A. Select additional Forum participants from across the Valley which represent the private sector as well as industry groups, local and regional governments, educational institutions, concerned citizens and interest groups, and state agencies.
 - B. Guide the work of the Forum such that it includes:
 - i) Researching and evaluating livability and growth issues;
 - ii) Analyzing current development trends;
 - iii) Development of alternative development scenarios;
 - iv) Formulation of a vision of a preferred future for the Willamette Valley; and
 - v) Creation of recommendations to achieve elements of this vision and benchmarks to measure progress.

- C. Help integrate and focus existing efforts of local, state, and federal governments, research universities, and members of the private sector in order to lay a comprehensive framework for a vision livability for the Willamette Valley.
 - D. Discuss common concerns and issues, consider forecasted development trends, and articulate and promote a shared vision for enhancing the livability of the Willamette Valley.
8. The Willamette Valley Livability Forum Advisory Board may accept contributions of funds and assistance from the United States or its agencies, or from any other source, public or private, and agree to conditions thereon not inconsistent with the purposes of the Willamette Valley Livability Forum.
 9. Advisory Board members and Forum participants shall receive no compensation for their involvement in the activities of either group.
 10. This Executive Order shall remain in effect until amended or rescinded.

Done in Salem, Oregon, this 20th day of December, 1996.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO 96 - 46

SERVICE IN OREGON NATIONAL GUARD

Oregon requires the ability to maintain a well organized militia ready and able to assist Oregonians in the event of natural disasters and disturbances. The past year has seen widespread flooding and wildfires which place this need in sharp focus.

In addition to providing for a well organized militia, Oregon law requires that employers grant leaves of absence to employees who are members of the organized militia when called to service by the Governor for emergency purposes. Confusion over the operation of this provision of state law requires this Executive Order, which seeks to both reaffirm Oregon's commitment to its organized militia as manifested in laws protecting employees' National Guard service-rights, and clarify the operation of such laws.

This Order also serves to acknowledge the important commitment each member of the Oregon National Guard and other reserve components make so that the organized militia constitutes a ready force able to successfully fulfill federal and state requirements.

IT IS HEREBY ORDERED AND DIRECTED:

1. No officer, employee, or agent within the Executive Branch of State Government shall, in carrying out their duties, violate any law by discriminating against or harassing any member of a Oregon National Guard or reserve component in retaliation for, or because of, that member's attempts or efforts to fulfill military duty requirements.
2. All state agency heads shall advise agency staff of the legal requirement of ORS 399.230, ORS 408.240-.290, ORS 652.250, 34 U.S.C. sec 4301 *et seq*, and relevant provisions of the Uniformed Service Employment and Re-Employment Rights Act of 1994.
3. All state agency heads shall advise agency staff of the contents of this Executive Order and further undertake all necessary steps to ensure that its intent is both understood and implemented.

Done at Salem, Oregon, this 16th day of December, 1996.

/S/
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 45

DETERMINATION OF A STATE OF EMERGENCY IN LINCOLN, CLACKAMAS AND CURRY COUNTIES DUE TO LANDSLIDES AND FLOODING

Pursuant to ORS 401.055, I find that the state highway system has suffered damage due to landslides and flooding as a result of heavy rainfall beginning November 18, 1996. Local federal aid highways in Curry County have also sustained floods and landslide damage. Immediate repair and reconstruction of the highway system is vital for the safety of the traveling public and citizens in the affected areas of Lincoln, Clackamas and Curry Counties. These counties have expended available resources and are seeking additional resources to protect lives, assess the damage in areas affected by landslides and flooding, and to mitigate and alleviate hazardous conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Department of Transportation is authorized to seek federal highway assistance funds for repair and reconstruction in the recovery from this emergency.
3. All state departments, including the National Guard, shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Lincoln, Clackamas and Curry Counties.

Done at Salem, Oregon, this 10th day of December, 1996.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 44

**AMENDMENT TO EXECUTIVE ORDER NO. EO 96-43
RE: THE STATE OF EMERGENCY IN DOUGLAS COUNTY DUE TO FLOODING**

Pursuant to ORS 401.055, I am extending Executive Order 96-43, the declaration of a state of emergency in Douglas County to include general damages from flooding and landslides that have affected highway systems and property. There is imminent threat from forecasted wind and rain storms that could cause further damage. The county has expended available resources and are seeking additional resources to protect lives, assess damages in areas affected by flooding, and to mitigate the threat and alleviate hazardous conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Department of Transportation is authorized to seek federal highway assistance funds for repair and reconstruction in the recovery from this emergency.
3. All state departments, including the National Guard, shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in Douglas County.

This order was made by verbal proclamation at 2:24 p.m. on the 4th day of December 1996, and signed this 9th day of December, 1996.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

DETERMINATION OF A STATE OF EMERGENCY IN THE CITY OF CANYONVILLE, DOUGLAS COUNTY DUE TO FLOODING AND LOSS OF POWER

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to flooding and loss of power occurring in The City of Canyonville, Douglas County. The city has expended available resources and are seeking resources to take essential protective measures, protect lives and assess damages in areas affected by flooding to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected areas in The City of Canyonville, Douglas County.

This order was made by verbal proclamation at 5:15 p.m. on the 19th day of November, 1996, and signed this 20th day of November, 1996, at Salem, Oregon.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 42

DETERMINATION OF A STATE OF EMERGENCY IN COOS COUNTY DUE TO FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to flooding occurring in Coos County. The county has expended available resources and are seeking state resources to take essential protective measures and assess damages in areas affected by flooding and landslides to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected area of Coos County.

This order was made by verbal proclamation at 3:00 p.m. on the 19th day of November, 1996, and signed this 20th day of November, 1996, at Salem, Oregon.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

DETERMINATION OF A STATE OF EMERGENCY IN LANE COUNTY DUE TO FLOODING

Pursuant to ORS 401.055, I find that a threat to life, safety, and property exists due to flooding occurring in Lane County. The county has expended available resources, initiated mutual aid agreements, and are seeking assistance to provide resources, take essential protective measures, and to evacuate hazard areas including but not limited to the Mohawk, McKenzie, Coastal Fork of the Willamette and Siuslaw Rivers and numerous tributaries to mitigate the threat and alleviate emergency conditions. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED THAT:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to carry out this mission.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected area of Lane County.

This order was made by verbal proclamation at 11:08 a.m. on the 19th day of November, 1996, and signed this 20th day of November, 1996, at Salem, Oregon.

/S/ _____
John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

/S/ _____
Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 40

OREGON GEOGRAPHIC INFORMATION COUNCIL

Geographic information about the character and location of the state's human, economic, natural, and infrastructure resources, and the activities that affect and are affected by those resources, is essential to all levels of government in Oregon. Mapping, land records, and geographic information systems (GIS) are the primary tools for analyzing this information.

For these reasons, Executive Order No. EO 83 - 15 established the State Map Advisory Council; the Council was given additional responsibilities by Executive Order No. EO 87 - 11. Executive Order No. EO 89 - 16 charged the State Map Advisory Council with establishing a statewide GIS plan, establishing standards and procedures for digital map data, and providing direction to the State Service Center for Geographic Information Systems created by the Order. Executive Order No. EO 94 - 16 further revised the State Map Advisory Council, renamed the council to the Oregon Geographic Information Council, and broadened the representation to include the human resource and public safety agencies.

State agencies require access to complete, current and accurate geographic information as both human and natural resource policies become more complex. Furthermore, the completeness and accuracy of geographic information relies heavily on shared information between state, federal, and local governments. Consequently, further revision of the Oregon Geographic Information Council's appointed representation is now required.

Oregon requires leadership to ensure it maintains a consistent vision for geographic information activities within the state and between governments. Such leadership requires a forum to encourage participation and to facilitate sharing of information about all aspects of geographic information, including GIS, mapping, global positioning systems, satellite imagery, and desktop tools. Finally, the need to assure the wisest use of limited resources requires a central point for coordination and partnerships.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1. Executive Order No. EO 94 - 16 is hereby rescinded.

2. This executive order continues the Oregon Geographic Information Council (OGIC). The OGIC shall:
 - a. Provide leadership within state government regarding the accumulation, dissemination, analysis, and management of geographic information, including, but not limited to
 - i. Advocacy before the Oregon Legislative Assembly, United States Congress, county commissions, city councils, and the private sector;
 - ii. Exploration of “best practices” relating to geographic information, while determining if such practices are applicable to Oregon;
 - iii. Creation and promotion of a statewide mission for geographic information, and
 - iv. Direction of that statewide mission through work with the Legislative Assembly, the Information Reserve Management Council, and the Federal Geographic Data Exchange group.
 - b. Provide a statewide forum for all geographic information issues; in providing such a forum, the OGIC shall
 - i. Encourage the involvement of all parties potentially affected by geographic information issues;
 - ii. Function as the primary point of contact on discussions regarding geographic information issues affecting state agencies;
 - iii. Facilitate the free flow of information between interested parties.
 - c. Fulfill a policy, planning, and assessment role regarding geographic information issues, including
 - i. Conduct of an ongoing review of statewide geographic information

systems, as well as oversight of GIS Service Center Policy, in coordination and consultation with the Information Resources Management Division of the Department of Administrative Services;

- ii. Prioritization of geographic information initiatives;
- iii. Development of geographic information guidelines and standards to be adopted by the IRM Council.

- d. Promote coordination and partnerships among federal, state, and local government entities regarding geographic information issues.

3. The OGIC shall consist of representatives of the following state agencies, selected by the director of the respective agency:

- a. the Department of Agriculture, the Department of Corrections, the Employment Department, the Department of Environmental Quality, the Department of Fish and Wildlife, the Department of Forestry, Parks and Recreation Department, the Department of Human Resources, the Department of Transportation, the Department of Revenue, the Water Resources Department, and the Division of State Lands.

Additionally, the OGIC shall consist of

- b. the Manager of the State Service Center for GIS;
- c. two representatives of local governments, selected by the Oregon GIS Association;
- c. and a representative of one federal agency, appointed by the Interorganizational Resources Information Council.

All members shall serve at the pleasure of the respective appointing authority for terms of four years. Additionally, the OGIC shall encourage other interested state and federal agencies to participate.

4. The Director of the Department of Administrative Services shall appoint a Council member chair of the Council. The chair shall serve for such term or terms as the director shall determine. Additionally,

- a. The OGIC may establish standing committees and ad hoc work groups as needed to achieve its purposes and to ensure the continual involvement of local and federal agencies.
- b. The chair shall call the OGIC to meeting at least once per calendar quarter.
- c. The State Service Center for GIS shall provide staff assistance to the OGIC.
- d. No members of the OGIC shall receive compensation for their services.

5. This executive order continues the State Service Center for Geographic Information Systems; its purpose remains to coordinate statewide GIS projects, provide and administer a library of GIS data, and manage access to that data. The State Service Center for GIS shall:

- a. Develop and document statewide digital map-information set, as well as provide federal, state, county and local governments, and private sector actors access to that information.
- b. Provide technical support, GIS training, consultation, project support, and programming services to other state agencies.
- c. Coordinate with both state agencies and the private sector the maintenance, gathering, distribution, and licensing, where applicable, of geographic information.
- d. Provide for project support on cost recovery basis.
- e. Provide staff support to the Chair of the Council.

6. State agencies shall coordinate their land resources management, GIS, mapping, and other geographic information activities with the OGIC, the GIS Service Center, and other local and federal agencies. Where appropriate, state agencies shall:

- a. Create and maintain geographic data themes, and provide updates of that data to the Digital Map Library at the GIS Service Center on a schedule to be determined by the agency data administrator and the GIS data librarian at the GIS Service Center.
- b. Share information through the OGIC regarding projects involving geographic information and related systems technology.
- c. Coordinate with the OGIC and the GIS Service Center before making decisions about planning and development of projects involving the acquisition of geographic data, hardware, or software.
- d. Participate in the review and updating of an Oregon Geographic Information Council Plan and adhere to the policies and standards established in the plan.

7. The Information Resource Management Division, Department of Administrative Services, shall work with the OGIC to develop policies and guidelines to guide agency acquisition of geographic information, based upon, yet not limited to, the following considerations:

- a. the-cost effectiveness of computer hardware and software;
- b. compatibility with statewide needs;
- c. compliance with "open architecture" standards;
- d. whether or not agency acquisition or efforts duplicate the efforts of other agencies or the GIS Service Center.

EXECUTIVE ORDER NO. EO - 96 - 40
Page Six

Done at Salem, Oregon, this 24th day of October, 1996.

/S/
John A. Kitzhaber, M.D.
Governor

/S/
Phil Keisling
Secretary of State

GOVERNOR'S COUNCIL ON DOMESTIC VIOLENCE

An increasingly significant portion of criminal offenses in Oregon stem from domestic violence; its consequences are serious and visible. Fortunately, grassroots community organizations and both state and national advocacy groups have heightened awareness of domestic violence, removing the veil behind which domestic violence remained for so long due to the perception that it constituted solely a private, family, or women's matter best addressed through means other than public intervention.

Contrary to that perception, the effects of domestic violence are widespread, crossing all social, racial and ethnic boundaries. Failure to adequately and comprehensively respond to domestic violence threatens to impede Oregon's progress toward achieving its economic, housing, health, educational, community empowerment, and quality-of-life goals. Specifically, domestic violence impacts

Women. Domestic violence is directed toward women in nearly 95% of reported cases nationwide, hindering women's pursuit of their basic human rights.

Crime. During a six month period during 1995, Oregon law enforcement officers responded to 23, 247 domestic violence incidents. Furthermore, twenty percent of all homicides in Oregon from the period 1991-1995 were the result of domestic violence.

Housing. Forty-three percent of homeless women and children nationwide report domestic violence as the primary cause of their homelessness. In Oregon, approximately eighty percent of all domestic violence victims are unable to take advantage of shelter facilities due to those facilities' lack of space.

The economy. Nationwide, domestic violence costs American businesses an estimated three to five billion dollars annually in lost work time, increased health-care costs, higher employee turnover, and lowered worker productivity.

Drugs. Nationwide, forty-five percent of female alcoholics report a history of spousal battering; ninety percent of pregnant substance abuse users taking part in the Multnomah County Corrections' ADAPT programs are victims of either domestic violence or sexual assault.

Public health. Nationwide, spousal abuse accounts for one in five medical visits by women and thirty percent of all emergency room visits. Eight percent of pregnant women in the United States are battered during their pregnancies. These women are twice as likely to miscarry, and four times as likely to give birth to low-birth weight infants. One out of every four female suicide attempts in the United States is preceded by spousal abuse. Across America, domestic violence results in an estimated loss of \$100 million annually in abuse-related medical bills.

Education. With one in eight film scenes depicting an act of rape, our educational system must teach our children that violence toward women is unacceptable. In one nationwide study, eighty percent of high school students believed that a husband was justified in forcing his wife to engage in sexual relations.

Utilizing a grant from the State Justice Institute, the Oregon Judicial Department created the Oregon Domestic Violence Council in 1994. Under the direction of leading members of the Oregon judiciary and with the involvement of the Oregon Coalition Against Domestic & Sexual Violence, the Council developed a coordinated community, county, and state-wide response to domestic violence, as well as protocols for law enforcement, the judiciary, the educational system, local advocacy groups, and health professionals.

The Council formulated statewide needs-assessments, while compiling data and research on domestic violence. Ultimately, the Council provided the framework for the work that remains to be done, if Oregon is to respond effectively to domestic violence.

Without the Council, current levels of research will not alter the fact we lack sufficient information regarding the causes and effects of domestic violence. The Council provided the framework for such research, as well as the development of strategies to respond effectively to domestic violence, to occur.

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED:

1) The Governor's Council on Domestic Violence is hereby created. The Council shall consist of ten members, appointed by the Governor; the Governor shall appoint a chair of the Council from among the ten members.

Five of the Council's ten members shall consist of persons currently active in the domestic violence field, while the remaining five members shall consist of lay citizens with diverse backgrounds and experiences. The composition of the Council shall reflect the multi-cultural composition of the state of Oregon to the greatest extent possible.

Council members shall serve staggered terms; thus, initially, the terms of four member shall expire on November 1, 1998, the terms of three members shall expire on November 1, 1999, and the terms of the remaining three members shall expire on November 1, 2000. Thereafter, all members shall serve terms of four years' length.

The Council may add non-voting ex officio members, associate members, and subcommittees as it deems appropriate. No members of the Council, regardless of their status as voting members, ex officio members, associate members, or any other classification, are entitled to compensation for their services.

2) The Council shall establish procedures to ensure public input; such procedures shall include notice to both domestic violence-related groups and interested individuals of public meetings held at such time and places as the Council shall determine. However, as a body which reports solely to the Governor, the Council is not subject to Oregon's public meetings law.

3) Creation of the Council signals a statewide initiative targeting violence against women and children. The Council shall determine how the state might best work to support the development of a coordinated community, county, and state-wide response for the prevention of domestic violence and protection of domestic violence victims, and accordingly shall recommend strategies aimed toward the prevention and reduction of domestic violence.

4) Initially, the Council shall consider additions to the statewide needs assessment conducted by the Oregon Domestic Violence Council, including, but not limited to,

a) needs specific or unique to racial, ethnic, or rural communities, based in part on the incidence of domestic violence within those communities;

b) the cost of fully funding domestic violence services for all domestic victims and their children;

c) the need for changes in the manner in which the Law Enforcement Data System enters domestic violence reports so that the system reflects a unified, coherent database from which state-wide analysis is possible;

d) law-reform needs which become apparent after a review designed to assess how provisions of state statutory law, the Oregon Administrative Rules, and state substantive law relating to juvenile justice issues impact domestic violence; this review shall specifically focus upon ORS 133.055 and ORS 133.310(3), Oregon's mandatory arrest statutes.

5) The Council shall review current state and private work-place policies regarding domestic violence and work with public and private employers, as well as labor unions and other employee representatives, in order to improve those policies based upon the goals which underlay the Council's strategies to prevent and reduce domestic violence.

6) The Council shall review practices and training standards for medical health professionals, as well as members of other professions whose tasks and duties place them in frequent contact with persons involved in domestic violence. Upon review, the Council shall recommend practices and training standards which empower such professionals to act in furtherance of the Council's strategies to prevent and reduce domestic violence.

7) The Council shall submit an initial report which details its recommendations and updated statewide needs assessment, as well as generally stating its progress toward

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the goals, strategies, and directives of this Order, to the Governor by March 1, 1997; it shall submit a similar report by the same date every year thereafter.

Done at Salem, Oregon, this 24th day of October, 1996.

John A. Kitzhaver, M.D.
Governor

Phil Keisling
Secretary of State

EXECUTIVE ORDER NO. EO - 96 - 38

AFFIRMATIVE ACTION: REVIEW AND RENEWAL

WHEREAS the State of Oregon has long recognized the need to eliminate the effects of past and present societal discrimination based on race, religion, national origin, age, sex, marital status, and physical or mental disabilities in which it has played a passive or active role,

WHEREAS past Governors and legislatures have pronounced policies aimed at remedying these historical wrongs,

WHEREAS the increasing diversity of Oregon's population demands that we renew and extend these efforts in order to maintain our economic viability and provide a high quality of life for all our citizens,

WHEREAS past programs involving quotas and strict numerical goals based on race or gender have not only created resentment, but have contributed to the impression of unequal opportunity for some Americans,

WHEREAS in the ensuing debate, the original purpose of prohibiting race and gender discrimination has become lost,

WHEREAS the United States Supreme Court has applied a strict scrutiny analysis to many local government programs designed to remedy past instances of societal discrimination,

WHEREAS states are now required to document specific instances of societal discrimination within geographic areas and in sectors of the workforce before implementing programs designed to affirm equal opportunity,

WHEREAS the Court has recently extended this analysis to invalidate federal programs aimed at assisting racial minorities,

WHEREAS it is fair to say that a wholesale assault on governmental actions to rectify past racial discrimination is under way at the federal level,

WHEREAS the State of Oregon remains committed to the principle of ethnic and gender equity and will continue to implement non-discrimination and affirmative action policies where applicable,

WHEREAS the need to provide greater opportunity for Oregon's ethnic and racial minorities is well documented,

WHEREAS certain of our racial minorities continue to experience a quality of life far below the societal norm, as evidenced by rates of infant-mortality, unemployment, and incarceration noticeably above state and national averages, and by life-expectancy and high school graduation rates noticeably below state and national averages,

WHEREAS these conditions will only worsen unless all our citizens are assured of a bona fide stake in Oregon's economic opportunity,

WHEREAS affirming our commitment to equal opportunity is a courageous investment we must make to provide that stake,

WHEREAS policies which affirm equal opportunity address other areas of long term concern to Oregonians, such as

Safety: Police forces which reflect the societal composition of the communities they serve help make Oregon a safer place for all citizens by providing a very real and personal example to members of minority groups of their stake in the state's safety efforts.

Education: If Oregon's children are to remain our greatest resource, the makeup of the teaching profession should reflect the societal composition of the students themselves, as teachers often serve as the role models at risk children so desperately need.

Vulnerable Citizens: If citizens from groups which have historically experienced discrimination are employed at all levels of the Oregon workforce, the State of Oregon will be better able to meet the needs of its vulnerable population in two ways. First, such employment implies a definition of "equal opportunity" that will consider every factor necessary to determine which applicants can best serve the policies and progress of the state. Second, vulnerable citizens who are contributing members of the workforce can become a bridge of opportunity for other citizens, similarly situated, who may lack the resources to attain the stability and quality of life most Oregonians take for granted;

WHEREAS new constitutional requirements may represent an obstacle to proponents of affirmative action, they in fact offer an opportunity to strengthen, from both a legal and public policy perspective, our policies and strategies for affirming equal opportunity,

WHEREAS new programs based on and designed in response to specific, documented instances of discrimination will withstand the emotional criticisms which have compelled other states to abandon the notion of affirming opportunity, and will provide a sound basis for similar programs in the future,

WHEREAS a recent study conducted by the City of Portland shows that many Oregonians remain burdened by a history of unequal opportunity,

WHEREAS these very citizens can offer gifts of diversity which reach beyond the traditional measures of merit,

WHEREAS to deny those gifts a place in the rich fabric of this state and this nation will only reinforce societal stereotypes and will ultimately harm us all, since in a very real sense, a de facto system of racial preference already exists for large segments of the majority population,

WHEREAS these issues are not new, nor will they be easily resolved,

WHEREAS if the idea of individual opportunity, so vital to the spirit of the nation, is to retain any meaning at all, it must find expression in a system which considers social as well as educational and qualitative factors,

WHEREAS restructured programs to affirm equal opportunity will accomplish what “affirmative action” has been accused of undermining, namely, leveling the playing field of economic opportunity for all Oregonians,

WHEREAS our history, our Constitution, and our commitment to human progress demand no less,

THEREFORE, IT IS HEREBY ORDERED AND DIRECTED THAT:

1) All state agency directors and administrators of major divisions or institutions shall report to me the status and results of their affirmative action policies and programs. The reports shall be delivered to my Affirmative Action Director by February 1, 1997. The reports shall provide:

- a. The goals of each policy or program.
- b. The date it was last reviewed.
- c. A summary of its success or lack thereof.
- d. Any plans to change programs or policies to improve results.

2) All supervisory managers in all agencies shall have their affirmative action efforts and results evaluated as part of the evaluation of their job performance.

3) The departments of Transportation and Corrections shall work with my Advocate for Minority, Women, and Emerging Small Business and my Affirmative Action Director to increase minority and women representation in the construction activities of this state. They shall gather together key representatives of construction companies, the banking industry, and other key players in the economy to formulate a plan of voluntary efforts. The recent disparity study in the Portland area, transportation improvements, and the unprecedented expansion of prison construction now underway afford ideal opportunities to achieve fair and equal participation in our state's construction industries. My Advocate for Minority, Women, and Emerging Small Business shall direct and coordinate this effort for the state.

4) All state agency directors and administrators of major divisions or institutions shall report to me the status and results of their efforts to improve outreach efforts and increase contracting participation by non-traditional businesses. The reports shall be delivered to my Advocate for Minority, Women, and Emerging Small Business by September 1, 1997.

The reports shall provide:

a. A summary of the efforts employed to assist minority, women, and emerging small businesses to qualify for contract opportunities generally.

b. A summary of the efforts employed to increase the share of contract business for the agency that is provided by minority, women, and emerging small businesses and the results of those efforts.

c. Any plans to change programs or policies to improve results.

Done this 15th day of October, 1996, at Salem, Oregon.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Phil Keisling
SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 36

RESCISSION OF STATE OF EMERGENCY FOR THE STATE OF OREGON DUE TO SEVERE DROUGHT CONDITIONS IN CROOK, JACKSON, JOSEPHINE, JEFFERSON, DESCHUTES, GRANT, DOUGLAS, KLAMATH, SHERMAN, UMATILLA, AND MALHEUR COUNTIES

A state of emergency due to severe drought conditions was declared by the Governor for the counties of Crook, Jackson, Josephine, Jefferson, Deschutes, Grant, Douglas, Klamath, Sherman, Umatilla and Malheur in the following Executive Orders:

1. Executive Order No. EO-94-08 dated July 13, 1994 - Crook
2. Executive Order No. EO-94-09 dated July 26, 1994 - Jackson, Josephine, Jefferson, Deschutes
3. Executive Order No. EO-94-14 dated July 29, 1994 - Grant
4. Executive Order No. EO-94-15 dated July 29, 1994 - Douglas, Klamath, Sherman
5. Executive Order No. EO-94-17 dated September 27, 1994 - Umatilla
6. Executive Order No. EO-94-20 dated October 24, 1994 - Malheur

The 1994 drought conditions were resolved and these declarations are no longer necessary.

IT IS ORDERED AND DIRECTED:

1. Executive Order Nos. EO-94-08; EO-94-09; EO-94-14; EO-94-15; EO-94-17; and EO-94-20 are rescinded.

Done at Salem, Oregon this 18th day of September 1996.

GOVERNOR

Attest:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 35

OREGON MOUNTED GOVERNOR'S GUARD

For many years, an informal group of citizen horsemen was organized as the Governor's Mounted Posse. In 1971 then Governor Tom McCall officially recognized the Posse as the Governor's Mounted Guard in Executive Order 71-3. They have escorted the Governor or represented him at parades, rodeos, horseshows, fairs, and similar functions. They also have been available for special tasks involving maintenance of order at such functions. Their tireless and uncompensated efforts merit continued official recognition, as the official Mounted Governor's Guard.

The State of Oregon shall assume no financial responsibility for the Guard, and its members shall receive no compensation for expenses. However, the Governor may call on the Guard to escort him or represent him at public functions where the presence of mounted escorts or representatives is appropriate. The Governor also may call on the Guard, or any member thereof, to perform special tasks involved in maintenance of order, including crowd control, when the services of horsemen is appropriate. Therefore,

IT IS ORDERED AND DIRECTED:

That an Oregon Mounted Governor's Guard, is to carry on the functions formerly performed by the Governor's Mounted Posse. The members of the Guard shall be appointed by the Governor and serve at his pleasure, on the basis of their qualifications and their adherence to standards presented by the Governor.

Done at Salem, Oregon this 11th day of September 1996.

GOVERNOR

Attest:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 34

DETERMINATION OF A FIRE CONFLAGRATION IN JEFFERSON COUNTY

Pursuant to ORS 476.510-476.610, I find that threat to life, safety, and property exists due to a conflagration in Jefferson County on July 30, 1996 at 12:12 a.m. The following event has occurred for which State assistance has been requested:

It has been determined that a potential for loss of life or injuries exists, and there is a prospect for major property damage as a result of a fire known as "The Little Cabin Fire". The "Little Cabin Fire" is located nine miles south of Madras.

Assistance is needed and was formally requested by the Fire Defense Chief of Jefferson County, Oregon.

IT IS ORDERED AND DIRECTED:

The Oregon State Police and the Office of State Fire Marshall, shall mobilize fire resources statewide and coordinate with all appropriate Fire Defense Chiefs for the use of personnel and equipment to suppress and contain this fire.

This emergency is declared only for this specifically named fire in Jefferson County, which occurred on July 30, 1996.

This order is made by verbal proclamation at 12:12 a.m. on this 30th day of July, 1996.

Done at Salem, Oregon this 14th day of August 1996.

GOVERNOR

Attest:

SECRETARY OF STATE

DETERMINATION OF A STATE OF EMERGENCY DUE TO THE IMMINENT THREAT OF WILDFIRE

Pursuant to ORS 401.055, I find that a fire emergency exists due to imminent threat from wildland fires statewide. Current fires in several areas, the ongoing potential for thunderstorms with lightening strikes, and a predominant weather pattern indicated these conditions will not be significantly relieved in the near future. I hereby declare that a state of emergency exists.

IT IS ORDERED AND DIRECTED:

1. The Department of State Police Office through its Office of State Fire Marshal and Emergency Management of the State of Oregon is authorized to coordinate the use of state personnel and equipment of all State agencies for the performance of any activity designed to prevent or alleviate damage from the emergency. This includes, but is not limited to, the resources of the State of Oregon Military Department.
2. This determination of a fire emergency is statewide. It is not to be construed as a comprehensive declaration or proclamation of emergency for other purposes. It is limited to the use of state resources and the National Guard. Requests for resources must be submitted through the County governing body as required for other emergencies.
3. This order shall remain in effect until the threat is significantly relieved or the fire season ends.

This order was made by verbal proclamation at 1:00 p.m. the 12th day of August, 1996, and signed this 14th day of August, 1996, in Salem, Oregon.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 32

DISPUTE RESOLUTION STEERING COMMITTEE

WHEREAS 1. There is a need to develop an integrated public policy program for promoting the appropriate use of collaborative, problem-solving processes to resolve disputes involving the state of Oregon.

WHEREAS 2. A framework for coordination between the Governor's Office, the Department of Justice, the Oregon Dispute Resolution Commission and state agencies on dispute resolution activities would provide efficiencies in program delivery.

IT IS HEREBY ORDERED AND DIRECTED:

1. A Steering Committee comprised of the Governor's Dispute Resolution Advisor, the State Attorney General or designee, the chair of the Oregon Dispute Resolution Commission (ODRC) or designee, the Dispute Resolution Coordinator in the Department of Justice and a state agency member as appointed by the Governor is created to provide overall policy coordination with respect to use of collaborative processes with state government. The Committee will operate on the principles of consensus.
2. The Steering Committee shall develop an integrated plan to expand and deliver dispute resolution services throughout state government and make recommendation to the Governor to carry it out.
3. The Committee and the Executive Branch agencies shall work together to identify opportunities to use or expand use of dispute resolution programs and services by state agencies, the Department of Justice and the Dispute Resolution Commission.
4. The Steering Committee may establish an Advisory Committee to provide advice and recommendations to the Steering Committee on ways to integrate and coordinate dispute resolution programs of the state executive and judicial branches.

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5. The Governor or his designee will convene and chair the Steering Committee and Advisory Committee.

Done at Salem, Oregon this 14th day of August, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 31

CORRECTIONS FACILITY SITING AUTHORITY

WHEREAS: 1. House Bill 2114, passed by the Legislative Assembly during the 1995 regular session and is codified in Chapter 745, ORS 421.611, et seq.

WHEREAS: 2. House Bill 2214 established the Corrections Facility Siting Authority and the process for nominating and establishing facilities

WHEREAS: 3. ORS 421.616 requires the Governor to initiate the corrections facility siting process established in this act.

IT IS HEREBY ORDERED AND DIRECTED:

The Department of Corrections shall:

1. Begin the correction facility siting process set out in ORS 421.616 for nomination of sites.
2. Time lines for statute to begin effective July 8, 1996.
3. Provide media notice regarding the process and the sites nominated, including but not limited to publication in a newspaper of general circulation in the county or counties where the sites are located.

Done at Salem, Oregon, this 1st day of July, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 30

STATE/TRIBAL GOVERNMENT-TO-GOVERNMENT RELATIONS

There are nine federally recognized Indian tribal governments located in the State of Oregon. These Indian tribes were in existence prior to the formation of the United States of America, and thus retain a unique legal status. The importance of recognizing the relationship that exists between the tribes and state government can not be underestimated.

As sovereigns the tribes and the State of Oregon must work together to develop mutual respect for the sovereign interests of both parties. The relationships between our governmental structures can only be built through trust and mutual respect .

The purpose of formalizing the government-to-government relationship that exists between Oregon's Indian tribes and the State is to establish a process which can assist in resolving potential conflicts, maximize key inter-governmental relations and enhance an exchange of ideas and resources for the greater good of all of Oregon's citizens, whether tribal members or not.

IT IS ORDERED AND DIRECTED:

1. That the Governor's Legal Counsel, or such other person as the Governor may from time to time designate, shall be accountable to the Governor for the implementation of this Executive Order and be responsible for convening an annual meeting where representatives of the State and the nine federally recognized Oregon tribal governments will work together to achieve mutual goals.

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2. That the head of each Cabinet level department who is either appointed by the Governor or who reports to gubernatorial appointees and is made subject to this Order by the Governor (hereinafter “department”) shall be accountable to the Governor’s office for adopting a departmental State/Tribal Government statement that:
 - a. Recognizes that Oregon Indian tribal governments are interested in the development of state policy that affects tribal interests (hereinafter “state policy”) and recognizes the desirability of dialogue between tribal governments and the state, with regard to those state policies;
 - b. Identifies key personnel of the department as a “key contact[s]” responsible for coordination with tribal governments;
 - c. Establishes a process for the identification of those state policies by designated tribal representatives and key contacts ;
 - d. promotes dialogue between Oregon departments and tribal governments on those state policies ; and
 - e. That advances the government-to-government relationship by notifying staff and employees of this Executive Order.
3. Through the process established under this Executive Order the key contacts and designated tribal representatives shall identify issues of mutual concern arising from state policy. The departments and each tribal government shall make reasonable efforts to design solutions and develop programs to achieve mutual goals in relation to state policy.

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4. That each department shall recognize the opportunity to use a number of tools to achieve mutual cooperation including but not limited to use of cooperative agreements with Indian tribal governments as provided for in ORS 190.110 when it is appropriate to do so.
5. That each department shall provide key managers with periodic training which enables them to better recognize Indian issues and to understand and respect the legal status of tribal governments and of American Indians as citizens of Oregon who also have their own unique and distinct culture. It is important as well for the tribes to develop tribal training so its members will better understand the workings and process of state government. It is the hope of the state that these training's will enable the tribes and the state to learn about each other's cultures and improve our mutual ability to communicate our interests more clearly. The key contact and designated tribal representatives shall consult on the scope and content of training as well as the coverage of its cost.
6. That the departments shall work cooperatively to accomplish the goals of this order.

It is the hope of the state and the tribes that this executive order will result in improving the quality of communication between our sovereign governments. The tribes and the state recognize that this order cannot and is not intended to create a forum for resolution of all issues between the tribes and the state. Nor is it meant to replace presently existing lines of communications. Both the tribes and the state recognize that issues that are the subject of litigation or that are likely to become the subject of litigation are inappropriate for discussion in this process.

Nothing in this order shall require the state or any of its agencies to violate or ignore any laws, rules, directives or other legal requirements or obligations imposed by state or federal law including but not limited to state Public Records laws, Public Meetings laws and provisions of the state Administrative Procedures Act.

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This document has been adopted for the sole purpose of enhancing communication and mutual cooperation between the State of Oregon and the tribal governments and is not intended to, and does not, create any right to administrative or judicial review, or any other right or benefit or responsibility, substantive or procedural, enforceable by a party against the State of Oregon, its agencies or instrumentality's, its officers or employees, its subdivisions or any other persons.

Done at Salem, Oregon this 22nd day of May 1996.

GOVERNOR

Attest:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 29

DETERMINATION OF A STATE OF EMERGENCY IN WALLOWA COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Wallowa County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 13th day of February, 1996, and signed this 6th day of June, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 28

DETERMINATION OF A STATE OF EMERGENCY IN UMATILLA COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Umatilla County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 8th day of February, 1996, and signed this 30th day of April, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 27

DETERMINATION OF A STATE OF EMERGENCY IN LANE COUNTY DUE TO
HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Lane County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 8th day of February, 1996, and signed this 30th day of April, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 26

DETERMINATION OF A STATE OF EMERGENCY IN CLATSOP COUNTY DUE
TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Clatsop County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 8th day of February, 1996, and signed this 30th day of April, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 25

DETERMINATION OF A STATE OF EMERGENCY IN BENTON COUNTY DUE
TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Benton County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 8th day of February, 1996, and signed this 30th day of April, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 24

DETERMINATION OF A STATE OF EMERGENCY IN LINN COUNTY DUE TO
HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Linn County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 7th day of February, 1996, and signed this 30th day of April, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 23

DETERMINATION OF A STATE OF EMERGENCY IN TILLAMOOK COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Tillamook County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation on the 6th day of February, 1996, and signed this 30th day of April, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. 96 - 22

YOUTH SUICIDE PREVENTION TASK FORCE

Between 1990 and 1994, almost 200 Oregon youth committed suicide. During this time period, over 3000 suicide attempts were reported. Over the past 30 years, there has been a six-fold increase in the rate of suicide. While the greatest numbers of youth involved in these behaviors are urban youth, the rural areas of our state have a disproportionate representation of youth attempting or committing suicide.

We can no longer allow this tragedy to continue without doing our utmost to reduce this epidemic of suffering and loss. Each time this tragedy occurs, our state loses the potential of a life cut short. Each time we fail to prevent this tragedy, families suffer and our future is diminished. We will not fulfill our duty to our youth if we do not make every effort to reduce the factors that drive our young people to this most desperate act.

Those who are at risk of attempting or committing suicide suffer from a number of serious problems and situations. Mental illness, drug and alcohol abuse, domestic violence, and a history of experiencing child abuse or sexual abuse are all factors which contribute to this tragedy. The higher incidence of suicidal behaviors among gay, lesbian, and bisexual youth suggest that the social pressures surrounding nontraditional sexual orientations are also related to this growing problem.

To begin to stem this tide of tragedy, I am appointing a Governor's Task Force on Youth Suicide. The Task Force will be charged with developing an Oregon specific strategy for reducing suicide among our youth. The Task Force will begin meeting in February of this year and the preliminary report to me will be completed by October 1, 1996. The final written report to me and the Legislative Assembly will be completed by January 1, 1997. Therefore,

IT IS ORDERED AND DIRECTED:

1. The Governor's Task Force on Youth Suicide Prevention shall consist of thirteen members and shall be chaired by Laura Jeibmann, Executive Director of Metro Crisis. The Governor shall select the members of the Task Force. The Task Force shall receive expert support and technical assistance from broad-based work groups representing various interests and regions throughout the state.
2. The Task Force shall determine how the state can best work with and assist communities, government entities, families, churches, schools, health providers, community organizations and businesses in developing an implementing effective strategies for the prevention of suicide among our youth, ages 10-24 years.
3. All State Agencies who serve youth and families will participate on the Task Force and/or in an appropriate work group.

4. To accomplish this directive, the Task Force shall:

-- Identify effective suicide prevention programs and provide recommended strategies and guidelines on those programs to the agencies that have programs dealing with youth.

-- Recommend and prioritize strategies to educate and involve the public and the private sector in youth suicide prevention.

-- Identify and recommend ways to coordinate existing resources to effectively support local suicide prevention efforts targeted at at-risk youth including but not limited to: minority youth, physically and sexually abused youth, youth with nontraditional sexual orientation, youth with mental health problems, and youth affected by alcohol and drug abuse.

-- Identify and recommend ways to coordinate existing resources to effectively support local suicide prevention efforts targeted at at-risk youth.

-- Recommend methods to evaluate the effectiveness of suicide prevention programs.

-- Determine how the State can best collaborate with and assist families and community organizations to prevent youth suicide.

-- Recommend follow-up measures needed to deal with the problem of suicide in other demographic groups.

5. The Task Force shall consult with and collaborate with State and local bodies and people having an interest in youth suicide prevention. The Task Force shall establish procedures to ensure public input that shall include at a minimum public hearings in the various regions of the state.

6. At the conclusion of the steps outlined above, the Task Force shall prepare a report of its findings and make specific recommendations for changes in the applicable substantive and procedural laws, the allocation and use of available resources, and proposals for any additional programs and facilities. The final written report shall be presented to the Governor and Legislative Assembly by January 1 1997.

7. The members of the Task Force shall not be compensated for their services.

This order is made at 23rd day of March 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. 96-21

AMENDMENT TO EXECUTIVE ORDER NUMBER EO-96-17

Amend Executive Order No. 96-21 to show paragraph two as follows:

“This has resulted in damage to roads, bridges, and private property totaling \$600,000 dollars. Gilliam County roads are still closed or impassable as a result of this emergency. The county lacks adequate skilled and technical assistance to thoroughly assess the damage.”

to be amended as stated, this 15th day of May, 1996

GOVERNOR

Attest:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 20

DETERMINATION OF A STATE OF EMERGENCY IN DOUGLAS AND UNION
COUNTIES DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that severe weather in Douglas and Union Counties has caused a natural disaster of major proportions to the State Highway System. Beginning February 6, 1996 the State Highway System suffered damage due to landslides, downed trees and flooding as a result of extremely heavy precipitation in the preceding days. Immediate repair and reconstruction of the State Highway System is vital to the security, well-being and health of the citizens in the affected counties.

IT IS ORDERED AND DIRECTED:

1. The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect recovery from this emergency.

This declaration is specifically limited to the affected areas in Douglas and Union Counties.

This order is made at 23rd day of March 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 19

DETERMINATION OF A STATE OF EMERGENCY IN WHEELER COUNTY DUE
TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Wheeler County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 4:05 pm on the 8th day of March, 1996, and signed this 11th day of March, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 18

DETERMINATION OF A STATE OF EMERGENCY IN COOS COUNTY DUE TO
HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Coos County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 10:30 am on the 27th day of February, 1996, and signed this 14th day of March, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. 96 - 17

DETERMINATION OF A STATE OF EMERGENCY IN GILLIAM
COUNTY DUE TO FLOOD DAMAGE

Pursuant to ORS 401.055, I find that severe flooding in Gilliam County has caused a natural disaster of major proportions to the State Highway System. Beginning February 6, 1996, heavy rains and rapid snow melt caused flooding landslides, and erosion throughout Gilliam County.

This has resulted in damage to roads, bridges, and private property totaling \$600,000 dollars. Gilliam County roads are still closed or impassable as a result of this emergency, and the county lacks adequate skilled, technical to thoroughly assess the damage.

IT IS ORDERED AND DIRECTED:

1. The Oregon Department of State Police, Emergency Management Division shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment, including the Oregon National Guard, to assess, alleviate, or mitigate damage caused by this emergency.
2. The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect recovery from this emergency.

This order is made by verbal proclamation this 16th day of February, 1996.

John A. Kitzhaber, M.D.
GOVERNOR

ATTEST:

Phil Keisling
SECRETARY OF STATE

Amends EO-96-01

EXECUTIVE ORDER NO. EO-96-16

GOVERNOR'S TASK FORCE ON JUVENILE CRIME PREVENTION

In Executive Order No. EO-96-01 the Governor's Task Force on Juvenile Crime Prevention was established with a 15 member maximum limitation. This amendment will allow the Governor to appoint additional members as deemed appropriate.

IT IS ORDERED AND DIRECTED:

The Governor shall select additional members to the Governor's Task Force on Juvenile Crime Prevention as deemed appropriate.

Done at Salem, Oregon this 27th day of February, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 15

DETERMINATION OF A STATE OF EMERGENCY IN JEFFERSON COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Jefferson County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 11:50 pm on the 12th day of February, 1996, and signed this 14th day of February, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 14

DETERMINATION OF A STATE OF EMERGENCY IN SHERMAN COUNTY
AND THE WARM SPRINGS RESERVATION DUE TO HEAVY RAINS AND
SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Sherman County and the Warm Springs Reservation. The Counties and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 10:27 pm on the 7th day of February, 1996, and signed this 12th day of February, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 13

DETERMINATION OF A STATE OF EMERGENCY IN MORROW COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Morrow County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 2:50 p.m. on the 8th day of February, 1996, and signed this 12th day of February, 1996.

GOVERNOR

ATTEST:

Michael Greenfield
Deputy Secretary of State

EXECUTIVE ORDER NO. EO - 96 - 12

DETERMINATION OF A STATE OF EMERGENCY IN MARION, POLK AND
YAMHILL COUNTIES DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Marion, Yamhill and Polk Counties. The Counties and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 11:30 a.m. on the 7th day of February, 1996, and signed this 7th day of February, 1996.

GOVERNOR

ATTEST:

Michael Greenfield
Deputy Secretary of State

EXECUTIVE ORDER NO. EO - 96 - 11

VOID THIS NUMBER

SJHintzen
503.378.6246

Governor's Legal Counsel Office
Rm 160, State Capitol
Salem, OR 97310

EXECUTIVE ORDER NO. EO - 96 - 10

DETERMINATION OF A STATE OF EMERGENCY IN COLUMBIA COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Columbia. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 7:40 p.m. on the 7th day of February, 1996, and signed this 7th day of February, 1996.

/S/ _____
GOVERNOR

ATTEST:

/S/ _____
Michael Greenfield
Deputy Secretary of State

EXECUTIVE ORDER NO. EO - 96 - 09

DETERMINATION OF A STATE OF EMERGENCY IN HOOD RIVER COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Hood River. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 7:29 p.m. on the 7th day of February, 1996, and signed this 7th day of February, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 08

DETERMINATION OF A STATE OF EMERGENCY IN LINCOLN COUNTY DUE
TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Lincoln County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 5:44 p.m. on the 7th day of February, 1996, and signed this 7th day of February, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 07

VOID THIS NUMBER

SJHintzen
503.378.6246

Governor's Legal Counsel Office
Rm 160. State Capitol
Salem, OR 97310

EXECUTIVE ORDER NO. EO - 96 - 06

DETERMINATION OF A STATE OF EMERGENCY IN MULTNOMAH COUNTY
DUE TO HEAVY RAINS AND SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Multnomah County. The County and the cities have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected county.

This order was made by verbal proclamation at 3:25 p.m. on the 7th day of February, 1996, and signed this 7th day of February, 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. 96 - 05

DETERMINATION OF A STATE OF EMERGENCY IN WASHINGTON,
CLACKAMAS, WASCO, POLK COUNTIES DUE TO HEAVY RAINS AND
SUBSEQUENT FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to flooding occurring in Washington, Clackamas, Wasco, Polk Counties. These counties have expended their available resources, initiated mutual aid agreements, and are seeking assistance to implement measures to mitigate the threat and alleviate emergency conditions.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected counties.

This order was made by verbal proclamation at 10:20 a.m. on the 7th day of February, 1996, and signed this 7th day of February at Salem, Oregon.

John A. Kitzhaber, M.D.
Governor

ATTEST:

Phil Keisling
Secretary of State

EXECUTIVE ORDER NO. 96-04

DETERMINATION OF A STATE OF EMERGENCY AFFECTING STATE FACILITIES DUE TO HEAVY RAINS AND FLOODING

Pursuant to ORS 401.055, I find that a threat to safety and property exists due to flooding. There is threat of flooding to state facilities and a need to transport essential equipment and supplies, and to implement flood-fight measures to mitigate the threat and alleviate emergency conditions.

IT IS HEREBY ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to state facilities in specific areas.

This order was made by verbal proclamation at 8:50 a.m. on the 6th day of February, 1996, and signed this 6th day of February at Salem, Oregon.

/S/ _____
John A. Kitzhaber, M.D.
Governor

/S/ _____
Michael Greenfield
Deputy Secretary of State

GOVERNOR'S TASK FORCE ON GAMING

Oregon has recently experienced a recent rapid growth in gambling within the state. This growth has occurred both in the development of the state Lottery and with the growth of Indian gaming centers. As this has been happening we as a state have not taken the time to develop a clear and open-eyed policy with regard to the state's increasing involvement in gaming activities.

Oregon requires a clear policy on the effect and future of gaming. While Oregonians clearly enjoy the recreational pleasures of gambling, they just as clearly do not want the possible negative effects of gambling that in other states has included drug-related crimes and property-crimes.

While Lottery and gaming proceeds do provide funds for charitable activities, education, and economic development, Oregon cannot become so dependent upon gaming funds that their economic pressures dictate state fiscal policy. As an example the recent special legislative session was called, in part, to address a downturn in Lottery revenues which could have adversely affected K-12 education funding. This reflects a disturbing trend that we must consider.

The high quality of life which Oregonians enjoy requires careful maintenance and sound planning. It also requires us to make good public policy decisions based on what is best for Oregon. We must ask ourselves if this growing reliance on such an unstable form of revenue serves this purpose.

At the same time we have seen the phenomenal growth of gaming centers operated by Oregon Indian tribes. As Governor I appreciate the need for economic development and self-sufficiency among the tribes. But these centers have an impact on the fabric of life in Oregon that has yet to be determined. We can not arrive at a clear vision of the future of gaming in Oregon without considering the impact of this industry's development in the state.

It is time for the state to ask the hard questions about the presence and role of gambling in this state. We must come to a common understanding about its relation to our goals as a state.

Therefore,

IT IS HEREBY ORDERED AND DIRECTED:

1. There is appointed a Governor's Task Force on Gaming.
2. The Governor's Task Force shall examine the issues related to the presence of gaming in Oregon. The Task Force shall include a review of current state and local policies on gaming. Specifically, the Task Force shall include in its final report a review of the social and economic effects of gaming, criminal gaming activity, the amount of revenues generated by both legal and illegal gaming, the character and effects of competition between gambling activities and the entities that conduct gaming activities, and the effect of gaming upon participants.
3. The Task Force shall recommend to the Governor policy options on gaming in Oregon. The Task Force shall suggest any changes in the constitution, laws, or administrative rules of the State that the it considers appropriate to implement proposed policies. The Task Force shall address three broad areas of concern including but not limited to the following subjects:

Public Policy:

- Assess the impact of the growth of gambling on Oregon families and communities.
- Determine the implications of expanding the current scope of gaming.
- Determine whether, and if so, how, the Lottery should expand to account for current revenue shortfalls.

Revenue:

- Assess the economic impact of gaming upon the state and local governments including law enforcement agencies.
- Analyze the growing dependence of the state on lottery profits within the state budget.
- Assess the viability of continued lottery profits as a key element of state fiscal planning..

Regulatory:

- Review and assess the effectiveness of current state gambling regulatory policy.
- Review the effectiveness of the criminal justice system to deter and combat illegal gambling.
- Explore regulatory options available to the state to improve regulation of gaming activities.

I appoint the following individuals to the Governor's Task Force:

Ted Kulongoski, Attorney General, Salem
Brady Adams, State Senator, Grants Pass
Ron Cease, State Senator, Portland
Tony Corcoran, State Representative, Cottage Grove
Bob Repine, State Representative, Grants Pass
LeRon Howland, Superintendent, Oregon State Police, Salem
Bruce Thomas, Confederated Tribes of the Grande Ronde, Grande Ronde
Janet Towle, Lottery Commissioner, Eugene
Mike Schwartz, Lottery Commission, Eugene
Gretchen Pierce, Economic Development Commissioner, Eugene
Ellen Lowe, Ecumenical Ministries of Oregon, Portland
Helen Berg, Mayor, City of Corvallis
Mike McArthur, Sherman County Commissioner, Moro
Ozzie Rose, Confederation of Oregon School Administrators, Salem

Executive Order No. EO-96-03

Page Three

My Legal Counsel, Henry H. Lazenby, Jr., shall serve as an ex officio member of the Task Force.

I appoint the Attorney General chair of the Task Force. The Chair of the task force may establish such subcommittees as he sees fit to assist the task force in making its findings. Membership in the subcommittees shall not be limited to task force members.

The Task Force shall report its findings and recommendations to me by July 1, 1996.

Done at Salem, Oregon this 5th day of February, 1996

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 96 - 02

DETERMINATION OF A STATE OF EMERGENCY IN UNION COUNTY DUE
TO ICE-JAM FLOODING

Pursuant to ORS 401.055, I find that a threat to life and safety exists due to ice-jam flooding occurring in the city of Union and nearby areas of Union County. The city and county have expended their available resources, initiated mutual aid agreements, and are seeking assistance to transport needed equipment and supplies, and to implement flood fight measures to mitigate the threat and alleviate emergency conditions.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess, alleviate, or mitigate conditions caused by this emergency.
2. The Oregon National Guard, in coordination with the Office of Emergency Management, shall provide essential assistance that is deemed necessary to assess, alleviate, or mitigate the threat which is a direct result of existing conditions.
3. All state departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This declaration is specifically limited to the affected area in Union County.

This order was made by verbal proclamation at 3:53 p.m on the 4th day of February 1996, and signed this 5th day of February 1996.

GOVERNOR

ATTEST:

SECRETARY OF STATE

GOVERNOR'S TASK FORCE ON JUVENILE CRIME PREVENTION

In January 1994, Governor Barbara Roberts issued Executive Order 94-01, which called for "a comprehensive, substantive review of Oregon's response to juvenile crime." The basic policy and structure of the state's juvenile code had undergone no significant review or amendment since 1959, and there was mounting evidence and citizen concern that the existing juvenile justice system was not working. Arrest rates for juvenile violent crimes had increased dramatically, there had been a recent tenfold increase in the number of juveniles in custody for homicides and a doubling of those in custody for sex offenses. Youth gang activity and juvenile drug and firearm offenses were no longer problems only of the state's metropolitan areas, but were evident throughout the state.

The Executive Order established the Governor's Task Force on Juvenile Justice and directed the Task Force to:

1. Undertake a comprehensive review of Oregon's juvenile justice system;
2. Identify the components that were working and those that were not; and
3. Prepare a report of its findings and make specific recommendations for changes in the system.

The Attorney General chaired the nine-person Task Force, whose members included the President of the Oregon Senate, law enforcement officials, a business executive, two judges, a law professor, and a practicing lawyer. The full Task Force, its four subcommittees, and six special subcommittees and work groups, met 52 times over 11 months. In January 1995, the Task Force issued its Final Report, which proposed fundamental changes in the philosophy, structure, and practices of the state's juvenile justice system. These proposed changes were submitted to the 1995 legislature as Senate Bill 1. After careful study and review and after amending the bill where appropriate, the Legislature enacted Senate Bill 1 by an overwhelming majority, and on June 30, 1995 the bill became law.

The major components of the reform initiated by Senate Bill-1 include: (1) a statement of policy that in delinquency cases, the purposes of the juvenile justice system are protection of the public, reduction of delinquency, and fair and impartial adjudication and disposition; (2) creation of the Oregon Youth Authority as a new department to administer juvenile corrections programs and facilities; (3) establishment of a multi-tier juvenile corrections system, including up to five regional secure facilities (with space reserved for county detention) and up to eight regional boot camps; (4) provisions for state/county cooperation and contracting in the administration and provision of juvenile corrections programs; (5) implementation of Ballot Measure 11 as applied to juveniles by demarcating juvenile court and adult court jurisdiction, clarifying charging and prosecution procedures, and providing for prosecution and sentencing for lesser-included and same-transaction offenses; (6) authorization for judicial sentence review for juveniles convicted in adult court of non-Measure 11 offenses; (7) authorization for waiver to adult court for 12-14 year olds charged with certain violent felonies; (8) requires registration for juvenile sex offenders; (9) requires fingerprinting and photographing of juveniles in delinquency cases; (10) establishes criteria to be applied in determining dispositions in delinquency cases; (11) restricts the use of informal dispositions in delinquency cases and provides standards for juvenile court dismissal of delinquency petitions; (11) extends from age 21 to age 25 the maximum period for juvenile court jurisdiction; and (12) authorizes preadjudication detention of juveniles in possession of firearms.

The enactment of Senate Bill 1 is a major first step in the reevaluation and reform of Oregon's juvenile justice system. It provides a blueprint -- a beginning framework -- for the work that remains to be done, if we are to respond effectively to the juvenile crime that confronts us now and develop strategies and programs to prevent it in the future. The findings and proposals of the Governor's Task Force on Juvenile Justice and the legislative process that resulted in the enactment of Senate Bill 1 make it clear that there is much more to be done and that all of the institutions of our society, especially the family, schools, churches and other community organizations must be a part of that work.

There is a continuing need to assist local communities in developing juvenile crime prevention plans, incorporate juvenile crime prevention into the State's public safety plan, and review and assess the implementation of Senate Bill 1.

IT IS ORDERED AND DIRECTED:

1. The work of the Governor's Task Force on Juvenile Justice, created by Executive Order 94-01, shall be continue by the newly-created Governor's Task Force on Juvenile Crime Prevention. The Task Force shall consist of no more than 15 members and shall be chaired by the Attorney General. The Governor shall select the members of the Task Force.

The Task Force may add non-voting ex-officio members, associate members, and subcommittees as it deems appropriate. The Task Force shall seek to include a variety of professions in its activities.

2. The Task Force shall determine how the state can best work with and assist communities, including government entities, families, churches, schools, community organizations, and businesses in developing and implementing effective strategies for the prevention of juvenile delinquency and the protection and guidance of the children of Oregon. The Task Force shall identify conflicts or gaps among programs, agencies or services, and make recommendations on how to resolve them.
3. The Task Force shall act in consultation with local Commissions on Children and Families and with Local Public Safety Coordinating Councils to develop and coordinate a comprehensive juvenile crime prevention strategy for the State and for each community within the State. To accomplish this directive, the Task Force shall:
 - Identify effective crime prevention programs, provide information on those programs to local commissions and public safety coordinating councils, and provide other assistance to those bodies in developing local crime prevention plans.
 - Recommend and prioritize strategies to educate and involve the public and the private sector in juvenile crime prevention activities.
 - Identify and recommend ways to coordinate existing resources to effectively support local crime prevention efforts targeted at at-risk and crime-involved juveniles.
 - Recommend methods to evaluate the effectiveness of crime prevention programs.

- Determine how the State can best collaborate with and assist families and community organizations to prevent delinquency and to protect and guide children.
4. The Task Force shall review and assess the implementation and effectiveness of Senate Bill 1, as enacted by the 1995 Oregon Legislature. To accomplish this directive, the Task Force shall:
 - Review the provisions of ORS Chapters 419A, 419B, and 419C in light of the policy stated in Section 1a of Senate Bill 1.
 - Review and assess the adequacy of state and local facilities for pre-adjudication and post-adjudication detention of delinquent youth.
 - Continue to identify the state and local programs (both public and private) that work with or treat delinquent youth, assess the capabilities and effectiveness of the programs, and recommend whether additional or different programs are necessary.
 5. The Task Force shall determine whether new laws restricting possession or use of firearms by juveniles would be effective in reducing youth violence.
 6. The Task Force shall consult and collaborate with State and local bodies and people having an interest in juvenile crime prevention and the juvenile justice system. In addition, the Task Force shall establish procedures to ensure public input that shall include public hearings at such times and places as the Task Force may determine.
 7. At the conclusion of the review outlined above, the Task Force shall prepare a report of its findings and make specific recommendations for changes in the applicable substantive and procedural laws, the allocation and use of available resources, and proposals for any additional programs and facilities. The report shall be presented to the Governor by September 1, 1996.
 8. Members of the Task Force shall not be compensated for their services.

Done at Salem, Oregon this 17th day of January, 1996.

EXECUTIVE ORDER NO. EO - 96 - 1

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GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 20

In Executive Order No. EO-95-19 an emergency was declared under the authority of ORS 401.055. The storm has left substantial areas of Oregon without electrical power. This represents a significant danger to the health and welfare of many Oregonians.

Utility companies from neighboring states have offered to assist in the extensive repair effort currently under way. However, certain Oregon laws are hindering their ability to help in mitigating the effects of the emergency declared by EO 95-19. Therefore,

IT IS ORDERED AND DIRECTED:

1. Under the power granted me in ORS 401.095, I find that the following statutes are inconsistent with the purposes of ORS 401.065 through 401.085 and shall be deemed inoperative for all out of state vehicles assisting in the emergency, as long as the emergency exists:

ORS 767.025; ORS 767.195 ; ORS 767.155; ORS 767.775; ORS 767.805; ORS 767.815 .

2. All State Departments are directed to suspend efforts to enforce these provisions during this emergency.

This Executive Order is declared and orders made this ____th day of December, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 19

DETERMINATION OF A STATE EMERGENCY
DUE TO SEVERE HIGH WINDS AND RAIN

Pursuant to ORS 401.055, I find that threat to life and safety exists due to a major storm consisting of high levels of both sustained winds with larger gusts and rain. This event occurred on December 12, 1995 throughout Western Oregon. The storm has impacted the state's infrastructure systems and caused significant damages affecting individuals and businesses.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to access, alleviate, or mitigate damage caused by this emergency.
2. Individuals and units of the Oregon National Guard are ordered to state active duty as deemed appropriate by the Adjutant General for emergency response operations. Additionally, the Oregon National Guard shall provide essential assistance that is deemed necessary to support this effort.
3. All State Departments shall coordinate requests and deployment of resources through the State Emergency Coordination Center.

This emergency is declared and orders made this 12th day of December, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. 95 - 18

DETERMINATION OF A STATE OF EMERGENCY IN CLATSOP AND
CLACKAMAS COUNTIES DUE TO FLOODING CAUSED BY SEVERE WEATHER

Pursuant to ORS 401.055, I find that severe weather in Oregon's northwestern counties has caused a natural disaster of major proportions to the State Highway System.

Continuing rain and the severe storm on November 27, 1995, caused damages to roads in Clatsop and Clackamas Counties.

A slide has occurred on the Oregon Coast Highway in Clatsop County at Milepoint 27.0. In Clackamas County, the Roaring River Bridge at milepoint 41.5 has failed due to foundation scour caused by extremely high stream flow.

Immediate repair and reconstruction of the state highways and county roads is vital to the security, well-being, and health of the citizens in the affected areas.

This emergency declaration is not being made, at this time, for the purpose of seeking FEMA disaster relief funds.

IT IS ORDERED AND DIRECTED:

1. The Oregon Department of State Police, Emergency Management Division shall coordinate all requests for technical assistance from impacted local jurisdictions.

2. The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect recovery from this emergency.

Done at Salem, Oregon this 6th day of December, 1995.

/S/
GOVERNOR

ATTEST:

/S/
DEPUTY SECRETARY OF STATE

EXECUTIVE ORDER NO. EO. - 95 - 17

GOVERNOR'S TASK FORCE ON STATE EMPLOYEE HEALTH BENEFITS

Passed by the Legislative Assembly during its 1995 regular session, Senate Bill 769 proposed the merger of the two bodies currently responsible for purchasing health insurance coverage for state employees, namely, the State Employees Benefit Board (SEBB), and the Bargaining Unit Benefit Board (BUBB). While unable to support the final bill, I do believe that the creation of one board responsible for the purchase of employee health benefits offers the most effective way of assuring that the State of Oregon provides its employees with quality and affordable benefits in a competitive marketplace.

Oregon will benefit from a task force advising how the state best proceed toward that goal.

IT IS ORDERED AND DIRECTED:

- 1) There is established a State Employee Health Benefits Task Force, consisting of 7 members appointed by the Governor. The members shall serve at the Governor's pleasure.
- 2) I hereby appoint the following persons to the Task Force:

Senator Gene Derfler

Representative Ken Strobeck

Jim McIntosh (Manager, SEBB)

Cheryl Willcoxon (Administrator, BUBB)

Chuck Mendenhall (BUBB Board Member)

Diane Lovell (SEBB Board Member)

Vickie Gates (Oregon Health Plan Administrator)

- 3) I appoint Vickie Gates, Oregon Health Plan Administrator, as chair. The members of the Task Force shall elect a vice-chair.

- 4) The Task Force shall make a report to the Governor by April 1, 1996. The Task Force report shall set forth the best plan for a consolidated board to purchase state employee benefits, including any proposed legislation to be submitted to the 1997 session of the Legislative Assembly. The plan shall achieve economic and administrative efficiency for both the state and its employees, build on the strengths of the existing boards, and promote an effective role for the new structure in the Oregon health care marketplace.

Done at Salem, Oregon, this 5th day of December, 1995.

GOVERNOR

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 16

DETERMINATION OF A STATE OF EMERGENCY IN TILLAMOOK AND
YAMHILL COUNTIES DUE TO LANDSLIDES CAUSED BY SEVERE WEATHER

Pursuant to ORS 401,055, I find that severe weather in Tillamook and Yamhill counties has caused a natural disaster of major proportions to the State Highway System. Beginning November 10, 1995, approximately six inches of rain fell within a 24-hour period at some recording stations within the area. This extremely heavy rainfall resulted in landslides on federal-aid highways.

Approximately 250,000 cubic yards of material slid at Milepoint Z 45.4 of the Oregon Coast Highway in Tillamook County. The highway is currently closed.

The Three Rivers Highway dropped approximately four feet at Milepoint 13.5 due to a slide in Yamhill County. Temporary repairs have been made and the highway has been re-opened to traffic.

Continuing rain and another severe storm on November 27, 1995, caused additional damages to roads, including the Wilson River Highway and the Trask River Highway. Immediate repair of the Oregon Coast Highway and reconstruction of both these federal-aid highways is vital to the security, well-being, and health of the citizens in the affected area.

IT IS ORDERED AND DIRECTED:

1. The Oregon Department of State Police, Emergency Management Division shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment, including the Oregon National Guard, to assess, alleviate, or mitigate damage caused by this emergency.
2. The Oregon Department of Transportation shall provide appropriate assistance and seek federal resources to effect recovery from this emergency.

This order is made by verbal proclamation this 28th day of November, 1995.

GOVERNOR

ATTEST:

DEPUTY SECRETARY OF STATE

EXECUTIVE ORDER NO. 95-15

OREGON TELECOMMUNICATIONS FORUM COUNCIL

The telecommunications infrastructure is a critical enabling technology for the economic, social, and cultural benefits of the rapidly increasing global exchange of information. However, telecommunications is primarily a market-driven infrastructure based upon private sector investment and deployment of a wide array of technologies by a wide range of providers. Consequently, Oregon needs to establish an on-going state-wide planning process to take advantage of the existing telecommunications infrastructure and to stimulate demand to encourage and enable long-term innovation and improvement. Our long-term goal should be to assure that affordable access to the information necessary for Oregon's economic benefit and quality of life is available to all Oregonians, regardless of income or location. As Oregon grows globally, our citizens must be able to participate in that growth locally.

In order to achieve this goal, we will have to organize users in new ways to aggregate demand, reduce costs, and create support networks. Telecommunications planning and implementation should take place, to the maximum extent possible, in the communities and regions of the state. State government should frame the challenge and then support local efforts to meet that challenge. To accomplish this, there is a need to create a state-wide planning council and to encourage and facilitate the formation of communities of interest by geographic and economic sectors of the state.

The success of the on-going planning process will also depend upon the intimate involvement of some critical state agencies. We cannot aggregate demand and encourage collaboration within our communities without involving the state agencies and calling upon their skills and their resources. State agency participation will also assure accountability as well as coordination since the agencies will be providing information and comments in full view of the public.

IT IS ORDERED AND DIRECTED:

1. There is established an Oregon Telecommunications Forum Council. The Council shall be composed of persons broadly representative of telecommunications services providers and user groups from the public, private, and non-profit sectors. Members of the Oregon Telecommunications Forum Council shall serve at the pleasure of the Governor.

The Governor shall serve as chair of the Council and shall request participation of the state agencies as the chair and the Council deem appropriate.

2. The Council shall establish a vision for telecommunications infrastructure in Oregon and develop short-term strategies and long-term plans for achieving that vision. In developing these strategies, the Council shall encourage, facilitate, and support the formation of communities of interests in the state based upon common telecommunications concerns by geographic area or economic sector. The Council shall actively seek the input of these communities of interests on telecommunications needs and barriers as well as opportunities to leverage investments and aggregate demand. In addition, the Council shall encourage partnerships among private, public, and non-profit telecommunications users and providers to further the efforts of the communities of interests, including support and encouragement of education and training opportunities relating to telecommunications.

The Council shall be an advisory body, making recommendations to the Governor, state agencies, and the Legislature on public and private actions to help carry out the strategies developed by the Council and the communities of interest.

3. The Council shall hold regional public hearings, public meetings, and workshops as needed to solicit comments and suggestions from the citizens. These meetings shall also be used to promote public understanding of Oregon telecommunications visions and strategies and to promote the opportunities available to citizens to affect telecommunications markets and investment decisions through community coalitions and the planning process.
4. As part of the strategy, the Council shall establish benchmarks to monitor progress and shall report on the benchmarks to the Oregon Progress Board.

5. To encourage partnerships and support community of interest efforts, the Council shall, using existing resources to the maximum extent possible, maintain a clearinghouse of information regarding the availability of Oregon's telecommunications infrastructure and user support services in a manner that will help match potential projects with potential sources of funding or other resources.

Done at Salem, Oregon this _____ day of November, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 14

For the record: this executive order number was not used.

Done at Salem, Oregon this 28th day of December, 1995

Susan J. Hintzen
Legal Counsel Assistant
Office of the Governor
(503)378-6246

EXECUTIVE ORDER NO. 95-13

Executive Order No. EO-91-07 created a State Agency Council for Growth Issues in the Portland area, in part to manage and accommodate growth in the Metro area. Governor Kitzhaber had decided to integrate such agency efforts at the community level, where both they, and the growth they seek to manage, have the most immediate impact.

IT IS ORDERED AND DIRECTED:

Executive Order No. EO-91-07 is hereby rescinded and the State Agency Council for Growth Issues in the Portland area abolished.

Done at Salem, Oregon this ____ day of December, 1995

JOHN A. KITZHABER, M. D.

ATTEST:

PHIL KEISLING

EXECUTIVE ORDER NO. EO - 95 - 12

JOINT BOARDS OF EDUCATION AGENDA

Education policy issues and opportunities are not neatly confined to the jurisdictions of K-12, community colleges or higher education. Increasingly, our education investment reaches beyond education itself to contribute to career wage employment, self sufficiency for the vulnerable among us, safety in our homes and neighborhoods and a high quality of life.

As the opportunities for education reach beyond the neat boundaries of our past, so must the decision making reach beyond traditional turf and conventional thinking.

The Joint Boards of Education have four years of experience addressing opportunities that reach across those neat boundaries. The demands of education reform on programs for the preparation of education professionals have been reconciled in a single strategy thanks to the work of the Boards. Excellent work is also underway to link the standards of mastery in our K-12 system to the entrance requirements for our colleges and universities. Early discussions linking higher education and community college capacities for achieving a college education are also promising.

If Oregon is to get full measure from each of its education investments, those investments must recognize that education is a continuum; a chain with many links offering the promise to each Oregonian that completion of each of the steps leads to a productive and satisfying adult life. The revenue picture is uncertain. Our opportunities for discretionary investments must be strategically selected and focused on our education and economic infrastructure if we are to secure and build on the progress we have had to date.

If the promise of success at the end of the education continuum is to be realized by Oregonians, Oregon education must plan and organize its activities and investments in a way that invests early; secures each step along the continuum; and acknowledges that the interests of Oregon students and families must transcend institutional interests if the education services of our government are to be personally believable and valued by the voting public.

IT IS THEREFORE ORDERED AND DIRECTED:

1. Executive order No. EO-91-08 is rescinded.
2. The Joint Boards of Education, working with the Oregon Commission on Children and Families, shall jointly define the Oregon education continuum and shall use their articulation of the continuum to (1) assess the education capacity available to serve the needs of Oregonians at each step along the continuum; (2) recommend new relationships as necessary to make existing capacity more readily available to those who need it; and (3) recommend new and redirected investments needed to create capacity where it does not now exist.

I invite the Boards, working with the Commission, to capture the results of this effort as a framework for joint budget requests and statutory recommendations for the 1997 legislative session.

3. The Joint Boards of Education shall also identify the potential for participation by our education community in other efforts to better relate Oregon's government to our citizens, including efforts to achieve safe neighborhoods and communities, help for the vulnerable among us, a high quality environment and a healthy economy.

I invite the Joint Boards to work with the state agency teams developing strategies in each of these areas so specific proposals from the Joint Boards can be incorporated into those other strategies.

4. It is essential that Oregon's Educational Act for the 21st Century, (ORS 329) succeed. To that end, the Joint Boards shall make the policy decisions necessary to tie the promise of education reform to the links of the education continuum. Special attention is needed to the points where completion of one step serves as entrance to the next.

I invite the Joint Boards to propose such budgetary and statutory changes as are necessary to be sure Oregon's education reform effort is successful.

5. It is important that the work of the Joint Boards be both timely and lasting. To that end, I direct the Joint Boards to present recommendations developed within the context of this Executive Order as (1) a six year effort to establish an education continuum as the framework for education planning in Oregon, and (2) a set of 1997 legislative session proposals designed to take the initial steps in that direction.

To the extent that recommendations can be implemented under existing authority of either of the boards, they should be implemented. Recommendations for 1997 legislative action need to be in my hands no later than September 30, 1996.

Done at Salem, Oregon this 14th day of September, 1995

John Kitzhaber, Governor

Deputy Secretary of State

EXECUTIVE ORDER NO. EO - 95 - 11

GOVERNOR'S ADVISORY COMMITTEE ON MOTORCYCLE SAFETY

The Governor's Advisory Committee on Motorcycle Safety was informally established by Governor Vic Atiyeh in 1981. The committee represents the voice of Oregon motorcyclists and advises the Governor of the State of Oregon and the Transportation Safety Section of the Department of Transportation on safety for motorcyclists in Oregon.

IT IS ORDERED AND DIRECTED:

1. There is created a Governor's Advisory Committee on Motorcycle Safety, consisting of not more than eight members appointed by the Governor. The term of office of a committee member shall be four years, but the members shall serve at the pleasure of the Governor. In case of a vacancy for any cause, the Governor shall make an appointment for the unexpired term.
2. The committee's focus shall be upon rider education, drinking and riding, road hazards unique to motorcycles, motorist awareness of motorcycles, sharing the road and other safety issues. It shall advise the Traffic Safety Commission and the Governor regarding motorcycle safety issues and legislation that is in the best interest of the Oregon transportation public. An annual report shall be submitted to the Governor outlining the committee's accomplishments, goals and mission statement.
3. The committee shall elect a chairperson. The chairperson shall designate a vice-chair to carry out the duties of the chair in the chair's absence. The chair may designate subcommittees as needed.
4. The committee shall meet in accord with a schedule approved by a majority of its members and shall meet on special occasions at the call of the chair. Five voting members shall constitute a quorum. A vote of the majority shall be sufficient for all actions of the committee.

5. The Department of Transportation shall provide staff assistance to the committee.
6. Members of the committee shall receive no compensation for their services.
7. The committee shall sunset on July 31, 1999.

Done at Salem, Oregon this _____ day of August, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 10

GOVERNOR'S MATERNITY CARE TASK FORCE

Maternity care is the cornerstone of health care delivery in the state; it provides a proven, cost-effective foundation for improving the health of all Oregonians, while serving as a healthy start to life which allows future citizens to achieve their full potential. While strides have been made to improve maternity care, barriers continue to exist, indicated by high rates of inadequate pre-natal care.

Oregon requires a task force to advise the state on issues related to maternity care.

IT IS ORDERED AND DIRECTED:

1. There is established a Maternal Care Task Force consisting of not more than 11 members, appointed by the Governor and serving at the Governor's pleasure. Appointments shall reflect the balance between those persons who have knowledge of the multi-disciplinary nature of maternity care, including but not limited to health care providers, hospitals, consumers, third-party reimbursers, and program planners, as well as balance between private sector and public sector actors, and rural and urban geographic areas. Appointments shall also reflect Oregon's ethnic diversity.
2. In order to provide for staggered terms, five members terms (Positions 1-5) shall expire in June of 1997, while the remaining six members' terms (Positions 6-11) shall expire in June of 1999.
3. The Governor shall appoint one of the members chair of the task force, who shall serve at the pleasure at the Governor. Task force members shall elect a vice-chair.
4. In the event of a vacancy, a nominating committee appointed by the chair shall produce a slate of qualified nominees, the names of those nominees to be submitted for consideration by the Governor.

5. The task force shall:
 - a. Monitor access to maternity care;
 - b. Study state and federal policies which affect maternity care in Oregon.
6. Members of the task force shall receive no compensation for their involvement and activities on behalf of the task force.
7. This Executive Order shall remain in effect until amended or rescinded.

Done at Salem, Oregon, this 25th day of October, 1995

GOVERNOR

ATTEST:

SECRETARY

EXECUTIVE ORDER NO. EO - 95 - 09

OREGON PROGRESS BOARD

This Order amends and alters Executive Order No. 95- 05.

IT IS ORDERED AND DIRECTED:

1. That the members of the Oregon Progress Board re-established by Executive Order No. EO - 95 - 05 are hereby re-appointed. The terms of current members of the Board shall expire January 30, 1998.
2. The terms of members shall thereafter be staggered, with the terms of four members expiring January 30, 2000, and the terms of the remaining four members expiring January 30, 2002. Subsequent members shall be appointed to serve four year terms.
3. That provision of Executive Order No. EO - 95 - 05 calling for staggering of members' terms beginning in 1997 (located in the first paragraph of section (1) of Executive Order No. EO - 95 - 05) is hereby rescinded.

Done at Salem, Oregon, this ____th day of August, 1995.

John Kitzhaber,
Governor

ATTEST:

Phil Keisling,
Secretary of State

EXECUTIVE ORDER NO. EO - 95 - 08

DETERMINATION OF A STATE OF EMERGENCY DUE TO FLOODING

Pursuant to ORS 401.055, I find that threat to life and safety exists due to flooding which occurred in Wasco County on July 8 and 9, 1995. The following impacts have occurred for which State and federal assistance have been requested:

Major road damage has occurred on several county highways in Wasco County. Fifteen Mile Road, Wrentham Road, Easton Canyon Road and Longhollow Road are a few of these transportation systems that have had major road washouts, damage to shoulders and bridges, and culvert and drainage system damages. Additionally, the County has suffered severe soil erosion and debris deposits in many places.

Assistance is needed in debris removal, culvert, bridge and roadway repairs and reconstruction, and restructuring of drainage systems.

IT IS ORDERED AND DIRECTED:

1. The Oregon State Police, Office of Emergency Management, shall coordinate all appropriate agencies of the State of Oregon in using personnel and equipment to assess alleviate, or mitigate damage caused by this emergency.
2. The Oregon National Guard and Oregon Department of Transportation shall provide essential assistance that is deemed necessary to support this effort.

This emergency is declared only for those areas of Wasco County transportation systems that are not on the federal aid system, and received damages due to the flooding which occurred on July 8 and 9.

This order is made by verbal proclamation this 25th day of July, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO-95-07

APPOINTMENT OF MEMBERS TO JUVENILE CORRECTIONS SITING AUTHORITY

Senate Bill 1 creates an Emergency Youth Correction Facilities Siting Authority. Within the next 100 days, the Authority shall make decisions and recommendations of the siting of regional youth correction facilities. Pursuant to my authority under Senate Bill 1, I hereby appoint the following members to the Siting Authority:

Law Enforcement:	Barbara Runyon Polk County Undersheriff
Juvenile Court matters:	Timothy Travis
Juvenile Court Director:	Stan Mendenhal, Columbia County Juvenile Corrections Director
County Commissioner:	Douglas County Commissioner Joyce Morgan
Lay Citizen:	Hank Miggins

Senate Bill 1 also directs the Speaker of the House and the Senate President to appoint one member each to the Authority. Their appointments are as follows:

Speaker of the House:	Dennis Maloney, Deschutes County Juvenile Corrections Director
Senate President:	Barton Delacy, CEO, The Appraisal Group

I appoint Joyce Morgan, chair of the Siting Authority.

Done at Salem, Oregon, this 27th day of July, 1995

John Kitzhaber,
Governor

ATTEST:

Phil Kiesling
Secretary of State

EXECUTIVE ORDER NO. EO - 95 - 06

CORRECTION POPULATION FORECASTING ADVISORY COMMITTEE

Oregon's prison population has grown substantially in recent years, while the number of criminal offenders on parole or probation continues to increase dramatically as well.

The passage of Ballot Measures 11 and 17 in the 1994 General Election make it essential that state policy makers have accurate projections of future population changes. The initial Corrections Forecasting Advisory Committee was created by Executive Order EO-90-23 in 1990. Since that time the need for uniform predictions of the state's corrections population has become even more critical.

IT IS ORDERED AND DIRECTED:

1. Executive Order No. EO-90-23 is rescinded.
2. There is created a Corrections Population Forecasting Advisory Committee, which shall assist the Department of Administrative Services in preparing computations and estimates of criminal offender populations.
 - a. The Corrections Population Forecasting Advisory Committee shall consist of not more than ten members appointed by the Governor and serving at the Governor's pleasure. The committee shall include members who are knowledgeable about the criminal justice system and trends that may affect the offender population.
 - b. Members of the Committee shall serve four-year terms. Initial appointments to the Committee may be for terms of one, two, or three years in order to provide staggered terms. Members of the Committee may be re-appointed .
 - c. The Governor shall appoint the Committee's chair, who shall hold that position at the Governor's pleasure. The Committee shall meet at least quarterly at the call of the chair.
3. The Corrections Population Forecasting Advisory Committee shall:

a. Review and discuss the types of data needed to make projections of the offender population, select the most accurate data available, and inform the Department of Administrative Services of the potential location of such data for inclusion in the Department's offender population projection models.

b. Identify and evaluate trends, assumptions, policy developments and data inadequacies that may affect preliminary offender population projections prepared by the Department of Administrative Services and that may require adjustments to the data collected.

c. Review and discuss the preliminary offender population projections produced by the Department of Administrative Services and any other agencies involved in criminal justice forecasting, and provide to the Department of Administrative Services any conclusions regarding trends, assumptions, policy developments and data inadequacies that should be included in the Department's offender population projection models or that may require alteration of the preliminary offender population projections.

d. Evaluate and advise on the methodology used by the Department of Administrative Services in making its computations and estimates.

e. Make recommendations to the Department of Administrative Services concerning procedures to be used and data to be collected to improve the forecasting process in the future.

4. The Department of Administrative Services and the Corrections Forecasting Advisory Committee, shall:

a. Beginning October 1, 1995, and each subsequent October 1, ascertain by computation and estimate the number of criminal offenders anticipated to be incarcerated and the number of criminal offenders anticipated to be subject to supervision by the Department of Corrections during each month of the next calendar year, and during the next ten years. A subsequent computation and estimate is due not later than April 1, 1996 and each subsequent October 1 and April 1 in sequence thereafter.

b. To the greatest extent possible, include in its computations and estimates a breakdown of the anticipated offender population by gender, crime of conviction, length of incarceration and other relevant classifications.

c. Provide its computations, estimates and updates every six months to the Governor, and to the Emergency Board and the Interim Judiciary Committee if the legislature is not in session, or to the Joint Committee on Ways and Means and the House and Senate Judiciary Committees if the legislature is in session.

d. Provide a written report at least annually to the Governor and legislature on the methodology and assumptions used in preparing its computation and estimates.

e. Provide copies of its reports to criminal justice agencies and members of the public who may be interested.

5. The Director of the Department of Administrative Services shall appoint a technical working group including persons with backgrounds in research, statistics and forecasting in the criminal justice context. The technical working group shall provide staff assistance to the Department of Administrative Services and the Corrections Forecasting Advisory Committee in carrying out their functions under this Executive Order.

6. The computations and estimates prepared by the Department of Administrative Services pursuant to this Executive Order shall be used by the Department of Corrections in preparing its biennial budget request and in developing its long-term plans; by the Oregon Criminal Justice Commission in evaluating and recommending adjustments to the sentencing guidelines; and by any other state agency concerned with the effects of offender population on policy development or budgeting.

Done at Salem, Oregon, this 27th day of July, 1995

John Kitzhaber,
Governor

ATTEST:

Phil Kiesling
Secretary of State

EXECUTIVE ORDER NO. EO - 95 - 05

OREGON PROGRESS BOARD

The Oregon economy of the future can provide unparalleled opportunity while maintaining Oregon's traditional values, if the state pursues the future with clarity of purpose and perseverance. The Oregon economy is in the midst of a massive transition created by technological changes, global competition, and new production practices.

In order to maintain employment opportunities, increase income levels, reduce poverty and generate the public revenue needed to provide public services, Oregon must increasingly rely on an economy which adds value to its natural resources and provides a diverse mix of products.

An Oregon Progress Board is needed to encourage the discussion and understanding of critical global and national economic trends that will affect the Oregon economy in the coming decades; and to formulate and submit to Oregonians a strategy that describes and explains a vision for Oregon's economic progress over the next 20 to 30 years; and to submit to the Legislative Assembly, for its adoption, goals for Oregon's progress, including measurable indicators of the achievement of those goals, in the manner prescribed in ORS 184.007.

IT IS ORDERED AND DIRECTED:

1. There is established an Oregon Progress Board consisting of nine members: the governor and eight members appointed by the governor and serving at the governor's pleasure. In the event of a vacancy for any cause, the governor shall make an appointment for the remainder of the unexpired term. The terms of the members shall be staggered; those terms of four of the members of the initial Board shall expire in January 1997, while the terms of the remaining four members shall expire in January 1999. Subsequent members shall be appointed to four year terms.

Members of the Board shall be entitled to compensation and expenses as provided in ORS 292.495. Of the members of the Board, five shall be selected who are residents of different congressional districts of this state. Members of the Oregon Progress Board shall be appointed so as to be representative of the ethnic, cultural, social and economic diversity of the people of the state of Oregon.

2. In accordance with the applicable provisions of ORS 183.310 to 183.550, the Oregon Progress Board may adopt rules necessary for administration of this Order. The governor shall serve as chair of the board and may appoint an executive officer for the board for a term and with such duties and powers as the board determines to be necessary or appropriate. A majority of the members of the Board constitutes a quorum for the transaction of business. The Board shall meet as the Board determines necessary at time and places specified by call of the chair or a majority of the members of the Board. The clerical, technical, and management personnel serving as staff under ORS 184.250, as of June 30, 1995 shall serve as the Board's initial staff.
3. The Oregon Progress Board shall develop a strategy for Oregon that addresses the economic, social, cultural, environmental, and other needs and aspirations of the people of Oregon. The strategy developed by the Board shall address issues that the Board determines are necessary and appropriate to Oregon's future. Such issues shall include: (a) education and the work force; (b) public and private cooperation; (c) environmental quality; (d) infrastructure; (e) such other issues as the Board, by majority vote, shall add to the strategy.

In developing the strategy, the Oregon Progress Board shall hold public hearings, public meetings, and workshops as needed to ensure the participation of a broad cross section of Oregon's population. The Board shall publicize the public hearings, public meetings and workshops in each city in which they are held and shall allow interested residents and other individuals to appear and be heard by the Board.

After considering any written comments and public testimony relating to the proposed strategy, the Board shall revise the strategy as it considers necessary or appropriate. The Board, by a vote of the majority of its members, shall approve and adopt a final strategy. The Board shall submit, in addition to its adopted strategy, a summary and digest of comments and public testimony and its response, if any, to those comments. The adopted strategy shall be submitted to the regular session of the Sixty-Ninth Legislative Assembly no later than January 15, 1997.

4. As part of the strategy adopted under section 3 of this Order, the Oregon Progress Board shall also adopt a recommended implementation plan. This plan shall include recommendations for statutory or other changes the Board deems

appropriate, including modifications in public fiscal and spending policies, as well as the allocation of lottery revenues, and also recommendations for implementing actions to be carried out by local governments, businesses, private citizens, and other organizations.

5. The Oregon Progress Board shall, in its adopted strategy, include a series of goals for Oregon's progress over the next two to three decades. These goals shall include such measurable indicators of attainment as the Board shall determine which show the extent to which each goal is being achieved. Goals shall be presented to the Legislative Assembly which may, by joint resolution, adopt, modify, delete, or add to these goals. Any goals adopted by the Legislative Assembly shall become the goals used by the Board in its subsequent activities. Subsequent to the legislative review and adoption of goals, the Board may recommend such modifications to the goals as it deems appropriate.

The Oregon Progress Board shall prepare, at least once each biennium, a report which describes Oregon's progress towards achievement of the board's strategy, based on the specific measures the Board has adopted for measuring the attainment of strategic goals. The report shall include an analysis of issues and trends of strategic significance and shall propose an agenda which identifies key steps Oregon should take over the following two years to build for Oregon's future. In developing the report required by this section, the Oregon Progress Board shall consider the criteria contained in ORS 285.005(3)(a) to (e).

Done at Salem, Oregon, this 17th day of July, 1995

John Kitzhaber,
Governor

ATTEST:

Michael Greenfield,
Deputy Secretary of State

EXECUTIVE ORDER NO. EO-95-04

RESCISSION OF EMERGENCY CONFLAGRATION ACT DUE TO FIRE IN
DESCHUTES COUNTY

The Emergency Conflagration Act was declared for the LaPine area, Deschutes County, Oregon, due to fire on May 27, 1995, and followed by Executive Order No. EO-95-04, dated June 5, 1995. I find that hazardous conditions as a result of this fire have been alleviated, and the Emergency Conflagration Act is no longer necessary for this event as of 12:00 p.m., May 28, 1995.

IT IS ORDERED AND DIRECTED:

1. Executive Order No. EO-95-03 is rescinded.

Done at Salem, Oregon, this 5th day of June, 1995

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO-95-03

DETERMINATION OF EMERGENCY CONFLAGRATION ACT
DUE TO FIRE IN DESCHUTES COUNTY

Pursuant to ORS Chapter 476, I find that a fire emergency occurred on May 27, 1995, in the LaPine area, Deschutes County, Oregon. Pursuant to ORS 476.520, I find that resources necessary for protection of life and property from the fire are beyond local capabilities; thereby I am invoking the Emergency Conflagration Act. This action was made orally on May 27, 1995, at 3:35 p.m., and is confirmed by this Executive Order.

IT IS ORDERED AND DIRECTED:

1. Oregon State Police, Office of State Fire Marshal, shall be the lead agency in this event, and shall coordinate any and all resources necessary for response to this fire. Oregon State Police, Office of Emergency Management shall act in a support role to assist the Office of State Fire Marshal.
2. This determination of the Emergency Conflagration Act is limited to the LaPine area of Deschutes County, and is not construed as a comprehensive declaration or proclamation of emergency.

Done at Salem, Oregon, this 27th day of May, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 02

GOVERNOR'S FOOD PROCESSING COUNCIL

The Governor's Food Processing Task Force met several times in January and February of 1995 at the request of the Governor to develop recommendations on how the State of Oregon can best promote the growth and economic vitality of Oregon's food processing industry. On February 23 the task force presented its report to the governor at a meeting of the Chair, Karla Chambers, and Bruce Andrews, Director of the State Department of Agriculture.

The task force reported to the governor that the value added to food commodities produced in Oregon is approximately 32% -- which is below the national average of 54%. In order to improve this performance, the task force identified factors relating to business competitiveness, infrastructure, labor issues and food safety which the Governor should address.

The citizens of Oregon, particularly those in agricultural communities, have an interest in promoting the growth and continued development of Oregon's food processing industry.

IT IS ORDERED AND DIRECTED:

1. There is established a Food Processor's Council (FPC).
2. The Council will advocate policies and actions that create a positive business climate for food processing enterprises, and support development of new technologies and products that respond to market needs.
3. The Council shall consist of up to twelve (12) persons appointed by the Governor and serving at his pleasure. In order to provide staggered terms, four members of the initial board's terms shall expire in April 1997, four members' terms shall expire in April 1998, and the remaining four members' terms shall expire in April 1999. Subsequent members shall be appointed for four year terms. Non-voting, ex-officio members of the council shall be appointed by the governor and will serve at the governor's pleasure.

EXECUTIVE ORDER NO. EO - 95 - 02

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4. Council members may be owners, senior managers, workers or emeritus status of the entity they represent. Ex-officio members (in addition to the director of the Department of Agriculture and a representative from Oregon State University) may include a representative from Oregon Department of Environmental Quality and/or Oregon Economic Development Department.
5. The governor will appoint the council chair. A vice-chair and secretary will be elected by the council from the current council members.
6. When a vacancy occurs on the council, a nominating committee appointed by the chair shall develop a slate of qualified nominees representing the broad spectrum of interest involved with the food processing industry to be submitted for consideration by the governor.
7. The council shall:
 - a. Develop and recommend to the governor a formal policy statement which supports the development of this industry through state partnership with related development of the private sector efforts;
 - b. Identify common constraints and opportunities that influence economic performance of food processing companies;
 - c. Identify and evaluate state regulations that constrain the food processing industry;
 - d. Recommend changes in state programs, law, policies, and services for more efficient development of the food processing industry in Oregon; and,
 - e. Assure consumers that foods produced in Oregon are safe.

EXECUTIVE ORDER NO. EO - 95 - 02

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8. Members of the council shall receive no pay or compensation for their involvement in the activities of the council.
9. This executive order shall remain in effect until amended or rescinded.

Done at Salem, Oregon this 21st day of March, 1995.

GOVERNOR

ATTEST:

SECRETARY OF STATE

EXECUTIVE ORDER NO. EO - 95 - 01

GOVERNOR'S TECHNOLOGY COUNCIL

Oregon has the opportunity to increase the number of knowledge-based jobs and technology-generating industries, thus assuring Oregon's economic diversity and international competitiveness in the next century. Oregon can excel further in research and development with particular emphasis on technological innovation. Knowledge-based industries can become a more substantial element of the state's economy if Oregon becomes known as a state with the climate and resources to generate, retain and transfer new technologies.

A technology council is needed to advise the state on achieving excellence in research and technological innovation.

IT IS ORDERED AND DIRECTED:

1. There is created a Governor's Technology Council, consisting of not more than seven members appointed by the governor and serving at the governor's pleasure. In order to provide staggered terms, two members of the initial Board's terms shall expire in April 1997, two members' terms shall expire in April 1998, and the remaining three members' terms shall expire in April 1999. Subsequent members shall be appointed for four year terms.
2. The council shall develop an action plan on how to increase the rate at which technology is generated and diffused in Oregon's industries and recommend policies that are directed to long-term, as well as short-term, strategies. To do this, the council shall:
 - a. Establish a goal and realistic program objective;
 - b. Examine the current state of the economy, including missed opportunities and potential future development;
 - c. Analyze the private sector needs and strengths, including the potential for successful public/private partnerships;
 - d. Review existing resources and strengths in both public and private academic institutions in the State of Oregon and work in close cooperation with officials at research universities to identify

programs that would establish and strengthen research capabilities important to technology-generating industries;

- e. Compare or benchmark these findings against national and international technology trends;
 - f. Identify synergistic gaps and areas of research and development which should have priority in terms of economic development throughout the state and explore ways to expand growth and diffusion of technology in businesses outside of the Willamette Valley;
 - g. Develop specific strategies or actions needed to meet the goals and program objectives, including any future funding or legislation;
 - h. Continue to advise the governor in the implementation of the action plan and act as a resource for the governor on scientific and technological issues effective the state.
3. In carrying out its responsibilities, the council shall involve affected state agencies, including the State System of Higher Education, Economic Development Department, Oregon Resource and Technology Development Corporation, and related natural resource agencies.
 4. The council shall meet at the call of the chair, and at least four times a year. The governor shall designate the chair and vice chair, who shall serve at the pleasure of the governor. The council shall prepare this action plan and submit it to the governor for approval. The plan shall also include a recommendation regarding the future role of the council.
 5. The Department of Economic Development shall provide staff assistance to the council.

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6. Members of the council shall not receive compensation for their services.

Done at Salem, Oregon this 15 day of March, 1995.

/S/ _____
GOVERNOR

ATTEST:

/S/ _____
SECRETARY OF STATE

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.



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JOHN A. KITZHABER, M.D.
Governor



February 19, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4012 (2002 Special Session), unsigned and disapproved.

This bill would borrow \$120 million from the Common School Fund to pay for one year of operating costs for schools at a cost of \$135.5 million. It violates the 143-year old trust for our school children established by our pioneer ancestors. I do not believe that we should use a permanent trust fund and obligate ourselves to a long-term debt to deal with a short-term problem.

Furthermore, the specific Common School Fund moneys earmarked to be borrowed do not belong to the state. According to current law, the money from unclaimed properties - such as payroll checks, utility deposit checks and safety deposit contents -- are held by the state in trust for their rightful owners. A primary purpose of the unclaimed property program is to reunite these owners with their property. If claims for the unclaimed property proceeds that are being borrowed exceed the amount remaining in the unclaimed property deposit liability fund, then the state could be subject to a lawsuit to recover those funds. At the very least the state would need to ensure that funds are available to pay the claims.

This bill is not a good investment for the Common School Fund. First, given current market conditions, the state will likely lose money on its investments when it liquidates holdings in order to make the loan, unless there is a major turnaround in the stock market over the next year. Second, the interest rate being paid on all the money used, lost or diverted from the Common School Fund is less than the fund is projected to earn over the next five years.

Proponents of the bill stated that the interest rate used to determine the debt service would be 7.3 percent, equivalent to the projected rate of return for the fund. This interest rate, however, appears to apply only to the \$100 million borrowed and not for additional monies diverted during the current biennium and for any investment losses. As a result, the actual interest rate that would be paid is less than half what the fund is forecast to receive.

This bill is not a good investment for our school children. It uses a permanent trust fund that already generates money for schools to meet a short-term need. It also will result in even greater cutbacks in the next biennium when the debt service is repaid using Lottery dollars - money that is already earmarked for schools and economic development.

Finally HB 4012 jeopardizes the Division of State Lands' funding needed to manage the unclaimed property program in the next biennium. Since the program operations are currently funded through the earnings, and most of the principle would be diverted for a loan, the program would need to be funded through another source, such as the General Fund. During the 2003-05 biennium, a shortfall in the operating budget for this program (\$400,000-\$1,000,000 depending on

market performance) will result.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 26, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4013 (2002 First Special Session), unsigned but not disapproved. While allowing this bill to become law, I wish to share my reasons for not signing the legislation.

HB 4013 removes the Sunday liquor sales prohibition. The bill also sets out a mechanism through which \$3 million of anticipated increased revenues from those sales will be deposited into the general fund.

I do not believe that the bill will result in the anticipated increased revenues. The bill makes Sunday sales voluntary and a good number of liquor agents have expressed their opposition to being open seven days a week. Many also believe this will not result in increased purchases instead will simply spread the sales throughout week.

I think this measure sends the wrong message to young Oregonians, and I do not believe it will make a significant contribution to the state's revenues. However, I will not stand in the way of the legislative desire to provide for Sunday sales. It takes effect without my signature.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 26, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill 4014, unsigned and disapproved.

This bill contains a number of revenue changes. It requires the Governor to submit a plan to the Emergency Board on how it intends to use the funds allocation for the Post-Secondary Education Opportunity Commission.

Prior to the Special Session, I outlined two principles that I expected the Special Session to follow in crafting a solution to the current budget deficit:

- (1) Provide for a public process to debate proposed revenue and expenditure options during the Special Session. There was no such opportunity for Oregonians to debate the revenue changes proposed in House Bill 4014.
- (2) Include long-term structural change in any proposed solution to address the fact that the current budget is not sustainable into the future based on the projected revenue forecast. House Bill 4014 coupled with other legislation does not adequately address this long-term structural problem in state spending.

Finally, I disagree with program choices contained in House Bill 4014. This bill continues partial spending for the Oregon Rural Health Association, while investments in the Oregon Health Plan are reduced. It also transfers resources in the Housing and Community Services programs and cuts support for the State Board of Education and the Post-Secondary Education Opportunity Commission.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 19, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4015 (2002 Special Session), unsigned and disapproved.

The bill would make changes to the statutes governing the School Improvement Fund. The Fund was established during the 2001 legislative session as a means to focus additional resources to K-12 schools on a menu of activities directly related to improvement in student performance. The statutes governing the Fund specify various accountability measures, including a requirement that the Department of Education evaluate the annual progress of school districts in meeting performance targets established by the Quality Education Commission and funded by the Legislature. They include a provision requiring the focus of improvement for these funds for the current and the next biennium on 3rd and 5th grade reading and math benchmarks.

HB 4015 repeals the sections of the law relating to the focus of the 2001-03 and 2003-05 grant funds. It also retrospectively allows school districts to use funds already received for the 2001-02 school year (a total of \$108 million) in any way they wish.

HB 4015 is not needed. The provisions in the current statutes would not be in effect if the second year funding is not available for the School Improvement Fund, so there are no "unfunded mandates" included in the statutes. Although this bill has been portrayed as providing schools flexibility, I find it curious that the Legislature is willing to send a message that schools do not need to be accountable in a clearly-focused way for the first-year funding of \$108 million. Although the current budget shortfall may require that we slow down our efforts in improving literacy for our youngest students, I continue to believe that future investments should be targeted on early literacy as the best means of gaining long-term improvements in student performance.

HB 4015 sends the wrong message to our schools and their students about accountability, and I am not willing to support that message.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 26, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4020 (2002 Special Session), unsigned and disapproved.

Oregonians' telephone services are taxed to provide resources for 9-1-1 emergency services. This bill takes \$14 million in 9-1-1 tax revenue from the wireless subaccount and credits it to the General Fund. The 9-1-1 funds are critical to providing communication equipment and support systems for our public safety agencies and our emergency response networks. With the increasing use of cellular phones, these funds are vitally necessary to protect the safety of Oregonians.

It is irresponsible to transfer \$14 million of these funds to the General Fund because of the damage that will be caused to Enhanced 9-1-1 Wireless. Enhanced 9-1-1 Wireless will allow public safety officers to locate persons calling for assistance from a cellular phone. This capability will prove to be lifesaving – and Oregon cannot afford to neglect moving forward with this significant improvement to our overall public safety response capabilities.

I am only willing to support using \$7 million of the 9-1-1 funds to help with our immediate budget shortfall, though I would prefer that alternative revenues are identified for the rebalance of General Fund programs.

It is critical that we move forward with at least a \$7 million investment in hardware, software, training, and installation of new Geographic Information System advancements for our call centers so they can make significant progress toward meeting Federal Communication Commission standards.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 22, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am allowing HB 4021 to become law without my signature.

HB 4021 provides extended unemployment insurance benefits to workers dislocated by the current economic recession. In addition, if Reed Act funds become available for funding unemployment insurance benefits, the bill increases the payments received by unemployed workers by \$20 per week. These two elements of the bill prevent my veto.

However, one portion of the bill contains a manifestly bad policy and is the reason for my letting the bill become law without my signature. Although the AFL-CIO and Associated Oregon Industries supported the legislation with the benefit extension and increase only, the NFIB held the bill hostage for language that, contingent on Reed Act funds availability, would temporarily lower the unemployment insurance contribution rates paid by businesses. This is an undesirable precedent that completely changes the long established use of unemployment insurance (UI) funds.

The policy surrounding UI payments has, to date, been clear. The payments go to the families of unemployed workers. This has the dual effect of helping families through hard times when unemployment strikes, and supporting communities (including the businesses who serve unemployed families) by having the payments spent for basic services in the community. This carefully targets UI payments to the families who truly need the support, and the communities and businesses where the economic dislocations are the worst (highest unemployment rate).

The new policy set out in HB 4021 sends money directly back to businesses regardless of their need (businesses in areas still thriving get the same break as businesses in areas with greater dislocation) and subsidizes the profits of businesses and owners that may be doing quite well. We lose the original intent of UI funds, and we use UI funds to support persons who are not suffering because of the economy. I will reluctantly allow this bill to become law because our unemployed workers cannot afford to risk losing their badly needed benefits.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



April 11, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4025, unsigned and disapproved. HB 4025 eliminates the exemption of agricultural employment from the collective bargaining laws. While I believe both agricultural and labor organizations must be held accountable for creating a process that is fair for farmers and farm workers, I cannot support HB 4025.

This important issue deserves much greater attention and scrutiny than it received during the special session. While doing away with the exemption may appear as a viable approach to resolving farm labor disputes, it does not address the issues of how to effectively implement such legislation, and ignores other alternatives that also deserve attention.

Despite decades of disagreement, misunderstanding, and a lack of trust, I appreciate the recent efforts by labor and the agricultural industry to address these issues. Those groups have made progress by taking the time to gain an understanding of common interests and working together to develop a framework to resolve issues. Yet, HB 4025 threatens that process because it would immediately implement, through an emergency clause, collective bargaining provisions with no rules in place, nor the necessary resources and personnel to provide an effective process for farm workers and employers.

Farm worker representatives and employers are closer now than ever in working together to address those issues, but both sides must look beyond the history that has moved us to this point. Although I am vetoing HB 4025, I will work with all of the interested parties to craft a bill for the next time the legislature convenes. At this time of great opportunity, I think it is vitally important that we have a law that is responsive to Oregon's needs, provides accountability, and enhances both the lives of farm workers and the agricultural industry. HB 4025 does not represent such a piece of legislation.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 12, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4028 (2002 Second Special Session), unsigned but not disapproved. In transmitting this bill I wish to share my reasons for not signing the legislation.

HB 4028 is a substitute for HB 4013 that was passed during the 2002 First Special Session. While maintaining the provisions of HB 4013, HB 4028 adds the provision of an emergency clause. Like HB 4013, HB 4028 removes the Sunday liquor sales prohibition, and sets out a mechanism through which \$3 million of anticipated increased revenues from those sales will be deposited into the general fund.

As noted in my transmittal letter for HB 4013 (attached), I allowed it to become law without my signature. I stated in the HB 4013 transmittal letter that I do not believe this legislation will result in the anticipated increased revenues and that I have concerns about the message it sends to young Oregonians.

As with HB 4013, in which I did not stand in the way of the legislature's desire to provide for Sunday liquor sales, I will again not stand in the way of the legislature's desire to implement this policy immediately through the provisions of the emergency clause.

For these reasons I am transmitting HB 4028 to you unsigned but not disapproved, thereby allowing the bill to become law at the end of the 30 day period pursuant to Article V Sec. 15b (3) of the Oregon Constitution.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 12, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning HB 4029 unsigned and disapproved.

HB 4029 reduces the dental benefit for persons receiving coverage under the Oregon Health Plan. In doing so, it limits dental benefits in statute rather than using the normal process of prioritization through the Health Services Commission, funding by the legislature, and negotiations with the federal government.

Placing this language in law reduces the flexibility the state has to structure the dental benefit in ways that maintain and improve health to the greatest extent possible.

HB 4029 treats dental care differently than all other health care services and begins to break down the discipline of the Oregon Health Plan benefit design process.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 12, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4030 (2002 Special Session), unsigned and disapproved.

I restate my veto message of House Bill 4020 from the first 2002 Special Session. I continue to stand with Oregon's law, fire and emergency communications professionals that believe that an excessive depletion of these dedicated funds will significantly compromise major improvements in emergency communications.

Oregonians' telephone services are taxed to provide resources for 9-1-1 emergency services. This bill takes \$14 million in 9-1-1 tax revenue from the wireless subaccount and credits it to the General Fund. The 9-1-1 funds are critical to providing communication equipment and support systems for our public safety agencies and our emergency response networks. With the increasing use of cellular phones, these funds are vitally necessary to protect the safety of Oregonians.

It is irresponsible to transfer \$14 million of these funds to the General Fund because of the damage that will be caused to Enhanced 9-1-1 Wireless. Enhanced 9-1-1 Wireless will allow public safety officers to locate persons calling for assistance from a cellular phone. This capability will prove to be lifesaving - and Oregon cannot afford to neglect moving forward with this significant improvement to our overall public safety response capabilities.

Again, I am willing to support using only \$7 million of the 9-1-1 funds to help with our immediate budget shortfall, though I would prefer that alternative revenues are identified for the rebalance of General Fund programs.

It is critical that we move forward with at least a \$7 million investment in hardware, software, training, and installation of new Geographic Information System advancements for our call centers so they can make significant progress toward meeting Federal Communication Commission standards.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 25, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4036 (2002 Second Special Session), unsigned and disapproved. This bill is identical to House Bill 4015 that I vetoed from the first Special Session.

The bill would make changes to the statutes governing the School Improvement Fund. The Fund was established during the 2001 legislative session as a means to focus additional resources to K-12 schools on a menu of activities directly related to improvement in student performance. The statutes governing the Fund specify various accountability measures, including a requirement that the Department of Education evaluate the annual progress of school districts in meeting performance targets established by the Quality Education Commission and funded by the Legislature. They include a provision requiring the focus of improvement for these funds for the current and the next biennium on 3rd and 5th grade reading and math benchmarks.

HB 4036 repeals the sections of the law relating to the focus of the 2001-03 and 2003-05 grant funds. It also retrospectively allows school districts to use funds already received for the 2001-02 school year (a total of \$108 million) in any way they wish.

HB 4036 is not needed. The provisions in the current statutes would not be in effect if the second year funding is not available for the School Improvement Fund, so there are no "unfunded mandates" included in the statutes. Although this bill has been portrayed as providing schools flexibility, I find it curious that the Legislature is willing to send a message that schools do not need to be accountable in a clearly-focused way for the first-year funding of \$108 million. Although the current budget shortfall may require that we slow down our efforts in improving literacy for our youngest students, I continue to believe that future investments should be targeted on early literacy as the best means of gaining long-term improvements in student performance.

HB 4036 sends the wrong message to our schools and their students about accountability, and I am not willing to support that message.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 12, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill (HB) 4041, unsigned and disapproved. HB 4041 sets out the text of a ballot title for House Joint Resolution (HJR) 76. HJR 76 establishes an Education Stability Fund in the Oregon Constitution and appropriates \$220 million from the fund to a State School Fund in May 2003.

In the same legislative session the Legislature also passed HB 4032. That bill requires the Attorney General to draft a ballot title for HJR 76 and requires that ballot title to be placed on the ballot in the event HB 4041 does not become law.

Ballot titles are perhaps the single most important source of information for voters about the substance of the measure on which they are voting at the time that they cast their vote. Because of that, it is extremely important that the titles be drafted carefully to reflect accurately the substance and consequences of the measure.

I am vetoing HB 4041 because it is unnecessary and ambiguous. HB 4041 is unnecessary because HB 4032 already provides a process through which the Attorney General drafts a ballot title that is subject to comment by both proponents and opponents of the measure. HB 4022 is ambiguous because it does not accurately describe that HJR 76, if adopted, would allow the Legislature to distribute both earnings and principal from the Education Stability Fund. In addition, the ballot title in HB 4041 neither states that the \$220 million transfer will not occur until May of 2003, nor does it explain that if both HJR 76 and Senate Joint Resolution (SJR) 50 (a similar constitutional amendment also appearing on the May ballot) are adopted, HJR 76 would repeal SJR 50.

In vetoing HB 4041 I am confident that the Attorney General, through the public comment process, will present Oregon voters with a more complete and accurate ballot title for HJR 76 on the May 2002 ballot, thereby giving Oregon voters an informed choice of whether to adopt the Education Stability Fund as structured under HJR 76.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 12, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill (HB) 4042, unsigned and disapproved. HB 4042 sets out the text of a ballot title for Senate Joint Resolution (SJR) 50, which the legislature passed in the 2002 First Special Session. SJR 50 establishes an Education Stability Fund in the Oregon Constitution and transfers \$120 million from the fund to a State School Fund in May 2003.

Before passing HB 4042, the Legislature passed Senate Bill (SB) 1010 in the 2002 First Special Session. That bill required the Attorney General to draft a ballot title for SJR 50. HB 4042 states that, if enacted, the ballot title in that bill would replace the ballot title prepared by the Attorney General under SB 1010.

Ballot titles are perhaps the single most important source of information for voters about the substance of the measure on which they are voting at the time that they cast their vote. Because of that, it is extremely important that the titles be drafted carefully to reflect accurately the substance and consequences of the measure.

I am vetoing HB 4042 because it is unnecessary and ambiguous. HB 4042 is unnecessary because the Attorney General has already drafted a ballot title for SJR 50, which is subject to comment by both proponents and opponents of the measure. HB 4042 is ambiguous because it does not accurately describe that SJR 50, if adopted, would allow the Legislature to distribute both earnings and principal from the Education Stability Fund. In addition, the ballot title in HB 4042 does not mention that the \$120 million transfer will not occur until May of 2003.

In vetoing HB 4042 I am confident that the Attorney General, through the public comment process, will present Oregon voters with a more complete ballot title for SJR 50 on the May 2002 ballot, thereby giving Oregon voters an informed choice of whether to adopt the Education Stability Fund as structured under SJR 50.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 7, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4055 (2002 Third Special Session), unsigned but not disapproved. In transmitting this bill I want to express my reason for not signing the legislation.

The bill does a number of things including eliminating vacant positions in state agencies, reducing salaries of elected officials, using one-time statutory revenues from the Common School Fund, using one time 911 tax revenues and increasing lottery bonding revenues.

One provision of the bill directs the Division of State Lands (DSL) to transfer \$17.7 million for fiscal year 2002-03 from the statutory portion of the Common School Fund to counties for distribution to schools, among other provisions. The bill further directs DSL to make its regular distribution under the current distribution policy if possible, and if unable to make this distribution, to report to the legislative revenue committees before March 1, 2003.

The statutory portion of the Common School Fund took 50 years to accrue to its current value. The use of this one-time revenue for one year of school operations comes at the expense of future school children.

Currently, interest from these funds go into the Distributable Income Account for distribution to schools under the State Land Board's adopted distribution policy. Given current market conditions it is likely that assets would need to be sold at a loss to make this extra distribution, with the loss chargeable to the Distributable Income Account. For these reasons it makes it much more unlikely that DSL will be able to make the regular distribution for this fiscal year.

While this bill may help solve the immediate budget deficit, it will add to the 2003-05 budget problem and create more uncertainty for school funding in the long term.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 7, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4056, unsigned and disapproved.

HB 4056 authorizes Oregon to borrow \$50 million for primary and secondary education with bonds that are to be repaid with revenue from the current cigarette tax. In addition, the bill authorizes up to an additional \$175 million to be borrowed - again backed by the cigarette tax - if the September 2002 revenue forecast has a shortfall greater than \$50 million. Finally, Oregon is obligated to repay these bonds regardless of whether the voters adopt the increase in the cigarette tax contained in HB 4051.

Simply stated, HB 4056 directs us to educate our children today by borrowing from their schools tomorrow. Furthermore, this bill would allow the Oregon Legislative Assembly to abrogate its constitutional duty to balance the state's budget and push the burden of doing so onto the children of tomorrow.

For these reasons, I am returning HB 4056 unsigned and disapproved.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 6, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4064 (2002 Special Session), unsigned and disapproved.

The bill would sunset the cigarette tax contained in House Bill 4051 on July 1, 2009. House Bill 4051, which I have signed, is a permanent tax increase of \$.60 per pack of cigarettes distributed on or after October 1, 2002. I believe we continue to need additional revenue, and I believe that revenue must be permanent.

Oregon's current budget shortfall has illustrated a serious long-term challenge: a structural budget deficit that preceded the recession and which will continue beyond it. Our current level of state programs and services is not sustainable into the future, based on the projected revenue forecast – even when the economy has fully recovered. The fact is that we are not going to grow our way out of this problem.

Over the course of three special sessions the legislature was unable to reduce the level of state programs and services beyond about \$450 million. The budget was cut as deeply as it could be cut – not only from the standpoint of good public policy, but from a political standpoint as well.

The only option left is to add permanent new revenue to fund important and needed services. By the time the sunset contained in House Bill 4064 would occur, the state will be receiving \$220 million per biennium from this revenue source – funds primarily dedicated to the Oregon Health Plan.

There is no evidence to support the assumption that Oregon will grow our way out of the current budget deficit. HB 4064 – if it became law – would result in the reduction of \$220 million in permanent revenue, and as a result would only worsen the budget problems we continue to face.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



October 22, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 4073 (2002 Fifth Special Session) unsigned but not disapproved. In transmitting this bill I want to share my reasons for not signing the legislation.

HB 4073 establishes the Master Settlement Asset Corporation (MSAC) for the purpose of selling a portion of the payments under the Master Settlement Agreement (MSA) for up to eight years to garner \$150 million in net proceeds to balance the 2001-2003 budget. This is a borrowing plan to pay for one-time state government operations. The state could pay over \$40 million in interest and other costs over eight years for \$150 million of 4-6 months of operational costs. Whether for a household or state government, this kind of financial mismanagement is imprudent and must be limited.

As the state has faced a growing budget crisis since the close of the 2001 Legislature, I have clearly stated I believe we should pay as we go. If we believe government services are important we should pay for them. If we are not willing to pay for government services, we should cut them. Borrowing to pay for one-time operations expenditures is bad fiscal policy.

Borrowing does nothing to solve the underlying structural budget problem the state is facing, and in fact makes this problem worse in future biennia. The structural gap between state revenues and expenditures has led both Moody's Investors Services and Standard and Poor's to downgrade the state's credit outlook from stable to negative. In addition, State Treasurer Randall Edwards expressed concerns about "the state's growing structural budget imbalance" in an August 27, 2002 letter to legislative leadership and me.

The amount of money to be paid the State under the MSA is subject every year to multiple adjustments based in part on the volume of cigarettes distributed nationally and on the outcome of litigation about the meaning of elements of the agreement. These uncertainties will be reflected in the cost of borrowing these funds and further erode my confidence in relying on the MSA for fundamental state services.

Finally, I would like to make it as clear as I can that we have a large fiscal challenge both in the current biennium and in the biennium immediately before us. In attempting to deal with this crisis, there were five special sessions. The results of those special sessions include \$609 million in cuts, \$697 million in one time revenue, \$267 million in shifting payments for K-12 schools and community colleges into the next biennium, \$65 million in cigarette taxes and another \$310 million in cuts that will be restored if voters pass a temporary tax increase in January.

It is unconscionable and irresponsible that some still espouse borrowing more or emptying more state accounts as a

credible way to approach the next budget. There really are only two honest and prudent ways that remain to deal with the budget gap facing Oregonians—either make hard choices to further cut schools, prisons, health care and other vital services or seek stable and adequate revenue.

While I have several concerns with this bill as noted above, I will allow it to become law without my signature because the amount of borrowing is limited to \$150 million and it was part of the budget agreement reached in the Fifth Special Session

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



October 24, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill (HB) 4075, 2002 Fifth Special Session, unsigned but not disapproved. HB 4075 sets out the text of a ballot title, financial impact statement and explanatory statement for House Bill 4079. To repeal cuts to education, public safety, health care and related public services, HB 4079 proposes a temporary increase in the corporate excise tax and the top personal income tax bracket. In HB 4079, the Legislative Assembly has referred this question to Oregonians for their approval at a special election to be held throughout the state on January 28, 2003. The Secretary of State has designated HB 4079 as Ballot Measure 28.

Ballot titles, financial impact statements and explanatory statements are the most important source of information for voters about the substance of a measure. Indeed, in many instances, they are the only source of information for a voter. Because of that, it is extremely important that the ballot title, financial impact statement and explanatory statement be drafted carefully to reflect accurately the substance and consequences of the measure. As the dissemination of this information is a public service, the state has an obligation to prepare ballot titles, financial impact statements and explanatory statements that provide an objective and balanced description of the question presented to the voters.

Unfortunately, in HB 4075 the legislature has breached that obligation. The ballot title, financial impact statement and explanatory statement omit from voters a crucial aspect of this measure. Specifically, those parts of HB 4075 deliberately fail to inform Oregonians about the deep cuts to public services, which the Legislative Assembly set out in Section 2 of HB 5100.

For example, HB 5100 cuts \$95 million from the State School Fund, \$27 million from Higher Education and \$14 million from Community Colleges. It cuts \$90 million from health care and human services programs, hitting senior, disabled and low income Oregonians the hardest. It also cuts over \$55 million from public safety services, such as the Department of Corrections, State Police, Community Corrections and the Oregon Youth Authority. Those cuts are restored only if the measure passes—cuts that result in closing schools early, increasing tuition, compromising public safety and terminating services to vulnerable populations. And yet, HB 4075 makes no mention whatsoever of that consequence.

Because HB 4075 is misleading, my initial inclination was to veto it. The reason I am not exercising my veto authority on HB 4075, however, is my concern about further erosion in the integrity of the electoral process. Already, the opponents of the temporary corporate and personal income tax increase have made threats to file a lawsuit if I veto HB 4075, hoping to deprive the people of Oregon of the opportunity to vote on this matter on January 28. Although it is clear to me that the result of any litigation would be that the January 28 election date would be preserved and that this election would be conducted like any other special election, litigation on

those procedural issues would only delay the discussion we must all have on this matter as Oregonians.

In allowing HB 4075 to go into law without my signature, I ask all Oregonians who care about vital public services to join me in redoubling our efforts to make the choices clear. I have said throughout this long and difficult year that the principle of “pay-as-you-go” must ultimately prevail in government finance. When Oregonians vote on Measure 28 on January 28, it will be the first step toward reestablishing honest and accountable budgeting.

As concerned as I am about the misleading way HB 4075 puts the question to voters, I am confident in the ability of Oregon voters to see through that deception and fully understand the question being asked.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



October 25, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill (HB) 4077, 2002 Fifth Special Session, unsigned and disapproved.

HB 4077 would repeal Oregon's inheritance tax in 2005. In addition, the bill connects Oregon to certain provisions of federal estate tax law changes made in 1997 and 2001. In doing so, HB 4077 would result in a \$5.6 million loss to the state in the 2001-03 biennium, and an \$18.1 million loss in the 2003-05 biennium. Thereafter, when this bill repeals the inheritance tax, HB 4077 would result in more than a \$92 million loss for each subsequent biennium.

Not only would this bill result in an immediate and, over time, substantial decrease in revenues, HB 4077 is not real tax reform. The legislature enacted HB 4077 in isolation, and without exploring other tax reform measures. A decision whether to continue the inheritance tax must be a part of the larger debate on the appropriate balance of state spending to state revenue.

Because that debate did not occur, and given the substantial decrease in revenues that would result from this bill, I am compelled to veto HB 4077.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 19, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill 5070, unsigned and disapproved.

This bill is a companion to Senate Bill 5574. It makes General Fund and Lottery Funds adjustments to state agency budgets based on final decisions by the February 2002 Special Session.

While I agree with many of the proposed reductions contained in this bill, I disagree with the legislative process used to craft these reductions.

Prior to the Special Session, I outlined two principles for the Special Session to follow in crafting a solution to the current budget deficit:

- (1) Provide for a public process to debate proposed revenue and expenditure options during the Special Session. There was no such opportunity for Oregonians to debate the program reductions contained in House Bill 5070.
- (2) Include long-term structural change in any proposed solution to address the fact that the current budget is not sustainable into the future based on the projected revenue forecast. House Bill 5070 coupled with other legislation does not adequately address this long-term structural problem in state spending.

In addition, this bill requires the Executive Branch to take across-the-board cuts and restorations for every \$100 million change in future revenue forecasts. I fundamentally disagree with this approach to balancing budgets. It precludes any decision for choices based on program priorities and long-term investments.

Finally, there are technical questions about the legality of language in the bill related to the Medicaid Upper Payment Limit (MUPL) funds and the tobacco settlement funds. There is no language that transfers these funds to an account from which dollars can be expended.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 19, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill 5071, unsigned and disapproved.

This bill adjusts the allocation of Lottery Funds to agencies based on the December 2001 forecast of revenues.

Prior to the Special Session, I outlined two principles that I expected the Special Session to follow in crafting a solution to the current budget deficit:

- (1) Provide for a public process to debate proposed revenue and expenditure options during the Special Session. There was no such opportunity for Oregonians to debate the program reductions in House Bill 5071.
- (2) Include long-term structural change in any proposed solution to address the fact that the current budget is not sustainable into the future based on the projected revenue forecast. House Bill 5071 coupled with other legislation does not adequately address this long-term structural problem in state spending.

Finally, given Oregon's economy, I disagree with the level of program reductions made in Senate Bill 5574 with respect to the Economic and Community Development Department.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 7, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 5091 (2002 Third Special Session), unsigned but not disapproved. In transmitting this bill I wish to share my reasons for not signing the legislation.

House Bill 5091 is the omnibus disappropriation bill. This bill makes additional cuts in a number of state programs in addition to significant reductions in funding for primary and secondary education and community colleges. As a result of this bill becoming law – and in conjunction with actions taken during previous special sessions and emergency boards – approximately \$780 million has been cut from the legislatively approved budget for the 2001-2003 biennium.

The most significant disappropriations within this bill are \$211 million to K-12 and \$56 million to community colleges. The Legislature chose to make general fund reductions to these programs and then in separate legislation, backfill these cuts with bonds backed by the cigarette tax and by an accounting maneuver. Because I have chosen to veto the legislation which would backfill the cuts, the consequence of letting this bill become law without my signature means that the Legislature's reductions to K-12 and community colleges will result in real cuts to these vitally important programs.

I want to make clear that I do not believe that K-12 or community colleges can take these cuts without a resulting serious and devastating short-term impact to Oregon's educational system. Providing a quality public education is the single most important service that state government funds. Nonetheless, funding public education in this way is a disservice to our school children, our workforce, and, indeed, to all Oregonians. It masks the fact that we have not provided sustainable revenue for these programs and misleads Oregonians into thinking there is not a serious problem with Oregon's budget. I think we can do better than this and I believe Oregonians deserve a chance to decide for themselves what level of funding they want to provide for public education.

For these reasons, I am returning HB 5091 unsigned but not disapproved.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



October 15, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I have signed Enrolled HB 5100, 2002 Fifth Special Session, but with the following line items in Section 1 disapproved:

- Administration, Page 1, DAS, General Fund, ch. 878 8, \$400,000; and
- Economic and Community Development, Page 3, Historical Society Grant, General Fund, ch. 471 1, \$468,374.

I am using my line item veto authority for these two items because both programs are important to the state's current and future economic development and recovery efforts.

The \$400,000 cut to the Community Solutions Office would result in the loss of 4 of 5 regional coordinators and one support staff position. These coordinators bring state staff and resources together to assist county and city governments implement priority local economic and community development projects. Several local governments have lauded this program for expediting important projects through agency review processes necessary for the projects to move forward.

The cut of \$468,374 to the Oregon Historical Society would make it impossible for the state to plan for the Lewis and Clark Bicentennial Celebration in Oregon. This major national event is expected to attract visitors from around the country and world to our state, bringing millions in tourism dollars to Oregon.

This action will reduce the ending balance by \$868,374.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 19, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning Senate Bill 1008 unsigned and disapproved.

This bill attempts to treat dental services differently than all other health care and preventive services prioritized by the Oregon Health Plan. The strength of the Oregon Health Plan is that it evaluates all health services with the same process and then purchases those services in priority order with the funds that are available. By treating dental care differently, this bill breaks the discipline of the priority setting process and erodes the integrity of the Oregon Health Plan.

The bill also creates the unacceptable precedent of placing in statute a benefit package and co-payments. This will make it impossible for us to alter the dental benefit for OHP patients should such an alteration be required for purposes of obtaining a waiver, rebalancing the DHS budget, or because new research makes such a change desirable.

Finally, the bill omitted the \$500 per year limit on services included in the dental benefit recommended by the Health Services Commission. This not only illustrates the folly of placing benefits in statute but it nullifies a large portion of the savings gained by the changes contained in the waiver. As a result, the bill would increase the cost of the new Oregon Health Plan waiver.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 7, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled Senate Bill 1022 (2002 Third Special Session), unsigned and disapproved. While recognizing the potential impact on K-12 schools, community colleges and those they serve, I cannot in good conscience allow this bill to become law. It represents unsound fiscal policy, creating an unsustainable funding mechanism for our public schools.

SB 1022 authorizes an accounting maneuver which moves the due date of the final state payment to primary and secondary schools and community colleges from the current biennium into the next. This allows the state to realize a one-time "paper gain" of \$260 million by deferring the responsibility to make this payment to the next legislature. In other words, the bill shifts the due date, but not the money with which to actually make the payment.

This maneuver is not materially different from a corporation taking future projected profits and showing them on today's books in order to give the shareholders an inflated picture of the financial health of the business. This bill would likewise be giving Oregonians – the shareholders of our system of public education – an inflated and inaccurate view of the true fiscal health of our schools.

Furthermore, SB 1022 does nothing to ensure that the \$260 million will be available for public education in the 2003-05 biennium since the current Legislature cannot obligate the next Legislature.

As we look towards the 2003-05 biennium, it is clear that difficult choices will need to be made. With projections of a gap between projected expenditures and available revenues of more than \$1.2 billion, it is time for the Legislature to make choices that not only address the shortfall this biennium but begin to address the problem for the next biennium as well.

It's time to be accountable.

For these reasons, I am returning SB 1022 unsigned and disapproved.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



February 19, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Senate Bill 5574, unsigned and disapproved.

This bill disappropriates General Fund and Lottery Funds from State agency budgets to partially address State government's revenue shortfall.

While I agree with many of the proposed reductions contained in this bill, I disagree with legislative process used to craft these reductions. I also disagree with the level and types of reductions proposed in Senate Bill 5574.

Prior to the Special Session, I outlined two principles that I expected the Special Session to follow in crafting a solution to the current budget deficit:

(1) Provide for a public process to debate proposed revenue and expenditure options during the Special Session. There was no such opportunity for Oregonians to debate the program reductions in Senate Bill 5574.

(2) Include long-term structural change in any proposed solution to address the fact that the current budget is not sustainable into the future based on the projected revenue forecast. Senate Bill 5574 coupled with other legislation does not adequately address this long-term structural problem in state spending.

Finally, I disagree fundamentally with many of the program reduction choices contained in Senate Bill 5574. For instance, this bill cuts funding to undergraduate instruction at Oregon's universities and reduces our investments in human resource prevention programs. Other policy choices should be considered.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



March 12, 2002

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled Senate Bill 5575 (2002 Second Special Session), with the following line items in Section 1 (3) Human Services, Medical Assistance Programs (page 4), unsigned and disapproved:

- General Fund ch. 892
1(2)(c) -60,593,030
- Other funds ch. 892 5 +67,500,000
ch. 894 2 +67,500,000

The General Fund ch. 892 1(2)(c) line item reduces the General Fund appropriation for the Medical Assistance Program by \$60,593,030.

The Other Funds line items of ch. 892 5 +67,500,000 and ch. 894 2 +67,500,000 replace the General Fund with \$67,500,000 of National Tobacco Settlement proceeds from the Health Care Trust Fund.

This action spends almost the entire National Tobacco Settlement account and effectively depletes the Health Care Trust Fund. Further, coupled with the \$220 million Education Endowment Fund raid and use of other one-time revenue, the legislative budget plan uses a staggering half billion dollars in one-time revenues, which will virtually spend every dime of the state's reserves and will create a huge financial cliff for the next biennium.

This entire budget deserves to be vetoed, but because of the state's serious cash flow problem, I will veto only the \$60,593,030 disappropriation of the Medical Assistance Program General Fund and the \$67.5 million in national Tobacco Settlement proceeds in SB 5575 and reluctantly let the rest of the bill become law.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 28, 2001

The Honorable Mark Simmons
Speaker of the House
H-269, State Capitol
Salem, OR 97301

Dear Speaker Simmons:

I am returning herewith enrolled HB 2001, unsigned and disapproved.

Throughout session, I have maintained that I would approve a redistricting plan that had broad support both from the membership and the leadership of this Legislative Assembly. Early in session, there were encouraging signs that all interested parties were working together on the legislative redistricting plan. However, the lack of process and public input and the stark partisan vote on HB 2001 highlight its shortcomings.

I have little doubt that any redistricting plan will go through rigorous legal analysis. With due regard to the Oregon Constitution, the statutes and the voluminous case law surrounding this issue, the core purpose of redistricting should not be forgotten. Redistricting should serve Oregonians by providing representation that truly reflects the nature of our people and our communities. For example, the statutes and our courts direct that communities should not be divided, unless absolutely necessary. The strict adherence in this plan to zero population deviation -- an attempt to create districts that have the same numerical population -- forces its drafters to unnecessarily divide city boundaries and to divide ethnic and community populations and disregard the other criteria in the statute and in case law.

HB 2001 is well out of line with the statutory requirements set forth in ORS 188.010. With the exception of the requirements in that statute that districts be of equal population and that two House of Representative districts shall be wholly included within a single state senatorial district, it appears that there are valid questions about each of the other requirements in ORS 188.010. For example, ORS 188.010(1)(c-d) mandates that districts shall "utilize existing geographic or political boundaries" and "not divide communities of interest." Yet, in several cases, this plan unnecessarily divides city and county boundaries and creates tremendous shifts in population and representation.

It is clear after reviewing the record of testimony and the many letters my office has received regarding the bill, there is a wide gap between the public input received by the committees working on this plan and the product that was incorporated into HB 2001 hours before it was voted out of the House Rules Committee.

For example, there was overwhelming testimony that Astoria and the Columbia River communities upriver share much in common and that the "river district" should be preserved as much as possible, as this was clearly a community of interest. Yet, this plan violates the public input, unnecessarily alters the boundaries of the current river district and realigns the district north and south along the coast and not east and west along the river. In addition, there was a great deal of testimony received from residents of West Linn, Lake Oswego, Bend, Tualatin, Coos Bay and other communities that hoped to be wholly contained in a single House district. And yet, in each of these cases, the cities are inexplicably divided.

The division of Bend is particularly perplexing. Deschutes County has experienced the most rapid growth of any county in Oregon since redistricting in 1991. Based on this, it is obvious that new lines need to be drawn for the core

Deschutes County House Districts -- 54 and 55. The City of Bend has grown to 52,029, very close to the target House District population of 57,023. And yet HB 2001 ignores the overwhelming public testimony and written letters seeking to accomplish what common sense would dictate --create a Bend district that puts the entire city in one House District and make up the difference with 5,000 citizens that live just beyond the city limits. Instead, the city is divided so that one-third of the population is in House District 55, and two-thirds of the population is in House District 54.

ORS 188.010(3) also requires that "No district shall be drawn for the purpose of diluting the voting strength of any language or ethnic minority group." At least two examples of dilution appear to violate this provision. First, a district in Hillsboro reduces the Hispanic population from 26% to 19%. In addition, the Hispanic population in two Salem districts -- 32 and 33 -- is divided in such a way that each district has roughly 11,000. Considering that the Hispanic population in Oregon has grown at a rate of over 100% -- from 4% to 8% -- over the last decade, it is clear that Hispanic representation should be enhanced by whatever plan is finally approved, not diminished. The pattern of dilution evidenced in HB 2001 will and should subject this plan to close scrutiny under both ORS 188.010 and the Voting Rights Act.

I trust that as the Secretary of State works through the process of drawing new districts, he will pay heed to the statutory requirements and the volume of public testimony received by the House and Senate Rules Committees during the length of session. I have full confidence that the Secretary of State, in accord with the Constitution, the statutes and the will of Oregonians, will draw a fair and sustainable redistricting plan. For the sake of our Legislative Assembly and the people we represent, this should be handled as expeditiously and as impartially as is possible.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith House Bill 2497, unsigned and disapproved for three key reasons: an undesirable policy regarding prior authorization, the requirement that certain medications be removed from capitation, and the requirement that diagnosis codes be placed on prescriptions.

Notwithstanding this veto, there are many constructive policies embodied in HB 2497. Fortunately, these can be enacted through administrative action. I will instruct the Department of Human Services (DHS) to implement the provisions of HB 2497 which require the following:

- Practitioners to write their OMAP provider number on the prescription;
- OMAP patients to designate a primary pharmacy or pharmacy network;
- DHS to expedite the resolution of rebate disputes between pharmaceutical manufactures and DHS and to collect the total amount of outstanding balances owed for unpaid drug rebates;
- DHS to seek rebates of at least 15.1% generic medications and establish a maximum allowable cost for certain drugs;

Controlling pharmaceutical costs is a complex task and what often seems desirable at first glance can ultimately be harmful to patients and increase costs. This is true of the portion of the bill that changes state policy to allow prior authorization of prescriptions based on the number of prescriptions obtained by a given patient over a six-month period of time. While I do not object in principle to the concept of prior authorization, I believe it must be used judiciously to avoid creating access barriers to needed medications. Allowing prior authorization based solely on the number of prescriptions obtained by a patient is simply bad policy. This singles out the sickest and most vulnerable of our Medicaid patients and subjects them to increased administrative hurdles for obtaining medications that may be the difference between life and death, independence and disability, and which could prevent the need for more expensive treatment. I will instruct OMAP to aggressively case-manage patients with high numbers of prescriptions in a manner that works collaboratively with their physicians to make sure they are getting optimal care rather than making it more difficult for physicians to render the best care.

The requirement for the Department to exclude by rule certain medications from the capitation rate for OHP providers is counter productive. At present, many OHP providers have drug utilization management systems that are effectively controlling pharmaceutical expenditures within their own provider group. Removing medications from these functioning management systems into fee for service payment by the state only increases the likelihood that inappropriate utilization will increase. In addition, some of the more effective pharmacy benefit management (PBM) contracts require the PBM to contract to provide medications on a capitated basis. This requirement would remove a potentially effective weapon in Oregon's arsenal for fighting drug costs.

Finally, the requirement for practitioners to write the diagnosis code of the condition for which a prescription is written

violates patient confidentiality and increases the hassle factor that practitioners who serve OHP patients must endure. Diagnosis codes are readily available in documents easily obtainable by the public. A pharmacy technician knowing the condition being treated seldom enhances the quality of care and the risk of unnecessary disclosure of a patient's health condition is greatly increased by such a practice. Creating an additional requirement for practitioners who see OHP patients also creates a disincentive for bringing OHP patients into one's practice by making the administrative burden practitioners already bear even greater.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning House Bill 2714, unsigned and disapproved.

The bill would require the Land Conservation and Development Commission (LCDC) to establish yet another way to allow dwellings on Oregon's best farmland. This topic has been debated countless times over the past several years and a compromise was reached among various diverse interests.

Under existing law, a new farm dwelling is not allowed on high value farmland unless the owner can demonstrate a gross (not net) income of \$80,000 from farming. This is intended to protect Oregon's most productive soils for farming by distinguishing between commercial farmers and those people who simply want to live in the country. On lower quality farmland, less restrictive tests have been established for dwellings.

House Bill 2714 would require LCDC to adopt a rule to allow new dwellings on high-value farmland based on the "capability" of the parcel to become a farm. In my estimation, this new "capability" test would be quite easy to meet. For example, any size parcel could be declared capable of commercial farming as long as neighboring residents are farmers.

Consequently, this new test would enable hundreds of new dwellings to be located on some of Oregon's best farmland without the need to demonstrate that the land is being used for farming purposes. Instead, an applicant would only have to demonstrate that the land could be used for farming in order to obtain permission for a dwelling.

The "capability test" proposed by HB 2714 is not a new idea. Such a test was widely used in the 1980's. Under this practice, so-called "farm dwellings" with no real connection to commercial agriculture proliferated on high-value farmland throughout the Willamette Valley. A 1990-91 study found that 75 percent of all new "farm dwellings" were occupied by people earning less than \$10,000 from farming. About 37 percent of these dwellings were approved on land that grossed no farm income after the dwelling was built, even though the residents had previously declared an intention to farm.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith, House Bill 2981, unsigned and disapproved.

This bill would require the Land Conservation and Development Commission to adopt rules governing the rural residential area located outside urban growth boundaries. This area is commonly referred to as the "urban fringe."

Last June, the Land Conservation and Development Commission adopted rules governing rural residential development in the urban fringe. The rules were adopted after a lengthy public process involving many stakeholders including the Oregon Building Industry Association which is the sponsor of HB 2981.

The rule established a minimum lot size for rural residential development within one-mile of urban growth boundaries. There is general consensus that it is important to maintain large parcels outside urban growth boundaries to enable a community to plan for future urban development in an efficient and more cost-effective manner. When a community decides to expand, it is easier to justify expansion of its urban growth boundary onto rural residential land located in the urban fringe land than onto prime farmland.

HB 2981 would require the Land Conservation and Development Commission to revisit this issue. I believe it is premature to take legislative action to amend an administrative rule adopted a little more than one year ago. I encourage the sponsor of HB 2981 to pursue the proposed changes directly with the Land Conservation and Development Commission and the Department.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 5, 2001

The Honorable Mark Simmons
Speaker of the House
H-269 State Capitol
Salem OR 97301

Dear Speaker Simmons:

I am returning herewith Enrolled HB 3344, unsigned and disapproved.

This bill would add a narrow definition of "science" to ORS 174.100. This particular definition is taken from the *Statement on 'What Is Science?'* adopted by the American Physical Society in 1999. Members of the American Physical Society have expressed serious concerns about this bill. I share that concern.

I am concerned about adding this, or any other single definition of "science," to that portion of Oregon Revised Statutes that provides definitions for use in all other ORS. The list of definitions in ORS 174.100 is short precisely because there are very few words or terms that have just a single meaning that is appropriate for all applications in state law.

From a practical standpoint, it is hard to even judge how a particular definition might affect the various statutes it is used in. The word "science" is used numerous times in Oregon Revised Statutes and Oregon Administrative Rules. The context for all these uses of "science" cover the spectrum of public policy topics from "A" to "Z."

While the definition of "science" proposed in HB 3344 is one way to define science, there are many other ways the word may be defined – all just as applicable in certain circumstances as the definition in the bill. The point is that no one definition of science fits all applications of the term. *Webster's Dictionary* includes several definitions of science, none as narrow as the definition proposed in this bill.

I understand that Oregonians want "science" to be fully considered in governmental decisions (rules, laws, programs and so on), particularly in the area of natural resources stewardship.

I couldn't agree more, and I will continue to urge that the best available science be used thoroughly and in the most objective way possible in any policy formulation or program implementation where it is applicable.

I also understand that some citizens are concerned that science has not been adequately or properly considered in some natural resources policies, but this contention is controversial, and we are better off to examine the situation on a case-by-case basis. Merely adding a definition of "science" to the statutes will not contribute to resolving such controversies.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 29, 2001

The Honorable Mark Simmons
Speaker of the House
H-269 State Capitol
Salem, OR 97301

Dear Speaker Simmons:

I am returning herewith House Bill 3363-A, unsigned and disapproved.

HB 3363-A would amend ORS 610, to include "wolf hybrids" among a list of predators that may be destructive to agricultural crops, products and activities. In early June, I indicated concern about this proposal because there is little evidence of a current problem to address or the likelihood of one emerging. In any event, if specific problems were to develop, adequate measures exist now to address them. ORS 609 provides Oregon's counties with the ability to legally authorize capture or taking of wolf hybrids as dogs when shown to kill, injure or chase livestock. This provides a sufficient tool applied at the local level to specific fact situations.

Many Oregonians have wolf hybrids as pets. This legislation would give Oregonians permission to kill someone's pet. HB3363-A also may create a liability under the federal Endangered Species Act for local landowners who kill, albeit in rare future circumstances, a wolf thinking it's a hybrid, resulting in a "take" of a federally listed species.

HB 3363-A is an unnecessary solution looking for a problem. I believe the tools in place today are adequate to deal with problem wolf hybrids, without placing Oregonians at higher risk of needlessly killing someone's wolf hybrid pet or a federally listed species.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith, House Bill 3528, unsigned and disapproved.

The bill would allow a gas station and full service hook-ups for a recreational vehicle park on farmland in Harney County. Under current law, these uses are prohibited in farm zones.

First, let me state that I understand the difficult economic situation in Harney County. It has been hard hit by a downturn in its natural resource-based economy and is struggling to find ways to replace lost jobs and income. The Malheur Wildlife Refuge and Steens Mountains are expected to attract valuable tourism and recreation to the region.

The proponents of House Bill 3528 are correct to point out that services such as gas stations and restaurants are needed in Harney County to accommodate tourism. They also indicate that the development would provide jobs for local residents. Both of these statements are true. Tourist-related services should be provided, to the extent possible, in existing towns to reinforce existing businesses.

Because the economy of Harney County is changing, however, it may be worthwhile to revisit historic land use patterns. Towns and developments that evolved to support a resource-based economy may not be conveniently located to accommodate the emerging growth in tourism.

As a consequence, there may be merit in the development proposed by House Bill 3528 but only if it is done in the context of a comprehensive strategy identifying special gateways to meet visitors' needs as they travel to the Steens and the Malheur Wildlife Refuge. If Harney County is so inclined to lead such an effort, I will ask state agencies to contribute staff and resources to work with them on this important issue in the interim.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 3808, unsigned and disapproved.

HB 3808 repeals permission for the federal government to acquire land (through sale, lease or gift) for migratory waterfowl refuges. Under the federal Migratory Bird Conservation Act, states must grant permission for such acquisitions, which Oregon did several years ago in ORS 272.060.

Repealing the general permission statute would make transactions between willing sellers and the Department of Interior subject to state legislative approval. This violates the fundamental private property rights of individual landowners, who for either economic or environmental reasons want to sell their land for this purpose.

Creation and expansion of refuges is an important tool that can be used to reduce waterfowl damage of agricultural crops by providing alternative habitats and food sources.

HB 3808 also contains changes to the Forest Practices Act that are not related to the relating clause in the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 3809, unsigned and disapproved.

HB 3809 is a seriously flawed bill in two respects: (1) it creates a new and duplicative "expert scientific panel" for yet another examination of hatchery versus wild salmon issues; and (2) it represents another attempt by the Legislature to statutorily mandate state agency direction in the very complex science of salmon recovery.

A number of federal and state scientific panels have already, or are undergoing, serious reviews of artificial production (hatchery) methods and policies regarding salmon recovery in Oregon and the Northwest. Under the federal auspices of the Northwest Power Planning Council (Council) and the Bonneville Power Administration (BPA), the twin panels of the Independent Scientific Advisory Board (ISAB) and the Independent Scientific Review Board (ISRB) have been reviewing this and related salmon hatchery issues since 1997 and before.

In response to the continual federal mandates regarding the complex science of salmon recovery in Oregon, and to provide for sound scientific advice regarding Oregon Plan issues, including artificial production issues relating to recovery, Oregon utilizes its own Independent Multidisciplinary Science Team (IMST). The IMST has finished a thorough review of the policies and operations of ODFW's state fish hatcheries, and ODFW has been working closely with them in the development of the state's new Native Fish Conservation Policy and Conservation Hatchery Improvement Plan (CHIP).

In view of the large volume of scientific review now underway or just completed, the creation of one more "expert scientific panel" to review the existing science of hatchery versus wild salmon stocks is simply not needed.

ODFW is developing a new Native Fish Conservation Policy for managing Oregon's salmonids. I am confident that this effort, led by experts in fisheries management, will result in a management tool that will clarify the role of hatchery fish in salmon recovery. ODFW needs to have the flexibility to respond to changing conditions, legal mandates and fisheries needs, and not be limited in the management tools available to address recovery efforts.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled House Bill 3981, unsigned and disapproved.

This bill would weaken the state Endangered Species Act (ESA), the Forest Practices Act (FPA) and the Energy Facility Siting process. With regard to the FPA and Siting process this bill would remove the requirement to consider the needs of state listed species and other fish and wildlife needs. With the growing number of federal ESA listings, Oregon must do everything it can to minimize impacts to at-risk fish and wildlife and their habitat in order to avoid more federal listings in the state, which result in a loss of state and local control over fish and wildlife management.

This bill also would require extensive and costly economic and social impact studies both before state listing and during state recovery planning. The decision to list a species under the state ESA should be based on the biological status of the species. Economic and social impacts should be and are taken in consideration by ODFW during the development of the recovery plan. The state ESA itself applies only to state-owned and managed lands, giving it limited applicability as it currently stands.

The bill includes some provisions I do support, including the development of a safe harbor program for lessees of state land, and the development of a candidate conservation program to avoid species listings. However, the other provisions identified above make it unacceptable to me.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I have signed Senate Bill 50 but disapproved section 2, the emergency clause.

The bill directs the Oregon Department of Fish and Wildlife (ODFW) to promptly relocate its headquarters from Portland to Salem or the Salem area by the most cost-effective means. The bill also requires ODFW to work in consultation with the Department of Administrative Services (DAS) to minimize the cost of moving to leased quarters until a permanent site is provided and disposing of the existing headquarters. DAS is to develop a plan for a permanent location for the headquarters.

While I support the relocation of ODFW to Salem, I want to make sure that the impacts to personnel are fully considered and planned for before the move occurs and that affected employees have time to plan for the move as well. ODFW and DAS need time to plan for this move, in order to consider and deal with both fiscal and personnel impacts involved in this relocation.

By disapproving the emergency clause the new law will not take effect until January 1, 2002.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Senate Bill 67, unsigned and disapproved.

SB 67 would reduce personal and corporate income taxes by reducing the capital gains tax rate and, at full implementation, result in a \$510 million loss to the state's general revenues. This tax cut would primarily benefit Oregon's higher income households without a demonstrated benefit to Oregon's economy. At the same time it would further constrain a future legislature's ability to address the demand for public services. It also comes at a time when Oregon's income tax receipts indicate that our existing tax system may soon be tested by a recession.

This measure comes after two other very significant tax relief measures: Ballot Measure 88 and HB 2281. Measure 88, referred to the voters by the 1999 legislature, will reduce Oregon's personal income taxes by raising the state tax deduction for federal taxes. It will ultimately reduce state revenues by an estimated \$248 million. In addition, this session I signed into law HB 2281 which will reduce corporate income taxes by changing the corporate tax apportionment formula and result in reduction of well over \$60 million in state general revenues.

In 1998, I empanelled a tax review committee chaired by U.S. Bank Economist, John Mitchell, to take a twenty-year look at both our economy and our tax system. This group discovered that our tax system has changed significantly as a result of both voter initiatives and a changing economy. The most critical change has been the shift in the importance of the income tax. As a state, we are increasingly dependent upon income taxes to fund state government as well as our public school system. While our economy is more diverse than a decade ago, our revenue system is even more sensitive to changes in the economy.

After 10 years of the best economic times we may now be looking at a mild recession. We have no experience with economic weakness or recession under the current mix of revenues and responsibilities. However, we know that a recession will impact our general fund and therefore our schools.

This same tax review committee recommended the pursuit of a more balanced tax system, one less dependent upon the personal income tax. To the credit of the House Revenue Committee Chairman Lane Shetterly, the 2001 legislature briefly considered how to increase stability in our system while maintaining revenue neutrality. HB 3942, the Revenue Stabilization and Tax Reform Act, would have replaced Oregon's corporate income and excise taxes and cut the state's marginal income tax and capital gains rates with business activity tax. The proposal was designed to address more long-term stability and equity.

In the end, the legislature refused to further study this approach and chose instead to pursue a simple cut in capital gains taxes.

Oregon needs a broader tax base than the income tax can provide. Unfortunately, SB 67 would exasperate Oregon's

problem by further reducing income taxes. I regret that the legislature chose not to explore the concepts outlined in HB 3924 and instead opted for a simple tax cut.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 29, 2001

The Honorable Gene Derfler
Senate President
S-203 State Capitol
Salem, OR 97301

Dear President Derfler:

I am returning herewith SB 234, unsigned and disapproved.

SB 234 would dedicate \$500,000 from the Oregon Watershed and Enhancement Board's Restoration and Protection Research Fund to the Department of Higher Education for studies to determine the extent and cause of fish deformities in the Willamette River.

As created last session by HB 3225, the Research Fund is funded from interest earned on both the Watershed Improvement Grant Fund and the Watershed Improvement Operating Fund. This interest has been accruing to the Research Fund during the 1999-2001 biennium. The Attorney General issued advice on June 22, 2001 that generally indicates that interest earned on the Grant Fund must be used for "capital expenditures" as defined in ORS 541.351. Interest earned on the Operating Fund generally is available to fund research and other uses as defined in statute.

Because the interest that has accrued to the Research Fund now must be divided consistent with the 65%/35% split for Grant and Operating Funds, there is not enough money currently available in the Research Fund to support SB 234. The Independent Multidisciplinary Science Team, at the request of both OWEB and the legislature, was asked to identify and prioritize research needs for the Oregon Plan. They have done so in Technical Report 2001-2 dated March 5, 2001. They have assessed 12 research needs and ranked them from highest priority to low priority. On the low priority list is the need to "determine the cause and effects of disease, tumors, and other abnormalities of fish on the population dynamics of the fish and the implications for ecosystem and human health." 10 other projects are ranked higher on the priority list. Limited research funds should be used to address higher priority needs at this time.

I do want to note that the OWEB budget includes a budget note that directs the agency "to report to the Emergency Board on the development of a research study for the Willamette River directed toward an investigation of toxics and fish deformities in the basin." The agency, working with the IMST, OSU and DEQ, is to develop study parameters and provide a work plan, budget and recommended funding sources. This will provide an opportunity for the work called for in SB 234 to still occur.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning Senate Bill 374 unsigned and disapproved.

The bill modifies disclosure requirements for video game retailers and increases the age at which video lottery games can be played from 18 to 21.

The change in the disclosure requirements is very broad. It gives the Lottery director unfettered discretion to waive disclosure requirements. Oregon has had very strong disclosure requirements to make it difficult for organized crime syndicates to get a foothold in the state's lottery operations. This is no idle risk as reports from many other states show.

Through my gaming negotiations with Oregon's tribes, I have made strict disclosure a major component of our negotiations. The Oregon State Police are now able to view every contract and every employee within that industry. It makes no sense to relax our own standards in the state-controlled Lottery system.

I understand that the original intent was to allow the Lottery Director to waive disclosure requirements to accommodate modern business forms that have come into being since the Lottery was created nearly 20 years ago.

The Lottery Commission has cited a case in which the current disclosure requirements seem to be inappropriate. That case involved a situation in which a number of individuals inherited a business that was also a lottery game retailer. This may put those inheriting the business in a situation where they are subject to undesired public scrutiny.

Nonetheless, the protection of the public in the long run is a higher value than short-term personal discomfort.

While some adjustments in this circumstance may be desirable. The decision to waive disclosure requirements should not rest with one person alone. During the session I asked that the bill be returned to committee to add oversight of this new authority to the duties of the State Police or the Lottery Commission itself. The legislature declined to do so.

Oregon must do everything it can to retain the strongest possible disclosure requirements to make sure that organized crime does not get a foothold in the state lottery.

A more narrowly tailored bill with adequate security safeguards should easily gain approval next session.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 28, 2001

The Honorable Gene Derfler
President of the Senate
H-269, State Capitol
Salem, OR 97301

Dear President Derfler:

I am returning herewith enrolled SB 500, unsigned and disapproved.

SB 500 proposes to redraw district lines for each of Oregon's five Congressional districts. As drafted, it violates the principals of ORS 188.010. In addition, the redistricting plan found in SB 500 fails to incorporate the overwhelming weight of public input in the committee process.

There are a number of reasons for my veto of SB 500. First, it would force a great deal of unnecessary population shifts. For example, over 120,000 citizens that currently reside in the First Congressional District would no longer be in the First Congressional District. Over 60,000 citizens that are not currently in the First Congressional District would now be in the First Congressional District. This shift is in direct violation of ORS 188.010(1)(c-d) which require that congressional districts be drawn so as to "utilize existing geographic or political boundaries" and to "not divide communities of common interest."

Another glaring example of unnecessarily altering the makeup of current Congressional Districts and dividing communities of common interest is found in that under SB 500 as presented, Oregon State University and the University of Oregon would both be in the Fourth Congressional District. Currently, they are represented by separate members of Congress. As these two major research universities often compete for the same federal research grants, both would be highly compromised if forced to be represented by only one member of Congress.

The plan also splits the representation of Washington County in Congress for the first time in Oregon's history. In addition, western Multnomah County and Washington County have been part of the same Congressional District since 1967 and presents another violation of ORS 188.010.

Other aspects of the plan also are troubling and in violation of the statute. For example, the City of Milwaukie would be part of the First Congressional District, but is connected to the rest of the district only by a seldom-used rail freight bridge over the Willamette.

As it is now clear that the redrawing of Congressional District lines will be part of a court proceeding, it is my hope that the plan that is finally produced will more closely match the requirements of our statute.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Enrolled Senate Bill 502, unsigned and disapproved.

I believe we cannot increase our maximum interstate highway speed limit to 70 miles per hours (mph) safely. While many drivers are already traveling at speeds in excess of 70 mph, an increase from 65 mph to 70 mph will likely cause drivers to travel even faster. This incremental speed increase is the well-documented experience of most states that have increased speeds, and as speeds increase the crash and injury rates increase.

Last year, on average, one person died on Oregon roads and highways every 19 hours and one person was injured every 19 minutes. Four hundred and fifty one people died and 27,503 were injured. As large as these numbers are, they reflect a 14.3 percent reduction in fatalities and a 29.3 percent reduction in injuries since 1996. Oregon's crash rate has also gone down 12 percent during the same time period. While we should take pride in our improving safety record, the current levels of fatalities and injuries remain a vivid and compelling reason to continue our efforts to have one of the safest highway and road systems in the western United States.

This speed limit legislation provided new discretionary authority to the Oregon Transportation Commission and Oregon Department of Transportation to increase speeds to a maximum of 70 miles-per-hour for cars on the interstate highway system (I-5, I-82, I-84, I-105, I-205, I-405). From 1985 to 2000, 774 Oregonians were killed on our interstate highway system and 38,513 have been injured. Many of the injured people and their families live with life-long debilitating injuries typical of high-speed traffic accidents.

The rural interstate highway system is consistently the most deadly. In 2000, 27 people were killed on rural interstate highway segments compared with eight people on urban interstate highway segments. This fact is disturbing because the interstate highway segments most likely to be considered as appropriate for speed limit increases are rural segments of the interstates. The resulting policy would have allowed higher speeds on dangerous segments of highway without adequate or sustainable enforcement levels.

I am unwilling to risk more lives on our interstate highway system without being able to assure the citizens of Oregon that the speed limit will be adequately enforced. Today, we do not have the capability to provide adequate enforcement for all segments of our highway system. Without this capacity, more Oregonians will lose their lives on our freeways, and this unnecessary loss of life is unacceptable.

If I had confidence that we could enforce an increase in the speed limit on our interstate highways, I might have signed this legislation. I carefully considered implementing it through a limited demonstration project. However, I do not have confidence that such a demonstration could be implemented without creating significant diversion of Oregon State Police assets from other duties and without significant uncertainty related to a speed limit demonstration project.

The funding I sought for increased patrol was more than \$2 million, and the legislature declined to allocate these funds. The \$500,000 reported in some media as additional trooper funding was a part of my revised budget after the May forecast and does not reflect what I consider to be "increased" funding for SB 502. An explicit decision to fund patrol troopers for an interstate highway speed increase was not made by the legislature. The legislature crafted a very delicately balanced budget and I am concerned that unanticipated costs may make it difficult to fill all the trooper positions provided. For example, increased energy costs, emergency response associated with our current forest fires, or an arbitration award for salaries could easily put budgeted trooper positions at risk. It is an adequate budget but it does not provide adequate resources to accommodate a speed increase.

To assist in determining a level of enforcement adequate to control excessive speed on our interstate highway system, I have directed the Oregon State Police and the Oregon Department of Transportation to work together on this issue of effective enforcement. New speed monitoring instruments will be placed in segments of our interstate system. These devices offer us an opportunity to directly correlate speeds traveled and specific enforcement actions of the Oregon State Police. This information should be helpful to future policy discussions.

For these reasons, I am vetoing Senate Bill 502, and I encourage future governors and legislators to carefully consider the safety issue should legislation to increase the interstate highway speed limit again be considered.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith enrolled Senate Bill 593, unsigned and disapproved.

SB 593 directs the Oregon Department of Education (ODE) to provide an instructional phonics game to each approved Oregon pre-kindergarten program, effective on January 1, 2002. The bill raises the following concerns.

- During hearings, no public testimony validated the effectiveness of phonics games.
- No public testimony was heard regarding a request or a need for these phonics games.
- No public testimony indicated that Oregon Head Start Programs would use these games.
- Head Start programs already select curriculum materials and provide reading-readiness services tailored to each child's needs. By requiring specific phonics games for pre-kindergartens, SB 593 micro-manages what should be local curriculum and policy decisions.
- LFO estimates that the cost will be between \$22,000 and \$132,000 in 2001-03. The bill allows ODE to collect gifts, grants, donations, and federal funds to provide phonics games. However, if such funds are unavailable, ODE must use existing funds to provide phonics games, detracting from the purchase of requested and needed materials for pre-k programs.
- There is no sunset provision. As new programs are added and as games need replacement, there will be a continued draw on funds to support a program that has not been requested.

For these reasons, the Department of Education and the Oregon Head Start Association oppose SB 593. Neither they nor I are opposed to the use of phonics in pre-kindergarten or K-12 programs. This session I have signed SB 595 and HB 3941, which include the use of phonics in proposed pilot programs and research projects. Furthermore, the pre-kindergarten programs already can, and many do, utilize phonics approaches. Yet, we should not be forced to buy materials that pre-kindergarten programs have not requested, may not use, and which lacked adequate testimony as to any validation.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 17, 2001

The Honorable Bill Bradbury
Secretary of State
136 State Capitol
Salem, OR 97301

Dear Secretary Bradbury:

I am returning herewith Senate Bill 5533, with the line item in Section 18, page 3, lines 14-18 unsigned and disapproved.

This line item appropriates \$3.1 million in lottery funds to the Department of Agriculture for distribution to the County Fair Account. With my signature of HB 3530, which allocates \$3.1 million of net lottery proceeds from the Administrative Services Economic Development Fund to the County Fair Account, this line item appropriation in Senate Bill 5533 is a duplicate appropriation and therefore not necessary. I want to make it clear that this line item veto does not eliminate the \$3.1 appropriation to the County Fair Account in HB 3530 which I have signed.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



Septmeber 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith Enrolled House Bill 2050, unsigned and disapproved.

This bill is only slightly different from the "intangibles tax exemption" bill I vetoed in 1997. At the close of the 1997 legislative session I asked the Department of Revenue to assemble a work group to review the issue of the taxation of intangible property of the centrally assessed utilities in Oregon and offer recommendations for legislative action. Unfortunately, the work group was unable to agree on any specific recommendations. The process did, however, reveal substantial information about the extent of property that is considered "intangible", the difficulty in estimating its value and the differing interests within the key industry groups.

While I find myself in the same situation as 1997, the stakes have become greater. School funding has been a focus of attention and a driving force in considering any further tax exemptions or tax expenditures. It is ironic that the search for revenue for public schools this session was competing with the legislature's desire to provide tax breaks to businesses and many other individual constituencies. While each industry group taken by itself might have a legitimate argument, the cumulative impact of these tax cuts further damages our ability to pay for public education as well as public services such as public safety and public health.

I have stated repeatedly in correspondence with the legislature, my key concerns with the exemption of intangible property including fairness, avoiding a shift in the tax burden from Oregon business to individual households, stability for taxing districts, and the importance of clear definitions in order to avoid litigation. Despite meaningful changes, HB 2050 does not satisfy these concerns. Lastly, HB 2050 provides property tax reductions for centrally assessed utilities that have enjoyed a substantial reduction in property taxes over the last nine years.

I regret that the legislature chose not to forward the one intangibles exemption of merit: the value of Federal Communications Commission licenses.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning HB 2226 unsigned and disapproved.

HB 2226 would prevent the establishment of a private right of action for failure of a mandatory reporter of child abuse to report known or suspected child abuse. The bill also increases civil penalties for such an act, designates support enforcement employees of the Department of Justice as mandatory reporters of child abuse, and requires that law enforcement agencies or the State Office for Services to Children and Families to notify the employer or the licensing board of a mandatory reporter when there is reasonable cause to believe that there has been a failure to report abuse.

This legislation has much to recommend it. It increases the number of persons who are required by law to report child abuse. It increases civil penalties and encourages professional licensing boards to discipline persons who fail to report. However, by removing the possibility of a private cause of action over failure to report known or suspected child abuse, it eliminates an important tool which could greatly benefit the children of our state.

Since the legislative session has ended I have carefully reviewed the arguments on both sides of this issue. While it is possible to speculate on how these changes in statute will effect many of the organizations whose employees are subject to mandatory reporting, my review has convinced me that at present we have insufficient information to determine how these proposed changes in law might affect abused and neglected children in our state. This uncertainty has been a major factor in determining my position on this legislation, for it is the interest of abused and neglected children that I hold as my primary concern.

I am not convinced that law suits are the most effective method for encouraging persons to report abuse and neglect. There are clearly a number of situations in which law suits are not likely to be effective, chief among them the circumstance where no "deep pockets" are attached to the offender and thus there is not enough money involved to cause an attorney to take the case. The fact that there have been no more than two settlements involving such a suit in all the time that the child abuse reporting statute has been in existence, illustrates my point.

It is also unclear if the increase in civil penalty or the reporting to licensing boards are the best way to protect our children or whether they will sufficiently encourage mandatory reporters to fulfill their duty if the threat of a private action does not exist. Oregon's chief law enforcement officer, Attorney General Myers, and the District Attorneys Association clearly do not believe that these sanctions are sufficient if the private right of action is eliminated.

In the presence of such serious uncertainty, I have chosen to veto this legislation. However, I believe that there must be a better way to protect abused and neglected children than the current approach. I will lend the resources of my office to an ongoing discussion of this issue and I will be open to changes in the statute if I become convinced that the best interests of our children will be served by those changes.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



14 July, 1999

Honorable Lynn Snodgrass
Speaker of the House
Oregon State Legislature

Dear Speaker Snodgrass:

I am returning to you House Bill 2238, unsigned and disapproved.

HB 2238 would have made several changes to the state's unemployment insurance laws. Many of these changes would be helpful. The bill, initially requested by the Employment Department, would clarify a court case and ensure that the Department has the ability to determine whether benefits are due a worker and ensure that employers receive a sound experience rating. This bill also proposed to codify a current administrative rule that allows victims of domestic violence to quit work and receive benefits if they were in danger at their current workplace. The bill also clarified when benefits can be awarded in certain layoff situations.

Unfortunately, section 5 of HB 2238 excludes temporary pharmacists from unemployment insurance. This is unacceptable. Therefore, I am vetoing HB 2238.

Over the past several sessions, many bills have been introduced to eliminate certain employees from unemployment insurance coverage. As the number and scope of proposals to erode coverage has increased over the years, I have become progressively more concerned about the cumulative effect of these exemptions. I indicated earlier this session that I thought it was important to have a consistent policy recognizing the importance of an inclusive unemployment insurance program and to put a halt to this unwarranted erosion of coverage.

In 1989, the Legislature with bipartisan support and business and labor agreement, developed a test to determine whether an individual is an employee or an independent contractor. This test has worked well for over a decade. Section 5 of HB 2238 seeks to bypass this test. It interferes with pending litigation and excludes workers from unemployment insurance coverage by treating them in a manner different than the vast majority of Oregon workers.

Since a veto will negate the useful portions of this legislation along with the bad, I have directed the Employment Department to adopt a specific rule relating to critical domestic violence matters. This will deal substantially with the domestic violence provisions of the bill. I would also be pleased to discuss how this office can work with the Legislature over the interim to review the current independent contractor test to see if any changes are warranted.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 1, 1999

Honorable Lynn Snodgrass
Speaker of the House
Oregon State Legislature

Dear Speaker Snodgrass:

I am returning to you HB 2415, unsigned and disapproved.

HB 2415 would have made several changes to Oregon's elections code. Many of these changes are necessary and arise from the decision in the VanNatta v. Keisling case which disallowed several aspects of Measure 9 passed by the voters in 1994. Other changes in HB 2415 are not required as a result of the VanNatta case and expand the use of the political tax credit to allow contributions to political committees in addition to those made to political committees.

I am vetoing HB 2415 because of the unfunded \$1 million fiscal impact which would be caused by the expansion of the political tax credit to additional donations. Because we still do not have a budget agreement which accommodates this fiscal impact I cannot sign this bill. The estimated \$1 million impact would have to be taken out of another budget -- schools, health care, public safety or other programs important to many Oregonians. I believe the Legislature should make this fiscal decision explicitly through the regular budget process and not leave it to be funded by default.

I would be pleased to discuss this tax expenditure along with others should the Legislature choose to re-pass it and bring it for consideration in the budget process.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



April 7, 1999

Dear Speaker Snodgrass:

I am returning herewith Enrolled House Bill 2452 to you, unsigned and disapproved.

I have three primary reasons for this action.

First, the bill has a \$1.9 million impact on schools for the 1999-2001 biennium. This comes at a time in the legislative session when I have seen no indication that the legislative leadership has a balanced budget plan nor a way to pay for this and other tax expenditures which are under consideration. I intend to examine every bill that makes its way to my desk for its impact on the state school budget.

Second, the bill could create an additional loss of revenue to schools. The law now allows some forestland owners to change the designation of their land and avoid the "privilege tax." The bill does not address the potential for designated forestland to be switched from one special assessment program to another before timber is cut. Some forestland owners could switch to an agriculture or grazing land special assessment before the year of the timber harvest, cut the trees while the land is under a new special assessment and then switch back to the forestland designation later and avoid the privilege tax under the bill as written. I understand that the consequences of moving land out of a special assessment program was raised before the House Revenue Committee but not resolved. The bill's sponsor is unable to identify how many acres of land this represents. Hence it is impossible to estimate the revenue impact of this "switching" potential.

Lastly, as stated in the report from the Legislative Revenue Office, this bill "muddies the question of whether the harvest tax is a tax on property subject to Measure 5 (1990) and Measure 50 (1997)." For this reason, the bill is not as simple as implied by its sponsors. In fact, a tax court case relating to this issue is now under review. Should the courts determine that the privilege tax is indeed a property tax then privilege tax rates would be reduced and consequently, tax revenues could also be reduced.

The timber industry has made significant contributions to the overall Oregon economy. Their continued support of the Oregon Salmon Restoration Plan, watershed enhancement and best forest practices is significant.

I have stated my interest in pursuing the issue of equitable timber taxation and expressed my commitment to work with the industry to find the most appropriate approach. I am willing to work with the Oregon Forest Industries Council to address their concerns with equity issues raised in this bill. The Department of Revenue is finalizing a report on the work of an interim Forestland Taxation Task Force which should inform this effort. However, this should occur within the context of the school budget issues we all face this legislative session.

Sincerely,
John A. Kitzhaber, MD

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 2463 to you unsigned and disapproved.

Under current law, an area seeking to incorporate must get agreement from incorporated cities located within three miles. The rationale for this is that a municipality within three miles of an area proposing incorporation often has assumed some responsibility to plan for and provide urban services to the unincorporated area. In addition, a newly created city often has impact on adjacent communities.

House Bill 2463 would eliminate that requirement and place the county in the position of determining whether to approve the incorporation. Neighboring cities would retain the right to participate in the hearing, but would not have "veto" power over the proposed incorporation.

The processes developed over time to enable communities to incorporate and to provide urban services are complex. They are designed to balance efficient functional consolidation with the preservation of local identity as an area transitions into a developed metropolitan area. These laws should not be changed without good cause.

The sponsor has done a great deal of work on this issue and presented good reasons to change the laws relative to incorporations outside the urban growth boundary. However, I remain concerned about how the law would be applied to areas within urban growth boundaries. Often these areas are already covered by negotiated intergovernmental agreements designed to provide sewer, water, police and fire protection to affected residents. Senate Bill 122, passed two sessions ago, established a process for obtaining these types of urban service agreements. This bill may serve to undermine those agreements.

I am reluctantly vetoing the bill on these grounds. I am committed, however, to working with the sponsor of the bill to address the specific issues he has identified. Perhaps the Community Solutions Team can also be of some assistance. I also plan to work with the sponsor in the interim to develop a bill for next session.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 15, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 2474 to you unsigned and disapproved.

Under existing law, applicants for local land use approvals may either accept the conditions of approval imposed by local government and proceed with their development or appeal the conditions to the Land Use Board of Appeals or the Circuit Court of Appeals and stop their development. House Bill 2474 would allow applicants to proceed with their development while still seeking relief from the conditions of approval.

The bill rightfully places the burden of proof on local governments to demonstrate that conditions placed on development are within constitutional requirements. Local governments benefit from the bill because they will know within 180 days whether a developer plans to seek legal relief from an approval condition. Existing case law is somewhat unclear on this point. Under certain circumstances, a developer may have the right to contest a condition in court several years after the local government approval.

I do not have an issue with the concept underlying this bill. It is important for developers and local governments to negotiate in good faith about what constitutes reasonable development conditions.

I have been informed, however, that House Bill 2474 has several legal problems. One could interpret the bill to allow an applicant to agree to an approval condition, begin construction, and still appeal the condition through the courts. Applicants should be required to inform a local government when they object to a condition to provide an opportunity for the jurisdiction to adopt findings to justify imposition of the condition.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

The Honorable Lynn Snodgrass
Speaker of the House
Room 269 - State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 2551, unsigned and disapproved.

This bill states that schools who educate students in grades 9-12 that receive state or federal funding must allow military recruiting personnel on-campus access to communicate with students about military scholarships and other related opportunities. It ultimately prohibits public school boards from denying access to military recruitment personnel to their campuses.

As I stated in my 1997 veto message of Senate Bill 680, a very similar bill, I share the proponents' desire to support the military. In particular, the Oregon National Guard and Coast Guard make enormous contributions to our state and its citizens both in times of crisis and through community projects and involvement. I believe that the National Guard provides great opportunities to minorities as they are coming out of high school, and I would urge local school districts and officials to further examine these opportunities and allowed access to the National Guard. Despite my personal feelings, however, I strongly believe that questions of access to local schools should be decided in the community by locally elected school boards.

We must respect the authority of locally elected officials to decide these matters.

Therefore, I am vetoing the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

Honorable Lynn Snodgrass
Speaker of the House
H269 State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 2566 unsigned and disapproved. My specific concern is with Section 21, which establishes grants for "high-growth" school districts.

Proponents of this portion of the bill have argued that districts experiencing student growth have special needs that should be accommodated. I believe that these needs are, in fact, already being accommodated. School districts receive additional funding for each additional student they receive. In addition, a new component of the funding formula passed by the 1997 Legislature and now funded in this Session will provide grants to school districts opening new school buildings, including adding structures onto existing school buildings and adding portable school buildings. This facilities grant provides a state grant equal to 6% of the construction costs for these buildings. The combination of the basic school funding formula and the facilities grant, therefore, already acknowledges the additional costs school districts experience due to student growth.

Eighteen of the 30 superintendents whose districts would benefit from the high-growth grants have stated their opposition to this grant, noting that this \$10 million should be included in the basic school funding formula which would benefit all districts.

In vetoing this bill, I also request that actions be taken to allow the funding to be redistributed through the State School Fund and the other portions of the bill to be reconsidered by the Legislature.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol Building
Salem, Oregon 97310

Dear Secretary Keisling:

I am returning to you enrolled HB 2633, unsigned and disapproved.

House Bill 2633 would have required physicians to notify a parent of a minor prior to providing abortion care. While I cannot imagine anything more important than parental involvement with a teen facing an unintended pregnancy, I cannot support HB 2633. The bill, as written, is seriously flawed in a number of critical areas.

House Bill 2633 would do little to foster healthy communications within families. In families where good communications already exist, this bill would have no benefit. In families where the relationships are not strong, or worse are abusive, this legislation would create delays in seeking needed health services and real danger for many of the teens involved. The attempt to mitigate these dangers by providing a bypass provision for parental notification is completely inadequate.

This inadequacy is well illustrated by the fact that HB 2633 requires local governments to perform a service without providing the funding to pay for the service. Under the Oregon Constitution this creates an unfunded mandate and, because HB 2633 failed to receive a three-fifths majority vote in either chamber local governments cannot be compelled to provide the bypass service. As a result, there is no assurance that the bypass service would be available to teens in all areas of the state. Moreover, the bypass provision is further weakened by the fact that the health department employees who are best qualified to provide this service are barred from doing so by federal law contained in the Hyde amendments.

Beyond these policy concerns, it is clear that House Bill 2633 would have difficulty meeting the requirements of the U.S. Constitution. Once again Section 4 containing the by-pass provision is problematic. The U.S. Supreme Court has specified a series of criteria that are required for a by-pass provision to be deemed adequate protection and HB 2633 clearly fails this test.

Finally, and perhaps most importantly, in 1990 Oregonians firmly rejected a similar ballot measure seeking to mandate parental notification--Oregonians have already clearly expressed their will on this issue.

Good family communication cannot be legislated where it does not already exist. The vast majority of teens already confide in a parent when facing an unintended pregnancy. Most often, those who do not choose to do so have a good reason for making such a choice. I cannot support legislation that offers so little potential benefit at the risk of such egregious harm.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem OR 97310

Dear Secretary Keisling:

I am returning herewith House Bill 2637 unsigned and disapproved.

HB 2637 provides an exemption for residents of Yamhill and Columbia counties who certify they do not commute into the Portland region for work from vehicle emissions testing. The bill also requires that the state maintain federal approval of the state implementation plan under the federal Clean Air Act.

As I stated in my letter of July 13 to Senate President Brady Adams and Speaker Lynn Snodgrass, my concerns are that HB 2637 could exempt polluting vehicles from the vehicle inspection program that contribute to the region's pollution problem; the bill does not identify substitute emission reduction strategies; and the bill does not identify an enforcement mechanism nor does it allocate any resources to enforce compliance of the exemption.

Currently, the Department of Environmental Quality (DEQ) conducts pollution tests on cars in the Portland area to help keep the air clean and meet federal standards. These pollution tests are part of the Environmental Protection Agency's (EPA) approved clean air plan for the Portland area. The federal Clean Air Act requires air to meet standards to protect people's health and the environment. Presently, DEQ implements the federal Clean Air Act in Oregon.

When DEQ expanded the Vehicle Inspection Program boundaries in 1995, small portions of Columbia and Yamhill counties were included in the new boundaries because at least 40 percent of their workforce commuted into the Portland region to work. Although the decision was based strictly on the percentage of work commuters, an even greater number of residents from these two counties commute into the Portland region for recreation, appointments, and a variety of other reasons. HB 2637 does not recognize that these visits also contribute to pollution in the region.

The challenge posed by exempting residents who claim they are not driving into the Portland area for work is the state's ability to assure EPA that this is in fact the case and that there is no loss of air quality. Because EPA requires emission reduction strategies to be quantifiable and enforceable, EPA would require DEQ to validate exemptions granted to people who certify they do not commute into the Portland region. HB 2637 lacks an enforcement mechanism to insure that residents who seek an exemption actually do not commute into the Portland area. Therefore, I fear HB 2637 could jeopardize the state's air quality program.

Nevertheless, I understand the frustration that those who never go into Portland must feel regarding the time and cost to have their vehicles inspected. DEQ has taken some steps to try to improve this situation. For example, DEQ is working with the City of Scappoose to locate a part time testing unit in the Scappoose area to reduce the travel distance for

Columbia County residents for car inspections.

DEQ has also established a program to reduce the compliance burden for people below 125 percent of the poverty line. For vehicle owners who qualify, their cars only have to pass the basic vehicle emissions test versus the more stringent enhanced test in order to cut the potential cost of repairs.

In addition, DEQ and the Department of Transportation have agreed to work together to explore solutions to computer problems that have resulted in residents of these counties being notified they have to have their vehicles inspected when in fact they live outside of the program boundaries.

DEQ has explored other options as well but has determined that other modifications to the program are not allowable under federal and/or state law, or they jeopardize the overall program.

In summary, HB 2637 will not help maintain clean, healthy air in the Portland Metropolitan region. It creates uncertainty about how the region will continue to comply with federal clean air standards. It requires DEQ to find a replacement for the pollution reduction that is lost through exempting certain cars and trucks from testing when the options available have proven to be unpopular and many were actually excluded from the clean air plan by various legislative actions taken in 1993 and 1995. It also impacts industries' ability to grow and their ability to keep up with fast changing market conditions if the state is failing to comply with federal air quality standards. Finally, violations put Oregon at risk of both losing federal highway dollars and the imposition of stricter standards on industry.

For all of these reasons, I am vetoing HB 2637.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 13, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith enrolled HB 2652, unsigned and disapproved.

I indicated in March that I would not support any legislation that would undermine the Oregon Plan for Salmon and Watersheds. It is clear that HB 2652 is designed to foreclose future flexibility in using the tools we have to address water quality concerns and fish recovery by prohibiting the Department of Environmental Quality (DEQ) from requiring permits for certain kinds of polluted runoff from agricultural operations. It also sends the wrong message about our commitment to improving water quality and recovering salmon.

Under the Oregon Plan we have repeatedly argued for the flexibility to use our tools in the best way to meet our goals. While I do not see DEQ addressing runoff from irrigated agriculture, agricultural stormwater, and maintenance of conveyances in a particularly different way than is described in HB 2652, I believe it is unnecessary to limit the potential application of our tools. For example, with regard to the application of herbicides to water conveyance systems, HB 2652 prohibits DEQ from requiring a permit for pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act. Given that many pesticides are not tested on salmonids, nor do they specify timing of use in light of migration, spawning and emergence, we may decide in the future that we need to consider how we use our tools to limit the impacts on listed species during these vulnerable times.

In previous letters, I outlined my unwillingness to support any legislation that weakens the Oregon Plan. I see HB 2652 as foreclosing future options and limiting our tools and their flexibility through statute. I cannot sign such legislation when we have such a difficult task ahead.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 28, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning HB2657, unsigned and disapproved.

This is one of a variety of special interest bills that preempts a local government authority. I feel strongly that now, more than ever, local communities should have all the tools available to them to solve their own fiscal problems and meet the challenges that face our state. We cannot afford to strip cities, counties and special districts of their ability to solve problems at the local level.

Increasingly, population growth in some Oregon communities is putting more pressure on local services and our physical infrastructure. This pressure is experienced at the local level. The state cannot afford to cripple a local community's ability to address these pressures by taking away the tools now available to them. Local communities should retain the power to solve their own fiscal problems in a way that local people determine appropriate. Local voters, not the legislature, should decide these issues.

HB2657 would preempt the ability of cities, counties, special districts or other political subdivisions to impose a construction excise tax on the construction of real property improvements or other land development. My veto of this bill should not be interpreted as my advocacy for this excise tax. Rather, it represents my support for local communities determining their own destiny. There may be occasions when a preemption is needed for an issue of statewide concern, but that power should only be used when there is an urgent overriding need. That is not the case with HB2657.

While I regret that we did not participate in the committee deliberations on this bill it does violate a well-known general premise upon which we have been operating -- that we should preserve and enhance a local community's ability to tax themselves for services that citizens desire. The bill also runs counter to the recommendations of my Tax Review Policy Advisory Committee regarding local government revenue stability in the post Measure 50 environment.

I recognize that the legislature exempted the two Oregon communities that now have a construction excise tax. However, I cannot abide by taking this tool away from all other communities.

Sincerely,

John A. Kitzhaber, MD

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning enrolled HB 2700 unsigned and disapproved.

HB 2700 would change several important elements of the Oregon Health Plan (OHP) in ways which would violate the intent of the plan, create barriers to care for persons who are legitimately eligible for the plan, and it would reduce legislative accountability for continuing the OHP.

While the legislatively approved budget contains reasonable provisions for improving residency verification procedures the residency provisions in HB 2700 are poorly drafted. They appear to apply only to the categorically eligible persons and the medically needy. It is clear that HCFA will oppose such provisions and it is pointless to mandate our agency to take an action that would result in the denial of our Medicaid plan amendment and as such disrupt our ability to receive federal funds for this vital program. In addition, the constitutionality of these provisions is clearly in question. Numerous court rulings have affirmed the right of U.S. citizens to travel from state to state and to not suffer discrimination as a result of such travel. The residency provisions contained in HB 2700 will no doubt be challenged on this basis and the burden of defending such a challenge would negate any possible benefit derived from this policy change.

The copayment provisions of the bill are equally onerous. Once again, the specifics of the bill violate clearly articulated federal policy relative to copayments and would place in jeopardy our ability to receive federal funds. Moreover, they would unfairly burden those with chronic and disabling conditions who require frequent services from health care providers. While I remain open to the concept of a copayment for certain services, such a policy must be carefully balance in order to prevent it from becoming a barrier to needed care for persons who have no other option.

Other provisions of the bill would create an unnecessary burden on our criminal justice system and would create inefficiencies in administering the program thereby increasing costs and agency workload without increasing care to the persons who depend on the OHP to help them in their effort to become independent and self-sufficient.

Finally, I object to the provisions of HB 2700 which would sunset the OHP without an affirmative act of the legislature. If the legislature desires to discontinue the OHP, it must be accountable for such a precipitous action. This accountability can only be maintained if the legislature is required to vote affirmatively to stop the plan and can, in addition, obtain the agreement of the governor to do so.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 20, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, Oregon 97310

Dear Speaker Snodgrass:

I am returning herewith HB 2792, unsigned and disapproved.

HB 2792 would create a five percent property tax rebate for senior citizens who own principal residences with assessed values of up to \$300,000 and annual adjusted gross incomes under \$30,000. While the goal of attempting to provide additional property tax relief to senior citizens living on fixed incomes is laudable, it is a misplaced priority. Oregon already provides property tax relief through the senior property tax deferral program administered by the Oregon Department of Revenue. HB2792 is redundant and unnecessary.

Further, HB2792 was neither requested nor supported by senior advocates nor advocates for affordable housing. Rather, these groups indicated that if an additional \$17 million a year were available to assist low income senior citizens this is not where the help is needed most.

Lastly, I have repeatedly expressed my concerns regarding the extent to which tax expenditures reduce revenue at a time when we are struggling to dedicate the resources necessary to fund our schools and provide critical public services for all Oregonians. HB 2792 alone has an estimated annual revenue impact of more than \$17 million beginning in 2004. Regardless of the merits of HB 2792, this legislature's persistent refusal to consider the cumulative impact of individual enhanced tax expenditures is troubling.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning enrolled HB 2793 unsigned and disapproved.

HB 2793 would significantly alter the approach to minimum wage rights that Oregonians of certain ages and in certain occupations are entitled to under the provisions of the state's minimum wage law as modified by the statewide passage of Ballot Measure 36 in 1996. The ballot measure passed in 1996 treats all Oregonians the same regardless of their age, work history, or the industry in which they are employed. HB 2793 would create exemptions to the minimum wage rate required by law for certain minors and for certain tipped employees when the minimum wage rates are changed in the future.

HB 2793 would allow certain minors to be paid 50 cents per hour less for the first 45 days of their employment when the minimum wage is raised to over \$6.50 per hour. I find the argument that this 50 cent per hour reduction would create more jobs for minors to be dubious. I think it far more likely that this provision would create an incentive for employers to hire minors instead of adults for entry level positions solely to improve their bottom line rather than providing an opportunity that wouldn't otherwise exist for minors seeking work. As such this provision could reduce job prospects for adults who are attempting to enter the work force and move toward greater self sufficiency.

HB 2793 would also greatly disadvantage certain tipped employees. It could, over time, create a situation where tipped employees would be receiving a minimum wage that is one half that provided to other employees in the same industry. While advocates for this measure have committed to an approach that would redistribute any savings to other workers in their businesses, I believe that the enforcement of such a provision would be cumbersome at best. Perhaps more importantly, I find no compelling evidence that the industry needs to reduce the wages of tipped employees in order to adequately compensate other employees in their businesses. The proper role of a minimum wage law is to create a minimum level of compensation for all of Oregon's workers not to make certain jobs within a specific industry more or less attractive.

I deeply appreciate the efforts the proponents of this legislation made to make the bill more acceptable to those of us who oppose such a measure. However, I find the negative potential of this bill outweighs significantly any potential for positive change.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, Oregon 97310

Dear Secretary Keisling:

I am returning herewith House Bill 2808, unsigned and disapproved.

This bill would require anyone convicted of certain sex offenses between 1972 and 1989 to register as a sex offender. I am vetoing this bill because it fails to target offenders who pose the greatest risk to society and spends scarce public safety resources without any substantial benefit to public safety.

Most people subject to House Bill 2808 would have committed a single offense, which likely involved a family member, up to 25 years ago and have not committed another sex offense. These individuals are not a threat to public safety, yet they would be required to register as sex offenders for the rest of their lives, and to have information about them and the offense available to the public on the Internet.

I also am concerned about the impact of this renewed scrutiny on the victims of these offenses. Many people who have successfully recovered from intra-family abuse would be painfully reminded of events that they have struggled to put behind them.

Finally, this bill puts an undue burden on community corrections resources. In order to find these former offenders, law enforcement and community corrections officers would have to spend valuable time and resources looking for names and locating information for thousands of people who pose little or no risk to public safety rather than focusing on other activities which would provide a greater benefit to the public.

I might view this bill differently if the 1999 Legislative Assembly had not passed other legislation that does provide meaningful additions to strengthen Oregon's response to sex offenses. These measures extend supervision and increase punishment for persons convicted of serious sex offenses, increase penalties for public indecency, authorize chemical castration for some offenders, and comply with new federal law requirements regarding sex offender registration and community access to sex offender information.

Anyone who has committed a sex offense since 1989 is already required to register as sex offender. I believe this existing requirement, along with other bills passed by this legislature, provide strong protection to Oregonians while targeting the offenders who pose the greatest risk to public safety.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem OR 97310

Dear Secretary of State Keisling:

I am returning to you HB 2875, unsigned and disapproved.

HB 2875 purports to set standards on when cougars could be killed to protect public safety. However, there are several faults with this bill. As I stated in my letters of May 20 and June 18, to the House and Senate, respectively, my primary concern is that the bill creates no process by which decisions would be made to allow the taking of a particular animal. Under current law, the Oregon Department of Fish and Wildlife and/or local law enforcement are involved in that decision. Under HB 2875, it appears that any individual could make the decision whether a cougar was a threat to public safety. That is too broad a delegation of authority to be acceptable, particularly given the voters' strongly expressed sentiment that cougars should be managed conservatively.

Second, while there was a reduction in the numbers of cougars taken in the years immediately after Measure 18, that number has increased in recent years. While reported cougar damage complaints since 1995 have increased by 20%, the number of cougars taken has more than doubled, and is, in fact, greater than before Measure 18. There is little evidence that there is a problem that requires this legislation that was not already being addressed through current law.

I am aware that the current authority for taking cougars when there is a threat to life and safety is not clear. I would support legislation that would detail the process and provide clear legal standards under these circumstances. HB 2875 is not that legislation.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith Enrolled House Bill 2947, unsigned and disapproved.

This bill would provide a state tax credit for very broadly defined charitable giving beginning in the year 2001. While there is no question that we should all be encouraged to actively contribute to charitable causes, I cannot at this time support HB 2947.

HB 2947 begs the policy question of what level of state support is appropriate to encourage a wide range of private giving. I understand that this approach might help strengthen the state's relationship with the non-profit sector which is often called upon to compliment public services. In addition it allows those individuals who do not itemize their deductions an opportunity to benefit from giving. However, this must be balanced against the bill's estimated revenue impact of \$55 million in the 2001-2003 biennium. This magnitude of revenue loss will hurt our ability to pay for public schools and other basic public services. When resources are limited we must make choices that insure public funds, whether indirect through tax expenditures or directly through program appropriations, are meeting our primary goals.

I am interested in pursuing legislation to encourage private giving and volunteerism to promote community building.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 23, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, Oregon 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 2964, unsigned and disapproved.

This legislation ignores the safety concerns expressed by the State Fire Marshal and the suspension of even minimal regulations for the transfer of aircraft fuel is unacceptable as it disregards real and present threats to safety.

Having vetoed this legislation, I have asked the Fire Marshal to explore the feasibility of adopting a rule which protects safety while providing additional flexibility when 80,000 gallons or less of flammable and combustible liquids are transferred from one vehicle to another at airports. However, I do not expect the adoption of any rule if safety issues cannot be adequately addressed.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 23, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning HB 2985 unsigned and disapproved.

HB 2985 is a reaction to two Supreme Court decisions relating to potential employer vicarious liability for acts of sexual abuse committed by employees. See *Fearing v. Bucher et al.*, 328 Or 367 (1999), *Lourim v. Swensen and Cascade Pacific Council, Boy Scouts of America, et al.*, 328 Or 380 (1999).

The *Fearing* and *Lourim* decisions held that a Catholic priest and Boy Scout counselor may have acted within the scope of employment when they molested young children whom they encountered through their employment. The court found that a jury could infer that performance of their employment duties was a precursor to the abuse which followed.

It is important to note the cases came to the Supreme Court for review after the employers were dismissed as a matter of law by the respective trial courts. The decisions do not hold the employers liable, they merely hold that a complaint can not automatically be dismissed by a court without adducing more evidence.

I believe that access to court process is an important principle of a democracy. HB 2985 will result in the dismissal of many cases without a proper airing of the facts.

HB 2985 will extend liability exemption to all employers under all circumstances. Employers are exempt unless the activity fell within the employees' job description. Such a legislative judgment can not possibly secure all the possible factual permutations in a just manner.

Finally, I am concerned that under the provisions of this bill these and other crime victims will be left without adequate remedies for the harm done to them.

For these reasons I disapprove of HB 2985.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 20, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 3028 to you unsigned and disapproved.

Under state law, jurisdictions have the authority to adopt and implement regulations on farmland based on the need to protect the "health, safety and welfare" of its citizens. House Bill 3028 would delete the term "welfare" from that authority. Consequently, state and local governments would not be allowed to regulate agricultural lands to protect natural resources such as wetlands, eagle nests, big game habitat, and watersheds.

I am concerned that this bill would adversely affect the state's ability to meet the objectives of the Oregon Plan for Salmon and Watersheds and other natural resource goals. Without the ability to review any development on agricultural land such as farm and non-farm dwellings and roads for their impacts on fish and wildlife, Oregon could stand to lose significant fish and wildlife habitats.

State and local governments need to retain the ability to protect the health, safety and welfare of the citizens of Oregon.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 15, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol Building
Salem, Oregon 97310

Dear Speaker Snodgrass:

I am returning herewith HB 3031, unsigned and disapproved. I realize you have not received communication from my office on this bill, and are not expecting this letter.

However, HB 3031 prohibits the Board of Dentistry from investigating complaints related to unacceptable patient care or unprofessional conduct against dentists more than five years after the conduct which forms the basis for complaint, or two years from the date that the conduct is discovered where the case involves fraud, deceit or misleading representation.

No other medical practice licensing board in Oregon has such time limitations. With regard to dentistry, certain conditions exist, such as periodontal disease, for which unacceptable dentistry would not be evident for more than five years.

In addition, there may be other situations where charges would not come to light within the two or five year period contained within the bill. HB 3031 would limit the ability of the Board of Dentistry to take action against licensees who have been found guilty of offenses that, although under the legal jurisdiction of other agencies, could still jeopardize patient care, such as sex offenses or fraud.

Licensed professionals should be accountable for the work they perform. HB 3031 limits the ability of Oregon's regulatory body from ensuring accountability from our licensed dentists. The bill is being returned to you unsigned and disapproved.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, Oregon

Dear Secretary Keisling:

I am returning herewith HB 3049, unsigned and disapproved.

HB 3049 is an example of legislation which the National Rifle Association and the gun industry are advocating nationwide to try to head off lawsuits resulting from an epidemic of gun violence in our nation. This legislation is, in my view, not only unnecessary but is a dangerous preemption of the powers of local officials to address one of the most pressing public safety problems of our time.

HB 3049 is a heavy-handed attempt to prevent legal action by local governments in Oregon should they determine that a law suit against a gun dealer or manufacturer is necessary to protect the public safety of their citizens. This would be an unprecedented action by the legislature to summarily prevent the filing of lawsuits by locally elected and accountable officials. If this legislation were to pass it would set a dangerous precedent for the state to dictate local governments may not take legal action against certain powerful interests threatening the safety of their communities.

During the legislative session, I wrote to the Senate President to express my deep concern over HB 3049. As I stated in that letter, this legislation is an improper preemption of powers that are best left in the hands of local officials and the Attorney General. Unfortunately, the legislature did nothing to address my stated concerns and I am forced to veto HB 3049 today.

Attorney General Myers also wrote a letter to the legislature, specifically the Public Safety Subcommittee of Ways and Means, expressing his opposition to the provision in HB 3049 which would prohibit the Attorney General from bringing suit or intervening on behalf of a suit against a firearms manufacturer or dealer. Again, these concerns were not addressed by the legislature. This provision would be both an unprecedented action by the legislature and an unnecessary limitation on the AG's litigation control authority. I agree with the Attorney General regarding the dangerous nature of this preemption of the Attorney General's powers. This alone would necessitate a veto of HB 3049.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, Oregon 97310

Dear Secretary Keisling:

I am returning House Bill 3054 herewith unsigned and disapproved.

House Bill 3054 contains two provisions which trouble me. Section 4 of the bill deems any dog kennel which has been in continuous operation since in 1990 with a valid county license "lawfully established." That provision's failure to specify any required land use approval could mean that any dog kennel, having obtained a county license, may be considered an outright permitted use on some of Oregon's best farmland. I cannot support such a potentially broad exemption to Oregon's land use approval process.

Additionally, Section 1 of the bill provides immunity for landowners against lawsuits brought by individuals who commit crimes against landowners while trespassing. This section would apply to a significant subset of cases where a landowner knows or should know their land is frequently used by trespassers. While such immunity from liability for landowners is perhaps appropriate in some cases, the myriad of possible applications makes it poor public policy in general.

For example, the bill would apply to trespassing teenagers, notorious for impulsive behavior and could be seriously injured by a known hazard. Should a landowner be absolved of responsibility for serious, long-term injury to a young adult caused by a known, preventable hazard simply because an act of vandalism occurred?

Decisions about civil liability in such cases are properly committed to the courts for resolution based upon the facts of each individual case. I believe that status-based restrictions upon citizens' access to the civil justice system are generally ill-advised absent broad-based and compelling public policy grounds, neither of which the sponsors of this bill have demonstrated.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 28, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith enrolled HB 3065, unsigned and disapproved.

This bill would have granted a specific water right for private use by legislative action. This unprecedented step would be contrary to public policy by ignoring the application process and review required for all others to obtain water rights. In addition, the water right granted by HB 3065 would have overridden existing statutory requirements relating to water availability and protection of designated scenic waterways and would have conflicted with salmon recovery efforts.

I vetoed a substantially similar bill in 1995. In the intervening time, little progress has been made by the Grants Pass Irrigation District in solving the fish passage and other problems associated with Savage Rapids Dam. There is no persuasive reason why I should change my position with respect to granting the water right sought by the district.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

The Honorable Lynn Snodgrass
Speaker of the House
State Capitol - Room 269
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith enrolled HB 3131, unsigned and disapproved.

HB 3131 would overturn a decision of the Fish and Wildlife Commission in 1998 that disapproved alternative fish mitigation plans, in lieu of a fishway at Milltown Hill Dam in Douglas County. In 1997, the Legislative Assembly vested the authority over mitigation plans with the Commission. Now, it seeks to change that authority, because, I presume, it did not like the outcome of the process it established.

While HB 3131 would still require approval by the Fish and Wildlife Commission before an alternative mitigation plan could go forward, the bill drops the requirement that those plans provide for a "net benefit for fish." I cannot agree to that change, when salmonids in the Umpqua drainage are in such a serious condition.

I have repeatedly stated my opposition to legislation which deals with only one project or one small area of the state. I believe the legislative process should focus on laws of general application to the entire state.

I cannot allow HB 3131 to become law.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith House Bill 3202, unsigned and disapproved.

HB 3202 extends the sunset date of the Pollution Control Tax Credit. When the Oregon Pollution Control Tax Credit was enacted in 1967, it was meant to help Oregon businesses comply with the newly-passed federal environmental laws and create a level-playing field across the country. We are now one of only three states that still have this kind of program. Currently, 75% of the dollar value of these tax credits are for actions required by law. These credit certificates have provided more than \$586 million in value.

Rather than simply extend this program, I believe this relic from the 1960's should be updated to provide an incentive to meet our state's current goals. My Tax Policy Review Committee, which included industry representatives, provided excellent recommendations for consideration by the Legislature and my office on how to do this.

Among their recommendations, they suggested eliminating tax credits awarded for pollution controls that simply bring a plant into compliance with current federal and state law. The committee also suggested expanding the credit to reward those businesses that employ pollution control methods that exceed what is required by environmental law.

As I stated in my letter of July 9 to the legislative leadership and my letter of May 18 to Representative Welsh, I believe this update is overdue and I will not extend the sunset date. Instead, I am committed to working in the interim with a broad group of stakeholders to set a new course before the current tax credit sunset date of December 31, 2001.

Sincerely

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 20, 1999

The Honorable Lynn Snodgrass
Speaker of the House
H-269 State Capitol
Salem OR 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 3259 to you unsigned and disapproved.

House Bill 3259 would allow schools to be sited on farmland in urban reserve areas. It would also allow sewer and water services to be extended outside urban growth boundaries to serve schools.

Under Oregon's land use program, communities are required to plan for their future development needs by accommodating a 20-year supply of buildable land within their urban growth boundaries. Communities may also establish urban reserve areas to identify where they intend to grow over the long-term. Until expansion of the urban growth boundary is necessary, farmland located in urban reserves must be protected for farm use.

Schools serving urban areas should be located within the communities they serve; within urban growth boundaries. They are major facilities that require urban levels of sewer, water, and transportation services. Schools generate traffic, noise and activity that is incompatible with many of the agricultural operations located in urban reserve areas.

I empathize with the sponsors of House Bill 3259. They are trying to help the fast-growing community of Beaverton keep pace with its need for schools. I do not believe, however, that pre-mature development of urban reserve areas is the answer to this problem.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

The Honorable Lynn Snodgrass
Speaker of the House
State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning herewith enrolled HB 3346, unsigned and disapproved.

HB 3346 would require a sediment study before the Water Resources Department could order the removal of a dam or artificial obstruction from waters of the state. While a sediment study may be appropriate for some dams or obstructions, it may not be necessary in every case. The judgment on when to order a sediment study is best left to the Water Resources Department, which already has the authority under law to order such studies before taking action.

Action by the Water Resources Commission to order dam removal is very rare. There is no credible evidence that the Commission has ignored or will ignore concern about sediment release from dam removal.

This bill places inappropriate and unnecessary restraints on land owners, dam operators, and agencies of state government. It should not become law.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith House Bill 3456 unsigned and disapproved.

I am concerned that HB 3456 weakens environmental standards; creates an unnecessary and expensive new bureaucracy; and is unnecessary to achieve administrative improvements to the cleanup program.

To begin with, the Department of Environmental Quality (DEQ) is responsible for ensuring that hazardous contamination is cleaned up. Safe, responsible cleanup of contamination caused by leaks or spills of hazardous substances not only protects Oregon's people, fish, water, and land, it also promotes economic development. As I stated in my letters of April 13, 1999 to Representative Welsh, House Water and Environment and July 14, 1999 to Senate President Brady Adams and Speaker Lynn Snodgrass, I am concerned that HB 3456 weakens DEQ's authority over cleanups and weakens environmental protection standards for cleanups of contaminated sites conducted without DEQ oversight.

Additionally, HB 3456B creates a new state panel. This panel is unnecessary. It would not perform any functions that are not allowed within the scope of current law. Rather than expanding government with this cumbersome new panel that is subject to Senate confirmation and new staff positions to support it, I believe we can address the issue of providing recourse in the case of technical disputes by having DEQ develop a mediation tool and other processes. This would also have the effect of saving scarce state funds.

Finally, we have a comprehensive cleanup law that has broad support and that achieves our goals. In 1995, the Legislature adopted a comprehensive cleanup bill that represented a consensus by representatives of business, environmental groups, banks, insurance companies, law firms, local governments and the Department of Environmental Quality. Stakeholders continued to work together to develop acceptable administrative rules. An ongoing stakeholders group continues to work to resolve any other concerns that arise.

Under this comprehensive cleanup law, three hundred cleanups are underway with two-thirds of these occurring with the responsible parties requesting to be part of the state's voluntary cleanup program. The number of sites becoming part of the voluntary program has doubled since 1996 under this program.

I believe we can view this as a real success. It concerns me that HB 3456B could now undo the basic foundation of Oregon's comprehensive cleanup law. For these reasons, I am vetoing House Bill 3456.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

Honorable Lynn Snodgrass
Speaker of the House
Oregon State Legislature

Dear Madam Speaker:

I am returning HB 3541, unsigned and disapproved.

HB 3541 would prohibit any state agency from adopting any rule or standard requiring the reduction of greenhouse gasses until the Kyoto Accord receives the approval of the US Senate. This bill is unnecessary, unclear and cedes decisions to the federal government that we have traditionally made in Oregon.

It is not clear to me why the proponents of this bill think it necessary. Currently there are no state agencies contemplating enacting a rule or regulation to implement the Kyoto Protocol prior to ratification by the US Senate. Further it is unlikely any will do so. In fact, I am not aware of an instance since statehood where an Oregon agency has implemented an international treaty provision prior to US Senate ratification.

HB 3541 suggests Oregon should wait until the US Senate ratifies the Kyoto Protocol before dealing with global warming issues. This is in direct conflict with the way Oregon has approached global warming issues. We have a history of arriving at a consensus and developing collaborative solutions to global warming concerns. That approach has shown that there are ready, inexpensive solutions that we can take in collaboration with business and government. One example is the reform of Oregon's siting law for power plants adopted by the 1997 legislature. The legislation was supported by both industry and the environmental community and made Oregon the first state in the nation with a carbon dioxide standard. Three power plants have been cited in Oregon under these standards with significant CO2 mitigation. HB 3541 would discourage these types of efforts.

Global Warming is a significant problem. Oregon has provided leadership and demonstrated how states can take positive action to curb greenhouse gases. Our consistent investments in energy conservation and our siting law are examples. Oregon needs to continue to be in touch with the leading scientific and business thinking to look for creative solutions to global warming. And we should do so in our own interest and on our own terms. HB 3541 sends the wrong message.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning HB 3605 unsigned and disapproved.

This bill would repeal a portion of the Employers Liability Act (ELA).

The Employer's Liability Act was originally enacted by the people of Oregon in 1911. The purpose of the act was to provide an avenue of recovery for severely injured workers or the families of workers killed while engaged in hazardous activities.

The basic premise of the law makes intuitive sense: At a job site with many employers, someone must have the responsibility to assure that the workplace is safe.

The original act makes the judgment that it would be unfair to have the surviving spouse or children of the deceased to have to find who is at fault for the death of the loved one in order to be fully compensated for that loss. The question of fault is left to those who are responsible for assuring a safe work place.

In the intervening years, Oregon has moved through voluntary, then mandatory, Worker's Compensation systems. And in those 88 years, the people and the Legislature has not seen the need to change this voter enacted statute.

HB 3605 would fundamentally change the course of litigation in cases of work-related death or serious injury. I do not believe that this law should be altered at this time. However, I will support efforts to develop a consensus bill that balances worker safety and fairness to contractors. I hope such a bill can be prepared for the 2001 Legislature.

Finally, HB 3605 places a cap of \$500,000 on non-economic damages. A recent opinion by the Oregon Supreme Court, Lakin v. Senco Products, Inc., et al., _____ Or _____ (SC S44110, July 15, 1999), held that these statutory limits on damages violate provisions of the Oregon Constitution that grant juries the exclusive right to determine damages.

For these reasons I have vetoed HB 3605.

Sincerely,

John A. Kitzhaber, M.D.

JAK/GS/cl:dsk

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith enrolled HB 3607 unsigned and disapproved.

HB 3607 was introduced to keep employers who made minor or clerical mistakes in payroll from suffering large penalties and substantial attorneys fees as a result. While the bill was substantially improved from earlier versions by the work of a conference committee, I find I still cannot support it.

The major flaw in the bill as it currently exists is that it would allow an employer to willfully routinely underpay employees and suffer only minor penalties so long as any arrears were made good within 10 days of a written demand for payment of wages owed.

If a penalty is to be an effective deterrent to inappropriate behavior, it must be sufficient to create a significant downside risk for the person contemplating the inappropriate act. This means, for example, that an employer could short pay 10 employees by \$50 each and depending on the number of employees who caught the mistake and made the necessary filings, pay less in penalty and back wages than the employer saved by underpaying in the first place so long as the payment was made within 10 days of the demand.

There is much to recommend the provisions now contained in HB 3607, but in its current form it is incomplete. To remain fair to employers but still maintain an adequate deterrent for unscrupulous employers it must either clarify the meaning of the term "willfully" in ORS 652.150, or it must include a provision that allows for greater penalties if an employer exhibits a pattern of inappropriate payroll activity.

I believe these issues can be resolved in a way that protects law abiding employers from undue penalization at the same time an adequate deterrent to inappropriate payroll practices is maintained. I will be happy to work with the interested parties in the interim to find a solution which meets these legitimate policy goals.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 1, 1999

Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning herewith Enrolled House Bill 5022, unsigned and disapproved.

I regret that I have been forced into a position where I must veto this budget because I believe that higher education is more important than ever ³/₄ not only for the individuals who earn college degrees, but also for the state's economy and for the quality of life we all enjoy. It was for these reasons that I initiated the process that led to the development of the new budget model for higher education and recommended \$73 million above the current service level to implement it.

HB 5022 would appropriate \$13.8 million more than my recommended budget plus \$0.7 million to the Emergency Board for campuses that achieve performance targets. And the budget report indicates the Legislature's intent to allocate additional funds to Higher Education beyond the \$14.5 million identified in HB 5022. For example, the Education Subcommittee of Ways and Means has now approved HB 5060, which sends \$5 million to the Emergency Board for the Engineering and Technology Industry Council. In addition, \$1 million has been moved to the capital budget for the library construction project at Western Oregon University and \$2 million has been moved to HB 5057 for statewide programs in agriculture and forestry at OSU. Furthermore, the Natural Resources Subcommittee is considering an additional amount up to \$21 million for statewide programs in agriculture and forestry.

I would be very pleased to appropriate an amount to Higher Education that was larger than my recommended budget because I believe that the Oregon University System needs and deserves it. However, I am unwilling to do so until we have some agreement on the larger budget picture and it is clear where these additional expenditures will come from.

Will part of this increase be funded by taking students off the Oregon Health Plan? Will we finance it by cutting child protective services? Will we reduce our efforts to stem the tide of juvenile violence? Will we take it out of the Head Start program? These are not insignificant questions and if we expect an accountable budget process from our state government, then the tradeoffs involved in balancing the budget must all be on the table at the same time.

In my letter to you of May 3, 1999 (a copy of which is attached) I requested that you not send me this budget until we have had an opportunity to clarify the overall budget plan. "Once the May revenue forecast has clarified the revenue picture, the bipartisan legislative leadership can discuss the higher education budget in the context of the larger budget picture. An alternative would be to simply hold the education budgets and determine how we will allocate our resources as part of an exit plan."

You have chosen not to pursue either of these alternatives and instead to forward HB 5022 to my desk where I must regrettably exercise my veto. While I continue to support additional resources for our post-secondary institutions, I am

not willing to support higher spending without giving the public the opportunity to see how it will be paid for.

While I insist on some degree of budget integrity, I will continue to work with the bipartisan legislative leadership to arrive at a balanced budget plan that serves all the needs facing our state -- including those of higher education.

Sincerely,

John A. Kitzhaber, M.D.

JAK:gs/jk

Enclosures: [April 30, 1999 letter to State Board of Higher Education Chair Tom Imeson](#)
[May 3, 1999 letter to legislative leadership](#)

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JOHN A. KITZHABER, M.D.
Governor



July 1, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, Oregon 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 5055, unsigned and disapproved.

Consistent with my veto of Senate Bill 5504, the budget for the Oregon Commission on Children and Families, I am vetoing the Oregon Youth Authority budget so that we can consider a comprehensive package of funding for children, youth, and their families consistent with the expectations set in our negotiations of Senate Bill 555.

As you know, Senate Bill 555 establishes a framework which makes it possible to enrich the budget for Healthy Start programs and to provide adequate levels of funding to the counties for their High-Risk Juvenile Crime Prevention Plans and for alcohol and drug treatment programs.

I continue to believe that Oregonians and the legislature want to ensure that we make the strongest possible effort to help troubled youth and their families and communities. I also recognize that we are making significant progress in reaching a final budget agreement. I am returning this budget to the legislature so it can give these issues further consideration during these negotiations.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 14, 1999

Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, OR 97310

Dear Speaker Snodgrass:

I am returning herewith Enrolled House Bill 5057, unsigned and disapproved.

Oregon's natural resource-based industries have long been a critical cornerstone of the state's economy. Today, these industries and the rural communities that have depended upon them face great challenges. Research & Development is, therefore, critical to future competitiveness in the natural resource-based industries, as it is in many other industries.

Over the years the Agricultural Experiment Station, OSU Extension Service and the Forest Research Laboratory have contributed in many ways to the competitiveness of these industries and our quality of life. In recognition of their important contributions, my recommended budget contains \$80 million for the statewide public services. This amount is substantial in comparison to the rest of my recommended budget (\$630 million) for the entire Oregon University System. And, in comparison to the \$5 million for the Engineering and Technology Industry Council, this \$80 million commitment of limited State General Fund dollars is disproportionate.

HB 5057 contains not only the \$80 million in my recommended budget, but also a \$12.5 million augmentation. Given our many other pressing needs and the steps that have been taken by the legislative leadership to limit available revenues, including the proposed restrictions on the tobacco settlement, I cannot support the \$12.5 million augmentation included in HB 5057 at this time

I would be very pleased to appropriate an amount to these statewide services - and to high technology - larger than my recommended budget because I believe that these programs need and deserve it. However, I am unwilling to do so until we have some agreement on the larger budget picture and it is clear where these additional expenditures will come from.

It is my hope that the legislature will return this budget to me in the context of a larger budget agreement and with the revenues necessary to fund it.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 7, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, Oregon 97310

Dear Speaker Snodgrass:

I am returning herewith House Bill 5060, unsigned and disapproved.

Last session, the Legislature created the Oregon Engineering Education Investment Fund and established the Engineering and Technology Industry Council to recommend new investments and to ensure successful programs. I am very pleased with the Council's accomplishments during the 1997-99 biennium. The new initiatives that could be funded with resources in HB 5060 would help to strengthen Oregon's high tech and software industries, which have been creating thousands of well-paying jobs and have been responsible for most of Oregon's growth in exports during the 1990s.

I share the interest of legislators in both houses for an expansion of activities between our universities and high tech industry. This is an important step forward for economic competitiveness in the 21st century. However, I cannot sign this bill until there has been agreement on the final budget. Of particular concern is the proposed plan of the legislative leadership to refer the so called "Health Security Trust," which would effectively remove the national tobacco settlement revenues from current budget negotiations. In short, this is simply a matter of timing and should not be read as substantial disagreement in principle.

I trust that negotiations on the final budget will soon come to closure. I look forward to the day when we can celebrate not only one of the best budgets for higher education in many years but also a new policy path that will carry Oregon into the 21st century.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
Salem, Oregon 97310

Dear Secretary of State Keisling:

I am returning herewith SB 115, unsigned and disapproved.

Abuse of alcohol is the cause or a major factor in many of the social and criminal justice problems we face in Oregon. That is why Oregonians have chosen to keep the distribution and sale of hard liquor as a state-run operation, and that is why we carefully regulate the sale of alcohol to minors. A strong and fair enforcement of the sale of alcohol is critical to keeping Oregon safe.

I am vetoing SB 115 because it would undermine the fair system of enforcement preventing the sale of liquor to minors which the Oregon Liquor Control Commission has developed through extensive work with their stakeholders. The bill would place in statute extensive restrictions on how the commission may conduct its minor decoy operations, one of the most successful means it has found to prevent the sale of alcohol to minors. Currently, the OLCC has adopted uniform minor decoy procedures and standards by policy while working closely with law enforcement agencies. The commission already has training programs in place and has adopted policies which prohibit the sanctioning of licensees based on a decoy program which does not meet certain standards. In these respects SB 115 would at best be duplicative, and at worst would severely limit the commission in meeting its obligations to protect Oregonians in the most effective way possible.

SB 115 also allowed the delivery of distilled spirits to restaurants and bars. I do not oppose the opportunity for liquor agents to provide delivery service; however, compensation for the cost of this service should be provided. I am aware that the Oregon Restaurant Association and state liquor agents have not been able to agree on how to implement this service. If I had signed SB 115, there would be no question that a proposal would move forward, and I believe that legislation regarding delivery would continue to have support next legislative session.

Therefore, I will work with the OLCC to address the issue of liquor delivery. The OLCC should initiate rulemaking to accomplish this aim, and I am requesting that such rulemaking begin expeditiously. I am confident that the Commission can and will successfully implement rules for delivery. And I believe, given fair compensation and with safeguards for regional competition, this service will improve Oregon's liquor distribution system.

Oregon's liquor agents provide an important public service in carrying out the liquor distribution policies of the state. It is important to continue to evolve the system in place and the service it provides to avoid a further push to privatize liquor distribution. It is also fair to provide compensation for service improvements.

The members of the OLCC have an important responsibility in controlling liquor distribution. It is, in many ways, a difficult enforcement role and I am thankful for the public service the Commission members and staff provide to all citizens of Oregon. My request will add to their burden of responsibilities as it will not be an easy task. So I deeply appreciate the commitment of the Commission Chair to bring this issue forward and to provide the state with a fair

alternative allowing liquor delivery.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 19, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning SB 229 unsigned and disapproved.

This measure re-orders the regulatory structure surrounding simulcasting in the pari-mutuel racing industry. The bulk of the bill represents a compromise among industry participants regarding which participants will be able to offer simulcasting.

The bill also expands the Oregon Racing Commission's authority to regulate simulcasting beyond the current statutory framework.

However, the bill is flawed in that it repeals the statutory limitation on the number of Off-Track Betting (OTB) sites that can be licensed in Oregon. The current limitation is 20 sites. There are presently 18 such operations in the state of Oregon.

Although the commission responded to concerns from my office about the repeal by enacting a resolution which would limit growth, I find this limited potential for growth to be too much.

The repeal comes at a time when a new cable channel offering gambling through television is about to premier nationwide. I believe it is premature to lift our statutory limit until the effect of this new phenomenon can be gauged.

Further the bill comes just weeks after a national study on gambling has stressed the importance of maintaining a moratorium on gambling expansion. The potential exists under SB 229 for the expansion of OTB facilities throughout the state.

In my terms as Governor I have taken steps to slow the growth of gambling.

Under my direction the State Lottery has placed a cap on the number of Video Slot machines that will be available.

I have worked to placed reasonable and respectful limits on the location and size of tribal casino gambling through negotiations.

I have also vetoed legislation that would have amounted to a giveaway of tax dollars to race tracks.

While the regulatory reform in this bill may be necessary, I find the provisions expanding gambling opportunities in the bill unacceptable. If the Legislature will re-pass this bill without repealing the cap on OTB facilities, I will sign this bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 28, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem OR 97310

Dear President Adams:

I am returning herewith SB 259, unsigned and disapproved.

In January 1999, the Oregon Tax Court approved a settlement between the State of Oregon and federal retirees related to the taxation of federal pensions. Under that settlement, refunds were to be paid to all federal retirees as soon as practicable, subject to budgetary constraints, and in any event, no later than June 30, 2003. I am personally committed to the terms of the settlement agreed to by the plaintiffs.

Early in this legislative session I suggested to the legislative leadership that we pay federal retirees immediately and remove this debt from the state's budget ledger while the resources were available to pay it. If this had been done we would have saved an estimated \$562,000 a month in interest charges. However, the legislature refused to act in large part because paying the settlement in the 1997-99 biennium would have reduced the revenue forecast, thus eliminating the "kicker." In fact, these payments could have been made as late as this month --thus saving millions in interest charges, but the legislature refused to authorize them in order to assure the \$150 million "kicker" payment to taxpayers. Thus, payment of this debt to federal retirees was delayed based upon a costly political strategy. The result has been to create budgetary constraints that now require a further delay in these payments.

Today we find ourselves in a budget battle around school finance that promises to prolong the 1999 legislative session. There are not sufficient resources to adequately fund local schools without unacceptable cuts in other important state services. It was not until five months into this legislative session that the legislative leadership developed a set of revenue principles which included payment of the federal retiree claims in the 1999-01 biennium. In the interest of funding schools at an acceptable level without damaging other programs critical to the health and safety of all Oregonians, we are now forced to wait to pay this debt.

I regret having to veto this bill, but the legislature has given me no alternative. While I would have preferred to retire this debt in the current biennium, we will still be able to meet the terms of the settlement agreement with a payment in the 2001-03 biennium.

Sincerely,

John A. Kitzhaber, MD

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am herewith returning SB 428, unsigned and disapproved. This bill would create a Student Bill of Rights Program, allowing students in the 11th and 12th grades to attend postsecondary institutions, with the tuition and other associated costs being reimbursed by the students' home school district.

Although I strongly support the concept of a "seamless" K-16 system and encouraging students to move into postsecondary education, my concerns are with the funding mechanism in this bill. State Superintendent Stan Bunn and I communicated these concerns in our June 22, 1999 letter to the Ways & Means Co-Chairs, as well as our June 29, 1999 letter to Senate President Brady Adams. This bill requires that the school district in which a student is enrolled pay the costs of tuition, books and materials when a student chooses to take a course at a postsecondary institution. The district has no authority to deny the payment, even if the district has similar courses available in its K-12 system.

The Legislative Fiscal Office estimated that, if 8% of students in grades 11 and 12 attended a postsecondary institution quarter-time, school districts would be required to pay \$3.7 million per year for these courses. This represents an unfunded mandate on an underfunded K-12 school system.

I am also concerned with the impact of this bill on the capacity of schools to offer a full curriculum to all students. As some students decide to enroll outside the high school for certain upper-level courses, high schools may have a diminished capacity to offer these classes to those students remaining.

Schools and postsecondary institutions throughout the state have already developed, and are expanding, partnerships allowing high school students to gain college credit. These partnerships are being developed in a way that allows postsecondary institutions to augment, not supplant the work of high schools and to provide the courses in settings that are developmentally appropriate for high school students.

Although I am vetoing this bill, I am asking the Department of Education, the Department of Community Colleges and Workforce Development and the Oregon University System, along with the Joint Boards of Education, to develop mechanisms and, if necessary, to propose future legislation to expand the availability of postsecondary opportunities for high school students throughout the state. There are many students in this state who can benefit from such opportunities, both students who are traditionally thought of as "high-achievers" and those who may find participation in such courses to be a viable alternative to dropping-out of high school. By providing for a thoughtful expansion of such opportunities, we can help deliver on our promise to provide all children in Oregon with the quality education they deserve.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 8, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem OR 97310

Dear President Adams:

I am returning herewith Senate Bill 474 to you unsigned and disapproved.

Senate Bill 474 declares that it is in the interests of the people of the State of Oregon to ensure that regulations are applied to private property in the least restrictive manner possible while still accomplishing statewide land use planning policies. The bill is intended to be a statement of Legislative policy direction to guide the development and implementation of Oregon's land use laws.

State and local governments constantly strive to balance the need for regulation to protect public health, safety and welfare with the potential restrictions those regulations may impose on individual citizens. I support the idea of implementing regulations in a way that minimizes the impacts on private property owners. Existing case law provides guidance on when a regulation has gone so far as to constitute a "taking of property without just compensation."

Senate Bill 474 is problematic, however, because it does not provide clear and objective standards by which government may judge whether its actions are consistent with the directive. It is a matter of individual interpretation as to whether a regulation is being applied in the "least restrictive manner possible."

This lack of clarity provides a fertile environment for unnecessary and costly litigation. For these reasons, I have decided to veto Senate Bill 474.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem OR 97310

Dear Secretary Keisling:

I am returning herewith Senate Bill 524 unsigned and disapproved.

Senate Bill 524 would allow a community to vacate a public right-of-way without considering how that decision may affect the local land use plan dealing with transportation, community development, and the environment.

Under current law, a jurisdiction must ensure that a proposed vacation of certain types of public rights-of-way is consistent with its comprehensive land use plan and transportation system plan. This is important because streets and roadways form the basic building blocks for our communities. They define how our communities grow, whether there are adequate connections between our homes and schools, and greatly influence whether our communities are livable.

Senate Bill 524 would allow a community to vacate a public right-of-way without considering these important aspects of community livability.

This bill has broad application throughout the state but was originally proposed to address a situation in Yachats. I want to stress that I have a great deal of empathy for the affected property owners in that community. I also want to acknowledge the countless hours Mayor Roberts and others have spent trying to resolve this issue.

I do not believe, however, that Senate Bill 524 is a good solution to the problem in Yachats. I am willing to commit state resources in the interim to help the community pursue other options including the use of mediation if requested.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



Septmeber 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning SB 558 unsigned and disapproved.

As an emergency room physician, I cannot support increasing the speed limit on rural interstate highways as provided by Senate Bill 558. As Governor, I believe that I have a duty to protect the safety of our citizens. Increasing the legal limit for automobiles to 75 miles per hour and the limit for trucks to 70 miles per hour will significantly increase traffic deaths and serious injuries suffered by Oregonians.

There is no question that increased speeds will compromise the safety of our rural instate highway system, and the evidence is clear that highway fatalities will increase as speed increases. Speed limit increases will result in more severe crashes and will reduce the ability of vehicle restraint and safety systems to protect the occupants of cars. The trauma associated with high-speed vehicle crashes is tremendous and I have too many times witnessed the irreparable damage caused to the human body.

The only circumstance under which I would consider supporting an increase in the speed limit would be if it were accompanied by adequate law enforcement. Adequate enforcement is necessary to ensure speed limit compliance and for the protection of law-abiding drivers. Adequate patrols are critically important because too often high-speed crashes involve more than one vehicle. Unfortunately, the Oregon State Police lacks adequate patrols to enforce our speed limits, and even with the increased staffing proposed in the Oregon State Police budget, our patrol presence will remain inadequate.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 20, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning Enrolled Senate Bill 595, unsigned and disapproved.

SB 595 is intended to provide a personal property tax exemption to wineries operating in exclusive farm use zones. Its proponents argue that this tax exemption will preserve more of Oregon's agricultural land while generating high-value products.

This veto represents a difficult choice. I am very proud of the strength and reputation of Oregon's wine industry. It is internationally renowned, highly successful and growing rapidly. However, I am not convinced that it needs this small exemption which has very large implications.

At the same time that I support this industry, I am gravely concerned with the continued erosion of local government taxing authority. SB 595 further erodes the local property tax base which is the major source of revenue for cities, counties and special districts such as rural fire protection districts. This is happening at the same time the legislature is preempting local governments from considering additional revenue options to offset these losses and address critical local infrastructure, public safety and public health needs. The legislature itself has recognized this problem with the passage of HB 2039 which would provide a partial reimbursement to local communities when it approves property tax exemptions. In other property tax exemption legislation approved this session, the legislature provided a "local option". This approach would allow local officials to weigh the costs and benefits of this kind of an exemption against the economic health of their community. Unfortunately, neither option is available under SB 595.

Further, this bill opens the door to a new type of property tax expenditure: processing machinery and equipment. This expansion of exempt activities sets a precedent that will open the door for other processing operations which, in principle, may not be different from wine processing.

As a result of my decision to veto SB 595, I will ask the Department of Revenue to work with the Oregon Farm Bureau, Northwest Processing Council, the Winegrowers Association and various taxing districts to review farm property taxation and the changing nature of farming in Oregon. The review should include an examination of processing on vertically integrated farms and may result in a comprehensive approach for consideration by the legislature in 2001.

Sincerely,

John A Kitzhaber, M.D

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JOHN A. KITZHABER, M.D.
Governor



July 17, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem OR 97310

Dear President Adams:

I am returning herewith Senate Bill 675, unsigned and disapproved.

I indicated some time ago that I would not support any legislation that diminishes the Oregon Plan for Salmon and Watersheds. I believe that SB 675 would do this by weakening the authority of the Department of Environmental Quality (DEQ) to manage water quality comprehensively in Oregon. I also believe it creates inequities, legal uncertainty, and possibly threatens Oregon's delegated status under the Clean Water Act.

To begin with, SB 675 requires the state to waive state certification required under Section 401 of the Clean Water Act (CWA) for federally licensed or permitted activity, specifically those occurring under terms of a federal management plan. This would be irresponsible to the people of Oregon.

Section 401 is the section of the CWA that prevents state standards from being violated by federal activities. It requires an applicant for a federal license or permit to apply for certification from the state that potential discharges from their activity will not violate state standards. Under the CWA, the state must deny certification if compliance cannot be assured, or may place conditions on the activity in a permit. It is also the tool that the state uses to take a comprehensive view of the resource, to assure that local goals are met at the same time that water quality is protected, and to protect values that we have all agreed to through state public processes. I do not believe it is in the state's best interest to waive this responsibility and assume that the authorities or mission of any federal agency through their management plans are sufficient to consider all of the important state-held values; much less to enforce permit conditions to achieve these values.

In addition, SB 675 creates a legal question. Current law contains an express provision granting the DEQ the right to continue regulating nonpoint source pollution from agricultural activities. It recognizes DEQ's authority to assure attainment of water quality standards on agricultural lands by working with the Oregon Department of Agriculture on agricultural water quality management plans. SB 675 is in direct conflict with this provision. It removes DEQ from this partnership and confuses the overall delegation of the Clean Water Act in Oregon.

Finally, SB 675 limits ODA's regulating authority to only those lands subject to SB 1010 plans even though ODA has broader water quality regulatory authority under other statutes. This unnecessarily narrows the use of regulation when it may be necessary to apply it more broadly for salmon recovery.

For these reasons, SB 675, I am vetoing the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 13, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning herewith SB 751, unsigned and disapproved.

I need to be clear that I am not opposed to districts using their existing authority to adopt school uniform policies. Yet, the House floor debate raised previously undisclosed concerns about SB 751. While it is understood that the bill was simply meant to encourage districts to adopt school uniform policies, these concerns raise the potential of subjecting school districts to litigation, and may impact existing school dress codes.

The U.S. Department of Education manual about school uniforms highlights the concern about assisting families that need financial help by stating, "uniform policies should make provisions for students whose families are unable to afford uniforms." SB 751 makes no such provisions. In addition, while the issue of what is a uniform was discussed in committee, the bill provides no definition of "uniform," nor does it describe any differences between "dress code," "uniform dress code," or "uniforms." This vagueness raises concerns about the bill's impact on existing dress codes.

As you are aware, SB 751 was voted down initially by the House because of these concerns. Despite these issues, the bill was reconsidered and passed by one vote. There was some hope that these issues could have been clarified and addressed in a conference committee. However, the Senate chose not to send it to a conference committee.

I again note that districts still have the authority to adopt school uniform policies. Unfortunately, these issues in SB 751 could lead to unintended and undesirable results for school districts, students, and their families.

Therefore, given that these issues remain of concern, I am vetoing the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

Honorable Brady Adams
President of the Senate, Oregon State Legislature

Dear President Adams:

I am returning SB 811 unsigned and disapproved.

SB 811 includes two major provisions: a clarification in the law that to be eligible to receive a concealed handgun license (CHL) a person must not otherwise be prohibited from possessing a firearm under state or federal law; and, a major change in Oregon law requiring county sheriffs to waive the residency requirement for a CHL for permit holders from contiguous states. It is the dangers posed to the public safety in the latter provision which forces my veto.

Oregon's concealed weapons permit law gives county sheriffs the discretion to issue a permit to a resident of a contiguous state if that person has a "compelling business interest or other legitimate demonstrated need". That is as it should be. Because of the gravity of the decision and possible consequences for public safety Oregon sheriffs should retain their ability to screen applicants for a concealed handgun license from other states. We depend upon our locally-elected sheriffs to protect the public safety of those in their counties. It would be presumptuous -- if not downright dangerous -- for us to take away one of the necessary tools sheriffs have to protect the safety of Oregonians.

SB 811 would hand over the decision over which Californians, Nevadans, Idahoans, and Washingtonians would be eligible to carry a concealed weapon in Oregon to the legislatures of those states. If Idaho should decide, for example, that it would issue a permit to someone an Oregon sheriff believes to be dangerous, our sheriff would not have the discretion to retain the Oregon residency requirement. I trust the judgment of our sheriffs and am unwilling to give up that judgment in favor of the laws of other states. As Oregonians we deserve to have a public official accountable to us decide which outsiders can carry a concealed weapon in our midst. I am unwilling to sign this protection away.

Today we are more aware than ever of the dangers firearms pose in our society. SB 811 would only expose Oregonians to potentially greater dangers to our public safety.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 8, 1999

The Honorable Brady Adams
President of the Senate
State Capitol
Salem, OR 97310

Dear President Adams:

I am returning herewith Senate Bill 849, unsigned and disapproved.

The testimony presented on Senate Bill 849 indicated it is intended to solve one property owner's issue concerning access to a highway near a busy interchange on I-205. The bill would create and affect hundreds of similar situations across Oregon. In an effort to remedy this particular situation, the Oregon Department of Transportation (ODOT) would lose regulatory authority over the operation, capacity and type of use allowed on all frontage and utility roads it has or will construct.

ODOT must ensure that property owners have reasonable access to their property. Managing the connections to highways is one tool to make better use of the highway system by extending the life of interchanges. SB 849 would affect the state's ability to provide a safe and efficient highway infrastructure while preserving the significant investment made by taxpayers.

ODOT and Clackamas County are continuing to work through the issues specific to this property owner. There have been constructive discussions and they are working towards resolution. Therefore, I believe it is in the best interest of all Oregonians to veto this bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 13, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning herewith Senate Bill 887, unsigned and disapproved.

The bill serves to mandate school districts to adopt the National Rifle Association's Eddie Eagle Gun Safety program for all children in public school grades K-6. I disapprove of the bill for the following reasons.

This is a mandate of a program that would be in addition to the academic programs that school districts already have to provide. I do not favor adding mandates to schools that are unrelated to the academic standards schools are being asked to achieve. Furthermore, through past legislative actions, school districts already have the option to provide these firearm safety services if they wish.

The bill mandates only one program. This does not allow districts to choose from the array of nationally recognized firearm safety programs, including local law enforcement programs and the Oregon Health Sciences University's recognized "Think First" program.

While proponents indicate that the supporters of SB 887 are currently willing to provide the resources to implement the program, the bill does not address future fiscal issues. School districts, already struggling for adequate funding, will be left to cover costs if donated services are not available.

Lastly, the bill has no opt out provisions for parents who do not wish to have their children participate in such a gun safety program.

Therefore, I am vetoing the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 19, 1999

The Honorable Brady Adams
President of the Senate
State Capitol
Salem OR 97310

Dear President Adams:

I am returning herewith enrolled SB 987, unsigned and disapproved.

SB 987 would require legislative approval before dams or artificial obstructions could be removed from waters of the state. This bill would be an unjustifiable intrusion into the legitimate workings of an administrative agency, the Water Resources Commission, which has been given the authority to make such decisions. In fact, the Legislative Assembly itself created a task force to suggest policies and procedures for making decisions about the future of hydroelectric projects. Since this task force is making good progress and is not required to submit its recommendations to the Legislative Assembly until 2001, SB 987 would preempt much thoughtful and useful work before the Legislative Assembly has all the available information.

There is also much confusing language in SB 987. The body of the bill was to be placed in ORS chapter 543, the chapter on hydroelectric facilities, but the language of the bill appears to refer to all dams and artificial obstructions. Also, the special exemption allowing federally licensed hydroelectric project owners to take out dams on their own volition without legislative approval implies that other dam owners may not voluntarily take out a dam without legislative approval. If this bill were so construed, it would place an unneeded restriction on the private and public owners of dams, dikes, and other structures.

My greatest concern about this bill is the restrictions it places on the Water Resources Commission to order action in the case of an emergency. When life and property are at stake, we must rely on administrative agencies' ability to take the needed action quickly. I cannot sanction waiting for the Legislative Assembly to convene and act if a question about dam safety emerges.

Finally, much of the debate on this bill concerned the future of federal dams on the Columbia and Snake Rivers. Since they are federal property, are not licensed by the state, and could not be removed by order of the Water Resources Commission, those dams would have been outside the reach of SB 987, even if I had thought it appropriate to sign the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 8, 1999

The Honorable Brady Adams
President of the Senate
State Capitol
Salem, OR 97310

Dear President Adams:

I am returning herewith enrolled SB 988, unsigned and disapproved.

SB 988 would have required the Department of Fish and Wildlife to apply for transfer of federal authority to the state for management of marine mammals. While overall, I believe that the state has a stronger role to play in management of marine mammals, particularly Pacific harbor seals and California sea lions, this bill is not the appropriate vehicle for achieving that greater management role.

First of all, no funding accompanies this bill, nor is any under consideration for the ODFW budget. There would be considerable costs associated with taking over marine mammal management, but this bill ignores those costs.

Second, what further makes SB 988 appear more like a statement of protest than actual legislation is the definition of marine mammal contained in the bill. By defining the "optimum sustainable population" of all marine mammals as those "not in the waters of this state," the bill provides no scientific basis for management of those animals. Over two dozen species of marine mammals visit the waters of Oregon. If it is the Legislative Assembly's intent to manage all these animals, SB 988 provides no direction for doing so.

I cannot endorse this legislation.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 20, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem OR 97310

I am returning herewith Senate Bill 989 to you, unsigned and disapproved.

SB 989 prohibits the state from agreeing to federal acquisition of land and waters in the state without the consent of the county governing body. The bill repeals a number of laws relating to federal acquisition of certain types of properties. In addition it would eliminate the authority of the federal government to acquire land for navigation aids and federal buildings.

The bill would have a significant effect on how the federal government may acquire land or water for a bird refuge. The federal government, under this bill, would first need the consent of the affected county. I believe that a reasonable interpretation of the bill would require Legislative consent for these acquisitions, even if county consent is granted. The bill also has the effect of repealing statutes that apply state civil and criminal statutes within bird refuges.

Under Section 3 of the bill Oregon may not consent to the acquisition of land for National Forests without the consent of affected counties. This was already the case under ORS 272.040 and 272.050, which are repealed by SB 989. What the bill does, then, is eliminate the reservation of limited state jurisdiction over newly acquired National Forest lands. This would include, among other things, the jurisdiction to tax and the creation of rights of entry for transport of forest products

I believe that the acquisition of land by the federal government in the state is a matter best left for the state to decide on a case-by-case basis. This bill may allow counties to drive state, regional and federal policy as it relates to acquisition of certain land and water. The state is in the best position to balance the needs of the federal government with state and local interests and concerns.

Most alarming is the bill's provision repealing a state statute that allows the federal government to acquire up to ten acres of land for siting navigation aids. Navigation aids are essential for the safety of marine vessels.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith Enrolled Senate Bill 1061, unsigned and disapproved.

SB 1061 is an awkward attempt to add definition to the broad statutory framework that governs the use of local systems development charges (SDCs) which help pay for the infrastructure needs incurred with new development. Specifically, it will restrict a local community's ability to pay for parks and parks improvements. Oregon law already limits the use of SDCs making this bill not only unnecessary but overly restrictive.

Citizens need to have a variety tools available to them to meet local service needs, as well as maintain and enhance the livability of their communities. Parks are an important component of community livability. Increased growth pressures stress our ability to pay for and keep up with the demand for infrastructure improvements including parks.

Local citizens and their elected representatives should not be penalized for falling behind in parks improvements by restricting the level of parks service in new developments. Oregon law already requires a rational linkage between where SDC dollars are collected and where they are spent.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 19, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning SB 1115 unsigned and disapproved.

This bill, as introduced, placed limits on the ruling in *Rauda v. Oregon Roses* 147 Or App 106 (1997). There a group of agricultural workers gathered to complain about wages and working conditions. When they approached their employer, they were fired for engaging in collective activity.

The Court of Appeals, rightly, concluded that no worker should be subject to dismissal for simply raising concerns about wages and working conditions. The court case also opens the door for further gains by agricultural workers as they seek to better their working conditions.

The original bill narrowed the scope of the court ruling and gave the workers an inadequate administrative remedy through the Bureau of Labor and Industry.

My office helped facilitate negotiations on the bill in the House. While our efforts were sincere, I recognize that in the flurry of activity generated by this bill clear communications were not always a reality. However, my only interest was in reaching an agreement among the growers, workers and their political allies that I could sign.

The Oregon Farm Bureau made significant and substantial changes to the bill. They worked to broaden the definition of protected activities. They returned a limited right of private action to the bill. The Oregon Farm Bureau worked very hard to deliver a bill that I could sign.

But as it stands SB 1115 is still short of the mark in several respects.

First the literal language of the bill creates a right to discuss wages and working conditions. But there is not a true mechanism in the bill providing a real opportunity to resolve issues and resolve them quickly. Workers could still be fired without an adequate hearing for their grievances.

Secondly, there is nothing in the current bill that defuses these labor conflicts in a manner that provides dignity to the workers demands and meets the need of growers to get the crops harvested.

A late proposal to include a mediation component in the bill did not make it into SB 1115. Mediation would help resolve this issue by providing rapid response in impasse situations while also requiring back to work measures pending the outcome of talks.

A related bill, HB 2938, passed the House today and is on my desk. It contains provisions for a mediation program through the Department of Agriculture. The mediation concept is one that I think is workable and beneficial. However,

the mediation provisions in HB 2938 sunset in two years, leaving the rest of SB 1115 as permanent law.

I believe that the entire scheme should sunset in two years so that neither side would be permanently prejudiced. I met with growers and workers during the negotiation process. I recognized that both sides were extremely wary of certain aspects of the negotiated bill. A sunset is necessary for both sides to have security regarding the unintended consequences of the bill in operation.

For these reasons I will veto SB 1115. However, I believe that this issue, agricultural labor relations, is tremendously important to Oregon's future. A bill exists in this legislature that I will sign.

The complete package is in SB 1339 recently introduced by Sen. Metsger. This bill has the complete text of SB 1115. It also contains the mediation program and a more complete set of remedies for aggrieved workers that provide incentives for all parties to use mediation to resolve these disputes.

I urge the legislature to give top priority to passage of SB 1339. I plan to write today to the Legislature as a whole stressing the importance of this issue and the importance of passing SB 1339 this session.

Having said this, I realize that in the rush to sine die, it may not be possible for SB 1339 to become law. If it does not, I fully intend to stay involved in this issue. To start I will instruct, by executive order, the Department of Agriculture to establish a mediation process similar to that set out in HB 2938.

Agriculture is a vitally important industry in our state and as it moves into the 21st Century many changes will sweep over it. A resolution of agricultural labor issues in a manner which treats farmers and farm workers fairly must be a top priority.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 8, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem OR 97310

Dear President Adams:

I am returning herewith enrolled Senate Bill 1166, unsigned and disapproved.

In Oregon, we have a bi-partisan commitment to restore our salmon. In 1997, we formally committed to this through Senate Bill 924 which calls for successful implementation of the Oregon Plan for Salmon and Watersheds. State agencies have followed this law to implement the Oregon Plan since that time.

Outstanding Resource Water designation is one of many tools we committed to using under the Oregon Plan. This designation provides protection to priority waters. SB 1166 narrows in statute eligibility for Outstanding Resource Water designation to essentially pristine waters. This generally reflects the Department of Environmental Quality's (DEQ) policy that was developed with input from an advisory-working group, but reduces the flexible use of this tool, to restore and protect salmon

Under the Oregon Plan we have repeatedly argued for flexibility in the application of our tools. For example, over time we may find that there are waterbodies which are important, unique, or sensitive ecologically, but may not be pristine. Salmon may depend on some of these ecologically significant, but not pristine, waters. I would not want us to preclude our ability to use this tool to help us achieve our goal of salmon recovery. EPA has stated its intent that ORW designations are appropriate to protect ecological values in less than pristine waters.

In previous letters, I outlined my unwillingness to support any legislation that weakens the Oregon Plan as well as my particular concerns about SB 1166. While I respect the interest in certainty provided by SB 1166 to some of our partners in salmon recovery, I cannot support limiting our tools or their flexibility through statute when we have such a difficult task ahead.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



Septmeber 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith Enrolled Senate Bill 1275, unsigned and disapproved.

SB 1275 represents a major tax policy change in the way Oregon calculates corporate income taxes. I appreciate the proponents' economic development arguments and their desire to assist Oregon companies. Their arguments are not unlike those used to repeal the unitary tax during the 1980's -- a time of tremendous economic distress in Oregon. I served in the legislature at that time and voted for the repeal believing that it would have a positive impact on our economy. Today, however, we are enjoying a level of economic growth that outpaces the rest of the country and we are often hard-pressed to keep up with the demands it brings to our infrastructure, schools and quality of life. Our current conditions do not create a compelling case for a change of this magnitude. Further, it has been estimated that 5,976 Oregon businesses would be hurt by the changes in this legislation.

As I stated in my letter of July 13 to the legislative leadership and my letter of May 28 to Representative Strobeck, I am very interested in efforts that will enhance the stability and equity in Oregon's tax system. Our current economic prosperity masks our state's dependence upon an unstable revenue source. Until these issues are addressed I cannot in good conscience support major tax law changes that further jeopardize our school funding system. Oregon already has one of the lowest overall tax burdens in the country. I regret that the 1999 legislature did not spend more time addressing the very real problems of instability in our public and school finance system.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 26, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning SB 1282 unsigned and disapproved.

This bill would require the Department of Transportation to pay an additional surcharge to contractors who prevail in compensation claims. The idea is that contractors who have disputes with the agency over compensation often need to retain counsel and take other steps and should be compensated when they are proved "right".

I believe that such arrangements promote increased litigation and decrease opportunities to reach informal settlements. The prospect of rewarding continued conflict will not be consistent with the legislature's actions last session in requiring all state agencies to use alternative dispute resolution as a way of amicably ending these kinds of disputes. The concept of "loser pays" for state agency activities has surfaced frequently. I have consistently opposed such efforts.

We should not force the agencies to create a pot of money to reward unnecessary litigation against government.

For these reasons I had returned SB 1282 disapproved and unsigned.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem OR 97310

Dear Secretary Keisling:

I am returning herewith Senate Bill 1296 to you, unsigned and disapproved.

SB 1296 would allow unmanned jetski-type personal watercraft to be used to tow a water-skier or person in a ski tube without having a boat operator or observer on board the vessel.

As I stated in my letters of July 8, 1999 and July 16, 1999 to Senate President Brady Adams and Speaker Lynn Snodgrass, my objections to this bill are two-fold. My primary concern is for waterway safety. With increased crowding and congestion on Oregon's waterways, there is more reason than ever to require an observer as well as a boat operator to maintain proper lookout. It is unreasonable to think that a person being towed behind an unmanned personal watercraft can simultaneously engage in water skiing while at the same time maintaining a proper lookout for other boats and persons in the water.

I am also concerned that the Ways and Means Committee chose not to provide the funds necessary to implement the bill, estimated to be \$127,000. The effect of this decision is to require current boat owners to subsidize the cost of the planning, management, education and enforcement associated with establishing safety zones for this new breed of personal watercraft. Revenue from these craft will not cover the cost of managing this new use.

This bill would create two classes of persons engaged in the same activity. Telling one class of water-skiers that they need an observer and operator to be safe, and another group that they don't need an observer/operator behind an unmanned personal watercraft is not consistent public policy.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 18, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, Oregon 97310

Dear President Adams:

I am returning herewith Senate Bill 5504, unsigned and disapproved.

I believe that Oregonians and this legislature want to ensure that we make the strongest possible effort to help troubled youth and families in our communities. While the budget for the Oregon Commission on Children and Families represents one critically important element in a continuum of services necessary for children, I cannot accept as adequate Oregon's investment in children and youth until other critical elements in that continuum are funded. I will continue to work with the legislature until we have adequately addressed the needs of not only the youngest of our children, but at-risk youth and their families as well. I am disapproving this bill only to ensure that our efforts to help at-risk children and youth are carefully balanced and fully integrated.

I support the level of funding for the Oregon Commission on Children and Families contained in Senate Bill 5504 and fully expect the legislature to repass a budget that includes at least this level of funding. However, without additional funding for at-risk youth and drug-affected families, we will not have met our responsibility to Oregonians.

The policy work necessary to accomplish these aims is embedded in Senate Bill 555 currently under consideration in Ways and Means. Senate Bill 555 makes it possible to enrich the budget for Healthy Start programs and to provide adequate levels of funding to the counties for their High-Risk Juvenile Crime Prevention Plans and for alcohol and drug treatment programs.

To accomplish this aim, Senate Bill 555 and linked agency budgets must be considered and negotiated as a package of funding for children, youth, and their families. This means that the budgets of the Oregon Youth Authority, the Oregon Department of Human Resources, and the Oregon Criminal Justice Commission -- as well as the budget for the Oregon Commission on Children and Families -- must be considered in a common context by the bipartisan negotiating team that is currently meeting. These budgets must be crafted in a way that results in a carefully integrated and balanced package of funding that provides Oregon communities with the resources they need to serve children at risk, troubled youth and their families. I believe that we can do all this and provide adequate and appropriate funding for our schools.

I realize this veto is unexpected. On the other hand, I did not expect the drastic reduction in investment in both drug and alcohol treatment and at-risk youth which is reflected in the leadership budget released earlier this week.

I remain confident that by considering all these elements together the bipartisan budget negotiating team will be able to restore the balance necessary to meet our responsibilities to very young children as well as high-risk youth.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



8 July 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning SB 5521 unsigned and disapproved.

While the General Fund resources included in the budget are reasonable, there is an important element of the Bureau of Labor and Industry's (BOLI) duties that is not adequately supported. Even though this budget contains an expenditure limitation for \$466,436 in Other Funds to support the Civil Rights Division, HB 2154, the bill which provides funding for the limitation, has not passed. Without such funding, the resulting shortfall has the effect of cutting funding for over 15% of the Civil Rights Division's caseload.

The civil rights of our citizens is a founding principle of both our federal and state constitution. It is inexcusable to leave in doubt our ability to enforce the civil rights of all Oregonians. I will gladly sign a budget identical to SB 5521 when I am assured that BOLI will have the resources needed to fulfill this crucial duty.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling::

I am returning herewith Enrolled House Bill 2062, unsigned and disapproved.

This veto represents a difficult choice. My staff and I spent considerable time with representatives of the centrally assessed companies as well as legislators discussing what is one of the most complex taxation issues to emerge this legislative session. I believe that with federal deregulation, global competition and other significant changes facing these industries, this issue merits further discussion

HB 2062 would exempt centrally assessed companies such as energy, telecommunications, airlines and railroads from paying taxes on the value of their intangible properties. How these industries are taxed and whether their tax burden is equitable compared to other industries as well as individual residential taxpayers requires greater analysis. Any major change in tax policy should receive a thorough public debate inside the larger context of economic and equity issues.

Further, I am concerned that the definition of an "intangible" found within HB 2062 is far too broad and will result in litigation. We have much to learn from the experience of other states that have struggled with this issue. The definition of intangibles has been in and out of the courts for years in California and has been challenged in a number of other states across the country. In preparing for the implementation of HB 2062 in Oregon, similar problems and disagreements have surfaced. For example, members of different industry groups are now identifying issues that might come within the scope of the legislation that were not identified during either the 1996 interim or during the 1997 legislative deliberations. Legislation which passed recently in the State of Washington has a much tighter definition of intangibles. We in Oregon can learn from their experience as well.

Lastly, HB 2062 will contribute to a shift in the tax burden from Oregon businesses to the individual Oregon residential property owner. I am not anxious to support any further shift of the property tax burden to homeowners from industry outside the context of a much broader discussion on tax equity. While the industry clearly has a strong argument on the basis of fairness this must be considered within the larger context of the overall taxation of centrally assessed companies.

As a result of my decision to veto HB 2062, I will instruct the Department of Revenue to establish an interim work group that includes the participation of these companies to look at the both the overall tax burden and changing nature of these industries and to develop a set of principles that should guide future decision making. If including intangibles in the assessment is not the way to arrive at a value of an industry we will need the assistance of these companies to identify a preferred option that is equitable, economically efficient and that can be administered with a minimum of litigation. This effort should lay the ground work for an approach to the intangibles issue for the 1999 legislative session.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith HB 2157 unsigned and disapproved.

House Bill 2157 requires the Department of Corrections to pay more for hospital care provided to inmates than is currently paid by the agency. While the legislation did allow the agency to negotiate alternatives to the rate set in the bill, the guaranteed rate substantially reduced the possibility that an alternative could be negotiated.

I am determined to operate our state prisons cost effectively and medical care that must be provided to prisoners is one important component of the daily costs of housing prisoners. However, I have a long commitment to a health care agenda that reimburses hospitals and providers adequately and appropriately for their services. Although I am vetoing this bill, I want to communicate to everyone concerned that I expect the Department of Corrections to pay adequate and appropriate rates for health care provided to prisoners by hospitals.

To this end, I have directed the Office for the Oregon Health Plan Policy and Research to assist the Department of Corrections in the review and establishment of a method to reimburse hospitals for services provided to inmates. Reimbursement of hospitals for services provided to inmates should take into account the level of health care this particular population requires, the system for delivery of health care in the prisons, the share of the prison population hospitals are expected to service, as well as the economic factors that influence health care costs in different geographic regions of Oregon. These are complex questions which must be answered in order to establish reasonable rates for reimbursement of health care services. This should be negotiated community by community.

I am directing the Department of Corrections to rescind the current rules establishing a hospital reimbursement rate. The veto of House Bill 2157 provides time for the Department of Corrections to establish reasonable rates for the reimbursement of hospitals for services provided to state prisoners. With the assistance of the Administrator for the Office of the Oregon Health Plan Policy and Research hospital organizations will have the opportunity to participate in the analysis and consideration of rates for reimbursement for services delivered.

Sincerely,

A small blue square icon with a white question mark inside, likely a placeholder for a signature or logo.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning HB 2222 unsigned and disapproved..

This measure contains provisions relating to unrelated topics. It enhances the crime of assault on a corrections officer to include hurling dangerous objects or substances at guards. It allows reserve police officers to carry concealed weapons. The measure also allows fax machines to be used in obtaining search warrants.

If these measures stood alone, I would enthusiastically sign the bill into law.

However, the bill also creates the crime of insurance fraud. Proponents of the measure have argued that Oregon needs this improvement to prosecute fraud rings that are operating now on the West Coast. I agree that we need to update our laws to provide law enforcement with the tools to combat these sophisticated criminals.

This bill, however, is flawed in one important respect -- in some situations, it applies to claimants but not insurers. Although the crime this bill creates does apply to fraudulent activity on the part of insurers in the solicitation of an insurance policy, it does not apply to an insurer's intentional fraudulent acts committed when settling a claim. It does, however, apply to a claimants intentional acts committed in filing and settling a claim. I find this lack of equal treatment unacceptable.

I will support a law that erases these ambiguities and allows law enforcement to focus on the real target: sophisticated organized fraud rings. Since House Bill 2222 does not do that, I am vetoing the bill.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I have signed HB 2321 but disapproved section 6, the emergency clause.

This bill sets up a uniform process for review of state agency contracts by the Department of Justice. The bill requires early review of contract documents which should increase the efficiency and effectiveness of state government.

However, the bill would apply immediately to all designated state contracts once it becomes law. The Department of Justice needs some time to increase staff levels to meet the new requirements.

By disapproving the emergency clause the new law will not take effect until early October.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



May 8, 1997

The Honorable Lynn Lundquist
Speaker of the House
239 State Capitol
Salem, OR 97310

Dear Speaker Lundquist:

I am returning herewith House Bill 2340, unsigned and disapproved.

After the 1991 legislation requiring unification of Oregon school districts, and during the 1995 session, as well as in this legislative session, I have sought ways to consider the merits of the individual proposals for exemptions while maintaining our course toward implementing the now nearly completed process of statewide district unification.

Throughout these discussions, I have stated my commitment to the goal of statewide district unification and that any proposal for exemption must not only state the cause for exception, but must also carefully address the array of exemption issues. HB 2340 does not meet this criteria due to the following concerns.

It has been stated that the Agness School District faces closure without this bill. Given the funding advantages generated by the small school correction factor, testimony was provided that the Agness School is not due to close. Such a legislatively mandated boundary change for the Agness School District would cause legal complications for the other districts also involved in this merger. This boundary alteration would require the local education service district to begin the merger proceedings anew. Such proceedings could not be effective until 1998. The existing merger law requires the Superintendent of Public Instruction to declare school districts nonstandard if they do not offer a K-12 education by July 1, 1997. Thus, the other districts in this merger would be non-standard, and may be ineligible to receive state funds. This argument is supported by an opinion letter submitted to the Department of Education from their Assistant Attorney General (a copy of that opinion is attached). HB 2340 does not address these issues.

The interest of maintaining the Agness School appears to be addressed through continued small school correction funding and not by diluting the work done to date through the merger process.

Sincerely,

John A. Kitzhaber



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



May 28, 1997

The Honorable Lynn Lundquist
Speaker of the House of Representatives
239 State Capitol
Salem, OR 97310

Dear Speaker Lundquist:

I am returning herewith House Bill 2352, unsigned and disapproved.

The conditions that lead to my veto of this bill are similar to those included in my veto message on HB 2340.

I remain committed to of the process of statewide school unification mandated by the 1991 Legislative Assembly. I have expressed my willingness to consider exemptions from that legislation only if they are consistent with the timely completion of the unification process.

HB 2352 represents a last minute rollback on the commendable progress made in nearly completing the unification process.

A reversal of course at this late date denies Oregon citizens the benefits of unification intended by the 1991 legislation, including:

Better coordination of the curricula between elementary schools and their high schools in achieving the high academic standards contained in the Oregon Educational Act for the 21st Century. Equity of funding among schools served by the same high school system.

Pursuit of administrative and educational program fiscal efficiencies that have already been implemented by nearly all of the school districts that are subject to consolidation.

The last minute exemptions proposed by HB 2352 also create a number of significant logistical and legal problems, especially for newly formed school districts. Finally, and separate from the merits of unification itself, the overwhelming majority of affected school districts have made this legislation work. We should not act now to exempt a few from the admittedly difficult work involved in implementing Oregon's school district unification law.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I have signed House Bill 2383 but disapproved section 26, the emergency clause. This bill creates the Oregon Board of Investigators, appointed by the Governor and confirmed by the Senate, to license private investigators and operatives. The bill prescribes a five-member Board consisting of three investigators, one law enforcement officer, and one member of the general public. Disapproving the emergency clause will allow time to recruit and select members to the board and for the Board to develop a work plan to ensure that most of the fundamental public safety concerns can be addressed, such as specifying professional education requirements.

By disapproving the emergency clause, the new law will not take effect until early October.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith HB 2454, unsigned and disapproved.

The bill would repeal the motorcycle helmet law for riders 21 years of age and older. While I respect motorcycle riders' desire to choose whether to wear helmets, maintaining the current law is clearly in the best interests of the citizens of Oregon. This is consistent with the public position I have held on this issue for almost 20 years.

I am vetoing this bill, based not only on my experience as an emergency room physician, but also because the research clearly demonstrates that motorcycle helmet laws save lives, prevent injuries, and save public dollars. Helmeted riders have 28-73% lower death rates than unhelmeted riders and helmet usage reduces the incidence of severe head injury by 46-85%. States with helmet laws have death rates 20-40% lower than states without such laws. Helmet usage is 90-98% in states with mandatory laws, and only about 50% in those without. Unhelmeted riders have higher medical care costs than helmeted riders in crashes, and the majority of the costs are paid by the public rather than by the injured motorcyclist. If our helmet law were to be repealed, Oregon Medical Assistance Program estimates an increased expenditure of over \$6 million of public funds per biennium to pay for additional health care costs.

In addition, Oregonians showed strong support for mandatory motorcycle helmets when they overwhelmingly approved the 1988 referendum by a 2 - 1 margin. The measure passed in every county. A recent poll conducted by an independent research firm has shown that the people of this state continue to support the helmet law by a wide margin.

I will continue to oppose repealing the motorcycle helmet law based on my concern for the health of Oregon motorcyclists and my commitment to the judicious use of public funds. As I have stated in the past, the only way I would consider signing such a measure into law would be if those who are advocating freedom of choice for adult riders would also ensure that those exercising such a freedom also accept the full economic responsibility for their actions.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 30, 1997

The Honorable Lynn Lundquist
Speaker of the House
H-269 State Capitol
Salem, OR 97310

Dear Speaker Lundquist:

I am returning herewith HB 2569, unsigned and disapproved.

The bill language indicates it seeks to guard the privacy of students, their parents and their families. The proponents seek the protection of the provisions found in the Family Education Rights and Privacy Act (FERPA) under 20 U.S.C. 1232g and 1232h.

However, 20 U.S.C. 1232g is already incorporated in state law, and 20 U.S.C. 1232h applies because our school districts receive federal funds. Therefore, these protections already exist and the bill unnecessary.

In complying with state laws and federal provisions, Oregon school districts remain committed to protecting student privacy and parental rights.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Re: HB 2585

Dear Secretary of State Keisling:

I am returning HB 2585 to you disapproved and unsigned.

The Boxing and Wrestling Commission exists entirely from revenues generated from a surcharge on pay-per-view boxing and wrestling events on cable television systems. Any excess revenues go into the Children's Trust Fund.

HB 2585 would slash the budget of the Commission in half. This move would occur at a time when Oregon appears to be poised on the verge of an expansion of these sports. To drastically reduce the budget and the effectiveness of the Commission at this time is not sound policy.

As a physician I do not like these sports. But as long as we allow them to exist, I believe we must take every step possible to prevent the human suffering that can result from this kind of competition.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 30, 1997

The Honorable Lynn Lundquist
Speaker of the House
H-269 State Capitol
Salem, OR 97310

Dear Speaker Lundquist:

I am returning herewith HB 2701, unsigned and disapproved.

House Bill 2701 represents a state mandate to local schools to utilize a specific reading instructional technique. This is an inappropriate legislative imposition upon schools that subsumes the role of professional educators in deciding what classroom methodology is best for their students.

This bill entails curriculum, textbook, and instructional decisions, and imposes them on schools and teachers to use in the classroom. I cannot support legislation that substitutes itself for the process we have in place to work on and decide the details of classroom methodologies. It should be noted that there are no restrictions on districts from utilizing phonics as they deem necessary in providing an effective education program for their students.

My veto is not premised upon the merits of phonics, my opposition is in regards to a legislative process that mandates to educational professionals what classroom techniques they must utilize.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning HB 2749 unsigned and disapproved.

HB 2749 requires that the Office for Services to Children and Families (SCF) release records compiled under the Child Abuse Reporting Law to certain individuals regardless of the effect that release might have on the children involved and without regard to the status of any investigation that might be underway.

Changes in laws relating to child abuse must be made with care and must have as their primary purpose protecting the interests of the children who are innocent victims of child abuse. HB 2749 requires that certain persons be given highly sensitive records regarding child abuse cases within 10 days of the request for the information. This creates a situation where records would almost certainly be released before investigations are completed by law enforcement agencies and would compromise the ability of law enforcement to satisfactorily complete these investigations. In addition, the requirements for disclosure to parents and grandparents would allow these persons, even if they are the suspected perpetrator of abuse, to gain access to all of the records relating to the child in question.

Clearly it is not in the best interest of children who have been abused to have the investigations into the abuse disrupted or compromised in any way. Moreover, children who have been abused could be placed in further danger if the abusers are given information which could be used to escape prosecution or conviction.

I believe that certain changes to the information disclosure laws dealing with records under the Child Abuse Reporting Act may be beneficial and would enhance the well-being of children who have suffered abuse. I remain committed to working with those who have an interest in this important topic to establish the best policy for our children.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith House Bill 2753 to you unsigned and disapproved.

House Bill 2753 was crafted to address a local issue. The city of Eugene wants to construct a trail along the Willamette River to expand recreational and commuting opportunities for city residents. Marist High School does not want the path to traverse school grounds because of potential student safety and liability issues.

I have long held to a policy of not supporting legislation which interferes with local control, especially on issues which are purely local in focus. Whether, when and how to construct a trail that will mainly be used for local travel fits into this category. Nonetheless, I dedicated a great deal of staff time and energy to facilitate a compromise: a bike path along the river designed to address the safety issues raised by Marist. I feel both parties negotiated in good faith.

As a result of the negotiations, the city is willing to construct fencing and/or a berm, to install lighting, to remove underbrush, and to erect "no loitering" signs so that there will be a physical and mental separation between the public trail and private school grounds. These improvements are important given that experts in school safety advise that "closed" campuses (e.g., campuses with a limited number of public access points) pose fewer security risks than "open" ones.

I believe the process was fair and the results a vast improvement over the previous situation. Ultimately, however, the residents of the city of Eugene will need to decide this issue through their elected officials.

Sincerely,

A small blue square icon with a white question mark inside a rectangular box, likely a placeholder for a signature or a broken image link.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Re: Signing statement on HB 3009, 2104 with Veto message of HB 2870

Dear Secretary Keisling:

I have taken action today on a trio of bills relating to the racing industry in Oregon. I have vetoed HB 2870 but have signed HB 3009 and HB 2104.

I know there is concern about the growth of gambling in Oregon. I share that concern.

However, I believe that it is important to draw a distinction between the different types of gambling that exists in Oregon today: State Lottery, Race Tracks and Indian Casinos.

My primary focus is on the State Lottery because that is the form of gambling I can most directly affect. I will continue to oppose the expansion of Lottery products to include so-called line games. I believe these games will increase the levels of addiction in our state and the dependence of state government on lottery dollars.

I also believe that it is time for Oregonians to begin to look for ways to reduce our participation in state run gambling and start relying on more stable long term sources of finance for our education system and other essential services.

Tribal gambling has experienced the most dramatic growth in gambling in the state. But this is a right granted to the tribes under federal law. We can not forbid the tribes from gambling. We have had some success in negotiating compacts that give us more say about the ultimate size of that industry.

As I pointed out in my veto message on HB 2870 I am sympathetic to those Oregonians who are involved in the live animals racing industry.

The commercial tracks and the county and state fairs are traditional and limited forms of gambling that has existed in Oregon for over 65 years. Horse and dog racing has not been the focus of my concern about the growth of gambling in the state.

HB 3009 and HB 2104 are bills requested by the industry and the racing commission in an effort to give the industry an opportunity to regain market strength. The key to my approval of both these measures is that the Racing Commission is charged with developing a regulatory structure in both bills. My administration will watch and guide this new authority carefully.

I am announcing today that I have vetoed HB 2870, because of the provision of the bill that amounted to a giveaway of public funds to two commercial racetracks in Portland.

After much thought I have decided to approve HB 3009 which relates to gambling in Oregon.

HB 3009 enacts recommendations from the Governor's Task Force on Gaming. It creates the new crime of Cheating and revises our theft statutes to recognize the nature of gaming today.

It also extends regulatory authority to the Department of Justice for charitable games operated by private clubs such as the Elks.

The most controversial portion of the bill is the authority for the Oregon Racing Commission to allow and regulate a Multi-jurisdictional Totalizator Hub. This challenging name is long-hand for a computer system used to record Off-Track Betting (OTB) wagers. If such a business locates in Oregon it will need to be regulated.

I am signing this for two reasons.

First the Oregon Racing Commission is simply authorized to regulate such a computer business if the business locates in Oregon. It is unclear what authority the Commission would have without the provisions of this bill.

Second the bill will allow the racing industry to explore a business opportunity that could help reverse its recent misfortunes.

Similarly I have signed HB 2104. The most controversial aspect of this bill is the authorization of "account wagering" which will allow patrons at the two major tracks to open accounts for easier wagering. This bill keeps pace with changing technology in terms of use of various cash substitutes for today's commerce.

The Commission is committed to devising rules that will erect barriers for problem gamblers and emphasize restraint in daily betting through these limits.

I do not know if these proposals will assist the race tracks in surviving these tough times. But I will see to it that the Oregon Racing Commission devises rules that stress restraint and temperance with regard to gambling.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning HB 2920 unsigned and disapproved.

This bill raises the fine for Minor in Possession of Liquor to \$500. I support efforts to prevent young people from beginning to drink and/or use tobacco products. But this measure will not accomplish the desired effect.

The legislature can not simply increase the fine for a single offense. In order to effectively change the fine the legislature must either change the classification of the offense or change the maximum fine for an entire class of crimes. See, *State v. Rudder*, 324 Or 380 (1996).

The companion bill that would have accomplished this, HB 3611 did not pass the legislature.

Rather than force the courts through needless litigation which will result in the fine remaining the same, I am vetoing this bill.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 26, 1997

The Honorable Lynn Lundquist
Speaker of the House
269 State Capitol
Salem OR 97310

Dear Speaker Lundquist:

I am returning herewith Enrolled House Bill 2937A, unsigned and disapproved.

HB 2937A directs the Environmental Quality Commission to establish an exemption from the vehicle inspection test for individuals who live in Yamhill and Columbia counties and who do not commute into Multnomah, Clackamas, or Washington counties.

Clean air is vital to our health and our quality of life in Oregon. The Portland metropolitan area has made great strides to clean the air, and the federal government has approved our plan. Today, the challenge before us is not to clean up dirty air; the challenge is to maintain the strides we have made.

Our biggest threat to clean air is the motor vehicle. Industry has already invested millions of dollars in cleaning up their emissions. Now each of us must do our part as individuals to maintain clean air. DEQ's vehicle inspection program has been proven to be effective and cost efficient in reducing emissions.

I oppose this exemption of non-commuters in Yamhill and Columbia counties for several reasons: 1) the use of a motor vehicle for commuting to work is not necessarily indicative of the number of miles it travels, nor of the amount of pollution it produces, 2) creating an air quality exemption along a county line is not a resource-based decision, 3) an exemption from this important program will establish a poor precedent, and 4) the exemption is largely unenforceable.

I believe those who contribute to the air pollution problem should also contribute to the solution. This bill would limit our ability to ask for that contribution.

Sincerely,

A small blue square icon with a white question mark inside a rectangular box, likely a placeholder for a signature or a digital stamp.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning HB 2948 unsigned and disapproved.

The bill would have created a new Office of Administrative Hearings. This independent agency would house and supervise hearings officers who oversee administrative hearings in contested cases.

These are cases involving an agency action relating to a professional license such as a nurse or a psychologist or a barber.

These are also hearings regarding water quality and clean air standards and how those standards are applied for the benefit of the public.

I support the idea of independent hearings officers who can provide a fair hearing for citizens who want to affect agency decisions. But this bill did not adequately address the issue of how to pay for this new department.

There were also provisions relating to ex parte contacts with hearings officers that, in my opinion, are too much like a legal trial and less like a more informal setting for citizens to be heard by their government.

Proponents of this measure have raised some criticisms of state administrative proceedings. These include a perception that hearings officers, if employed by agencies, have a built in bias and can not be fair. I do not believe that this accusation is true across the board or in most circumstances.

However, I have committed to the proponents that I will work with them to achieve reform of administrative hearings.

Consequently, I will appoint an interim study group to examine the current administrative hearings process and suggest changes. The group will be comprised of legislators, hearings officers, agency heads and representatives from the Department of Justice.

I will issue an Executive Order to implement approved reforms. If necessary, the study group may propose legislation for the next session of the Legislature.

Sincerely,

A small blue square icon with a white question mark inside a rectangular box.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning HB 3002 unsigned and disapproved.

This bill is a companion to SB 301 which allows enforcement of restraining orders from other states in Oregon courts. This is an important tool as we continue to develop tools to combat domestic violence and spousal abuse. SB 301 sets out timetables and establishes grounds for violation of these orders.

However, HB 3002 adds attempted behavior to the list of violations of these orders. It does so without adequate definition to direct the courts in applying the law.

As a result we run the risk of blunting this major advance in fighting domestic violence through needless litigation over what actually constitutes an "attempt".

To avoid this I have signed SB 301 to let those coming to Oregon know that they can expect support from our courts as they seek to restore peace in their lives. I'm disapproving HB 3002 to avoid making the system confusing and frustrating.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 20, 1997

The Honorable Lynn Lundquist
Speaker of the House
H-269 State Capitol
Salem, OR 97310

Dear Speaker Lundquist:

I am returning herewith House Bill 3083, unsigned and disapproved.

The proponents seek a tool to help address the problem of students who exhibit quite disruptive behavior. References have been made to examples such as assaultive conduct, arson, and other very serious misconduct. I applaud the intent of the bill. However, the bill's language covers a much broader range of behavior and raises a number of concerns.

While I am vetoing the bill, I will work with the proponents in seeking another vehicle this session to help address the problem of disruptive students. My intent would be to seek language that maintains the proponents' intent while addressing the concerns listed below:

The bill refers to students who are in alternative education programs due to expulsion or suspension. Expulsion and suspension covers too wide a range of behavior -- there can be over 55,000 suspensions and 1,200 expulsions per year. Suspension can occur for behavior such as erratic attendance (repeated tardiness or absence). Instead of focusing on the intended most serious disruptive students, the bill's broad language could have many unintended implications for a large number of students and families.

By law, districts are required to provide alternative education programs for these students. The bill is vague as to the consequences of a parent's failure to pay the charges. If the district excludes or otherwise takes action against the student because of the parents' failure to comply, equal educational opportunities and civil rights legal issues could be involved.

Two groups affected by this legislation would be low income and minority students. This population is least able to pay additional charges for their children's education. While meaning to help address a problem, the bill could exacerbate the problem of increasing dropouts and issues of juvenile delinquency.

We must all work to address the problems of disruptive students. However, because of the concerns listed above, House Bill 3083 is not the appropriate solution. I will work with the proponents to achieve the appropriate legislative response.

Sincerely,

A small blue square icon with a white question mark inside a rectangular box, likely a placeholder for a signature or stamp.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith HB 3310, unsigned and disapproved.

Oregon has pioneered the way for reforming the nation's long term care systems. We have listened carefully to both taxpayers and older Oregonians. As a result we have developed a long term care system which costs less per person served and saves millions of dollars per year when compared to many other states. In addition, we serve the frail elderly first in their own homes, in community based assisted living facilities, in foster care and only as a last resort, in high cost and restrictive nursing homes. This is the care system our seniors say is best, and this is the efficiency taxpayers say they want.

House Bill 3310 runs contrary to these important policy objectives. It builds a new facility with public dollars when all available data indicates more nursing homes are not needed in our state. It may require veterans who use it to move a substantial distance from their homes and loved ones in order to take advantage of the care it offers. It is a product of an out of date federal system which ignores the national preference of most veterans to stay in their home community. This federal policy creates a perverse incentive by providing over \$2,000 per month in subsidies if they move to a Veteran's nursing home, but only provides \$90 per month for personal needs if they choose a nursing home in their own community. This policy does not honor our veterans as they deserve nor does it allow the services needed by our veterans to be purchased economically and efficiently. Attached to this veto message is a letter I have written to our congressional delegation asking them to begin working immediately to change this outdated approach to long term care.

Not only is this approach unfair to many veterans who wish to receive assistance from the Veterans Administration and who do not want to leave their home town, it is unfair to other older Oregonians. While veterans organizations support the Coquille project many of the organizations who represent the general population of older Oregonians do not. Groups opposing HB 3310 include the Governor's Commission on Senior Services, the Oregon State Council of Senior Citizens, the United Seniors of Oregon and the Oregon Disabilities Commission. These organizations understand that the stability of the long term care system that serves other frail Oregonians and our ability to control costs in that system depend on how effectively we are able to control the supply of nursing home beds in each region of our state. For these reasons, they believe that the Coquille project should meet the same need criteria that all other new nursing facilities are required to meet before construction. I agree with these groups that this is the best way to balance the needs of both veterans and the general population of Oregon's frail elderly.

There is also a concern about the fairness and validity of the economic development aspects of the Coquille project. Currently, there is no documented evidence that veterans who need nursing home care cannot obtain that care. The Oregon Department of Veterans Affairs (ODVA) cites anecdotal instances but neither the ODVA nor the Oregon Senior and Disabled Services Division (SDSD) can document a sufficient need to warrant opening a new facility. If there is not a significant unmet need for nursing facility beds for veterans, the only way that the Coquille facility can be filled is to draw patients from other facilities around the region within which the home is built. Thus, there is the clear possibility

that any economic gain experienced in Coquille will come at the expense of jobs being lost in other towns in the region. If this were not to occur because veterans prefer to stay in their own home towns as discussed earlier, then the Coquille facility would likely not be able to meet the 95% occupancy required for its success. This leaves the state with the choice of either shifting jobs from other Oregon communities to Coquille, or being forced to continue to operate a facility in Coquille which is significantly underutilized and which falls far short of the economic expectations of those who have worked so hard to site the home there.

Adding to this uncertainty is the scheduled opening of a large new veterans nursing home in The Dalles in October of this year. Starting this project has necessitated a loan from the War Veterans' Trust Fund of \$1.3 million which will take over three years to begin paying back and will not be fully amortized for ten years. This coupled with the lack of any experience in operating such a facility would suggest the prudent course to take would be to see how the project in The Dalles works out before committing to another project the size of the one in Coquille.

Finally, let me make clear that I support the study of our long term care system that is the largest part of HB 3310. While the statutory directive for this study will be lost with my veto of this legislation I will work to fulfill this desirable portion of the bill through other means.

The decision to veto HB 3310 has been a difficult one. I know that the economic situation on the south coast is serious, and that many well meaning, honorable, and dedicated Oregonians are actively supporting this project. I also know this action will be unpopular with some powerful interest groups. I pledge to continue to work with veterans groups and the city of Coquille to improve both the plight of Oregon's veterans and the economy of the community. However, I believe that ultimately, the best interests of veterans, other older Oregonians, Coquille, the south coast in general, and the state as a whole will be better served by my veto of this legislation.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Re: HB 3455

Dear Secretary Keisling:

I am returning herewith House Bill 3455 unsigned and disapproved.

House Bill 3455 would provide an exemption for heavy duty diesel vehicles from the Department of Environmental Quality's (DEQ) emission testing program.

An exclusion for diesel vehicles now would be unfair to other sources of particulate pollution. The US Environmental Protection Agency has recently proposed new and stricter emission standards for particulates that may require emission reduction strategies to be developed in some areas of Oregon. Heavy duty diesel vehicles are significant contributors of particulate pollution. It would be unfair to other sources of particulate emissions, such as woodstoves and industry, to give diesel trucks a blanket exclusion.

The decision about whether to test diesel vehicles in the future should be made as part of an overall plan on emission reductions that looks at all options. Such a plan would appropriately be prepared by the Environmental Quality Commission. If emission reductions are necessary to protect public health and comply with fine particulate standards, emission standards for this class of vehicles would be one option evaluated by an advisory committee recommending strategies. These strategies would be available for public review and comment prior to any action by the Environmental Quality Commission.

House Bill 3455 is bad for the environment and bad public policy. Smoke from diesel vehicles (buses, garbage trucks, personal pickups and others) is DEQ's most frequent complaint from the public. A decision on whether to test the vehicles in the future should be a deliberate one that considers other options along with costs to the trucking industry and other sources of particulate pollution.

Sincerely,

A small blue square icon with a white question mark inside, located in a rectangular box.

John A. Kitzhaver, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 29, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith HB 3502 unsigned and disapproved.

House Bill 3502 prescribes in law the ballot title for the referral of HB 2954, the repeal of 1994 Measure 16, passed by the voters, which allowed physician prescription of lethal drugs for terminally ill adults. It also specifies the brief summary and a statement of the result of a "yes" and a "no" vote that would appear on the ballot.

Ballot measure titles are perhaps the single most critical factor in informing voters about the substance of measures on which they will be voting. Because of this, it is extremely important the titles be drafted carefully to fairly reflect the substance and consequences of the measure.

I am vetoing HB 3502 because it is unfair and unnecessary. It is unfair because advocates from both sides of this very volatile issue were not included in the drafting process. It is unnecessary because Oregon statutes establish a well-defined and objective process for drafting ballot titles for initiatives and referrals.

The authors of HB 3502 -- passionate advocates on one side of the measure -- seek to by-pass part of the established procedure. They have fashioned an incomplete title for the measure, omitting many of the important features of Measure 16 which were included in the 1994 ballot title written by the Attorney General, approved by the Supreme Court, and sent to the voters. Indeed, the measure even omits any mention that this referral is a re-vote on the exact measure the voters passed in 1994.

Under Oregon's long-established ballot title drafting process the Attorney General is charged with writing a clear and fair ballot title. This title is then subject to comment by both proponents and opponents of the measure. The Attorney General must respond to these comments and certify the title. Interested parties have the ability to appeal the certified title to the Supreme Court. The Court then considers the title and may modify it as the court sees fit. In the case of the present measure, there is no good reason to ignore this deliberative and objective process.

I am also very concerned about the process by which HB 3502 was passed by the legislature. Doctor-assisted suicide was one of the most controversial and complex measures considered by the legislature this session. While the legislature did indeed dedicate a significant amount of time to investigating how Measure 16 could be strengthened, it spent almost no time considering the appropriateness of the ballot title language in HB 3502. The House held no public hearings on the bill and the Senate held a brief hearing in the rush of the final day of the session. A measure of this importance deserves much better.

In vetoing HB 3502 I am confident that the Attorney General and Supreme Court will present Oregon voters with a fair and complete ballot title for Measure 51 on the November ballot. The voters will then be able to once again pass considered judgment on the merits of a doctor-assisted suicide measure.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith Enrolled House Bill 3734 to you, unsigned and disapproved.

HB 3734 would provide timber companies with an option to move from a "privilege" or severance based tax to a full tax on timber land. This approach would provide the timber industry with an estimated \$52 million in tax cuts. While I remain sympathetic with the issue of equity for the timber owners, I do not support HB 3734 as the correct approach to securing it.

My staff and I have spent many hours considering this bill as well as other approaches to timber taxation. During the legislative session I stated my support for insuring that the timber industry receive equal treatment under the provisions of ballot measure 50. I submitted letters of support for the HB 3734-minority report which would have provided the industry tax relief more comparable to that received by the average business.

Most recently I met with representatives of the Oregon Forest Industries Council to discuss the merits of HB 3734.

Since HB 3734 does not become effective until the following biennium there is adequate time to take a second look at this issue and draft an alternative approach for the consideration of the 1999 legislature. It is critically important that any major change in tax policy receive a thorough debate inside the larger context of economic and equity issues. Work in the interim would allow this to happen.

In closing, I would like to recognize the timber industry for the contribution it has made to the overall Oregon economy and particularly to the recent legislative session. Their support of the Oregon Salmon Restoration Plan, progressive landslide prevention legislation and the Oregon Transportation Initiative was significant and needs to be recognized.

Further I applaud their concern that local government services be protected in the course of developing the timber taxation legislation. I look forward to working with the industry on these and other issues.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 1 to you unsigned and disapproved.

Senate Bill 1 is intended to relieve loggers of liability for cutting the wrong trees if directed to do so by another person. This concept is known as "good faith" trespass. I have two problems with the bill. First, it does not establish an adequate standard for loggers to ensure that their cutting operations are taking place with the permission of the legal owners. The result could leave timber owners without recourse for the losses they have suffered. Meanwhile, the logger has the option of purchasing Broad Form liability insurance as protection from the type of loss or risk anticipated by this bill. The use of this insurance has been an industry standard for many years. I believe the use of this traditional means of risk avoidance adequately protects the logger and the landowners in the event of wrongful harvest, thereby making the statutory change unnecessary.

The second problem with Senate Bill 1 is that it applies not only to timber lands, but to farmland, urban homes, parks, and other lands. It limits the long-standing common law remedies that are currently available to landowners for trespass.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Re: SB 266

Dear Secretary Keisling:

I am returning SB 266 unsigned and disapproved.

This bill represents a further attempt to deny Oregon citizens full access to justice through the courts.

Under current Oregon law a jury verdict against multiple parties is set out in percentages of fault. If one of the parties is legally unable to pay, the remaining parties may have their responsibilities "re-allocated" to cover the damage.

SB 266 would result in a party responsible for at least 30% of the damage escaping responsibility in a reallocation. This would leave many deserving Oregonians without compensation for their injuries or property damage, even after a jury has reviewed all the evidence.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 379 unsigned and disapproved.

Senate Bill 379 was sponsored by the Oregon Small Woodland Association which has the laudable goal of attempting to improve the productivity of non-industrial private forest land. I share this goal but do not feel that SB 379 will accomplish it.

The premise of the bill is that small woodland owners can manage forest resources better when they live on their land. While this argument has merit, the bill does not provide an enforceable way to ensure that the new homeowner will manage the land for forestry. Consequently, SB 379 would enable large amounts of Oregon's forest land to be converted to rural residential use because it would reduce the minimum lot size needed for a dwelling on land zoned for forest use from 160 acres to 60 acres in western Oregon and from 240 acres to 80 acres on the eastside.

Forestry is one of the most important industries in Oregon. The viability of the forest industry is dependent on protection of the forest land base. Senate Bill 379 would allow forest land to be converted to rural residential uses thereby affecting timber production both directly and indirectly.

In terms of direct impacts, forest land would be lost due to conversion to homesites, residential access roads, and service corridors for powerlines. Indirectly, the state's forest resources would be affected by a potential increase in conflicts between rural residents and timber owners over forest practices such as spraying. Other effects include increased public costs for roads, utilities, and police and fire protection.

Finally, on the issue of fire hazards. Increased development anywhere increases the risk of fire hazard and the cost of fighting fires. Woodland owners make a good case that when a small scale harvester lives on the land, he or she is more apt to provide an early warning of fire as well as to fight fires when they arise. This benefit must be weighed, however, with the added costs associated with a potential increase in fire hazards and in fire suppression.

For these reasons, I cannot sign this bill.

Sincerely,

A small blue square icon with a white question mark inside, located in a rectangular box.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 26, 1997

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, Oregon 97310

Dear President Adams:

I am returning herewith Senate Bill 397, unsigned and disapproved.

Senate Bill 397 requires that the F. H. Dammasch State Hospital property shall be sold without regard to the recent siting of a corrections intake center and women's correctional facility on this state-owned property.

While I respect the legislative statement made by passage of the Senate Bill 397, I am disappointed that the legislature failed to provide an alternative solution for the siting of the correctional facilities which are intended to be constructed on this property.

This veto should not be a surprise to anyone. I have been very clear about my position on this issue. If the legislature desires to prevent the construction of any correctional facility which has been sited in the last seven months, it is incumbent on the legislature to also identify and site a cost-effective alternative.

I accepted the responsibility to site prisons conferred on me by the 1995 Legislative Assembly and I have carried out that duty in a responsible and forthright manner. The decision to site on the hospital property was not an easy one, but it was a responsible one given the careful and diligent process to identify acceptable prison sites in the tri-county metropolitan area.

Sincerely,

A small blue square icon with a white question mark inside a white rectangular box, likely a placeholder for a signature or a missing image.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 440, unsigned and disapproved.

This legislation created two new state felony crimes to address mail theft, an important and growing problem in Oregon. Mail theft crimes increasingly are affecting more Oregonians and costing them more money, and the resulting debate on Senate Bill 440 has provided a needed focus on this public safety responsibility.

Having recognized the rise of mail theft crimes, I have vetoed Senate Bill 440 for three specific reasons. First, mail theft already is a federal crime. Before Oregon creates new crimes to assume what traditionally has been a federal responsibility, I believe we should engage in serious discussions with the U.S. Attorney's office regarding what the appropriate state and federal roles should be in a comprehensive and diligent effort to prevent and prosecute mail theft crimes. It is my intention to discuss this with the U.S. Attorney's office, Oregon district attorneys, and other Oregon law enforcement officials.

Second, Senate Bill 440 is flawed in its crafting and overreaching in its scope. For example, it is not appropriate for a teenager to be prosecuted in juvenile court for what would be a Class C felony if committed by an adult for a single act of damaging a mailbox, as this bill would allow. In addition, this bill would allow prosecution of a person who inadvertently opens another person's mail delivered to their address. These flaws alone would not have precluded my approval of this legislation, because I believe Oregon's district attorneys would exercise appropriate discretion in these types of cases and that these flaws could be fixed in the next legislative session. However, these reasons do contribute to my overall decision to veto this bill.

The third and most important reason for my veto is that the legislature failed to appropriate or reserve any money to pay for the costs of this new felony crime. While there has been a dispute about the precise fiscal impact of this bill, the legislature made no allocation at all. Because the state has engaged in a new partnership with counties for them to handle incarceration and supervision of many of these offenders, it is inappropriate to impose that cost without providing funding for it. Had the legislature made a specific allocation, my concerns about the cost of this legislation would have been alleviated.

I also would have been persuaded to sign this bill if I had been convinced that the majority of people stealing mail went without appropriate criminal punishment. However, I am informed that felony charges already are being filed in approximately 80 percent of mail theft cases. I therefore have concluded that the problems with this legislation outweigh the need to take immediate action.

As I have said, protecting the financial health of Oregon citizens and businesses by protecting delivery of the mail is an important responsibility of government. I will talk with the U.S. Attorney's office in Oregon about the steps that can be taken to heighten their role in protecting the integrity of our postal system. If after that discussion I determine that a sole

federal response will be inadequate, I will work with local, state and federal law enforcement officials to review Senate Bill 440 and improve it with the intention that the funding necessary to accomplish this job will be part of my 1999 recommended budget.

For these reasons, I am vetoing Senate Bill 440.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 470 to you unsigned and disapproved.

This bill was drafted with the intention of increasing public notice and involvement in local decisions regarding the types of uses allowed in specific zone code designations. Specifically, the sponsors wanted to require notification of adjacent property owners on those use determinations which may have a high impact on surrounding parcels (e.g., a decision regarding whether a parole office is allowed in a specific zone).

This is a laudable goal. However, the bill was drafted very broadly. If adopted, it would affect all zone code use determinations regardless of impact beyond the subject site. Commonly-made decisions such as whether a grocery store is allowed in a commercial zone or a wood-working shop in an industrial zone may be subject to requirements for notification, a 14-day comment period, and an opportunity to appeal. Literally thousands of these decisions are made yearly in communities throughout Oregon.

To understand this bill and its companion Senate Bill 475, it is useful to put it into the context of existing law. In 1991, the legislature approved House Bill 2261 to make clear distinctions between "zone code use determinations", "limited land use decisions", and "land use decisions". The definitions reflect a carefully crafted compromise between the need to notify surrounding property owners of potential impacts and the level of impact that actually may result from a decision. Underlying this is the premise that zoning laws should provide property owners with some certainty about what to expect from development.

Decisions about what use is allowed in a particular zone were classified as ministerial decisions because they are made in accordance with provisions outlined in a zoning code. Anyone buying or renting property has access to a community's zone code and comprehensive plan designations to assess what might be expected on neighboring parcels.

Senate Bill 470 would make zone code use determinations subject to the decision-making procedures applicable to "limited land use decision" requirements. What this means is that prior to making a decision regarding whether a use is allowed in a particular zone, a local government would have to notify property owners within 100 feet of the affected site, provide a 14-day comment period, and provide an opportunity to appeal the local decision to the Land Use Board of Appeals.

Because it applies to all zone code use decisions, the bill would unnecessarily delay development and overburden local government without a clear benefit to citizens in the vast majority of cases.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 475 to you unsigned and disapproved.

Similar to its companion bill, Senate Bill 470, this bill was drafted with the intention of increasing public notice and involvement in local decisions regarding the types of uses allowed in zoning classifications. Specifically, the goal of the sponsors was to require jurisdictions to notify adjacent property owners when a zone code use decision may have impact beyond the subject site.

The procedures outlined in the bill for accomplishing this are written very broadly, however. The bill amends the definition of a "permit" (ORS 215.402 (4)(b)) to exclude "a non-discretionary decision that determines the appropriate zoning classification for a particular use by applying clear and objective criteria or performance standards defining the uses permitted within the zone".

This represents a fundamental shift in the way all permits are processed. It would require jurisdictions to provide notice on such everyday decisions as issuing a building permit for a house in a single family zone because the planning director must interpret, or use discretion, in applying the zone code criteria. This would result in costly delays to development.

Finally, the bill would not serve its intended purpose. Senate Bill 475 requires notification at the point when a building permit is issued; not when a tenant occupies the building. Once a jurisdiction approves a permit for an applicant to build or remodel a building, there may be no other point in the development process for the jurisdiction to actually review a tenant use of the building.

For example, a builder or developer may obtain a permit to build office space to lease or sell on speculation. At the point the permit is issued, the jurisdiction is approving the applicant's plans to build an office building in a commercial zone. The tenant who eventually occupies the office space is under no obligation to return to the jurisdiction for a zoning permit. He or she is free to use the space for any of the uses allowed in a commercial zone. Depending on the zone code provisions, that could mean anything from a video rental store to an office complex.

I feel that communities have a responsibility to notify the public when a proposed development may negatively affect surrounding property owners. This must be balanced, however, with the need to provide a reasonable and efficient process which enables citizens to develop their property in a timely fashion. Senate Bill 475 does not improve the balance established under existing law.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem, OR 97310

Re: SB 485

Dear Secretary Keisling:

I am returning Senate Bill 485 unsigned and disapproved.

This bill would prohibit state officers and employees from addressing the legislature or attending legislative hearings unless requested by the legislature. The bill goes too far to remedy a relatively minor problem.

As governor I head the Executive branch of state government. This bill places burdensome limitations on the exercise of my constitutional authority and those who act on behalf of my administration.

I believe it is important for the legislature to have the benefit of technical and specialized knowledge that experienced state employees can bring to the legislative process. As a former Senate President I know how valuable it can be to hear from the people who will, after all, be charged with implementing legislative policy direction.

I agree, however, that there should be clearer guidelines on the use of state employees by agencies in fulfilling this valuable function. As a result I will issue an Executive Order prior to the next legislative session detailing guidelines for state employee interaction with the Legislative Assembly.

It is vitally important that state policy not be created in a vacuum without reference to the practicalities of implementations. As a result I have disapproved Senate Bill 485.

Sincerely,

A rectangular box with a blue question mark icon, indicating a redacted signature.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 494, unsigned and disapproved.

SB 494 contains child care and health care provisions which I strongly support. However, the addition to this bill of several sections relating to home schooling means that I cannot endorse it. Specifically, I object to the following provisions:

The bill expands the number of students who would be exempt from compulsory school attendance, and whose parents would therefore not be subject to reporting their child's educational progress.

The bill replaces the current annual examination of home schooled students with testing at grades 3, 5, 8, and 10. While the statewide assessment of public students takes place during those grade periods, local public schools are annually, if not monthly, testing students to assess their performance and progress.

The bill allows parents of students with disabilities to choose any person who has taught two years in any school during the past ten years to evaluate the child, instead of the current process of using exams from an approved list which are administered by a qualified neutral person. Maintaining the current practice better assures a quality and neutral assessment of the student.

The bill puts into statute a satisfactory progress standard of an examination score at or above the 15th percentile. This takes away the ability of the State Board of Education to address any concerns about such a low standard. The bill would allow, by law, even a student who scores below the 15th percentile to continue home schooling as long as the student scores at an equal or higher level in the next examination.

Vetoing SB 494 does not change nor further regulate current home schooling practices. I have a high regard for parents who are able to make such a personal commitment to their children's education. I have also been impressed by the testimony that most home schoolers achieve at a higher than average level. However, changes to home schooling laws cannot jeopardize the state's role in ensuring that children under its responsibility receive a quality education.

I regret having to forego the valuable child care and health care provisions in the bill. Yet, taken together, these changes to the home schooling laws do not serve a child's educational best interests, therefore, I am vetoing SB 494.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Re: SB 541

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 541, unsigned and disapproved.

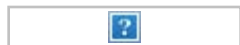
My decision to veto this legislation is consistent with my decision to veto Senate Bill 397. It is based on the same clear policy: if the legislature takes an action that would prohibit the construction and operation of a prison facility sited in the past eight months, it is incumbent on the legislature to provide an alternative solution to meeting the state's need for prison facilities.

If the legislature did not agree with the results of the prison siting process, the legislature could have accepted the responsibility to site prisons to meet the mandate the people of Oregon placed upon us when Ballot Measure 11 was passed in 1994. The legislature, with the assistance of the Department of Corrections, did consider one site late in the session, but that effort was unsuccessful.

Senate Bill 541 only serves to remove the availability of sited prison facilities -- therefore, I cannot support its aims. I have already accepted and exercised the authority to site prison facilities in every region of Oregon. I am not willing to again subject Oregon communities, inside or outside the tri-county metropolitan area, to yet another prison siting effort.

The siting of prisons is not an easy or pleasant responsibility. The Corrections Facilities Siting Authority, Oregon Department of Corrections, and I have carried out this difficult task in a fair and open manner which has resulted in accountable and cost-effective decisions. This veto, in combination with the budget the legislature provided for prison construction, will ensure that Oregon has the capacity to incarcerate violent criminals.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 25, 1997

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, OR 97310

Dear President Adams:

I am returning herewith Senate Bill 680, unsigned and disapproved.

The bill prohibits public school boards, community college boards, OHSU, and state post-secondary institutions from denying access by military recruitment personnel to their campuses.

I share the proponents' desire to support the military. The Oregon National Guard in particular makes enormous contributions to the state both in times of crisis and through community projects. I believe that the National Guard provides great opportunities to minorities as they are coming out of high school, and I would urge local officials to consider a partial repeal of the ban as it applies to the Oregon National Guard. Despite my personal feelings, however, I believe questions of access to local schools and community colleges should be decided in the community by locally elected school boards and within the Oregon State System of Higher Education by the State Board of Higher Education.

We must respect the authority of locally elected officials to decide these matters.

Therefore, I am vetoing the bill.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 770, unsigned and disapproved.

This bill would have the effect of weakening Oregon's felony sentencing guidelines by allowing sentences negotiated between a prosecutor and defense attorney to ignore established limits on the length of felony sentences.

This bill was presented to the legislature as being necessary to avoid miscarriages of justice in cases that fell under Measure 11 by letter of the law but where a Measure 11 sentence would be inappropriate. The proponents argued that increased flexibility - beyond that already established in the sentencing guidelines -- was necessary in these cases to hold offenders appropriately accountable while avoiding unjust results. The legislature responded to that argument not only by passing Senate Bill 770, but also directly addressing potential injustices under Measure 11 by passing Senate Bill 1049, which allows judges to impose less-than Measure 11 sentences in specific circumstances.

I cannot approve Senate Bill 770 because it provides unrestricted discretion without any consideration for state policy. If the sentencing guidelines limits are too restrictive - in general or in specific types of cases -- then proponents should work with the Criminal Justice Commission to change those limits. But sentencing policy should continue to be governed by a consistent state policy, not through case-by-case decisions in each county.

In addition, I would not veto this bill if I believed that pleas already negotiated were at risk. But the Oregon Supreme Court has ruled in State vs. Adams (315 Or 359, 1993) that a person who stipulates to a sentence cannot appeal that sentence. The concurring opinion in Adams provides supporting authority for the current practice.

But before the legislature grants express approval for this practice, I believe it should carefully consider structuring sentencing discretion to provide additional flexibility where it is needed but to maintain state policy limits. Therefore, I am vetoing Senate Bill 770.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith, SB 847 unsigned and disapproved.

This legislation runs counter to our efforts to increase accountability in Oregon's system of campaign finance. I must disapprove this and any other legislation that takes steps backward in this arena at the very time when we should be working to increase the faith voters have that those who violate campaign finance laws will be punished with certainty.

Senate Bill 847 would decrease and cap the penalties for violations of Oregon's campaign finance laws. It would also force the Secretary of State into the untenable position of having to determine "intent" in the violations.

While the current system is not perfect, I believe your efforts to address the concerns of the bill's proponents in rule will be much fairer and not diminish the level of responsibility involved in the campaign finance reporting system. The public must be confident that those in charge of assuring compliance with campaign finance laws have the flexibility to address legitimate circumstances in the process without sacrificing their enforcement power.

In addition, bills such as Senate Bill 847 are inherently unfair to those individuals and organizations who paid their fines in a timely fashion. This bill retroactively limits the penalties assessed to two individuals whose violations are under appeal.

While the intent of the original bill was well-meaning, I will not allow this legislation to become law because it steers Oregon away from a reliable system of checks and balances in its campaign finance system.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem, OR 97310

Re: SB 953

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 953 unsigned and disapproved.

In its original form, Senate Bill 953 sought to amend ORS 825.139 to require that certain motor carriers make their vehicles available for a safety inspection within 90 days of receiving authority to operate in Oregon. Such pre-operational safety inspections are currently required by administrative rule, OAR 740-035-0150(2), established February 16, 1996. Senate Bill 953 in its original form would have streamlined the procedure for suspending a motor carrier for noncompliance, which currently includes a notice of proposed suspension, an opportunity for hearing, and then an order of suspension. Senate Bill 953 would have amended ORS 825.139(2) so that there would be a 10-day notice of suspension period and then automatic suspension absent receipt of a request for hearing. These objectives can be achieved through rule making.

Senate Bill 953 was subsequently amended during the legislative committee process in such a way as to additionally require that all state agencies also make their trucks available for safety inspection within 90 days of being acquired. Rather than a one-time requirement for motor carriers new to Oregon, the state would be forever required to make every new vehicle available for inspection. In the majority of instances, this means the state would be busy inspecting factory fresh newly acquired vehicles. The staff of state safety inspectors would be distracted from inspecting vehicles legitimately requiring such inspection and public safety on the highways would be negatively impacted. This amendment was ill considered and renders the bill in its final form impractical to implement and a step backwards for safety on our highways.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith SB 966, unsigned and disapproved.

SB 966 prohibits the consideration of geographical cost differences or prices in the development of capitation rates for managed care plans participating in the Oregon Health Plan Medicaid Demonstration. Currently, rates are adjusted according to geographical differences in input costs, based on the Health Care Financing Administration. At present, this is the best data we have available for this purpose.

While there are numerous claims that the aggregate per capita cost of providing health care is equal around the state, I have yet to see systemically based data that supports this claim. Conversely, there is a substantial body of Oregon specific data including, but not limited to, the cost of capital assets, labor costs, and the patterns of utilization, that supports the position that there are differences in the aggregate of providing care in various areas of the state. While I am open to new information that demonstrates otherwise, I am unwilling to change our current practice and run the risk of compromising access to care for Medicaid patients in certain areas of the state without first having something more than anecdotes on which to base such an action.

As was noted during administration testimony, SB 966 would decrease payments to plans in areas of the state with higher costs and increase rates in other areas where data show costs are lower. This creates the potential for a decrease in access in areas where most of the Oregon Health Plan members reside.

Another bill passed during the session, HB 2894 B Engrossed, addresses the issue of rate equity in a more considered way. It establishes a broad based advisory committee to the Office for Oregon Health Plan Policy and Research. The committee is charged with researching the issue of geographic rate adjustment and with recommending to OMAP specific capitation rate adjustment factors. In turn, OMAP is then directed to develop the 1999-2001 budget based upon these recommendations.

The advisory process identified in HB 2894 is an open one and allows for stakeholder participation. It also provides time for the health plans to prepare for any potential changes that would be required of OMAP.

I believe that a process which considers the expertise of actuaries, the affected parties from both high and low cost areas, and client access to care will result in the best outcome.

Sincerely,

A rectangular box containing a small blue square icon with a white question mark inside, likely representing a missing or illegible signature.

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Re: SB 1198

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 1198, unsigned and disapproved.

SB 1198 directs the Department of Education to implement the Oregon Media Literacy project. However, the project is largely symbolic. The legislature provided no funding to pay for the program.

The Department of Education would have to staff a steering committee and administer the program development and implementation out of its already limited budget. In addition to the concern about the cost to the Department of Education, federal funding is not allocated for the program nor is future funding certain.

I understand the concern about excessive television viewing, especially by our young people. However, this project is a sound-bite solution to a larger, more complex problem.

I cannot support legislation which is more symbolic than substantive.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 8, 1997

Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem, OR 97310

Re: SB 1205

Dear Secretary Keisling:

I am returning herewith SB 1205, unsigned and disapproved.

Senate Bill 1205 seeks to overturn a court of appeals ruling which holds that at will employees cannot be fired for simply meeting collectively with their employer to discuss wages and working conditions.

While some interests are concerned that this ruling overturns the entire "at will employment" doctrine, I find no legal substantiation to this argument. It is clear that the court's decision is narrowly focused and only allows affected employees to discuss wages and working conditions. It does not allow these employees to conduct slow downs, strikes, or other more substantial job actions. I am vetoing SB 1205 because I believe that all employees should be able to collectively discuss their wages and working conditions without fear of being fired for doing so. If there are unforeseen consequences to this court decision, I will work with all of the interested parties to ensure a fair resolution of any problems that arise.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 5523, with the line item in Section 1(3)(a)(I) unsigned and disapproved. This line item establishes an Emergency Fund appropriation for a legislative specialist on children and families in the Office of Legislative Counsel. The appropriation is no longer needed because the enabling legislation which created the specialist position failed to pass.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 5523, with the line item in Section 9 unsigned and disapproved. This line item appropriates funding to the Department of Land Conservation and Development to carry out the provisions of Senate Bill 632 to study secondary lands. The appropriation is no longer needed because the enabling legislation failed to pass.

Sincerely,



John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



August 15, 1997
Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 5523, with the line item in Section 1(3)(a)(J) unsigned and disapproved. This line item creates an Emergency Fund appropriation for the creation of an Oregon Marine Academy to be housed aboard a former research ship obtained from the federal National Oceanic and Atmospheric Administration.

I applaud the efforts of Senator Jeanette Hamby and others to increase services to Oregon's young men and women who are at risk of committing criminal offenses and entering the juvenile justice system. As a state, we are doing far too little to provide the kind of educational and vocational opportunities that are necessary to reverse the increase in juvenile crime that Oregon has experienced in the past decade.

A ship-based program, however, involves high costs for operations and maintenance, and presents unique safety, security and liability issues. As a result of these concerns, and questions regarding the availability of on-going funding for operation of the program, I am reluctantly vetoing the appropriation.

Sincerely,



John A. Kitzhaber, M.D.

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VETO MESSAGE LIST - 1999 SESSION

Listed In Alpha-Numeric Order (Last Updated: September 7, 1999)

BILL NO	VETO MESSAGE
HB 2050	Veto
HB 2226	Veto
HB 2238	Veto
HB 2415	Veto
HB 2452	Veto
HB 2463	Veto
HB 2474	Veto
HB 2551	Veto
HB 2566	Veto
HB 2633	Veto
HB 2637	Veto
HB 2652	Veto
HB 2657	Veto
HB 2700	Veto
HB 2792	Veto
HB 2793	Veto
HB 2808	Veto
HB 2875	Veto
HB 2942	Veto
HB 2947	Veto
HB 2964	Veto
HB 2985	Veto
HB 3028	Veto
HB 3031	Veto
HB 3049	Veto
HB 3054	Veto
HB 3065	Veto
HB 3131	Veto
HB 3202	Veto
HB 3259	Veto
HB 3282	Veto
HB 3346	Veto
HB 3456	Veto
HB 3541	Veto
HB 3595	Veto
HB 3605	Veto
HB 3607	Veto
HB 5022	Veto
HB 5029	Veto
HB 5055	Veto
HB 5057	Veto
HB 5060	Veto
SB 0003	Veto
SB 0115	Veto
SB 0229	Veto
SB 0259	Veto
SB 0428	Veto
SB 0474	Veto
SB 0483	Veto
SB 0497	Veto
SB 0524	Veto
SB 0558	Veto
SB 0595	Veto
SB 0675	Veto
SB 0751	Veto
SB 0811	Veto
SB 0849	Veto
SB 0887	Veto
SB 0987	Veto
SB 0988	Veto
SB 0989	Veto

SB 1061	Veto
SB 1115	Veto
SB 1166	Veto
SB 1275	Veto
SB 1282	Veto
SB 1296	Veto
SB 5504	Veto
SB 5521	Veto

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Oregon
Secretary of State
Dennis Richardson



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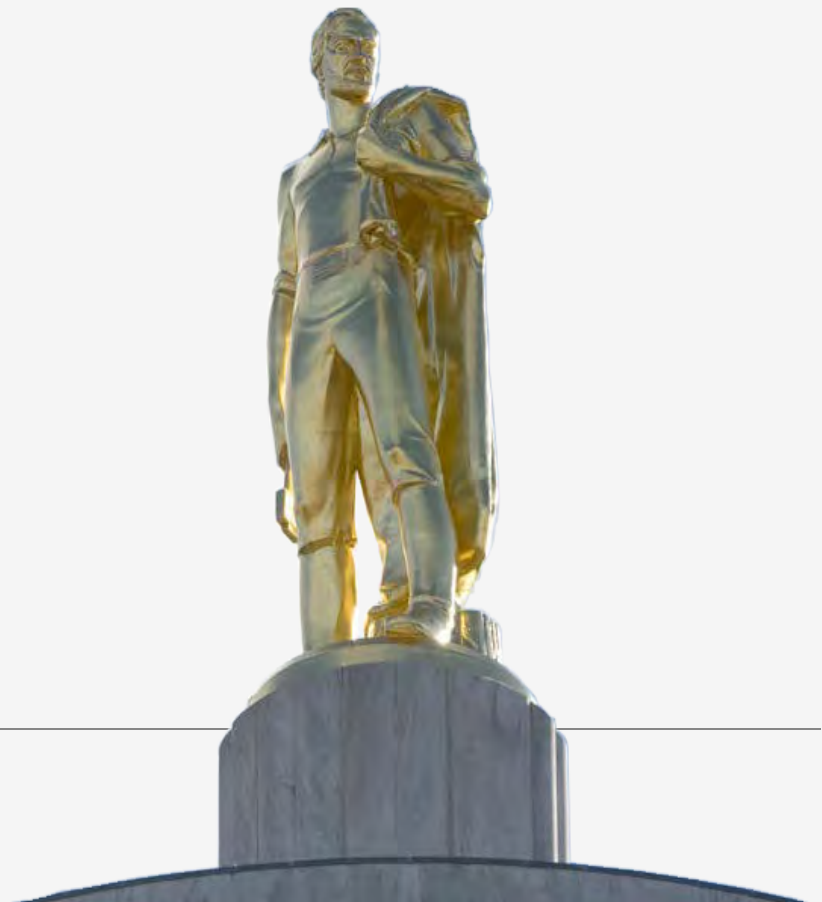
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LEGISLATIVE COMMISSION ON INDIAN SERVICES

**167 State Capitol
Salem, OR 97310
(503) 986-1067
Fax: (503) 986-1071**

What is the Commission?

The Commission on Indian Services (CIS) was created by statute in 1975 to improve services to Indians in Oregon. Its 13 members are appointed jointly by the Senate President and the Speaker of the House to a two-year term. CIS members select their own officers to serve one-year terms of office.

Prior to its establishment, there was no suitable mechanism in state government to consider Indian concerns directly. CIS serves as the main forum in which Indian concerns are considered. It serves as a conduit through which concerns are channeled through the network to the appropriate entity; it serves as a point of access for finding out about state government programs and Indian communities; and it serves as a catalyst for bringing about change where change is needed.

Who is the Commission?

CIS consists of one member from the Oregon Senate, one member from the Oregon House of Representatives and 11 representatives from the following tribal councils and non-reservation areas throughout the state:

Confederated Tribes of Warm Springs:

Confederated Tribes of the Umatilla Indian Reservation;

Burns Paiute Tribe:

Confederated Tribes of Siletz:

Confederated Tribes of Grand Ronde:

Confederated Tribes of Coos, Lower Umpqua and Siuslaw:

Cow Creek Band of Umpqua Indians:

Klamath Tribes:

Coquille Tribe:

Portland Urban Area; and Willamette Valley Area.

What does the Commission do?

CIS recommends methods for the State of Oregon to improve its services to Indians and to improve its relationship with tribes in Oregon and Indian communities. CIS holds regular meetings to learn about the issues which concern Indian people and to discuss how these issues might best be addressed. Often, CIS invites representatives of state or local government to discuss their programs relative to Indian people.

CIS monitors legislation that may affect Indians, both while it is being considered by the Legislature and after it becomes law. CIS also notifies people about legislation in which they are interested and assists in coordinating and presenting testimony on issues of importance to Indians in Oregon. CIS serves as a resource and advisory body to the Executive Branch, the Legislature and state agencies.

CIS functions as an information clearinghouse about state government and Oregon's Indian communities. Toward this end, CIS publishes the biennial **Oregon Directory of American Indian Resources**. The **Directory** lists all tribes and Indian resource organizations in the state, as well as selected state, regional and federal offices. The **Directory** also contains statewide demographic information, a partial list of Oregon laws relating to Indians, and answers to frequently asked questions about tribal sovereignty, Indian ancestry and tribal benefits. As availability allows the **Directory** is provided free of charge. It is also available at State and local Libraries and on the Internet.

Under its enabling statute, ORS 172.100, CIS has the following responsibilities; 1) To compile information about services for Indians; 2) To develop programs to inform Indians about services available to them; 3) To advise public and private agencies about the needs and concerns of the Indian community; 4) To assess programs of state agencies operating for the benefit of Indians and recommend program improvement; and 5) To report biennially to the Governor and the Legislative Assembly on all matters of concerns to Indians in Oregon.

CIS has broad statutory responsibilities concerning the protection of cultural resources in Oregon. Under ORS 390.235 (Historic Materials), CIS is mandated to participate with the State Historic Preservation Office in the archaeological excavation permit process. Under ORS 97.740 (Burial Law), and ORS 358.905 (Archaeological Sites and Objects), CIS is responsible for providing consultation and designating the appropriate tribe if an Indian burial or archaeological object is discovered.

In addition, CIS provides consultation services to other state agencies when their Administrative Rules require them to discharge duties relating to American Indians or cultural resources. Two examples are Children's Services Division in Indian child welfare matters and Water Resources Department in hydro development activities.

What does the Commission not do?

CIS does not provide direct services or determine what services will be available to Indians. Similarly, CIS will not abrogate any agreements between Indians and any level of government, nor will CIS take a position in controversies between tribes or organizations.

How can the Commission assist you?

If you have a concern involving services for American Indians, bring it to the attention of a CIS member or staff. CIS will either refer you to the appropriate entity or initiate an inquiry into the issue. CIS may also offer alternatives for resolving the issue.

If you are interested in legislation that may have potential impact in Indian communities, ask CIS for information about it. Ask to be put on the CIS mailing list and attend CIS meetings held on a regular basis in the State Capitol building.

How can you assist the Commission?

CIS wants to know what problems exist with state agencies, what services should be available and how these services can be improved or established. If you have suggestions of this kind, write or plan to attend a CIS meeting to present your ideas.

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2002

KEY CONTACT DIRECTORY

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[Tribal Directory by Name*](#)

Burns Paiute
Coos, Lower Umpqua & Siuslaw
Coquille
Cow Creek
Grand Ronde
Klamath
Siletz
Umatilla
Warm Springs
Nez Perce

[Tribal Directory by Subject*](#)

Burns Paiute
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[Confederated Tribes of Siletz Indians](#)

[Confederated Tribes of the Umatilla Indian Reservation](#)

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[Klamath Tribes](#)

GOVERNOR'S JUVENILE CRIME PREVENTION STRATEGY

"It takes an interagency consortium to effect juvenile crime."

- Rand Study, 1996

Why a Juvenile Crime Prevention Strategy Focused on High-Risk Youth?

Background Information

Oregon Shines II reviewed our progress toward making the state a more prosperous and desirable place in the last seven years. It also sets the three specific goals to attaining a "vital, prosperous Oregon that excels in all spheres of life" as 1) quality jobs for all Oregonians; 2) safe, caring, engaged communities; and 3) healthy, sustainable surroundings. The Governor's Juvenile Crime Prevention Strategy was brought about by some underlying facts that will have great impact on our ability to have the vital and prosperous Oregon we desire.

These include:

- the anticipated demand on the system due to Measure 11
- the anticipated resources needed to address this system demand
- lack of coordinated approach to juvenile crime at the state and local levels
- citizen and legislative focusing of resources on juvenile crime and corrections through past legislation and Measure 47
- voter mandated prioritizing of resources on education and corrections

Why this Strategy?

This particular strategy was designed to address the issues raised above for three key reasons:

1. It is cost effective.
2. It is the right thing to do.
3. It works.

The Strategy

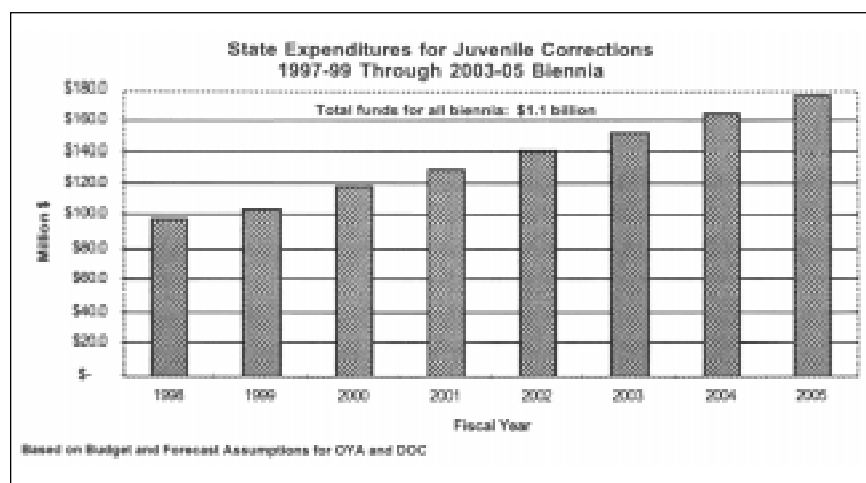
In an attempt to address these issues, Governor Kitzhaber has proposed a juvenile crime prevention strategy that seeks to provide the most immediate return possible for tax-payer investment. The strategy:

- focuses on community-based strategies for youth at highest levels of risk;
- coordinates efforts at the state and local levels;
- holds the system accountable for achieving results; and
- commits to reinvesting savings and avoided costs in prevention efforts that will provide a long term return on tax payer investment

Please refer to summary of the Governor's Juvenile Crime Prevention Strategy for more information.

It is Cost Effective

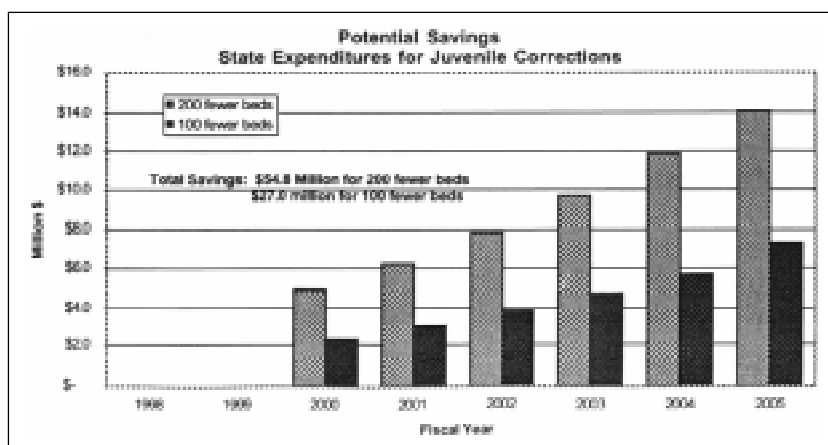
- ❑ At the anticipated rate of growth of juvenile crime due to Measure 11 the amount of resources needed to fund youth corrections will grow substantially in the next few biennia.
- ❑ Senate Bill 1 in the 1995 session formulated \$8m targeted to communities for training school diversion and gang prevention efforts. After the passage of Measure 11, these resources were used to provide bed space at the training school.
- ❑ In 1995, 26.5% of Oregon crime was committed by juveniles. Based on a two year study on victim cost and consequences at the National Institute of Justice, it is estimated that victim losses due to juvenile crime in Oregon amount to over \$800 million annually. This equals approximately \$257 per Oregon resident per year.
- ❑ The “RAND Study” found that the most cost-effective of the interventions studied was targeted at high-risk or “troublesome” youth early in delinquency and was focused on graduation. It also achieved the highest number of serious crimes prevented per million dollars spent and the highest savings of future criminal-justice system costs.
- ❑ According to the RAND Study, “based on current best estimates of program costs and benefits, investments in certain interventions for high-risk youth may be several times more cost effective in reducing serious crime than long mandatory sentences for repeat offenders. Furthermore, investments in these interventions may have additional payoffs that we do not account for in cost-effectiveness estimates.”



❑ The current biennium budget for the Oregon Youth Authority is \$113.6 million. The budget to build and manage beds due to anticipated growth is projected to be a cumulative total of over \$941 million by the 2003-2005 biennium.

❑ The Department of Corrections and the State Economist’s Office estimate that a cumulative total of over \$65 million of resources in the adult corrections system will be spend to address juveniles entering the adult system due to Measure 11 crimes in the next four biennia.

- ❑ Success with this strategy will result in increased resources available for community based prevention programs that are able to attain a long-term return on tax payer investment.



It is the Right Thing to do

- ❑ The University of Oregon's Institute on Violence and Destructive Behavior reviewed a sample of youth in Oregon's state training schools. This research showed that youth in the training school have some common characteristics. These characteristics include:
 - ✓ 82% have a learning disability or special education need
 - ✓ 73% have engaged in self-abusive behaviors
 - ✓ 73% have a parent convicted of a crime
 - ✓ 55% have a sibling convicted of a crime
 - ✓ 35% flunked a grade
 - ✓ 32% have attempted suicide
 - ✓ 23% have a gang affiliation
 - ✓ 13% are parents
- ❑ Early estimates of youth arrested for Measure 11 offenses show that approximately 50% have no prior delinquency.
- ❑ Many children who are on the verge of delinquency are acting out in response to problems they have experienced, including a breakdown in their family's ability to raise them. They may act out as the result of child abuse, neglect, domestic violence, etc.
- ❑ Institutions that children must rely on to help rear them have been eroded over the last fifteen years. Drug abuse, gangs, guns, violence and the like have exploded to overload the social support system and have lessened the ability of the "community" to respond to such kids.
- ❑ Oregon has not targeted high-risk youth in a coordinated fashion. Arrests of juveniles have increased in two-thirds of Oregon counties from 1995 to 1996. Thirty-one Oregon counties have increased juvenile arrests since 1990.
- ❑ We have not done all we could have, and should have, to address the predictable problems these kids are becoming. For example, we have known for a long time that:
 - most men in prison are the children of women who had their first child while they were teenagers;
 - some delinquents can be spotted by the age of four using known risk factors;
 - unsupervised children are at risk for delinquency;
 - providing effective intervention to high risk juveniles when they first enter the system is one of the most effective strategies to reduce future involvement in the system.
- ❑ While children need immediate and realistic consequences for delinquency, they also need more. Punishment alone will not change behavior. Interventions targeted to address the multiple risks faced by these children are needed.
- ❑ In order to achieve the vital, prosperous state we envision, Oregon needs every citizen to be as independent and productive as possible. Oregon needs the youth targeted by the Governor's strategy to be more productive than they are currently.

It Works

- ❑ Estimated juvenile arrests are expected to grow over 25% from 1995 to 2003. The average daily population at the training school is anticipated to increase over 50% during the same time period.
- ❑ The RAND Study found that the most effective strategy focused on intervention with high risk youth. In contrast to other approaches, results from well designed interventions with high risk youth will be felt within just a few years after the program is implemented, because the targeted youth are very close to their most crime-prone years.
- ❑ The RAND Study lists as a key impediment to formulating interventions for crime reduction the lack of an "obvious governmental authority" that can consider all the interests necessary (law enforcement, human services, education, welfare, etc.). They found difficulty in identifying one agency that could be neutral in effectively incorporating all the perspectives needed for an effective juvenile crime prevention strategy.
- ❑ The RAND Study found an "interagency consortium" is needed in the effort to reduce juvenile crime.

Total Juvenile Arrests Per 1,000 Juvenile Oregonians Per Year

REVISED JANUARY 23, 1997

	1990	1991	1992	1993	1994	1995	1996
Baker	66.8	72.8	91.5	88.4	105.6	93.3	135.2
Benton	35.3	36.5	45.3	46.1	39.6	40.1	47.6
Clackamas	27.7	27.9	26.5	28.8	28.5	30.7	40.3
Clatsop	61.5	53.6	61.0	59.8	62.5	84.5	87.4
Columbia	58.5	48.1	57.8	64.1	73.2	79.6	76.2
Coos	64.9	80.9	69.9	70.1	78.4	99.3	105.3
Crook	108.2	91.4	68.7	83.1	82.6	94.4	83.1
Curry	22.3	39.9	49.2	37.0	44.5	50.7	45.7
Deschutes	65.4	69.6	76.5	61.6	70.3	77.0	80.9
Douglas	55.6	59.6	65.9	84.4	86.6	62.6	60.2
Gilliam	29.0	28.7	6.7	58.4	24.6	64.0	39.2
Grant	47.1	29.3	16.9	27.3	20.5	31.6	30.1
Harney	18.9	18.6	23.8	30.8	39.0	27.6	19.8
Hood River	43.0	46.9	49.3	52.5	50.3	51.7	58.1
Jackson	62.1	64.3	72.2	85.5	70.9	73.0	94.4
Jefferson	63.5	92.2	86.7	63.3	57.9	81.8	83.7
Josephine	48.3	43.4	53.2	58.9	59.3	50.2	63.0
Klamath	42.0	30.7	28.0	32.6	34.1	35.5	30.0
Lake	38.6	41.8	40.5	38.1	47.2	50.4	58.6
Lane	43.5	50.5	53.6	49.8	56.9	56.9	64.8
Lincoln	60.3	69.5	67.4	80.9	86.0	83.5	84.7
Linn	64.2	75.1	87.9	78.4	91.4	97.6	111.9
Malheur	70.1	68.2	65.8	62.2	100.0	77.9	77.7
Marion	44.8	51.8	54.9	60.0	55.5	56.2	62.7
Morrow	47.4	29.9	24.0	33.8	34.3	41.8	45.6
Multnomah	41.9	49.8	53.7	52.4	57.2	51.4	47.1
Polk	47.2	48.6	66.7	74.7	87.3	77.0	82.7
Sherman	26.2	42.4	18.5	10.3	35.6	47.4	40.8
Tillamook	59.9	46.9	63.6	78.8	97.7	88.5	93.5
Umatilla	59.6	37.9	52.1	39.3	44.8	75.8	79.1
Union	57.6	57.1	58.1	47.8	49.0	65.4	65.9
Wallowa	40.0	55.9	46.3	36.8	51.5	66.6	56.4
Wasco	69.1	65.7	62.3	73.1	79.4	100.4	105.2
Washington	39.4	37.5	36.9	40.2	42.5	33.1	33.9
Wheeler	33.1	18.9	15.2	0.0	10.4	8.7	0.0
Yamhill	45.6	49.6	57.1	52.3	79.5	94.8	96.6
STATEWIDE	46.5	48.8	52.1	53.8	57.3	58.6	62.0

GOVERNOR'S TEAM FOR JUVENILE CRIME PREVENTION

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**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE BURNS-PAIUTE TRIBE
AND THE STATE OF OREGON**

December 12, 1996

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**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE BURNS-PAIUTE TRIBE AND
THE STATE OF OREGON**

PREAMBLE.

This Compact is made between the State of Oregon (hereinafter "State") and the Burns-Paiute Tribe (hereinafter the "Tribe") and pertains to Class III gaming to be conducted on lands that are held in trust for the Tribes that are subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"). The terms of this Compact are unique to this Tribe and reflect the fact that the lands that are the subject of this Compact are subject to IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this ___ day of _____ 1996, by and between The Burns-Paiute Tribe, a federally recognized Tribe of Indians, and the State of Oregon.

SECTION 2. FINDINGS.

WHEREAS, the Tribe is a federally recognized Indian Tribe, and is the beneficial owner of, and local government for, the trust lands of the Tribe located in the State of Oregon;

AND WHEREAS, the State and the Tribe are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State, and the Constitution provides that the "Legislative Assembly has no power to authorize, and shall prohibit casinos from operation in the State";

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribe as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

AND WHEREAS, the Tribe exercises authority within the Burns-Paiute Tribe Indian Reservation, (hereafter referred to as "Indian Lands");

AND WHEREAS, the Tribe has represented that the gaming location is on land held in trust by the United States for the Tribe since 1972.

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribe adequate to shield them from organized crime and other corrupting influences, to ensure that the Tribe is the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribe or of the Tribe's sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the Tribe is authorized to act through Resolutions adopted by their Tribal Council;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribe and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendices and Exhibits:

- A. "Background investigation" means the security and financial history checks of an employee, licensee or applicant for Tribal contract for the operation of video lottery games or for the sale of lottery games to the tribe.
- B. "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.
- C. "Class III Gaming Contract" means a contract that involves Major, Minor, or Sensitive Procurements.
- D. "Class III Gaming Contractor" is any individual, business or other entity that applies for or is a party to a Class III Gaming Contract.
- E. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- F. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.
- G. "Gaming facility" means the building proposed to be constructed as of the date of execution of this Compact that is located on land included in the Tribe's Reservation

at Burns, Oregon, and specifically described in Exhibit I to the Compact. If the size of the Gaming Facility is expanded as otherwise provided in this Compact, the term "Gaming Facility" shall thereafter refer to the expanded facility.

- H. "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:
1. Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or
 2. Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.

"Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.

- I. "Key Employee" means any officer or any person who can affect the course of business, make decisions, or is in a sensitive position.
- J. "High Security Employee" means any person with responsibility for the management or operation of the Class III gaming activities or access to gaming terminals or cash.
- K. "Low Security Employee" means any person employed to work in a gaming area with no responsibility for management or operation of the Class III gaming activities and no access to inside gaming terminals or cash.
- L. "Major Procurement" means any procurement action or contract for:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;
 3. Any goods, services, or products involving the determination of winners in any Class III gaming; or
 4. Video devices.

- M. "Management Contract" means any contract, subcontract, or collateral agreement between the Tribe and a contractor or between a contractor and a subcontractor if such contract or agreement provides for the management of all or part of a gaming operation.
- N. "Minor Procurement" means any procurement action or contract related to Class III gaming that is neither a Major Procurement nor a Sensitive Procurement. A typical example of this class of procurement is a contract to change the external appearance of a video terminal.
- O. "Owner" means any person or entity that owns 5% or more of the equity ownership of a company, alone or in combination with another person who is a spouse, parent, child or sibling.
- P. "Primary Management Official" means any person who:
1. Is designated as having management responsibility for any part of a Management Contract;
 2. Has authority --
 - a. to hire and fire employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.
- Q. "Sensitive Procurement" means any procurement action or contract for goods or services, other than a "Major Procurement," that may either directly or indirectly affect the integrity, security, honesty, and fairness of the operation and administration of Class III gaming. Typical examples of this class of procurement are the acquisition of security systems required to protect the security and integrity of the Class III gaming, financing agreements and consulting agreements for services related to operation of Class III gaming.
- R. "Video lottery terminal" or "terminal" means an electrical or electromechanical device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration, with winners determined by the application of the element of

chance and the amount won determined by the possible prizes displayed on the device.

SECTION 4. AUTHORIZED CLASS III GAMING.

A. Only Compact Between Tribe and State. This Compact shall be the only Compact between the Tribe and State and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties -- including to permit additional Class III gaming -- the parties shall provide such changes in accordance with subsection 11.D. of this Compact.

B. Authorized games.

1. Subject to the provisions of this Compact, the Tribe may engage in only the following Class III games: Video lottery games of chance as described in Appendix A, keno as described in Appendix B and house banked blackjack as described in Appendix C and as further limited under subsection E of this section.
2. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact.

C. Gaming Location.

The Gaming Facility authorized by this Compact shall be located on the Tribe's land near Burns, Oregon. Both the Gaming Facility and the land are specifically described in Exhibit I to this Compact. This land is held in trust for the Tribe by the United States. Gaming authorized under this Compact shall be conducted only in the Gaming Facility. If another Oregon Tribe is authorized to operate a gaming facility on non-Tribal lands, the Tribe does not hereby abrogate any rights they may have under Section 20 of IGRA.

D. Number of video terminals. The number of Class III video lottery games of chance authorized by this Compact shall not exceed the number of such games that would occupy 15 percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry spacing. The parties acknowledge that the Gaming Facility is a mixed use

facility. The parties agree that the size of the Gaming Facility to be devoted to Class III video lottery games of chance is determined by the area of those parts of the facility that are appropriately related to the gaming activities conducted therein (the "gaming area"). The parties also agree that, in combination, the gaming area of the facility and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than 100. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

E. Specific Rules Governing House Banked Blackjack

1. Before house banked blackjack is conducted at the gaming facility the Tribal Gaming Commission shall:
 - a. Ensure that the Gaming Facility Management develops rules and procedures for a system of internal controls that meets the minimum standards established in Appendix C.
 - b. Require the Gaming Facility Management to provide appropriate training for all dealers, supervisors and surveillance personnel involved in house banked blackjack, and for the Tribal Gaming Inspector, according to the minimum training standards established in Appendix C.
 - c. Ensure that the Gaming Facility Management establishes a security and surveillance plan that meets the minimum standards established in Appendix C.
 - d. Promulgate rules of operation for house banked blackjack that meet the minimum standards established in Appendix C, including rules of play, standards for equipment.
 - e. Promulgate a dispute resolution procedure that provides for investigation and review of any player complaint.
2. The Tribe shall establish an initial wager limit of \$50 per hand, except that the Tribe may offer a maximum wager limit of \$100 per hand on one table. After a period of two months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribe may change the initial wager limit from \$50 to \$75 for three tables, and from \$100 to \$200 for one table. After any period of six months of operation of house banked

blackjack in full compliance with the requirements of this subsection, the Tribe may request a change in these wager limits. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe.

3. The Tribe may operate a maximum of four tables of house banked blackjack.
4. This authorization in this Compact for house banked blackjack shall expire on December 31, 1997 unless an amendment authorizing the play of house banked blackjack beyond that date has been negotiated and executed.

F. Principles Governing Gaming Operations Decisions

1. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have the responsibility to protect the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:
 - a. Any and all decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribe, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
 - b. In order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation, the Tribe, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.

- c. The honesty, integrity, fairness and security of the Tribe's gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
 - d. Regulation and operation of the Tribe's gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation.
2. Procedure for Resolving Disputes Concerning Operational Decisions.
- a. If the State, in good faith, believes that any decision by the Tribe relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in paragraph (a) of this subsection, or any other requirement of this section, the State may give written notice to the Tribe. The written notice shall describe the factual basis for the State's concern.
 - b. The parties shall meet and confer within 15 days after the Tribe receive the notice.
 - c. (1) If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - (2) An arbitrator shall be selected in the following manner:
 - (a) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.
 - (b) Each party, in turn, shall strike on name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - (3) Upon agreement by both parties, the arbitration proceeding shall be binding.

- (4) The parties shall divide the cost of the arbitration proceeding equally between them.
- d. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 15 of this Compact.
 - e. Expedited Procedures.
 - (1) If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in sub-paragraphs a. to c. of this paragraph is followed, the State may give written notice to the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall recommend specific action or actions the State believes will prevent substantial harm from occurring. The State and the Tribal Gaming Commission shall meet and confer, in person or by conference call, within 24 hours after the commission, or any member thereof, receives the notice. The Tribal Gaming Commission shall consider the State's recommendation and immediately thereafter shall take such action that addresses the State's concern as is necessary to protect the honesty, integrity, fairness and security of the Tribal gaming operation. Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact after the commission has acted.
 - (2) The parties shall confer within five days after the Tribe receives the notice.
 - (3) If the State's concern is not resolved informally within 10 days after the Tribe receives the notice, the State may initiate an action in the United States District Court for the District of Oregon as provided in section 15 of this Compact.

- (4) An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:
- (a) A criminal indictment is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;
 - (b) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (c) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (d) The security of gaming equipment has been impaired by loss, theft, or tampering;
 - (e) The physical safety or security of patrons is seriously at risk; and
 - (f) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.

F. Expansion of Gaming Area. If the Tribe decides to expand the square footage of the Gaming Facility the parties shall enter into an addendum to this Compact in which the precise number of additional video lottery terminals to be located in the expansion shall be established. The limit on the number of video lottery terminals established in subsection D of this section shall be increased by the number of video lottery terminals that would occupy 15 percent (15%) of the total square footage of the expansion that is devoted to Class II and Class III gaming and related activities, given customary industry spacing of video lottery terminals.

G. Interim Gaming Facility. The Tribe is authorized to develop an interim gaming facility. The development and operation of this facility shall be provided by the terms of this subsection.

1. Location of Interim Facility. The site of the interim gaming facility will be on the site designated for the permanent gaming facility under the Compact, as more specifically described in Exhibit 1.
2. Type of Facility. The interim gaming facility will consist of a temporary building. The Tribe shall provide to the State a diagram of the alignment of the temporary building at least 30 days before opening of the interim gaming facility.
3. Layout of Facility. The total square footage of the interim gaming facility shall be no more than 4,100 square feet. The proposed floor plan for the building shall be provided to the State at least 30 days before opening.
4. Class III Gaming. The only Class III games that will be conducted in the interim gaming facility will be VLT's as defined in this Compact. The Tribe may install up to 100 VLT's in the interim gaming facility. Any reduction in the square footage of the interim gaming facility from that set forth in paragraph 3 above, shall result in a corresponding reduction in the number of VLTs authorized by this paragraph.
5. Duration of Interim Gaming Facility. Gaming in the interim gaming facility pursuant to this subsection may be conducted from the effective date of this Compact until the earlier of the opening of the permanent gaming facility under the Compact or six months after opening of the interim gaming facility.
6. Access to Interim Facility. Access to the interim gaming facility shall be on the same road that is planned for the permanent Gaming Facility.
7. Alcohol Policy. No alcohol will be served in the interim gaming facility.
8. Security. The Tribe shall consult with the Oregon State Police to assure that the security requirements of the Compact are fully satisfied before opening the interim gaming facility.
9. Applicability of Compact Requirements. Except as explicitly provided in this subsection all terms of the Compact for Class III Gaming between the Tribes and the State shall apply to the operation of the interim gaming facility.
10. Expiration. The authority to conduct Class III gaming in an interim gaming facility as authorized by this subsection shall expire on the earlier of the

date the permanent gaming facility is opened or six months after the opening of the interim gaming facility. The provisions of this subsection shall not apply to the permanent Gaming Facility.

SECTION 5. JURISDICTION.

A. In General.

1. The Tribe and Federal Government shall have criminal jurisdiction over offenses committed by Indians within the Gaming Facility. The criminal laws of the Tribe, and the Federal Government where applicable, shall govern the criminal conduct of Indians at the Gaming Facility. The Tribe has a Police Department, a Tribal Court and an agreement with Harney County for incarceration of Indian offenders.
2. The State has criminal jurisdiction over offenses committed by non-Indians within the Gaming Facility and the Burns Paiute Indian Reservation. The criminal laws of the State shall be applicable to non-Indians and have the same force and effect at the Gaming Facility as they have on non-Tribal lands within the State. The enforcement of criminal laws with respect to non-Indians at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribe and the Oregon State Police. The State shall make reasonable efforts to enforce the criminal laws applicable to offenses committed by non-Indians within the Gaming Facility and the reservation.

- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 2 of subsection A above, law enforcement officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within the Gaming Facility for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State with respect to non-Indians. Any law enforcement activities undertaken by law enforcement officers of the State shall be in compliance with this Compact. The Tribe, or individuals acting on its behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the gaming operation.

- C. Subject to the provisions of paragraph 1 of subsection B of section 8, the State may station one or more officers, designated in accordance with subsection B of this section, at the Gaming Facility by mutual agreement with the Tribe.

SECTION 6. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials and High Security Employees employed in the Gaming Facility shall be licensed by the Tribe in accordance with the provisions of this Compact.
2. All prospective employees -- whether Primary Management Officials, ~~both~~ High Security Employees or Low Security Employees -- shall provide to the Tribe any required application fees and the following information:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number and state of issuance;
 - g. All licenses issued and disciplinary actions taken by any State agency or Tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph.
 - j. Provide the results of a drug test and physical examination upon request of either of the parties to this Compact.
 - k. Any other information required by the Tribe.

3. In addition to the requirements of paragraph 6.A.2. above, prospective Primary Management Officials and High Security Employees shall provide a set of fingerprints.
4. The Tribe shall forward the applicant information to the State, along with the State required portion of the application fee as described in subsection 6.C. The Oregon State Police shall conduct a background investigation and provide a written report to the Tribe approving or disapproving the applicant within a reasonable period of time, but in no event shall such background checks exceed thirty (30) days without notice to and consent of the Tribe. If after investigation, the State determines there is cause to disapprove any applicant under the criteria established in paragraph 6.B.5. below, it shall promptly notify the Tribe of such determination and furnish the Tribe with copies of all relevant information pertaining to such determination.
5.
 - a. If the Oregon State Police disapproves for failure to meet the criteria established in paragraph 6.B.5. below, the Tribe shall not issue a license or approve employment of the applicant.
 - b. The Tribe shall deny a gaming license to any High Security Employee or Primary Management Official who does not meet the criteria established in paragraph 6.B.5. below. Denial of a license by the Tribe is final.
 - c. The Tribe shall not hire any Low Security Employee who does not meet the criteria established in subsection B.5. below.
6. Background investigation during employment. The Tribe or the State may conduct additional background investigations of any gaming employee at any time during the term of employment. If after investigation, the State determines there is cause for the dismissal of any employee under the criteria established in paragraph 6.B.5. below, it shall promptly notify the Tribe of such determination and furnish the Tribe with copies of all relevant information pertaining to such determination, along with a Request for Termination of employment. The Tribe shall review the State's request and supporting materials and if it concludes that good cause for dismissal is shown under the criteria established in paragraph 6.B.5. below, the subject employee shall be dismissed.
7. Temporary licensing of employees.

- a. The Tribe may issue a temporary license to High Security Employees 14 days after submission of the application to the Oregon State Police. The temporary license shall expire and become void upon completion of the background check and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a permanent license, the Tribe shall immediately revoke the temporary license.
- b. The Tribe may employ Low Security Employees on probation upon submission of the application to the State police. Any Low Security Employee shall be subject to immediate termination during probation if the State determines that the employee does not meet the criteria established in Paragraph 6.B.5. below.
- c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribe by mail, the material is deemed to be submitted three days after the date of mailing.
- d. No temporary license may be granted to a Primary Management Official or to a consultant under this paragraph.

8. Waiver of Disqualifying Criteria.

- a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing or employment under the provisions of paragraph 5. above, and the Tribe believes that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribe may give written notice to the State asking to meet and confer concerning waiver of the disqualification. The Tribe and the State shall meet within 15 days after written notice is given.
- b. In order to waive disqualification of licensing or employment of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribe and the State must agree on the waiver.
- c. Waiver of disqualification of licensing or employment may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;

- (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;
 - (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made.
9. Duration of license and renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 6.A.2. to 6.A.5. above. Applicants for renewal shall provide a renewal fee and updated information to the Tribe but will not be required to resubmit historical data already provided.
10. Revocation of license. The Tribe may revoke the license of any employee pursuant to policies determined by the Tribe. If the State notifies the Tribe that an employee does not meet the criteria described in paragraph 6.B.5. below, and the Tribe is satisfied of that fact, the Tribe shall revoke the employee's license.
11. The Tribe shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedures.

B. Contracts with Manufacturers and Suppliers.

1. The Tribe shall contract with all managers, manufacturers or suppliers of goods or services related to the play of Class III games authorized by this Compact before conducting any business related to Class III games.
2. The Tribe shall submit all Class III Gaming Contracts to the State for review, comment and approval and such contracts will specifically provide that the State will have such authority. The State must approve all contracts prior to execution. It is agreed that the State can deny a contract only in accordance with criteria established in paragraph 6.B.5. It is further agreed that State action on such contracts shall be completed within 60 days, and that failure by the State to meet this deadline shall create a presumption of approval that can

be rebutted for good cause shown. Should the parties fail to agree, then disputes shall be resolved in accordance with Section 15 of this Compact.

3. A background investigation may be conducted by the State on all Class III Gaming Contract applicants or contractors. The level of investigation will be determined by whether the individual procurement is classified as a Major Procurement, Minor Procurement or Sensitive Procurement. The level of investigation for a Major Procurement and Sensitive Procurement shall be more intense than that for a Minor Procurement. If a contract applicant has been approved by the State for a contract with another Tribe, the level of investigation need not be as intense as for a previously unapproved contract applicant.
4. The Tribe and the State shall not approve any Class III Gaming Contract that does not grant the State or the Tribe access to the contractor's business and financial records.
5. Criteria for Denial of Contract Application.
 - a. Unless otherwise specified, the State or the Tribe may deny a Class III Gaming Contract application for any of the following reasons:
 - (1) A conviction of the applicant or any owner or key employee of the applicant for any crime in any jurisdiction;
 - (2) A conviction of the applicant or any owner or key employee of the applicant for any gambling offense in any jurisdiction;
 - (3) A civil judgment against the applicant or any owner or key employee of the applicant, based in whole or in part upon conduct that allegedly constitutes a crime;
 - (4) A failure to disclose any material fact to the State or the Tribe or their authorized agents during initial or subsequent background or security investigations;
 - (5) A misstatement or untrue statement of material fact as determined by the Tribe or the State;
 - (6) An association with persons or businesses of known criminal background, or persons of disreputable character, that may adversely

affect the general credibility, security, integrity, honesty, fairness or reputation of the Tribe;

- (7) Any aspect of the applicant's past conduct that the Tribe or the State determines would adversely affect the integrity, security, honesty or fairness of Tribal gaming;
- (8) A person who is unqualified or disqualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in the applicant, regardless of the qualifications of the person who seeks approval as a contractor;
- (9) The applicant demonstrates inadequate financing for the business proposed under the type of contract for which application is made. The Tribe and the State shall consider whether financing is from a source that meets the qualifications of this paragraph 6.B.5. and is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or
- (10) The applicant or its employees fail to demonstrate business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made.

b. In evaluating whether to deny a contract related to Class III gaming based on subparagraphs 6.B.5.a.(1), (2) and (3) above, the State and the Tribe may consider the following factors:

- (1) The nature and severity of the conduct that constituted the offense or crime;
- (2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
- (3) The number of offenses or crimes; and
- (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.

c. No person applying for a Class III Gaming Contract shall own, manufacture, possess, operate, own an interest in, or gain income or

reimbursement in any manner from video gaming devices in any jurisdiction unless the devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe, or National Indian Gaming Commission, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribe and the State.

- d. The Tribe or the State may reject an application if the applicant has not provided all of the information requested in the application.
- e. Notwithstanding subparagraphs a or b of this paragraph, if a Class III Gaming Contract application is required to be denied under subparagraphs a or b of this paragraph, because a person previously associated with the applicant or an employee of the applicant has been convicted of a crime, the Tribe may enter into a contract with the applicant if the applicant has severed its relationship with that person or employee. Before the Tribe may enter into a contract under this subparagraph, the State and the Tribe must agree that the relationship between the applicant and the person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the person or the employee has no continuing connection with the direction or control of any aspect of the business of the applicant, and the person or employee is no longer employed by the applicant in any capacity. The burden of showing to the satisfaction of the Tribe and the State that a relationship has been severed is on the applicant.

6. Revocation of Class III Gaming Contract.

- a. The Tribe may revoke any contract pursuant to policies and procedures determined by the Tribe.
- b. Every Class III Gaming Contract shall provide that the State, although not a party to that contract, may revoke any contract for cause consistent with the criteria established by paragraph 6.B.5. of this section and that the Class III Gaming Contractor shall consent to the State's right to review and revoke all Class III Gaming Contracts. If the State intends to revoke a Class III Gaming Contract under this provision, the State shall first suspend the contract, and give the Tribe notice of the suspension. The Contractor shall have thirty (30) days in which to correct the situation giving rise to the suspension before the contract may be revoked.

7. Contractor Reporting Requirements.

- a. All contractors shall submit to the Tribe and the State any financial and operating data requested by the Tribe or the State.
- b. The Tribe shall specify the frequency and a uniform format for the submission of such data.
- c. The Tribe, the State, or their agents reserve the right to examine contractor tax records and the detailed records from which the tax reports are compiled.

8. Termination of Contract.

- a. No contract shall be in effect for a term longer than five (5) years.
- b. The Tribe and the State shall retain, in each contract, the right to terminate the contract immediately upon the occurrence of any of the following:
 - (1) The contractor is discovered to have made any statement, representation, warranty, or certification in connection with the contract that is materially false, deceptive, incorrect, or incomplete;
 - (2) The contractor fails to perform any material requirements of the contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure;

- (3) The Tribe or the State determines satisfactory performance of the contract is substantially endangered or can reasonably anticipate such occurrence or default;
- (4) The Contractor, or any officer or employee of the Contractor or any owner of five percent (5%) or more of the equity ownership in the Contractor is convicted of a felony or a gambling-related offense that reflects on Contractor's ability to perform honestly in carrying out the contract;
- (5) The Contractor jeopardizes the integrity, security, honesty, or fairness of the Tribal gaming operation; or
- (6) Upon transfer of a controlling interest of the Contractor.

C. Fees for Approval of Employment Licenses and Contracts.

1. The State shall be reimbursed its costs for approval of employees, licenses and contracts, in accordance with the terms of this Compact.
2. The fees for State approval of licenses and contracts shall be set pursuant to a Memorandum of Understanding between the parties to be negotiated annually.
3. Should actual costs incurred by the State exceed the fees agreed to by the parties in the annual Memorandum of Understanding, the State will assess those additional costs to the applicants during or after the investigation. The applicant is required to pay the investigation fee in full prior to issuance of the contract or license except that interim contracts or licenses shall be issued for the period of time that a dispute is pending as contemplated at paragraph 6.C.4. below.
4. Should the State and the Tribe fail to agree to fees in the Memorandum of Understanding, the dispute shall be resolved pursuant to Section 15 of this Compact.

D. Management Contracts.

1. The Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.
2. The Primary Management Official shall furnish to the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

SECTION 7. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Video Lottery Games of Chance. The acquisition, use and operation of all video lottery games of chance and keno authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendices A and B. Appendices A and B are hereby incorporated into and made a part of this Compact.
- B. Blackjack. The rules and regulations governing the play of house-banked blackjack authorized under this Compact shall be those set forth in Appendix C which is hereby incorporated into and made a part of this Compact.
- C. Identification badges. The Tribe shall require all employees to wear, in plain view, identification badges issued by the Tribe that include photo and name. The Tribe and the State may provide, in a memorandum of understanding, for exceptions to the requirement that badges be worn in plain view, for confidential compliance personnel.
- D. No credit extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribe permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribe or any other person to offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- E. Prohibition on attendance and play of minors. No person under the age of twenty one (21) shall be allowed to play any video lottery game of chance or blackjack

operated under this Compact. If any person under the age of twenty one (21) plays and otherwise qualifies to win any video lottery prize or compensation, the prize or compensation shall not be paid. No person under the age of eighteen (18) shall be allowed to play keno. No person under the age of eighteen (18) may work in the gaming area. No person under the age of twenty-one (21) may sell alcohol within the Gaming Facility.

- F. Prohibition of firearms. With the exception of federal, state, county, city or Tribal law enforcement agents or officers, no person shall possess firearms within the Gaming Facility.

- G. Alcohol Policy. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by federal law. Currently the Tribe does not legally permit the sale or possession of alcohol within the Burns Paiute Reservation. If Tribal law is changed to permit sales at the Gaming Facility, the Tribe shall notify the State. Service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations as provided in a memorandum of understanding under this Compact. Nothing in this subsection shall permit the State to impose taxes on the sale of alcohol by the Tribe. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free of charge or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming. In the event that alcohol is to be served in the Gaming Facility, it will be served only in a lounge or such other specified room and the service of alcohol on the gaming floor shall be prohibited.

- H. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribe's insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy. The Tribe shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 8. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. Tribal Gaming Commission.

1. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands. The Tribal Gaming Commission's role shall include the following functions:
 - a. Ensure compliance with all relevant laws;
 - b. Ensure the physical safety of patrons in, and of personnel employed by, the establishment;
 - c. Safeguard the assets transported to and from the gaming facility and cashier's cage department;
 - d. Protect patrons and property from illegal activity;
 - e. Detain persons suspected of crimes for the purpose of notifying the law enforcement authorities;
 - f. Record any and all unusual occurrences within the gaming facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (1) The assigned sequential number of the incident;
 - (2) The date;
 - (3) The time;
 - (4) The nature of the incident;
 - (5) The person involved in the incident; and
 - (6) The security employee assigned;
 - g. Maintain logs relating to surveillance, security, cashier's cage, credit, machine (showing when video machines opened), and machine location;

- h. Establish and maintain an updated list of persons barred from the gaming facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State;
 - i. Obtain an annual audit by a Certified Public Accountant;
 - j. Maintain a closed circuit television system in the cash room of the gaming facility and provide copies of floor plan and TV system to the State;
 - k. Maintain a cashier's cage in accordance with industry standards for security;
 - l. Employ and train sufficient security personnel; and
 - m. Subject to State review and approval, establish a method for resolving disputes with players.
2. Reporting of Violation. A Tribal game inspector shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. Any violations of the provisions of this Compact, or of Tribal ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within seventy-two (72) hours of the time the violation was noted.
3. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefitting from, the gaming operation.
4. Reporting to State. The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State

shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribe may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribe agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribe as provided in the memorandum of understanding entered into pursuant to this Compact. In addition to the State's regular monitoring functions, the Tribe agrees that the State may conduct the following activities, which shall also be assessed to the Tribe:
 - a. A joint pre-opening review of the Gaming Facility, which shall be conducted jointly by the Tribe and the State, to assure compliance with the Compact requirements governing gaming operations.
 - b. A comprehensive annual review, which shall be pre-planned and conducted jointly with the Tribal Gaming Commission, of the gaming operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the Tribal Gaming Commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III

gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;

- c. Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
 - d. Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovery during the action, review or inspection by the State during its monitoring activities, or otherwise
2. As provided in Section 5 of this Compact, the Tribe's law enforcement agency is responsible for investigation of criminal law violations by Indians on the Reservation. The Tribe and the State agree that the Tribe's criminal law jurisdiction does not prevent the State from investigating possible violations of this Compact or other gaming regulatory matters. The Tribe and the State agree that their respective law enforcement agencies shall cooperate in any investigation that involves or potentially involves both criminal and gaming regulatory violations.
 3. Access to Records. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal gaming operation; provided, that any copy thereof and any information derived therefrom, shall be deemed confidential and proprietary financial information of the Tribe to the extent provided under ORS 192.410 to 192.505. Any records or copies removed from the premises shall be returned to the Tribe after use. Nothing in this subsection precludes the State or the Tribe from disclosing information subject to the Rules of Civil Procedure or Evidence in connection with litigation, a prosecution or a criminal investigation.
 4. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.
- C. The State desires the Tribe to install an on-line accounting system for its video lottery terminals. The Tribe agrees **that it will** include an on-line accounting system for video lottery terminals in the permanent Gaming Facility **if the Tribe installs more than 100 video lottery terminals.** **If the Tribe proposes to install more than 100 video lottery terminals** the State agrees that **the**

requirement for an on-line accounting system may be waived if it is not economically or technically feasible [*for the Tribe to do so*]. The State agrees to meet and confer with the Tribe [*once*] **if** the Tribe's plans for the permanent Gaming Facility [*are developed*] **include installation of more than 100 video lottery terminals,** to review any economic or technical issues raised by the Tribe. The burden shall be on the Tribe to demonstrate to the State's satisfaction that it is not economically or technically feasible for the Tribe to install an on-line accounting system.

SECTION 9. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

- A. **Imposition of assessment for State law enforcement and regulatory expenditures.** The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating gaming operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to subsection 6.C. of this Compact shall be subtracted from the amount of the assessment.
- B. **Procedure for Assessments.** The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.
- C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 15 of this Compact.

SECTION 10. APPLICATION OF STATE REGULATORY STANDARDS.

- A. **Health, environmental and safety standards.** Tribal ordinances and regulations governing health, environmental and safety standards applicable to the Gaming Facility shall be at least as rigorous as standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State agency generally responsible for enforcement of such health, environmental and safety standards in order to assure compliance with such standards. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, environmental and safety standards applicable to the Gaming Facility. The Tribe shall use its regulatory jurisdiction to assure that health, environmental and safety

standards are met. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern. For purposes of this subsection, “health, environmental and safety standards” include but are not limited to building codes, sanitation, food handling, water quality, solid waste disposal, workplace safety and fire protection. Compliance with the requirements of this subsection may be demonstrated by certification or other documentation of an appropriate state or local government agency.

B. Transportation Issues.

1. The Tribe shall provide a traffic impact study, prepared by a qualified traffic engineer registered in the State of Oregon. The study shall evaluate the effect of the proposed Gaming Facility, and any related development proposed by the Tribe as part of the same site, on the state highway system and any city street or county road that may be used by customers as access to the Gaming Facility. The traffic impact study shall determine the impacts of the proposed Gaming Facility and related development on the level of service of the affected highway(s), road(s) or street(s).
2. A determination whether the Gaming Facility shall be served directly by a state highway or by a city street or county road shall be made by the State and appropriate local officials on a consistent basis with other proposed developments.
 - a. If the Gaming Facility is to be served directly by a state highway, the Tribe shall apply for and obtain a road approach permit under Oregon Administrative Rules, Chapter 734, Division 50, and shall construct the approach and any other necessary improvements in accordance with that permit. A road approach permit shall not be denied because of the proposed use of the Tribe’s land. The Tribe shall provide and maintain access from its Gaming Facility onto the highway that is adequate to meet standards of the Oregon Department of Transportation, or shall enter into agreements with the Oregon Department of Transportation for the provision of such access by the State. The allocation of costs shall be as provided in Oregon Administrative Rule 734-50-020(1), which provides that the costs of constructing the road approach shall be borne by the permit applicant.

- b. If the Gaming Facility is to be served directly by a city street or county road, and indirectly by a state highway, the Tribe shall comply with applicable city or county street or road improvement requirements and satisfying any requirements the State imposes on the county or city relating to access to a state highway.
 3. If the Tribe plans additional development of the Gaming Facility site, the Tribe shall advise the appropriate state or local transportation planning officials of the planned development by submitting a master plan. In planning street, road or highway improvements, the Tribe, state and local transportation planning officials shall plan for improvements using the master plan. Construction of street, road or highway improvements may be completed in phases if practicable.
 4. Traffic improvements shall be those necessary to maintain the level of service of the affected highway(s), road(s) or street(s), and to provide safe access to and from the Gaming Facility. The Tribe shall not be responsible for improvements to affected high-ways, roads or streets unless the improvements are necessary to correct traffic impacts attributable to the Gaming Facility. For state highways, traffic improvements shall be consistent with the requirements of the State Highway Plan, including improvements necessary to mitigate traffic congestion, and to conform to the Oregon Department of Transportation access management policies. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribe concerning the planning, design and construction of those improvements.
 5. The Tribe shall pay the reasonable cost of necessary street, road or highway improvements determined to be necessary on the basis of the traffic impact study and Oregon Department of Transportation requirements. If the Tribe disputes the amount of costs to be paid by the Tribe, the Tribe may initiate the dispute resolution procedure established under section 15 of this Compact.
- C. The Tribe shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribe would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue.

SECTION 11. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.
- B. Termination. This Compact shall remain in effect until such time as:
1. This Compact is terminated by written agreement of both parties;
 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;
 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;
 4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribe's exercise of Class III gaming; or
 5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 15 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.
- C. Automatic Amendment.
1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
 2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.
- D. Amendments.

1. Except as provided in subsection 11.C. above, this Compact shall not be amended unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Burns-Paiute Tribe to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact;
 - b. Eighteen months elapse after the effective date of this Compact;
 - c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity;
 - d. The State amends any rule or regulation that corresponds specifically to Appendices A, B or C of this Compact, but in such case this Compact shall be subject to amendment only to the extent of the specific rule or regulation;
 - e. The State negotiates substantial changes to the regulatory provisions of other Tribal-State Class III Gaming Compacts. Any negotiations under this sub-paragraph will take into consideration the size and scope of the Tribal gaming operation.
2. Paragraph 11.D.1. above does not require the State to renegotiate the terms of this Compact that apply to those forms of gaming previously authorized by Section 4 of this Compact, unless the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.
3. Pursuant to paragraph 11.D.1., the State or the Tribe may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 11.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribe at the appropriate office identified at Section 13 below. If a request is made by the Tribe, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 12. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribe hereby waive any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of three (3) years from the effective date of this Compact.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in the Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe.
- C. Prohibition on taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribe or any Tribal gaming operation except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal self-government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribe, including the Tribal Gaming Commission, or to interfere in any manner with the Tribe's selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribe.
- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribe and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.

SECTION 13. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Lieutenant
Oregon State Police
Tribal Gaming Section
400 Public Service Building
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Chairperson, Tribal Council
Burns-Paiute Tribe
HC 71, 100 Pasigo Street
Burns, Oregon 97720-9303

SECTION 14. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 15. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 13. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 15.A. shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.

C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 16. INTEGRATION

This compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

BURNS-PAIUTE TRIBE

John Kitzhaber, Governor

Wanda Johnson, Chairperson

Date: _____, 1996 Date: _____, 1996

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____, 199_

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE BURNS-PAIUTE TRIBE
AND THE STATE OF OREGON**

Appendix A

I. VIDEO LOTTERY GAMES

APPLICATION FOR CERTIFICATION OF A VIDEO LOTTERY TERMINAL

Section 177-100-070

- (1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal.
- (2) The manufacturer shall supply the Tribes and the State with a guideline and time table for accomplishing tasks involved in the acceptance and testing of the video lottery terminals. This includes all system functionality and communication of all information to and from the video lottery terminals, if any.
- (3) The manufacturer must provide a person to work with the Tribes and the State as needed in establishing, planning, and executing acceptance tests. Manufacturer assistance may also be requested in trouble-shooting communication and technical problems that are discovered when video lottery terminals are initially installed.
- (4) The manufacturer must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source codes and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information required by the Tribes and the State for purposes of analyzing and testing the video lottery terminal.
- (5) Testing of video lottery terminals will require working models of a video lottery terminal, associated required equipment, documentation described above to be transported to locations the Tribes and the State designate for testing, examination and analysis. The manufacturer shall pay all costs of any testing, examination, analysis, and transportation of the video lottery terminals. The testing, examination, and analysis of the video lottery terminals may include entire

dismantling of the video lottery terminal and some tests that may result in damage or destruction to one or more electronic components of the video lottery terminal. The Tribes or the State may require that the manufacturer provide specialized equipment or the services of an independent technical expert to test the video lottery terminal.

- (6) All video lottery terminal manufacturers must submit all hardware, software, and test equipment necessary for testing of their video lottery terminals.
- (7) Hardware that does not meet the standards of the Compact, its appendices, the Tribes and the State shall not be acceptable.

TRIBAL GAMING INVENTORY DECAL

Section 177-100-080

- (1) Each video lottery terminal certified for placement in the Gaming Facility shall display a Tribal Gaming Inventory Decal and must conform to the exact specifications of terminal prototypes tested and certified by the State.
- (2) No persons other than authorized Tribal or State personnel or their agents may affix or remove a Tribal Gaming Inventory Decal. The placement of the Tribal Gaming Inventory Decal represents that the terminal has been certified, inspected, and approved for operation in the State. The placement of the Tribal Gaming Inventory Decal on any equipment by the Tribal Gaming Commission represents that the terminal has been certified, inspected and approved for operation in the State and shall constitute documentation that the certification has been and will be kept on file by the Tribes. No persons other than authorized tribal personnel may affix or remove the Tribal Gaming Inventory Decal.
- (3) No terminal may be transported off Tribal land until the Tribal Gaming Inventory Decal has been removed.
- (4) A terminal shall not be moved out of the Gaming Facility without prior notification to the State.

EXTERNAL TERMINAL SPECIFICATIONS

Section 177-100-090

- (1) Terminals may publicly display information only on screen or housing that has been approved by the Tribes.
- (2) All information required for external display must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the terminal face.
- (3) Age restriction shall clearly be shown on the face of the terminal ("No person under 21 years of age may play").
- (4) Coin drops and non-video slot machines are prohibited.
- (5) Casino-style attract features shall be restricted but not prohibited.

PROCUREMENT OF TERMINALS

Section 177-100-095

- (1) Terminals to be located and operated within the State of Oregon shall be procured only by the Tribes.
- (2) The Tribes shall select and procure terminals from approved manufacturers pursuant to the Tribal-State Compact.

LOCATION OF AND ACCESS TO TERMINALS

Section 177-100-100

The terminals must be located in an area that is at all times monitored by the owner, manager, or employee of the manager to prevent access or play of video lottery terminals by persons under the age of 21.

DUTIES OF PRIMARY MANAGEMENT OFFICIAL

Section 177-100-110

- (1) No Primary Management Official or any employee of the Primary Management Official shall own or operate any gray machines.
- (2) The Primary Management Official shall not provide any form of financial assistance, or grant credit to enable players to play video lottery games.
- (3) The Primary Management Official shall attend all meetings, seminars, and training sessions required by the Tribes.
- (4) The Primary Management Official shall supervise its employees and their activities to ensure compliance with these rules.
- (5) The Primary Management Official shall assume responsibility for the proper and timely payment to players of video lottery game prizes.

DUTIES OF MANUFACTURERS

Section 177-100-130

Manufacturers, their representatives and agents shall have the following duties and constraints:

- (1) Promptly report to the Tribes any violation or any facts or circumstances that may result in a violation of these rules.
- (2) Provide immediate access to all records and the entire physical premises of the business for inspection at the request of the Tribes, the State or their auditors.
- (3) Provide the Tribes or State with keys to the logic area of each approved video lottery terminal model upon request.

TRANSPORTATION OF VIDEO LOTTERY TERMINALS WITHIN, INTO OR THROUGH THE STATE

Section 177-100-160

- (1) No person shall ship or transport video lottery terminals within or into the State, without first obtaining a written authorization or notification of approval from the State. Transporting or shipping within the State means the starting point and termination point of a trip are both within the boundaries of the State. Transportation or shipping into the State means the starting point is outside the State and terminates in the State.
- (2) No person shall ship or transport video lottery terminals through the State without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the State.
- (3) The written authorization required under Subsections (1) and (2) of this rule shall include:
 - (a) The serial number of each terminal being transported;
 - (b) The full name and address of the person or establishment from which the terminals are obtained;
 - (c) The full name and address of the person or venue to whom the machines are being sent or transported; and
 - (d) The dates of shipment or transport within, into or through the State.
- (4) The written authorization shall accompany, at all times, the terminal or terminals in transport.

II. GENERAL VIDEO LOTTERY GAME RULES

AUTHORIZED VIDEO LOTTERY GAMES

Section 177-200-000

- (1) Video lottery terminals may offer any video lottery game that satisfies the elements of prize, chance and consideration as described in Op. Atty. Gen. No. 6336, September 25, 1989.
- (2) A video lottery terminal may offer one or more of the authorized video games.

GAME REQUIREMENTS

Section 177-200-010

- (1) Each game must display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of tickets wagered.
- (2) Each game must provide a method for players to view payout tables.

TICKET PRICE

Section 177-200-015

Except as limited by the terms of the Compact, the price of a ticket for all video lottery games shall be determined by the Tribes.

PAYMENT OF PRIZES

Section 177-200-020

No payment for prizes awarded on a terminal may be made unless the cash slip meets the following requirements:

- (1) It is fully legible and meets all the Tribes' security requirements.
- (2) It must not be mutilated, altered, unreadable, or tampered with in any manner.
- (3) It must not be counterfeit in whole or in part.

(4) It has been presented by a person authorized to play under these rules.

METHOD OF PAYMENT

Section 177-200-030

The Primary Management Official shall designate employees authorized to redeem cash slips during the Tribes' business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens or chips.

REQUIREMENTS FOR RANDOMNESS TESTING

Section 177-200-050

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements.

- (1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard "Chi-squared analysis." "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt, in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.
- (2) Each card position, symbol position, or number position does not produce a significant statistic with regard to producing patterns of occurrences. Each card or number position will be considered random if it meets the 99 percent confidence level with regard to the "run test" or any similar pattern testing statistic. The "run test" is a mathematical statistic that determines the existence of recurring patterns within a set of data.
- (3) Each card position, symbol position, or number position is independently chosen without regard to any other card or number drawn within that game play. The test is the "correlation test." Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.

- (4) Each card position, symbol position, or number position is independently chosen without reference to the same card or number position in the previous game. This test is the "serial correlation test." Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.
- (5) The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electromagnetic interferences, electrostatic discharge and radio frequency interfaces.

**TRIBAL-STATE COMPACT FOR REGULATION OF
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Appendix B

KENO DESCRIPTION

DEFINITIONS

Section 177-99-000

For the purposes of Keno, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission.

- (1) "Exchange ticket" means the ticket issued to replace a consecutive game ticket that is validated before the last game on the ticket.
- (2) "Game" means the opportunity provided to a player to win a prize.
- (3) "Game slip" means the form used to indicate a player's selections.
- (4) "Spot" means the amount of numbers a player may play per game.
- (5) "Winning numbers" means the twenty (20) numbers from one (1) to eighty (80) which are randomly selected for each game.
- (6) "Keno runner" means an individual who picks up and delivers the Keno tickets that are written by customers in the gaming facility.
- (7) "Keno writer" means an individual stationed at the Keno counter who processes received tickets from either the customer or Keno runner.

GAME DESCRIPTION

Section 177-99-010

A Keno ticket has the numbers 1 through 80 on it. For each game a player may select from 1 to 20 numbers or spots. Twenty numbers are selected or drawn randomly. Prizes

are awarded based on the total amount of winning numbers matched by a player for the number of spots played for that game.

PLAY RULES

Section 177-99-020

- (1) To play, a player must use a game slip.
- (2) The player must mark the amount of spots to be played. A player can pick from one (1) to twenty (20) spots per game slip. A player may also play a "way ticket." A way ticket is the equivalent of playing multiple Keno tickets, but marking only one ticket.
- (3) The player must mark the number of dollars to be wagered per game and/or per way.
- (4) The player may then select the spots to be played by one of two methods. The player may mark the player's own selections on the game slip; if this method is used, the number of spots marked on the game slip must equal the number of spots that were selected to play. The other method of play is to select "Quick Pick", the number of spots randomly generated by the computer will match the number of spots indicated by the player.
- (5) The player shall indicate the number of consecutive games to be played: 1, 2, 3, 4, 5, 10, 20, 50 or 100.
- (6) The player shall present the completed game slip and the amount wagered either to a Keno runner or directly to the Keno counter for processing by the Keno writer. The cost of the ticket is equal to the amount wagered times the number of ways you are playing the ticket times the number of consecutive games indicated by the player. For example, if \$2 per game is wagered on a regular (one-way) ticket for 5 consecutive games, the total cost is \$10. If the same ticket is played "3 ways" the cost is \$30.
- (7) Minimum and maximum wagers will be set by the Tribal Gaming Commission.

CANCELLATION OF TICKETS

Section 177-99-030

A game ticket may be canceled or voided provided it is canceled from the system prior to the start of the game.

DETERMINATION OF WINNERS

Section 177-99-040

- (1) Keno tickets will be sold only during the hours of operation of the gaming facility. The selection of winning numbers shall take place at established intervals.
- (2) Winning number combinations shall be generated at the established intervals through the use of a computer-driven random number generator or conventional Keno blower mechanism. The number generating device shall meet the requirements of the Tribal-State Compact pertaining to contracts with manufacturers and suppliers, security, terminal specifications, equipment testing, procurement, duties of manufacturer and requirements for randomness testing.
- (3) The Tribal Gaming Commission shall establish the procedures for the operation and security of the numbers generation equipment.

PRIZE STRUCTURE

Section 177-99-050

- (1) Published payoff schedules shall be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.
- (2) A player is eligible to receive only the highest prize per game played on a ticket.

TICKET VALIDATION REQUIREMENTS

Section 177-99-060

- (1) After the numbers are drawn, the manager will review all inside (house copy) tickets and pull all winning tickets.
- (2) A master ticket to verify winners will be produced. The master ticket will have the winning numbers hole punched. This facilitates the verification of the customer's tickets.

**TRIBAL-STATE COMPACT FOR REGULATION OF
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APPENDIX C

HOUSE BANKED BLACKJACK

I. DEFINITIONS

As used in this Amendment and Appendix the following definitions shall apply:

Blackjack. "Blackjack" is a card game in which the object of the game is to accumulate cards with a total count nearer to 21 than that of the dealer.

Industry Standard. "Industry standard" refers to standards accepted or approved by the Nevada Gaming Control Board and the Nevada Gaming Commission. If the Nevada Gaming Control Board and Nevada Gaming Commission have no accepted or approved standard, "industry standard" refers to the commonly used practice in the gaming industry in the State of Nevada.

II. ADOPTION OF RULES FOR HOUSE BANKED BLACKJACK

A. The Tribal Gaming Commission shall adopt rules to govern the conduct of house banked blackjack at the gaming facility. Current copies of the game rules in effect shall be provided to the State. The rules shall include:

1. Procedures of play
2. Minimum and maximum permissible wagers
3. Payout on each form of wager
4. Procedures to be followed on occurrence of irregularities in play
5. Prohibitions on side betting between and against player and against the house
6. Hours of operation

Summaries of the rules for the method of play and payouts on winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station.

B. The Tribal Gaming Commission shall also adopt specifications (may be provided by the equipment manufacturer or supplier) applicable to gaming equipment for:

1. Physical characteristics of chips; and
2. Physical characteristics of the following:
 - a. Cards (including procedures for receipt and storage)
 - b. Blackjack tables
 - c. Blackjack layouts
 - d. Dealing shoes (including procedures for receipt and storage)
 - e. Such other equipment as may be required for use in the game.

C. The Tribal Gaming Commission shall establish and provide to the State for review the rules and procedures for use of drop boxes at each gaming station to include: security, transportation to and from gaming stations, storage, counting and recording contents.

D. The Tribal Gaming Commission shall establish and provide to the State the duties, responsibilities and operating procedures for supervisors, pit bosses, floor managers, security and surveillance personnel.

III. INTERNAL CONTROLS

The Tribal Gaming Commission shall develop rules, policies, procedures and regulations for house banked blackjack, consistent with industry standards, that include provisions for the following:

1. Dealer Qualifications and Training Procedures
2. Shuffling, Cutting and Dealing Procedures
3. Specific Game Procedures & Rules
4. House Bank Rules (stake/chair or table rental if any)
5. Bet/Wager Limit By Table or Game
6. Card Inventory, Security, and Storage
7. Replacing Decks
8. Destruction of Used Decks
9. Qualifications and Training for Floor Supervisors and Pit Bosses
10. Chips
 - a. Denominations
 - b. Storage and Security
 - c. Table Inventory
 - d. Replacement Procedures (changing chip design)
 - e. Payment Procedures for Replaced Chips
11. Accepting Tips by Dealers

12. Federal and State Tax Reporting
13. Distributing gaming chips to gaming stations
14. Procedures for opening and closing gaming stations
15. Procedures for removing chips and coins from gaming stations
16. Table Identification

IV. TRAINING

A. The Tribal Gaming Commission shall require each blackjack supervisor, each pit boss, each blackjack dealer and all surveillance personnel to be trained either by a training school, academy or college recognized under industry standards or through an in-house training program such that the supervisor, pit boss, dealer or surveillance employee has the knowledge and skills required under industry standards for the job function that employee performs.

B. If blackjack dealers are trained through an in-house training program, the Tribes and State must agree that the training program meets the following minimum standards:

1. A minimum of 96 hours of instruction.
2. The instruction shall consist of a combination of lecture and laboratory.
3. The instruction shall be provided by an instructor licensed by the Tribal Gaming Commission.
4. The curriculum must be designed to provide students with the knowledge and skills necessary to satisfy entry level requirements common in the industry.

C. Each blackjack supervisor, pit boss and surveillance officer, shall receive training sufficient to meet industry standards in the areas of game protection, player money management and betting, card counting, and detection of other cheating methods.

D. The Tribal Gaming Commission may license blackjack trainers. At a minimum those licensees shall demonstrate sufficient skills, and meet minimum requirements that are consistent with industry standards, in the area of house banked blackjack. The Gaming Commission shall impose appropriate requirements for trainer licensing, such as graduation from a training school, academy or college recognized by the industry as having expertise in the areas of casino management and house banked blackjack, or an acceptable substitute of actual experience and references and a demonstrated ability to teach blackjack dealing skills and/or blackjack theory and games protection.

E. Training standards and programs shall be submitted to the State for review and comment. If the State determines that the Tribes' training standards or programs do not meet industry standards, or that the standards are not met in dealer or supervisor training, dispute resolution may be initiated.

V. SURVEILLANCE SYSTEMS

A. SURVEILLANCE SYSTEMS (GENERAL)

1. The purposes of a gaming facility surveillance system is to safeguard assets, to deter, detect and prosecute criminal acts, and to maintain public confidence and trust that Tribal gaming is conducted honestly and free of criminal elements and activity.
2. The Tribal Gaming Commission shall develop a surveillance system plan, and install, maintain and operate the gaming facility surveillance system in accordance with the standards set forth in this Appendix. The surveillance system plan shall be approved by the Tribal Gaming Commission if it satisfies the minimum standards.
3. The Tribal Gaming Commission shall submit the surveillance system plan to the State for review within 30 days after the date of execution of this amendment.
4. The plan shall include a description of all equipment utilized in the surveillance system; a blueprint or diagram that shows all of the areas to be monitored and the placement of surveillance equipment in relation to the activities being observed; a description of the procedures utilized in the operation of the gaming facility surveillance system; a description of the qualifications, training, and procedures of surveillance personnel; organizational reporting structure for surveillance personnel; and any other information required by the standards set forth in this Appendix.
5. The State shall review the proposed surveillance system plan and advise the Tribal Gaming Commission whether the minimum standards are satisfied. The State shall review the installation of the surveillance system when a review and inspection is performed. The State shall advise the Tribal Gaming Commission whether the surveillance system has been installed, maintained, and operated according to the minimum standards. The Tribe agrees that the surveillance system will be altered as necessary to meet the minimum standards. If the Tribe currently has a surveillance system in place, the surveillance plan may use a combination of current equipment and new to meet the standards, if there is no compromise of picture and recording quality.

6. In addition to the access granted under section 8.B. of the Compact, the State may review the operation of the surveillance system at least twice each year during an announced compliance audit. The State shall have access at any time to all surveillance records, tapes, reports and monitoring rooms at any time for the purpose of monitoring compliance with minimum standards and to confirm gaming integrity or security.

7. At the completion of any random or scheduled inspection the State will report its findings concerning the surveillance system to the Tribal Gaming Commission. The Tribe and the State agree that the results of the inspection are for the internal use of the Tribe and the State. To the extent allowed under Oregon law, the State agrees not to disclose the inspection results to anyone other than the Tribal Gaming Commission unless such disclosure is necessary for resolution of a dispute pursuant to the procedures in Section 15 of the Compact, or to provide evidence for a criminal prosecution.

8. The Tribe shall separate management of the functions of security and surveillance within the gaming facility.

9. The State shall perform a background investigation on all personnel employed as surveillance personnel, as provided in section 6 of the compact.

B. SURVEILLANCE SYSTEMS MINIMUM STANDARDS

1. SURVEILLANCE SYSTEM EQUIPMENT

- a. The surveillance system equipment must be able to identify each player, the dealer, and be of sufficient resolution and clarity to read individual cards and money denomination.
- b. The surveillance system shall be a combination of fixed cameras and pan-tilt-zoom (PTZ).
- c. The cameras and monitors may be either black and white, color or a combination of both. (The State recommends, but does not require, a combination of black/white and color.)
- d. The primary surveillance room and monitors must have override capabilities.
- e. Gaming Facility management shall establish communications systems on the gaming floor that are capable of immediately alerting surveillance personnel.

- f. Telephones on the gaming floor shall have the capability of a direct line or extension to the surveillance personnel.
 - g. Surveillance personnel in the surveillance room shall have radio communication with security personnel if security officers have radio communication with each other.
 - h. Surveillance equipment shall include a means by which surveillance personnel may observe and videotape all money transfers between the cashier and the gaming floor as transfers occur. The surveillance plan shall provide a means by which surveillance personnel can verify the locations, table number, time, date, and amount of transfers, and to whom the transfers were made.
 - i. All monitors being recorded must display time and date on screen
 - j. All fixed cameras will be continuously taped/all PTZ cameras will have the capability for taping of what is being monitored.
2. SURVEILLANCE SYSTEM EQUIPMENT LOCATIONS. At a minimum, surveillance cameras must provide:
- a. Main cashier
 - (1) Overview of cage working area
 - (2) Ability to identify patrons and employees
 - (3) PTZ or fixed camera allowing identification of cash transactions at each cash drawer
 - (4) Camera over file window

- b. Soft count room
 - (1) Clear view of entire count room
 - (2) Camera directly over count table to identify dollar amounts
 - (3) Clear view of vault
 - (4) Clear view of drop box
 - (5) Ability to read counting scale/meter

- c. Hard count room (if used)
 - (1) Clear view of entire count room
 - (2) Clear view of wrapping and/or counting machine

- d. Pit
 - (1) Ability to determine chip value and card value
 - (2) Clear view of playing surface
 - (3) Ability to identify patron, employee and table number

- e. Card Game Tables
 - (1) Fixed camera at each table
 - (2) Same view and identification requirements as pit cameras

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE BURNS-PAIUTE TRIBE
AND THE STATE OF OREGON**

EXHIBIT I

DESCRIPTION OF GAMING LOCATION

That certain parcel of land near Burns, Oregon, consisting of ten acres, described as the northwest quarter of the northwest quarter of the northwest quarter, section 13, township 23 South, range 30 East, Willamette Meridian, Harney County, Oregon, which was conveyed on March 2, 1928, by warranty deed from the Egan Land Company, an Oregon corporation, to the United States of America.

DESCRIPTION OF GAMING FACILITY

The Gaming Facility shall be a building of approximately 25,000 square feet, consisting of the following major areas: Bingo Hall, Class III Gaming Room, Kitchen, and dining areas, Administration area, and public areas. The Tribe agrees to provide the State with a more specific description of the Gaming Facility after the Tribe has developed a specific building plan.

The Gaming Facility will be as illustrated in this Exhibit, or an alternate design similar in all material respects.

**TRIBAL-STATE COMPACT FOR REGULATION OF
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LOWER UMPQUA AND SIUSLAW INDIANS AND
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12/8/94

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**TRIBAL-STATE COMPACT FOR REGULATION OF
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COOS, LOWER UMPQUA AND SIUSLAW INDIANS AND
THE STATE OF OREGON**

PREAMBLE.

This Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians (hereinafter the "Tribes") and pertains to Class III gaming to be conducted on lands that are held in trust for the Tribes that are subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"). The terms of this Compact are unique to these Tribes and reflect the fact that the lands that are the subject of this compact are subject to IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this ___ day of December, 1994, by and between The Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, a federal-ly recognized Tribe of Indians, and the State of Oregon.

SECTION 2. FINDINGS.

WHEREAS, the Tribes are federally recognized Indian Tribes, pursuant to P.L. 98-487, and are the beneficial owners of, and local government for, the trust lands of the Tribes located in the State of Oregon;

AND WHEREAS, the State and the Tribes are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State, and the Constitution provides that the "Legislative Assembly has no power to authorize, and shall prohibit casinos from operation in the State";

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

AND WHEREAS, the Tribes exercise authority within the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indian Reservation, (hereafter referred to as "Indian Lands");

AND WHEREAS, the Tribes have represented that the gaming location is on land described in 25 USC §2719;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribes adequate to shield them from organized crime and other corrupting influences, to ensure that the Tribes are the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribes or of the Tribes' sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the Tribes are authorized to act through Resolutions adopted by their Tribal Council;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribes and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendices and Exhibits:

- A. "Background investigation" means the security and financial history checks of an employee, licensee or applicant for Tribal contract for the operation of video lottery games or for the sale of lottery games to the tribe.
- B. "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.
- C. "Class III Gaming Contract" means a contract that involves Major, Minor, or Sensitive Procurements.
- D. "Class III Gaming Contractor" is any individual, business or other entity that applies for or is a party to a Class III Gaming Contract.
- E. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.

F. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.

G. "Gaming facility" means the building proposed to be constructed as of the date of execution of this Compact that is located on land to be included in the Tribes' Reservation at Coos Bay, Oregon, and specifically described in Exhibit I to the Compact. If the size of the Gaming Facility is expanded as otherwise provided in this Compact, the term "Gaming Facility" shall thereafter refer to the expanded facility.

H. "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:

1. Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or
2. Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.

"Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.

I. "Key Employee" means any officer or any person who can affect the course of business, make decisions, or is in a sensitive position.

J. "High Security Employee" means any person with responsibility for the management or operation of the Class III gaming activities or access to gaming terminals or cash.

K. "Low Security Employee" means any person employed to work in a gaming area with no responsibility for management or operation of the Class III gaming activities and no access to inside gaming terminals or cash.

- L. "Major Procurement" means any procurement action or contract for:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;
 3. Any goods, services, or products involving the determination of winners in any Class III gaming; or
 4. Video devices.
- M. "Management Contract" means any contract, subcontract, or collateral agreement between the Tribes and a contractor or between a contractor and a subcontractor if such contract or agreement provides for the management of all or part of a gaming operation.
- N. "Minor Procurement" means any procurement action or contract related to Class III gaming that is neither a Major Procurement nor a Sensitive Procurement. A typical example of this class of procurement is a contract to change the external appearance of a video terminal.
- O. "Owner" means any person or entity that owns 5% or more of the equity ownership of a company, alone or in combination with another person who is a spouse, parent, child or sibling.
- P. "Primary Management Official" means any person who:
1. Is designated as having management responsibility for any part of a Management Contract;
 2. Has authority --
 - a. to hire and fire employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.

- Q. "Sensitive Procurement" means any procurement action or contract for goods or services, other than a "Major Procurement," that may either directly or indirectly affect the integrity, security, honesty, and fairness of the operation and administration of Class III gaming. A typical example of this class of procurement is the acquisition of security systems required to protect the security and integrity of the Class III gaming.
- R. "Video lottery terminal" or "terminal" means an electrical or electro-mechanical device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. Only Compact Between Tribes and State. This Compact shall be the only Compact between the Tribes and State and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties -- including to permit additional Class III gaming -- the parties shall provide such changes in accordance with Subsection 11.D. of this Compact.
- B. Authorized games.
1. Subject to the provisions of this Compact, the Tribes may engage in only the following Class III games: Video lottery games of chance as described in Appendix A, keno as described in Appendix B and off-race course mutuel wagering as described in Appendix C.
 2. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact.

C. Gaming Location.

1. The Gaming Facility authorized by this Compact shall be located on the Tribes' land at Coos Bay, Oregon. Both the Gaming Facility and the land are specifically described in Exhibit I to this Compact. This land is held in trust for the Tribes by the United States. Gaming authorized under this Compact shall be conducted only in the Gaming Facility. If another Oregon Tribe is authorized to operate a gaming facility on non-Tribal lands, the Tribes do not hereby abrogate any rights they may have under Section 20 of IGRA.

D. Number of video terminals. The number of Class III video lottery games of chance authorized by this Compact shall not exceed the number of such games that would occupy 15 percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry spacing. The parties acknowledge that the Gaming Facility is a mixed use facility. The parties agree that the size of the Gaming Facility to be devoted to Class III video lottery games of chance is determined by the area of those parts of the facility that are appropriately related to the gaming activities conducted therein (the "gaming area"). The parties also agree that, in combination, the gaming area of the facility and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than 252. Subject to other terms of this agreement, the Tribes may determine in their discretion the location and spacing of video lottery terminals within the Gaming Facility.

E. Expansion of Gaming Area. If the Tribes decide to expand the square footage of the Gaming Facility the parties shall enter into an addendum to this Compact in which the precise number of additional video lottery terminals to be located in the expansion shall be established. The limit on the number of video lottery terminals established in subsection D of this section shall be increased by the number of video lottery terminals that would occupy 15 percent (15%) of the total square footage of the expansion that is devoted to Class II and Class III gaming and related activities, given customary industry spacing of video lottery terminals.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians within the Gaming Facility and on Tribal trust land on which the Gaming Facility is located; the criminal laws of the State shall have the same force and effect at the gaming location as they have on non-Tribal lands within the State. The State and the Tribes will enter into a Memorandum of Understanding concerning the assignment of law enforcement officers for enforcement of criminal laws of the State.
2. If the Tribes authorize the Tribal Court to hear criminal cases arising on the Tribal Lands, the Tribes and the State shall have concurrent criminal jurisdiction over offenses committed by Indians within the Gaming Facility and on the Tribal Lands on which the Gaming Facility is located. The criminal laws of the State shall have the same force and effect on the Tribal Lands on which the Gaming Facility is located as they have on non-Tribal lands within the State. Once a tribal police force is in operation on the Tribal lands, the enforcement of criminal laws at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribes and the Oregon State Police.

B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 5.A.2., law enforcement officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within the Gaming Facility and on Tribal trust land on which the Gaming Facility is located for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State. The Tribes, or individuals acting on its behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the gaming operation.

C. The State may station one or more officers, designated in accordance with subsection B of this section, at the Gaming Facility by mutual agreement with the Tribes.

- D. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the State under Public Law 280.

SECTION 6. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials and High Security Employees employed in the Gaming Facility shall be licensed by the Tribes in accordance with the provisions of this Compact.
2. All prospective employees -- both High Security Employees and Low Security Employees -- shall provide to the Tribes and the State any required application fees and the following information:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number and state of issuance;
 - g. All licenses issued and disciplinary actions taken by any State agency or Tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph.
 - j. Provide the results of a drug test and physical examination upon request of either of the parties to this Compact.
 - k. Any other information required by the Tribes.

3. In addition to the requirements of paragraph 6.A.2. above, prospective High Security Employees shall provide a set of fingerprints.
4. The Tribes shall forward the applicant information to the State, along with the State required portion of the application fee as described in subsection 6.C. The Oregon State Police shall conduct a background investigation and provide a written report to the Tribes approving or disapproving the applicant within a reasonable period of time, but in no event shall such background checks exceed thirty (30) days without notice to and consent of the Tribes. If after investigation, the State determines there is cause to disapprove any applicant under the criteria established in paragraph 6.B.5. below, it shall promptly notify the Tribes of such determination and furnish the Tribes with copies of all relevant information pertaining to such determination.
5.
 - a. If the Oregon State Police disapproves for failure to meet the criteria established in paragraph 6.B.5. below, the Tribes shall not issue a license or approve employment of the applicant.
 - b. The Tribes shall deny a gaming license to any High Security Employee or Primary Management Official who does not meet the criteria established in paragraph 6.B.5. below. Denial of a license by the Tribes is final.
 - c. The Tribes shall not hire any Low Security Employee who does not meet the criteria established in subsection B.5. below.
6. Background investigation during employment. The Tribes or the State may conduct additional background investigations of any gaming employee at any time during the term of employment. If after investigation, the State determines there is cause for the dismissal of any employee under the criteria established in paragraph 6.B.5. below, it shall promptly notify the Tribes of such determination and furnish the Tribes with copies of all relevant information pertaining to such determination, along with a Request for Termination of employment. The Tribes shall review the State's request and supporting materials and if it concludes that good cause for dismissal is shown under the criteria established in paragraph 6.B.5. below, the subject employee shall be dismissed.

7. Temporary licensing of employees.

- a. The Tribes may issue a temporary license to High Security Employees 30 days after submission of the application to the Oregon State Police. The temporary license shall expire and become void upon completion of the background check and award or denial of a permanent license.
- b. The Tribes may employ Low Security Employees on probation 10 days after submission of the application to the state police. Any Low Security Employee shall be subject to immediate termination during probation if the State determines that the employee does not meet the criteria established in paragraph 6.B.5. below.

8. Waiver of Disqualifying Criteria.

- a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing or employment under the provisions of paragraph 5. above, and the Tribe believes that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribe may give written notice to the State asking to meet and confer concerning waiver of the disqualification. The Tribe and the State shall meet within 15 days after written notice is given.
- b. In order to waive disqualification of licensing or employment of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribe and the State must agree on the waiver.
- c. Waiver of disqualification of licensing or employment may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;
 - (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;

- (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made.
9. Duration of license and renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 6.A.2. to 6.A.5. above. Applicants for renewal shall provide a renewal fee and updated information to the Tribes but will not be required to resubmit historical data already provided.
 10. Revocation of license. The Tribes may revoke the license of any employee pursuant to policies determined by the Tribes. If the State notifies the Tribes that an employee does not meet the criteria described in paragraph 6.B.5. below, and the Tribes are satisfied of that fact, the Tribes shall revoke the employee's license.
 11. The Tribes shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedures.

B. Contracts with Manufacturers and Suppliers.

1. The Tribes shall contract with all managers, manufacturers or suppliers of goods or services related to the play of Class III games authorized by this Compact before conducting any business related to Class III games.

2. The Tribes shall submit all Class III Gaming Contracts to the State for review, comment and approval and such contracts will specifically provide that the State will have such authority. The State must approve all contracts prior to execution. It is agreed that the State can deny a contract only in accordance with criteria established in paragraph 6.B.5. It is further agreed that State action on such contracts shall be completed within 60 days, and that failure by the State to meet this deadline shall create a presumption of approval that can be rebutted for good cause shown. Should the parties fail to agree, then disputes shall be resolved in accordance with Section 15 of this Compact.
3. A background investigation may be conducted by the State on all Class III Gaming Contract applicants or contractors. The level of investigation will be determined by whether the individual procurement is classified as a Major Procurement, Minor Procurement or Sensitive Procurement. The level of investigation for a Major Procurement and Sensitive Procurement shall be more intense than that for a Minor Procurement. If a contract applicant has been approved by the State for a contract with another Tribe, the level of investigation need not be as intense as for a previously unapproved contract applicant.
4. The Tribes and the State shall not approve any Class III Gaming Contract that does not grant the State or the Tribes access to the contractor's business and financial records.
5. Criteria for Denial of Contract Application.
 - a. Unless otherwise specified, the State or the Tribes may deny a Class III Gaming Contract application for any of the following reasons:
 - (1) A conviction of the applicant or any owner or key employee of the applicant for any crime in any jurisdiction;
 - (2) A conviction of the applicant or any owner or key employee of the applicant for any gambling offense in any jurisdiction;

- (3) A civil judgment against the applicant or any owner or key employee of the applicant, based in whole or in part upon conduct that allegedly constitutes a crime;
- (4) A failure to disclose any material fact to the State or the Tribes or their authorized agents during initial or subsequent background or security investigations;
- (5) A misstatement or untrue statement of material fact as determined by the Tribes or the State;
- (6) An association with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Tribes;
- (7) Any aspect of the applicant's past conduct that the Tribes or the State determines would adversely affect the integrity, security, honesty or fairness of Tribal gaming;
- (8) A person who is unqualified or disqualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in the applicant, regardless of the qualifications of the person who seeks approval as a contractor;
- (9) The applicant demonstrates inadequate financing for the business proposed under the type of contract for which application is made. The Tribes and the State shall consider whether financing is from a source that meets the qualifications of this paragraph 6.B.5. and is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or

- (10) The applicant or its employees fail to demonstrate business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made.
- b. In evaluating whether to deny a contract related to Class III gaming based on subparagraphs 6.B.5.a.(1), (2) and (3) above, the State and the Tribes may consider the following factors:
 - (1) The nature and severity of the conduct that constituted the offense or crime;
 - (2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
 - (3) The number of offenses or crimes; and
 - (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.
 - c. No person applying for a Class III Gaming Contract shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from video gaming devices in any jurisdiction unless the devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe, or National Indian Gaming Commission, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribes and the State.
 - d. The Tribes or the State may reject an application if the applicant has not provided all of the information requested in the application.

6. Revocation of Class III Gaming Contract.

- a. The Tribes may revoke any contract pursuant to policies and procedures determined by the Tribes.
- b. Every Class III Gaming Contract shall provide that the State, although not a party to that contract, may revoke any contract for cause consistent with the criteria established by paragraph 6.B.5. of this section and that the Class III Gaming Contractor shall consent to the State's right to review and revoke all Class III Gaming Contracts. If the State intends to revoke a Class III Gaming Contract under this provision, the State shall first suspend the contract, and give the Tribes notice of the suspension. The Contractor shall have thirty (30) days in which to correct the situation giving rise to the suspension before the contract may be revoked.

7. Contractor Reporting Requirements.

- a. All contractors shall submit to the Tribes and the State any financial and operating data requested by the Tribes or the State.
- b. The Tribes shall specify the frequency and a uniform format for the submission of such data.
- c. The Tribes, the State, or their agents reserve the right to examine contractor tax records and the detailed records from which the tax reports are compiled.

8. Termination of Contract.

- a. No contract shall be in effect for a term longer than five (5) years.
- b. The Tribes and the State shall retain, in each contract, the right to terminate the contract immediately upon the occurrence of any of the following:
 - (1) The contractor is discovered to have made any statement, representation, warranty, or certification in

connection with the contract that is materially false, deceptive, incorrect, or incomplete;

- (2) The contractor fails to perform any material requirements of the contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure;
- (3) The Tribes or the State determines satisfactory performance of the contract is substantially endangered or can reasonably anticipate such occurrence or default;
- (4) The Contractor, or any officer or employee of the Contractor or any owner of five percent (5%) or more of the equity ownership in the Contractor is convicted of a felony or a gambling-related offense that reflects on Contractor's ability to perform honestly in carrying out the contract;
- (5) The Contractor jeopardizes the integrity, security, honesty, or fairness of the Tribal gaming operation; or
- (6) Upon transfer of a controlling interest of the Contractor.

C. Fees for Approval of Employment Licenses and Contracts.

1. The State shall be reimbursed its costs for approval of employees, licenses and contracts, in accordance with the terms of this Compact.
2. The fees for State approval of licenses and contracts shall be set pursuant to a Memorandum of Understanding between the parties to be negotiated annually.

3. Should actual costs incurred by the State exceed the fees agreed to by the parties in the annual Memorandum of Understanding, the State will assess those additional costs to the applicants during or after the investigation. The applicant is required to pay the investigation fee in full prior to issuance of the contract or license except that interim contracts or licenses shall be issued for the period of time that a dispute is pending as contemplated at paragraph 6.C.4. below.
4. Should the State and the Tribes fail to agree to fees in the Memorandum of Understanding, the dispute shall be resolved pursuant to Section 15 of this Compact.

D. Management Contracts.

1. The Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribes that allows it to conduct Class III gaming on the Tribal trust land.
2. The Primary Management Official shall furnish to the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

SECTION 7. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Video Lottery Games of Chance. The acquisition, use and operation of all video lottery games of chance and keno authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendices A and B. Appendices A and B are hereby incorporated into and made a part of this compact.
- B. Pari-Mutuel Wagering. The operation of off-race course mutuel wagering authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendix C. Appendix C is hereby incorporated into and made part of this Compact.

- C. Identification badges. The Tribes shall require all employees to wear, in plain view, identification badges issued by the Tribes that include photo and name. The Tribes and the State may provide, in a memorandum of understanding, for exceptions to the requirement that badges be worn in plain view, for confidential compliance personnel.
- D. No credit extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribes permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribes or any other person to offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- E. Prohibition on attendance and play of minors. No person under the age of twenty one (21) shall be allowed to play any video lottery game of chance operated under this Compact. If any person under the age of twenty one (21) plays and otherwise qualifies to win any video lottery prize or compensation, the prize or compensation shall not be paid. No person under the age of eighteen (18) shall be allowed to play keno or place or collect pari-mutuel bets. No person under the age of eighteen (18) may work in the gaming area. No person under the age of twenty-one (21) may sell alcohol within the Gaming Facility.
- F. Prohibition of firearms. With the exception of federal, state, county, city or Tribal law enforcement agents or officers, no person shall possess firearms within the Gaming Facility.
- G. Alcohol Policy. No alcohol shall be served in the Gaming Facility unless authorized by the Tribes as permitted by federal law. Currently the Tribes do not legally permit the sale or possession of alcohol within the Coos, Lower Umpqua and Siuslaw Reservation. If Tribal law is changed to permit sales at the Gaming Facility, the Tribes shall notify the State. Service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations as provided in a memorandum of understanding under this Compact. Nothing in this subsection shall permit the State to impose taxes on the sale of alcohol by the Tribes. If alcohol is served in the Gaming Facility, no alcoholic

beverages may be served free of charge or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming.

- H. Liability for damage to persons and property. During the term of this Compact, the Tribes shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribes' insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy. The Tribes shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribes relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 8. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

- A. Tribal Gaming Commission.
1. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands. The Tribal Gaming Commission's role shall include the following functions:
 - (1) Ensure compliance with all relevant laws;
 - (2) Ensure the physical safety of patrons in, and of personnel employed by, the establishment;
 - (3) Safeguard the assets transported to and from the gaming facility and cashier's cage department;
 - (4) Protect patrons and property from illegal activity;
 - (5) Detain persons suspected of crimes for the purpose of notifying the law enforcement authorities;

- (6) Record any and all unusual occurrences within the gaming facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (a) The assigned sequential number of the incident;
 - (b) The date;
 - (c) The time;
 - (d) The nature of the incident;
 - (e) The person involved in the incident; and
 - (f) The security employee assigned;
- (7) Maintain logs relating to surveillance, security, cashier's cage, credit, machine (showing when video machines opened), and machine location;
- (8) Establish and maintain an updated list of persons barred from the gaming facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State;
- (9) Obtain an annual audit by a Certified Public Accountant;
- (10) Maintain a closed circuit television system in the cash room of the gaming facility and provide copies of floor plan and TV system to the State;
- (11) Maintain a cashier's cage in accordance with industry standards for security;
- (12) Employ and train sufficient security personnel; and

(13) Subject to State review and approval, establish a method for resolving disputes with players.

2. Reporting of Violation. A Tribal game inspector shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. Any violations of the provisions of this Compact, or of Tribal ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within seventy-two (72) hours of the time the violation was noted.
3. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against a gaming employee, or any other person directly or indirectly involved in, or benefitting from, the gaming operation.
4. Reporting to State. The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. The State shall have free and unrestricted access to all areas of the Gaming Facility

during normal operating hours without giving prior notice to the Tribal gaming operation.

2. Access to Records. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal gaming operation; provided, that any copy thereof and any information derived therefrom, shall be deemed confidential and proprietary financial information of the Tribes to the extent provided under ORS 192.410 to 192.505. Any records or copies removed from the premises shall be returned to the Tribes after use. Nothing in this subsection precludes the State or the Tribes from disclosing information subject to the Rules of Civil Procedure or Evidence in connection with litigation, a prosecution or a criminal investigation.
3. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.

SECTION 9. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

- A. Imposition of assessment for State law enforcement and regulatory expenditures. The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating gaming operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to subsection 6.C. of this Compact shall be subtracted from the amount of the assessment.
- B. Procedure for Assessments. The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.
- C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 15 of this Compact.

SECTION 10. APPLICATION OF STATE REGULATORY STANDARDS.

- A. Health, environmental and safety standards. Tribal ordinances and regulations governing health, environmental and safety standards applicable to the Gaming Facility shall be at least as rigorous as standards imposed by the laws and regulations of the State. The Tribes agree to cooperate with any State agency generally responsible for enforcement of such health, environmental and safety standards in order to assure compliance with such standards. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.
- B. Transportation Issues.
1. The Tribes shall provide a traffic impact study, prepared by a qualified traffic engineer registered in the State of Oregon. The study shall evaluate the effect of the proposed Gaming Facility, and any related development proposed by the Tribes as part of the same site, on the state highway system and any city street or county road that may be used by customers as access to the Gaming Facility. The traffic impact study shall determine the impacts of the proposed Gaming Facility and related development on the level of service of the affected highway(s), road(s) or street(s).
 2. A determination whether the Gaming Facility shall be served directly by a state highway or by a city street or county road shall be made by the State and appropriate local officials on a consistent basis with other proposed developments.
 - a. If the Gaming Facility is to be served directly by a state highway, the Tribes shall apply for and obtain a road approach permit under Oregon Administrative Rules, Chapter 734, Division 50, and shall construct the approach and any other necessary improvements in accordance with that permit. A road approach permit shall not be denied because of the proposed use of the Tribes' land. The Tribes shall provide and maintain access from its Gaming Facility onto the

highway that is adequate to meet standards of the Oregon Department of Transportation, or shall enter into agreements with the Oregon Department of Transportation for the provision of such access by the State. The allocation of costs shall be as provided in Oregon Administrative Rule 734-50-020(1), which provides that the costs of constructing the road approach shall be borne by the permit applicant.

- b. If the Gaming Facility is to be served directly by a city street or county road, and indirectly by a state highway, the Tribes shall comply with applicable city or county street or road improvement requirements and satisfying any requirements the State imposes on the county or city relating to access to a state highway.
3. If the Tribes plans additional development of the Gaming Facility site, the Tribes shall advise the appropriate state or local transportation planning officials of the planned development by submitting a master plan. In planning street, road or highway improvements, the Tribes, state and local transportation planning officials shall plan for improvements using the master plan. Construction of street, road or highway improvements may be completed in phases if practicable.
4. Traffic improvements shall be those necessary to maintain the level of service of the affected highway(s), road(s) or street(s), and to provide safe access to and from the Gaming Facility. The Tribes shall not be responsible for improvements to affected high-ways, roads or streets unless the improvements are necessary to correct traffic impacts attributable to the Gaming Facility. For state highways, traffic improvements shall be consistent with the requirements of the State Highway Plan, including improvements necessary to mitigate traffic congestion, and to conform to the Oregon Department of Transportation access management policies. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribes concerning the planning, design and construction of those improvements.
5. The Tribes shall pay the reasonable cost of necessary street, road or highway improvements determined to be necessary on the basis of

the traffic impact study and Oregon Department of Transportation requirements. If the Tribes disputes the amount of costs to be paid by the Tribes, the Tribes may initiate the dispute resolution procedure established under section 15 of this Compact.

- C. The Tribes shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribes would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue.

SECTION 11. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribes and appropriate federal approval.
- B. Termination. This Compact shall remain in effect until such time as:
 - 1. This Compact is terminated by written agreement of both parties;
 - 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;
 - 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;
 - 4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribes' exercise of Class III gaming; or
 - 5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 15 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribes to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribes to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribes shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. Except as provided in subsection 11.C. above, this Compact shall not be amended unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact;
 - b. Three years elapse after the effective date of this Compact;
 - c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity;
 - d. The State amends any rule or regulation that corresponds specifically to Appendices A, B or C of this Compact, but in such case this Compact shall be subject to amendment only to the extent of the specific rule or regulation.
2. Paragraph 11.D.1. above does not require the State to renegotiate the terms of this Compact that apply to those forms of gaming

previously authorized by Section 4 of this Compact, unless the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.

3. Pursuant to paragraph 11.D.1., the State or the Tribes may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 11.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribes at the appropriate office identified at Section 13 below. If a request is made by the Tribes, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 12. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribes hereby waive any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of three (3) years from the effective date of this Compact.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribes of any Class II gaming as defined in the Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribes.
- C. Prohibition on taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribes or any Tribal gaming operation except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal self-government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribes, including the Tribal Gaming Commission, or to interfere in any manner with the Tribes' selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration

requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribes.

- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribes and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.

SECTION 13. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Lieutenant
Oregon State Police
Lottery Security Section
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Chair of the Tribal Council
Confederated Tribes of Coos,
Lower Umpqua and Siuslaw Indians
455 South Fourth
Coos Bay, OR 97420

SECTION 14. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 15. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that

party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:

1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 13. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribes shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 15.A. shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.
- C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 16. INTEGRATION

This compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

**CONFEDERATED TRIBES OF
THE COOS, LOWER UMPQUA
AND SIUSLAW INDIANS**

Barbara Roberts, Governor

Greg Norton, Chair

Date: _____, 1994

Date: _____, 1994

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____, 199_

**Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians
and the State of Oregon**

Appendix A

I. VIDEO LOTTERY GAMES

APPLICATION FOR CERTIFICATION OF A VIDEO LOTTERY TERMINAL

Section 177-100-070

- (1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribes' gaming enterprise.
- (2) The manufacturer shall supply the Tribes and the State with a guideline and time table for accomplishing tasks involved in the acceptance and testing of the video lottery terminals. This includes all system functionality and communication of all information to and from the video lottery terminals, if any.
- (3) The manufacturer must provide a person to work with the Tribes and the State as needed in establishing, planning, and executing acceptance tests. Manufacturer assistance may also be requested in trouble-shooting communication and technical problems that are discovered when video lottery terminals are initially installed.
- (4) The manufacturer must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source codes and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information required by the Tribes and the State for purposes of analyzing and testing the video lottery terminal.
- (5) Testing of video lottery terminals will require working models of a video lottery terminal, associated required equipment, documentation described

above to be transported to locations the Tribes and the State designate for testing, examination and analysis. The manufacturer shall pay all costs of any testing, examination, analysis, and transportation of the video lottery terminals. The testing, examination, and analysis of the video lottery terminals may include entire dismantling of the video lottery terminal and some tests that may result in damage or destruction to one or more electronic components of the video lottery terminal. The Tribes or the State may require that the manufacturer provide specialized equipment or the services of an independent technical expert to test the video lottery terminal.

- (6) All video lottery terminal manufacturers must submit all hardware, software, and test equipment necessary for testing of their video lottery terminals.
- (7) Hardware that does not meet the standards of the Compact, its appendices, the Tribes and the State shall not be acceptable.

TRIBAL GAMING INVENTORY DECAL

Section 177-100-080

- (1) Each video lottery terminal certified for placement in the Gaming Facility shall display a Tribal Gaming Inventory Decal and must conform to the exact specifications of terminal prototypes tested and certified by the State.
- (2) No persons other than authorized Tribal or State personnel or their agents may affix or remove a Tribal Gaming Inventory Decal. The placement of the Tribal Gaming Inventory Decal represents that the terminal has been certified, inspected, and approved for operation in the State. The placement of the Tribal Gaming Inventory Decal on any equipment by the Tribal Gaming Commission represents that the terminal has been certified, inspected and approved for operation in the State and shall constitute documentation that the certification has been and will be kept on file by the Tribes. No persons other than authorized tribal personnel may affix or remove the Tribal Gaming Inventory Decal.
- (3) No terminal may be transported off Tribal land until the Tribal Gaming Inventory Decal has been removed.

- (4) A terminal shall not be moved out of the Gaming Facility without prior notification to the State.

EXTERNAL TERMINAL SPECIFICATIONS

Section 177-100-090

- (1) Terminals may publicly display information only on screen or housing that has been approved by the Tribes.
- (2) All information required for external display must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the terminal face.
- (3) Age restriction shall clearly be shown on the face of the terminal ("No person under 21 years of age may play").
- (4) Coin drops and non-video slot machines are prohibited.
- (5) Casino-style attract features shall be restricted but not prohibited.

PROCUREMENT OF TERMINALS

Section 177-100-095

- (1) Terminals to be located and operated within the State of Oregon shall be procured only by the Tribes.
- (2) The Tribes shall select and procure terminals from approved manufacturers pursuant to the Tribal-State Compact.

LOCATION OF AND ACCESS TO TERMINALS

Section 177-100-100

The terminals must be located in an area that is at all times monitored by the owner, manager, or employee of the manager to prevent access or play of video lottery terminals by persons under the age of 21.

DUTIES OF PRIMARY MANAGEMENT OFFICIAL

Section 177-100-110

- (1) No Primary Management Official or any employee of the Primary Management Official shall own or operate any gray machines.
- (2) The Primary Management Official shall not provide any form of financial assistance, or grant credit to enable players to play video lottery games.
- (3) The Primary Management Official shall attend all meetings, seminars, and training sessions required by the Tribes.
- (4) The Primary Management Official shall supervise its employees and their activities to ensure compliance with these rules.
- (5) The Primary Management Official shall assume responsibility for the proper and timely payment to players of video lottery game prizes.

DUTIES OF MANUFACTURERS

Section 177-100-130

Manufacturers, their representatives and agents shall have the following duties and constraints:

- (1) Promptly report to the Tribes any violation or any facts or circumstances that may result in a violation of these rules.
- (2) Provide immediate access to all records and the entire physical premises of the business for inspection at the request of the Tribes, the State or their auditors.
- (3) Provide the Tribes or State with keys to the logic area of each approved video lottery terminal model upon request.

TRANSPORTATION OF VIDEO LOTTERY TERMINALS WITHIN, INTO OR THROUGH THE STATE

Section 177-100-160

- (1) No person shall ship or transport video lottery terminals within or into the State, without first obtaining a written authorization or notification of approval from the State. Transporting or shipping within the State means the starting point and termination point of a trip are both within the boundaries of the State. Transportation or shipping into the State means the starting point is outside the State and terminates in the State.
- (2) No person shall ship or transport video lottery terminals through the State without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the State.
- (3) The written authorization required under Subsections (1) and (2) of this rule shall include:
 - (a) The serial number of each terminal being transported;
 - (b) The full name and address of the person or establishment from which the terminals are obtained;
 - (c) The full name and address of the person or venue to whom the machines are being sent or transported; and
 - (d) The dates of shipment or transport within, into or through the State.
- (4) The written authorization shall accompany, at all times, the terminal or terminals in transport.

II. GENERAL VIDEO LOTTERY GAME RULES

AUTHORIZED VIDEO LOTTERY GAMES

Section 177-200-000

- (1) Video lottery terminals may offer any video lottery game that satisfies the elements of prize, chance and consideration as described in Op. Atty. Gen. No. 6336, September 25, 1989.
- (2) A video lottery terminal may offer one or more of the authorized video games.

GAME REQUIREMENTS

Section 177-200-010

- (1) Each game must display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of tickets wagered.
- (2) Each game must provide a method for players to view payout tables.

TICKET PRICE

Section 177-200-015

Except as limited by the terms of the Compact, the price of a ticket for all video lottery games shall be determined by the Tribes.

PAYMENT OF PRIZES

Section 177-200-020

No payment for prizes awarded on a terminal may be made unless the cash slip meets the following requirements:

- (1) It is fully legible and meets all the Tribes' security requirements.
- (2) It must not be mutilated, altered, unreadable, or tampered with in any manner.

- (3) It must not be counterfeit in whole or in part.
- (4) It has been presented by a person authorized to play under these rules.

METHOD OF PAYMENT

Section 177-200-030

The Primary Management Official shall designate employees authorized to redeem cash slips during the Tribes' business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens or chips.

REQUIREMENTS FOR RANDOMNESS TESTING

Section 177-200-050

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements.

- (1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard "Chi-squared analysis." "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt, in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.
- (2) Each card position, symbol position, or number position does not produce a significant statistic with regard to producing patterns of occurrences. Each card or number position will be considered random if it meets the 99 percent confidence level with regard to the "run test" or any similar pattern testing statistic. The "run test" is a mathematical statistic that determines the existence of recurring patterns within a set of data.

- (3) Each card position, symbol position, or number position is independently chosen without regard to any other card or number drawn within that game play. The test is the "correlation test." Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.
- (4) Each card position, symbol position, or number position is independently chosen without reference to the same card or number position in the previous game. This test is the "serial correlation test." Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.
- (5) The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electro-magnetic interferences, electrostatic discharge and radio frequency interfaces.

**Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians
and the State of Oregon**

Appendix B

KENO DESCRIPTION

DEFINITIONS

Section 177-99-000

For the purposes of Keno, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission.

- (1) "Exchange ticket" means the ticket issued to replace a consecutive game ticket that is validated before the last game on the ticket.
- (2) "Game" means the opportunity provided to a player to win a prize.
- (3) "Game slip" means the form used to indicate a player's selections.
- (4) "Spot" means the amount of numbers a player may play per game.
- (5) "Winning numbers" means the twenty (20) numbers from one (1) to eighty (80) which are randomly selected for each game.
- (6) "Keno runner" means an individual who picks up and delivers the Keno tickets that are written by customers in the gaming facility.
- (7) "Keno writer" means an individual stationed at the Keno counter who processes received tickets from either the customer or Keno runner.

GAME DESCRIPTION

Section 177-99-010

A Keno ticket has the numbers 1 through 80 on it. For each game a player may select from 1 to 20 numbers or spots. Twenty numbers are selected or drawn randomly.

Prizes are awarded based on the total amount of winning numbers matched by a player for the number of spots played for that game.

PLAY RULES

Section 177-99-020

- (1) To play, a player must use a game slip.
- (2) The player must mark the amount of spots to be played. A player can pick from one (1) to twenty (20) spots per game slip. A player may also play a "way ticket." A way ticket is the equivalent of playing multiple Keno tickets, but marking only one ticket.
- (3) The player must mark the number of dollars to be wagered per game and/or per way.
- (4) The player may then select the spots to be played by one of two methods. The player may mark the player's own selections on the game slip; if this method is used, the number of spots marked on the game slip must equal the number of spots that were selected to play. The other method of play is to select "Quick Pick", the number of spots randomly generated by the computer will match the number of spots indicated by the player.
- (5) The player shall indicate the number of consecutive games to be played: 1, 2, 3, 4, 5, 10, 20, 50 or 100.
- (6) The player shall present the completed game slip and the amount wagered either to a Keno runner or directly to the Keno counter for processing by the Keno writer. The cost of the ticket is equal to the amount wagered times the number of ways you are playing the ticket times the number of consecutive games indicated by the player. For example, if \$2 per game is wagered on a regular (one-way) ticket for 5 consecutive games, the total cost is \$10. If the same ticket is played "3 ways" the cost is \$30.
- (7) Minimum and maximum wagers will be set by the Tribal Gaming Commission.

CANCELLATION OF TICKETS

Section 177-99-030

A game ticket may be canceled or voided provided it is canceled from the system prior to the start of the game.

DETERMINATION OF WINNERS

Section 177-99-040

- (1) Keno tickets will be sold only during the hours of operation of the gaming facility. The selection of winning numbers shall take place at established intervals.
- (2) Winning number combinations shall be generated at the established intervals through the use of a computer-driven random number generator or conventional Keno blower mechanism. The number generating device shall meet the requirements of the Tribal-State Compact pertaining to contracts with manufacturers and suppliers, security, terminal specifications, equipment testing, procurement, duties of manufacturer and requirements for randomness testing.
- (3) The Tribal Gaming Commission shall establish the procedures for the operation and security of the numbers generation equipment.

PRIZE STRUCTURE

Section 177-99-050

- (1) Published payoff schedules shall be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.
- (2) A player is eligible to receive only the highest prize per game played on a ticket.

TICKET VALIDATION REQUIREMENTS

Section 177-99-060

- (1) After the numbers are drawn, the manager will review all inside (house copy) tickets and pull all winning tickets.
- (2) A master ticket to verify winners will be produced. The master ticket will have the winning numbers hole punched. This facilitates the verification of the customer's tickets.

**Tribal-State Compact for Regulation of Class III Gaming
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and the State of Oregon**

Appendix C

I. PARI-MUTUEL RULES - IN GENERAL

OPERATION OF PART-MUTUEL DEPARTMENT

Section 462-50-040

The Tribal Gaming Commission shall require a Primary Management Official to maintain separate oversight of pari-mutuel activities within the Gaming Facility.

PROHIBITIONS AGAINST WAGERS BY MINORS AND EMPLOYEES

Section 462-50-140

- (1) No person under the age of 18 years shall be allowed to place or collect a wager at the off-track wagering facility.
- (2) No employee of the off-track wagering facility shall be allowed to place or collect a wager at the off-track wagering facility while on duty.

UNCLAIMED WINNINGS

Section 462-50-210

- (1) The Tribal Gaming Commission shall require the pari-mutuel wagering facility to maintain, or provide for, an unclaimed winnings account for each race meet in which wagers are accepted.
- (2) The Commission shall require that any person claiming to be entitled to any part of the winnings from a mutuel wagering system operated by the Tribes who fails to claim the money due the person prior to completion of the race meet for which a mutuel ticket was purchased, may file a claim for payment of winnings within 90 days after the close of the race meet. After 90 days from the close of a race meet, all tickets may be deemed void.

- (3) After 120 days after the close of a race meet, unclaimed winnings in the account may revert to the Tribes.

RECORDS

Section 462-50-240

The Tribal Gaming Commission shall assure that sufficient records of wagering are maintained by the pari-mutuel wagering facility to allow review of the opening line, odds fluctuations and the amount of wagers at each window or station.

PARI-MUTUEL TICKETS

Section 462-50-250

- (1) A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool in which the Tribes are participating, and is evidence of the obligation of the operator of the pool to pay to the holder thereof such portion of the distributable amount of the pari-mutuel pool as is represented by such valid pari-mutuel ticket. The Tribes shall cash all valid winning tickets when such are presented for payment during the course of the race meeting for which the tickets were sold, and for 90 days after the last day of the race meeting.
- (2) To be deemed a valid pari-mutuel ticket, such ticket shall have been issued by a pari-mutuel ticket machine operated by the Tribes and recorded as a ticket entitled to a share of the pari-mutuel pool, and contain imprinted information as to:
 - (a) The name of the Tribes and of the association operating the race meeting;
 - (b) A unique identifying number or code;
 - (c) Identification of the terminal at which the ticket was issued;
 - (d) A designation of the performance for which the wagering transaction was issued;
 - (e) The contest number for which the pool is conducted;

- (f) The type or types of wagers represented;
 - (g) The number or numbers representing the betting interests for which the wager is recorded;
 - (h) The amount or amounts of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.
- (3) The Tribes may withhold payment and refuse to cash any pari-mutuel ticket deemed not valid. A ticket is not valid if it has been recorded or reported as previously paid, canceled or non-existent.

PARI-MUTUEL TICKET SALES

Section 462-50-260

- (1) Pari-mutuel tickets shall not be sold by anyone other than the Tribes or a licensed employee of the Tribes.
- (2) No pari-mutuel ticket may be sold on a contest for which wagering has already been closed and the Tribes shall not be responsible for ticket sales entered into but not completed by issuance of a ticket before wagering is closed on that contest.
- (3) Claims relating to a mistake on an issued or unissued ticket must be made by the bettor before leaving the seller's window. Once a bettor has left the window all bets are final, except as provided by rule of the Tribal Gaming Commission.
- (4) Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as posted and declared "official." Any subsequent change in the order of finish or award of purse money as may result from a subsequent ruling by race stewards or the regulatory body governing the race meet shall in no way affect the pari-mutuel payoff.
- (5) The Tribes are not required to satisfy claims on lost, mutilated or altered pari-mutuel tickets, except as provided in rules of the Tribal Gaming Commission.
- (6) The Tribes are not obligated to enter a wager into a betting pool if unable to do so due to an equipment failure.

CLAIMS FOR PAYMENT FROM PARI-MUTUEL POOL

Section 462-50-280

- (1) At a designated location, a written, verified claim for payment from a pari-mutuel pool shall be accepted by the Tribes in any case in which the Tribes have withheld payment or have refused to cash a pari-mutuel wager. The claim shall be made in the manner and on such form as prescribed by the Tribal Gaming Commission.
- (2) In the case of a claim made for payment of a mutilated pari-mutuel ticket that does not contain the total imprinted elements required in section 462-50-250, the manager of the pari-mutuel department shall make a recommendation to accompany the claim to the Tribal Gaming Commission as to whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket.
- (3) In the case of a claim made for payment on a pari-mutuel wager, the Commission shall adjudicate the claim and order payment, deny the claim or make such other order as it may deem proper.

PAYMENT FOR ERRORS

Section 462-50-290

If an error occurs in the payment amounts for pari-mutuel wagers that are cashed or entitled to be cashed; and as a result of the error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following shall apply, unless otherwise provided in the rules governing any interstate pari-mutuel pool in which the Tribes participate:

- (1) The Tribes shall verify that the amount of the commission, the amount of breakage and the amount of payoffs is equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payoff, the underpayment shall revert to the Tribes.
- (2) If the error results in an overpayment to winning wagers, the Tribes shall be responsible for such payment.

COMPLAINTS CONCERNING PARI-MUTUEL OPERATIONS

Section 462-50-350

- (1) When a patron makes a complaint concerning the pari-mutuel department to the Tribes or the Primary Management Official, a complaint report shall be prepared. The report shall contain the following information:
 - (a) The name of the complainant;
 - (b) The nature of the complaint;
 - (c) The name of the person(s), if any, against whom the complaint was made;
 - (d) The date of the complaint;
 - (e) The action taken or proposed to be taken, if any, by the Tribes or Primary Management Official.
- (2) The complaint report shall be submitted to the Tribal Gaming Commission as required by the Commission.

II. OFF-TRACK PARIMUTUEL WAGERING

DEFINITIONS

Section 462-50-400

The following definitions shall apply to these rules unless the text otherwise requires.

- (1) "Authorized User" means a person authorized by the Tribes to receive, to decode and to use for legal purposes the encrypted simulcast signal of racing events.
- (2) "Combined Pari-Mutuel Pools," or "Combined Pools" means the pari-mutuel wagers at one or more off-track wagering facilities being contributed into the pari-mutuel pools of a host association.
- (3) "Commission" means the Tribal Gaming Commission.
- (4) "Host," "Host Association," or "Host Track" means the race track conducting a licensed race meet that is being simulcast.
- (5) "Intrastate Wagering" means pari-mutuel wagering at an off-track wagering facility on Oregon racing events being run at an Oregon host association.
- (6) "Off-Track Wagering" means pari-mutuel wagering conducted on a race at a location other than the race course where the race is actually held.
- (7) "Off-Track Wagering Facility," "Intrastate Wagering Facility" or "Extended Wagering Facility" means physical premises, utilized for the conduct of pari-mutuel wagering on racing events being run elsewhere.
- (8) "Simulcast" or "simulcasting" means live audiovisual electronic signals emanating from a race meeting and transmitted simultaneously with the running of the racing events at that meeting, and includes the transmission of pari-mutuel wagering odds, amounts wagered and payoff on such events, and other racing programming relating to the race animals or participants.

OFF-TRACK WAGERING RULES

Section 462-50-420

No person, partnership, corporation or other entity shall be allowed to operate an off-track wagering facility under this Compact except according to the rules of the Tribal Gaming Commission. No change in the plan of operation of an off-track wagering facility may occur until the change to the plan is approved by the Commission.

APPROVAL OF OFF-TRACK WAGERING FACILITIES

Section 462-50-430

The Commission's rules shall require an off-track wagering facility to:

- (1) Provide security measures adequate to assure personal safety of patrons and employees, safeguard transmission of simulcast signals, secure money used for pari-mutuel wagering activity and to control the transmission of wagering data to effectuate common wagering pools.
- (2) Use data processing, communication and transmission equipment that will at all times assure accurate and secure transmission of wagers, take outs and surcharges; program information, weight changes, over weights, tip sheets, scratches, and all other information that is usually made available to patrons at a race track.
- (3) Use adequate transmitting and receiving equipment of acceptable broadcast quality.
- (4) Assure that all equipment is in proper working order, and that sufficient back up equipment is available to prevent foreseeable interruptions in operations due to breakdowns or malfunctions of data, transmission or communications equipment.
- (5) Use a system of accounts that will maintain a separate record of pari-mutuel revenues collected by the simulcast facility, the distribution of those revenues (take out, breakage and return to the public) and account for costs of the simulcast operation.

- (6) Provide, or obtain access to, the necessary totalizator equipment to conduct simulcast wagering, and assure that the integrity of the tote system used by the off-track wagering facility is maintained.
- (7) Ensure correct payment of the distributable amounts of parimutuel pools held by the Tribes pursuant to the rules applicable to the combined pools in which the off-track wagering facility is participating, and rules of the Commission.
- (8) Ensure that patrons of the off-track wagering facility receive accurate information as to the rules for wagering and distribution of winnings that apply to each race.
- (9) Ensure that personnel employed in the off-track wagering facility are sufficiently trained in the areas of money handling, operation of tote and ticket generating equipment and communications equipment.
- (10) Provide for continuous viewing and continuous transmission of odds for the race meets on which wagers will be accepted by the off-track wagering facility.

FINANCIAL REPORTS

Section 462-50-440

The Commission shall provide for the audit of the pari-mutuel operations at an off-track wagering facility. The audit shall enable review of the financial records related to each separate betting pool in which patrons of the facility participate.

GENERAL OPERATIONS

Section 462-50-460

The Commission shall provide for sufficient communications capability with the disseminator of a simulcast signal to assure accurate transmission and receipt of wagering and odds information. The Commission shall provide for immediate, uninterruptible communication by voice and by other data transmission media in order to be able to respond in a timely way to any operational problem with equipment or any problem related to the conduct of a race meet that would affect wagering at the off-track facility.

UNUSUAL SITUATIONS IN OFF-TRACK WAGERING

Section 462-50-480

The Commission shall establish procedures for responding to loss of audio or video signal at the off-track wagering facility. In the case of loss of signal, the Commission's rules shall assure that unless an alternative means of displaying odds is provided, wagering shall cease until signal can be re-established.

INTERSTATE COMMON POOL WAGERS

Section 462-50-490

- (1) Pursuant to the Interstate Horseracing Act of 1978 (15 USC §3001 to 3007), the Tribal Gaming Commission shall obtain consent from the Oregon Racing Commission in order to participate in interstate common pools.
- (2) The Tribal Gaming Commission shall require any wagers in interstate common pools to be accounted for separately other than for purposes of computing odds and calculating payoffs and breakage.

GUEST STATE PARTICIPATION IN INTERSTATE COMMON POOLS

Section 462-50-500

The Tribal Gaming Commission shall provide rules for the combination of pari-mutuel wagering pools with corresponding pools in multiple jurisdictions. Those rules shall govern the adjustment of takeout rates and merging of bets placed in an interstate common pool.

**Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians
and the State of Oregon**

EXHIBIT I

DESCRIPTION OF GAMING LOCATION

That tract of land conveyed to Confederated Tribes of Coos, Lower Umpqua and Siuslaw by Quit Claim deed recorded January 22, 1985, bearing Microfilm Reel No. 85-1-1243, Records of Coos County, Oregon and platted by BLM Cadastral Surveyor Harvey E. Wofford on metes and bounds survey to Parcel A in Section 20, Township 25 South, Range 13 West of the Willamette Meridian, Coos County, Oregon, approved March 7, 1986, and further described as follows:

Beginning at a 3/4 inch diameter iron pipe in the A.N. Foley Donation Land Claim No. 38 in Section 20, Township 25 South, Range 13 West of the Willamette Meridian, Coos County, Oregon, from which point the corner of Sections 20, 21, 28 and 29 in said Township and Range bears South 23 degrees 21' East 3756.72 feet; thence South 45 degrees 06' West 733.72 feet to a stainless steel post with brass cap; thence North zero degrees 29' West a distance of 933.57 feet to a stainless steel post with brass cap; thence North 89 degrees 32' East a distance of 94.97 feet to a stainless steel post with brass cap; thence South 46 degrees 05' East a distance of 600.40 feet to the point of beginning.

DESCRIPTION OF GAMING FACILITY

The Gaming Facility is a building of approximately 25,250 square feet, consisting of the following major areas: Reception area of 930 square feet; Bingo Hall of approximately 7,680 square feet; Class III Gaming Room of approximately 4,125 square feet; Kitchen, dining and lounge areas of approximately 5,240; Gift Shop of approximately 750 square feet; Administration area of approximately 5,675 square feet; Restrooms of approximately 1,800 square feet; meeting rooms of approximately 1,500 square feet.

The Gaming Facility will be as illustrated in this Exhibit, or an alternate design similar in all material respects.

**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE COQUILLE TRIBE OF INDIANS
AND THE STATE OF OREGON**

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**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE COQUILLE TRIBE OF INDIANS
AND THE STATE OF OREGON**

PREAMBLE.

This amended and restated Compact is made between the State of Oregon (hereinafter "State") and the Coquille Tribe of Indians (hereinafter the "Tribe") and pertains to Class III gaming conducted on lands that are held in trust for the Tribe as part of the Tribe's Reservation, restored to federal recognition pursuant to P.L. 101-42 and 25 USC § 715-715e, and that are subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"). The terms of this Compact are unique to this Tribe.

SECTION 1. TITLE.

THIS amended and restated Compact is entered into this ___ day of _____, 2000, by and between The Coquille Tribe of Indians, a federally recognized Tribe of Indians, and the State of Oregon. Upon execution by the parties and approval by the Secretary of the Interior, this amended and restated Compact replaces the Compact entered into between the parties on December 8, 1994, and approved by the Secretary of the Interior on February 16, 1995, and all amendments thereto.

SECTION 2. FINDINGS.

WHEREAS, the Tribe is a federally recognized Indian Tribe and is the beneficial owner of, and government for, the trust lands of the Tribe located in the State of Oregon;

AND WHEREAS, the State and the Tribe are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State;

AND WHEREAS, the tribal public policy, as reflected in the Tribe's Constitution and ordinances adopted by the Tribe, is to exercise and retain its rights to regulate gaming activities upon its lands and reservation for the purposes of encouraging Tribal employment, economic and social development and funding of Tribal services while ensuring fair and lawful operation of gaming and the prevention of corrupt and criminal influences;

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribe as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

AND WHEREAS, the Tribe exercises authority over Tribal trust land that was restored to the Tribe pursuant to P.L. 101-42;

AND WHEREAS, the Secretary of the Interior has determined that the gaming location is on land described in 25 USC §2719(b)(1)(B)(iii);

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Tribe is the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the Tribal Gaming Operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations related to licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribe rests on mutual trust and the recognition that each has a primary duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribe and the State agree that state regulation of Indian gaming in the State of Oregon will be funded by the Indian gaming industry;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws directly related to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribe or of the Tribe's sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the State recognizes the Tribe's continuing cooperation with the State in assuring the honesty, integrity and security of the gaming operation and the Tribe's commitment to an effective working relationship with the Oregon State Police;

AND WHEREAS, the State recognizes that the Tribe's gaming operation provides essential employment, substantial tax revenue, and significant commerce which directly benefit surrounding non-Indian communities;

AND WHEREAS, the Tribe is authorized to act through Resolutions adopted by its Tribal Council;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribe and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendix and Exhibit:

- A. "Average Daily Drop" means, in the context of Section 4(D), the difference between the total wagers on VLTs made in a day, and the total prizes paid on VLTs on that day, with that difference divided by the number of VLTs available for play on the gaming floor on that day:

$$\frac{(\text{Total wagers} - \text{Total Prizes})}{\text{VLTs}}$$

The Average Daily Drop for a certain period is the total of the Average Daily Drops for each day in that period, divided by the number of days in that period:

$$\frac{\text{Total Average Daily Drop for period}}{\text{Days in period}}$$

- B. "Background investigation" means a security and financial history check of an applicant for a Class III Tribal gaming license, whether the applicant is a prospective employee, consultant, contractor or vendor.
- C. "Certification" means the inspection process used by the State and the Tribe to approve Class III gaming equipment for use in the Gaming Facility.
- D. "Class III Gaming Contract" means a contract that involves Major or Sensitive Procurements.
- E. "Class III Gaming Contractor" is any individual, business or other entity that applies for or is a party to a Class III Gaming Contract.
- F. "Consultant" means any person, other than an employee, who provides advice or expertise to the Tribe concerning the operation, management or financing of the Tribe's Class III gaming activities for compensation. "Consultant" does not include a person engaged for the purpose of training or teaching employees of the Tribal Gaming Operation if the contract for those services is no greater than ninety days in duration, or attorneys or accountants performing those functions.
- G. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- H. "Counter Game" means keno, race and sports book and off-race course mutuel wagering.
- I. "Gaming Facility" means any building, structure and grounds at the location specifically described in Exhibit I to the Compact, which is hereby incorporated by reference, and

any property that is used by the Tribe in connection with Class III gaming, including any property used to store gaming equipment.

- J. "High Security Employee" means any natural person who participates in the operation or management of the Class III Tribal Gaming Operation, whether employed by the Tribe or by a person or entity providing on-site or off-site gaming operation or management services to the Tribe, including but not limited to: gaming operations administrators, managers and assistant managers, gaming facility surveillance or security personnel, dealers, croupiers, shift supervisors, cage personnel (including cashiers and cashier supervisors), drop and count personnel, gaming management consultants, video lottery terminal technicians, junket representatives; and any other person whose employment duties require or authorize access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public.
- K. "Key Employee" means any officer or any person who can substantially affect the course of business, make decisions, or is in a sensitive position in an organization or corporation that is a Class III Gaming Contractor or applicant for a Tribal gaming license.
- L. "Low Security Employee" means any employee of the Tribal Gaming Operation whose duties require the employee's presence in any area of the Gaming Facility where Class III gaming activities take place, but who is not a High Security Employee and who is not involved in the operation of Class III gaming.
- M. "Major Procurement" means any procurement action or contract for goods, services or products used in the operation of Class III games, including but not limited to:
 - 1. The printing of tickets used in any Class III gaming;
 - 2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;
 - 3. Any goods, services, or products involving the determination of winners in any Class III gaming;
 - 4. Video devices or other equipment used in Class III games that may affect the integrity, security, honesty or fairness of the operation and administration of Class III gaming; except equipment specifically included in the definition of sensitive procurement.
 - 5. A contract or license to use a patented Class III game or game product.
 - 6. Accounting systems or surveillance systems to be used in the Tribe's Class III gaming activities;
 - 7. A contract that provides for, or the terms of which will make necessary, a continuing relationship over time (more than thirty days) between the parties; or

8. A contract that involves or requires commitments by either party to the contract such that there would be substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely. For this purpose a contract involving consideration or value of \$100,000 or more shall be deemed to involve substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely.
- N. "Mill Casino Net Income" means the net income of the Mill Casino operations, which includes Class III gaming, restaurant, bar, gift shop, bingo, pull tabs, and entertainment.
- O. "Minimum Internal Controls" means the Tribal/State "Minimum Standards for Internal Controls" attached as the Appendix to this Compact, including revisions made pursuant to Section 8(A) of this Compact.
- P. "Oregon State Police" or "OSP" refers to the Gaming Enforcement Division, or that administrative unit, of the Department of State Police established under Oregon Revised Statutes section 181.020, charged with gaming enforcement regulatory responsibilities, or its successor agency established by law.
- Q. "Owner" means any person or entity that owns five percent (5%) or more of the equity ownership of a company, alone or in combination with another person who is a spouse, parent, child, or sibling.
- R. "Primary Management Official" means any person who:
1. Has administrative or high-level management responsibility for part or all of the Class III gaming operation, whether as an employee or under a management contract;
 2. Has authority --
 - a. to hire and fire Class III supervisory employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.
- S. "Sensitive Procurement" means any procurement action or contract that is not a "Major Procurement," for Class III gaming equipment (such as cards, dice, keno balls, roulette wheels, roulette balls, chips, tokens, VLT or keno paper, gaming tables, table layouts or the like), or any other products that are not used directly in the conduct of Class III gaming, but that directly affect the integrity, security, honesty, and fairness of the operation and administration of the Tribe's Class III gaming activities, such as

replacement parts for video lottery terminals (bill acceptors, printers), locks and keys for secure storage areas or gaming devices, or individual surveillance cameras.

- T. "Table game" means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race book.
- U. "Tribal Gaming Commission" or "Coquille Gaming Commission" means the entity established pursuant to tribal law with independent authority to regulate gaming activities on tribal lands.
- V. "Tribal Gaming Operation" means the entity, whether or not separately incorporated, that operates Class III gaming under tribal authority, and receives revenues, issues prizes and pays expenses in connection with Class III games authorized under this Compact.
- W. "Tribal Gaming Code" means the code adopted by the Tribe to govern the conduct of Class III gaming, as well as non-Class III gaming activities, as required by IGRA, including subsequent amendments.
- X. "Video Lottery Terminal" or "Terminal" means any electronic or other device, contrivance or machine where the game outcome decision-making portion of the overall assembly is microprocessor controlled wherein the ticket or game outcome is displayed on a video display screen, electronically controlled physical reels, or other electronic or electro-mechanical display mechanism and that is available for consumer play by one player at a time at the device upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device and which awards game credits. Such device shall also display both win amounts and current credits available for play to the player.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. Only Compact between the Tribe and the State. This Compact shall be the only Compact between the Tribe and State pursuant to IGRA and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties, the parties shall provide such changes in accordance with Subsection 12(D) of this Compact.
- B. Authorized games.
1. Subject to, and in compliance with the provisions of this Compact, the Tribe may engage in the following Class III games:
 - a. Video lottery games of chance which meet the specifications set forth in the Appendix. The Oregon State Constitution prohibits video lottery terminals that dispense coins, which is reflected in the Minimum Internal Controls. Accordingly, all Video Lottery Terminals shall comply with that definition in the Minimum Internal Controls, unless and until there is a final enforceable court order requiring the state to negotiate regarding Video Lottery Terminals that dispense coins.
 - b. keno,
 - c. off-race course pari-mutuel wagering,
 - d. blackjack,
 - e. craps,
 - f. roulette,
 - g. pai-gow poker,
 - h. Caribbean stud poker,
 - i. let-it-ride,
 - j. mini-baccarat,
 - k. big 6 wheel.
 - l. Off track pari-mutuel racing, except that no wagers may be accepted by telephone, except to accomplish off-race course mutuel wagering as permitted by state law.

Any off-track parimutuel wagering held at race courses outside the state shall be conducted in compliance with the applicable requirements of the interstate Horseracing Act of 1978, as amended 15 USC § 3001-3007.

2. Subject to, and in compliance with, the provisions of this Compact, the Tribe may engage in any other Class III game that has been approved by the Nevada Gaming Control Board. Operation of any game under this paragraph must be pursuant to rules, procedures and internal controls for the new game at least as stringent as the Tribal/State Minimum Internal Control Standards set forth in the Appendix to this Compact.
3. a. Before the Tribe offers a new game under subsection 4(B)(2), the Tribe and the State must agree that the Tribe has adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in subsection E of this section, and the Tribal Gaming Commission and the State shall be adequately prepared to regulate and monitor the new game. The State will not unreasonably withhold its agreement. The State shall be deemed to be adequately prepared to fulfill its regulatory and monitoring roles regarding the new game 180 days from the Tribe's notice pursuant to Section 4(E)(1).
- b. The Tribe and State make use of the Nevada Gaming Control Board decisions for convenience only. Nothing herein shall be interpreted as granting the Nevada Gaming Control Board jurisdiction over Tribal gaming activities in any form, whatsoever. In the event the State of Nevada changes its regulatory structure, or otherwise changes its laws to restrict the scope of permissible games, the Tribe and the State agree to substitute the Nevada Gaming Control Board with a comparable body of another state or national government, or otherwise agree to establish a comparable body at the State and/or tribal level.

The Tribe shall not offer any Class III games other than those authorized pursuant to Sections 4(B)(1) and (2) of this Compact.

4. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as a Class II activity shall not be subject to the provisions of the Compact. The State and Tribe will enter into a memorandum of agreement regarding the manner in which gaming will be regulated if and when Class II and Class III gaming activities are intermingled.

5. No wagers may be placed or accepted over the internet or by any telecommunications system or device, except to accomplish off-race course mutuel wagering as permitted by state law.

C. Gaming Location. The Gaming Facility authorized by this Compact shall be located on the Tribe's trust land at North Bend, Oregon. The site of the Gaming Facility is specifically described in Exhibit I to this Compact. Gaming authorized under this Compact shall be conducted only in the Gaming Facility.

D. Number of Video lottery terminals.

1. The number of Class III video lottery games of chance authorized by this Compact shall not exceed 750, except as authorized pursuant to Section 4(D)(2) of this Compact. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.
2. The Tribe may request authorization for additional Class III Video Lottery Terminals as follows. When the Tribal Gaming Operation has maintained 550 or more Class III Video Lottery Terminals at an Average Daily Drop agreed on by the parties in a memorandum of understanding, for each of any three consecutive months chosen by the Tribe, the Tribe may request an increase in the authorized number of Class III Video Lottery Terminals. There shall be no increase of authorized Video Lottery Terminals prior to execution of the memorandum of understanding. The Tribes shall make the request in writing to OSP. Upon verification of the Average Daily Drop by OSP, the number of authorized Class III Video Lottery Terminals will increase to 850. Pursuant to the same procedures, the Tribe may request authorization for additional Video Lottery Terminals according to the following formula. When the Tribal Gaming Operation has maintained 700 Video Lottery Terminals at the agreed upon Average Daily Drop for each of any three consecutive months chosen by the Tribe, the number of Video Lottery Terminals authorized will increase to 1000. Once the OSP has verified the requisite Average Daily Drop provided pursuant to this subsection, the number of authorized Video Lottery Terminals shall automatically be increased as provided herein, without need to execute a Compact amendment.

3. After the Tribe is authorized to have 1000 Video Lottery Terminals, the Tribe may request negotiations regarding amending the compact to increase the number of authorized Video Lottery Terminals, pursuant to Section 12(D). In such an event, the scope of the Compact Amendment shall be limited to the Tribe's economic justification for the increase in the number of authorized Class III Video Lottery Terminals, and issues directly related to the requested increase in the number of authorized Class III Video Lottery Terminals, unless otherwise agreed by the parties. Such amendments shall not be in effect until approved by the Secretary or as otherwise provided under IGRA.
4. The Tribe may maintain Video Lottery Terminals that it is not using in on site storage at the Gaming Location, so long as the total number of Video Lottery Terminals in operation and in storage does not exceed 110% of the authorized number of Video Lottery Terminals, and so long as the site and manner of storage are consistent with Tribal Gaming Commission policies approved by the Oregon State Police. Off-site storage may occur so long as the site and manner of such storage is approved by the Oregon State Police, and the Oregon State Police are provided access to the storage site.
5. For purposes of the calculation of the authorized number of Class III Video Lottery Terminals in this subsection 4(D), a video lottery terminal providing for play by multiple players shall count as one VLT, as long as the total number of such devices does not exceed one (1) percent of the total authorized Video Lottery Terminals.

E. Addition of Authorized Games at Gaming Facility.

1. At least sixty (60) days before any new game otherwise authorized under this Compact is conducted at the Gaming Facility the Tribal Gaming Commission shall:
 - a. Ensure that the Gaming Facility develops rules and procedures for a system of internal controls for the new game that meets the minimum standards established in the Appendix to this Compact.
 - b. Require that the Gaming Facility provide appropriate training for all dealers, supervisors, surveillance personnel and any other employees involved in the conduct or regulation of the new game and for the Tribal Gaming Commission, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods. The Commission shall notify the Oregon State Police prior to beginning training and provide OSP an opportunity to participate.
 - c. Ensure that the Gaming Facility establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.

- d. Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.
 - e. Notify the Oregon State Police that the Tribe proposes to offer the new game to the public and, at the same time, provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under paragraph 1 of this subsection.
2. The Tribe agrees to introduce new games authorized under this section according to the following schedule:
 - a. Within the sixty-day period after the Secretary of the Interior approves this amended and restated Compact the Tribe may offer three of the games authorized under paragraph 1 of subsection B of this section;
 - b. Within the ninety-day period after the sixty-day period specified in subparagraph a of this paragraph, the remaining games authorized under paragraph 1 of subsection B of this section;
 - c. After the period of time specified in subparagraphs a and b of this paragraph, for any game authorized by paragraph 2 of subsection B of this section, one new game within a single calendar quarter.
 - d. The Tribe may offer new games sooner if mutually agreed by OSP and the Tribal Gaming Commission. But in no event may the Tribe offer new games prior to approval of this Amended and Restated Compact by the Department of the Interior or as otherwise provided by IGRA.
 3. The Tribe shall establish wager limits for all games. The maximum wager for any table game or counter game, except for race book, shall be \$1,000. The maximum wagers for race shall be \$5,500 for a straight bet and \$500 for a parlay bet. Whenever a new table or counter game, other than race book, is introduced, the Tribe shall establish an initial wager limit of \$500 per hand, play or bet. After a period of six months of operation of the new table game in full compliance with the requirements of this Compact, the Tribe may request that a maximum wager of \$1,000 be authorized. If, after an increase in the wager limits, there are any significant problems with the conduct of the table games due to noncompliance with internal controls, rules of the games or with the terms of this subsection, the Oregon State Police will notify the Tribal Gaming Commission of the problems. If the Tribal Gaming Commission cannot correct the problem with 24 hours, the Tribal Gaming Commission will lower the wager limits to the previously authorized maximum wager limit.

4. The Tribe may operate a maximum of sixty (60) tables of Class III table games at the Gaming Facility.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians at the Gaming Facility; the criminal laws of the State shall have the same force and effect at the Tribal gaming facility as they have on non-Tribal lands within the State. Nothing in this Compact shall be interpreted to diminish the criminal jurisdiction of the United States.
2. If the Tribe authorizes the Tribal Court to hear criminal cases arising at the Gaming Facility, the Tribe and the State shall have concurrent criminal jurisdiction over offenses committed by Indians within the Gaming Facility and on the Tribal Lands. The enforcement of criminal laws at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribe, the Coquille Tribal Police Department and the Oregon State Police.
3. The Tribe and the State agree that tribal or local law enforcement officials will provide the first response for criminal or public safety issues that are not related to the operation of gaming or that occur other than in the course of the play of games. The Oregon State Police, the federal government and the Tribe shall each have authority to investigate crimes under state laws which are also assimilated into federal law that are related to the operation of gaming or that occur in the course of play of games. As between the OSP and local law enforcement officials, the OSP shall have exclusive authority to investigate violations of state criminal law related to the operations of gaming or that occur in the course of play of games.
4. If the Tribe establishes a law enforcement agency that is responsible to investigate criminal law violations at the Gaming Facility, the Tribe agrees that the State shall continue to have the authority to investigate possible violations of this Compact or other gaming regulatory matters. The Tribe and the State further agree that their respective law enforcement agencies will cooperate in any investigation that involves or potentially involves both criminal and regulatory violations.
5. The Tribe and the State agree to cooperate on the investigation and prosecution of any gambling crime committed at the Gaming Facility. The Tribe and the State agree to cooperate in maintaining a state-wide system to identify and monitor persons excluded from any tribal gaming facility in the State.

- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 5(A), law enforcement officers of the State of Oregon, or officers

designated by the State, shall have free access to all areas within the Gaming Facility and on Tribal trust land used for or in relation to Class III gaming for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State. Action taken by the State pursuant to this section shall be conducted to minimize any interruption of the day-to-day operations of the Gaming Facility. The Tribe, or individuals acting on its behalf, shall provide Oregon State Police officers access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the gaming operation. Tribal Gaming Commission officials may accompany State officers during inspection of locked or secure areas of the Gaming Facility.

- C. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the State under Public Law #83-280. The Tribe and the State agree that the criminal laws of the State of Oregon that proscribe gambling activities shall apply to any person who engages in the proscribed activities if those activities are not conducted under the authority of the Tribe as provided in this Compact and under the Indian Gaming Regulatory Act. Nothing herein shall be interpreted to preclude a retrocession agreement with the State, as contemplated by the Coquille Restoration Act, which will supersede any conflicting provisions in this Compact.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS

- A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have an interest in protecting the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:
1. Any and all decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribe, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
 2. In order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation, the Tribe, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.

3. The honesty, integrity, fairness and security of the Tribe's gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
4. Regulation and operation of the Tribe's gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any decision by the Tribe relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within fifteen (15) days after the Tribal Gaming Commission receives the notice.
3. a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within forty-five (45) days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.
 - (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - c. Upon agreement by both parties, the arbitration proceeding shall be binding.
 - d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.

5. Expedited Procedure.

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to prevent substantial harm from occurring. The Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation or otherwise take mutually acceptable action to address the State's concerns, unless the Commission determines that such action would adversely affect the honesty, integrity, fairness and security of the Tribal Gaming Operation. Nothing in this subparagraph shall preclude the Tribe from invoking the dispute resolution procedures provided in this Compact after the Commission implements the State's recommendation.
- b. The parties shall confer within five (5) days after the Tribal Gaming Commission receives the notice.
- c. If the State's concern is not resolved informally within ten days after the Tribal Gaming Commission receives the notice, the State or the Tribe may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.
- d. An immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operations includes but is not limited to the following examples:
 - (1) A felony criminal indictment or a gaming-related offense is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal Gaming Operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons at the Gaming Facility is seriously at risk;

- (6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.
- C. The provisions of this section shall provide the exclusive method for resolving disputes between the Tribe and the State as to the Tribe's decisions concerning hiring or contracting under Section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials, High Security Employees and Low Security Employees employed in the Gaming Facility shall be licensed by the Tribal Gaming Commission in accordance with the provisions of this Compact.
2. All prospective employees -- whether High Security Employees, Low Security Employees or Primary Management Officials -- shall provide to the Coquille Tribal Gaming Commission any required application fees and full and complete information, on forms provided by the Coquille Tribal Gaming Commission and approved by the State, including but not limited to:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number or state-issued identification card;
 - g. All licenses issued and disciplinary actions taken by any State agency or local, federal or Tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph.

- j. Any other information required by the Coquille Tribal Gaming Commission.
3. In addition to the requirements of paragraph 7(A)(2) above, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.
 4. a. The Tribe shall forward the applicant information for each prospective High Security Employee and Primary Management Official to the Oregon State Police. The Oregon State Police may conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed sixty (60) days without notice to the Tribe. In the event that the Tribal Gaming Commission conducts a background investigation, it shall submit the completed report to the Oregon State Police within sixty (60) days.
 - b. The Tribe may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a of this paragraph.
 5. a. Except as provided in paragraph 6 of this subsection, the Tribal Gaming Commission shall deny a gaming license to any High Security Employee or Primary Management Official who:
 - (1) Has, within the ten-year period preceding the date of application for a license, committed a felony other than a traffic offense, whether or not conviction of such a felony has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a felony other than a traffic offense, in that jurisdiction.
 - (2) Has committed a crime involving unlawful gambling under the law of any federal, state or tribal jurisdiction, whether or not conviction of such a crime has been expunged, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a crime involving unlawful gambling in that jurisdiction.
 - (3) Knew or should have known that he associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person known to the applicant who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state, or tribal jurisdiction.

- (4) Was employed by any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction, if the prospective employee or official was in any way an accomplice involved in or in any way aided and abetted the criminal activity.
 - (5) Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not be automatic grounds for revocation, suspension, or denial for an Indian from a federally recognized Indian Tribe to have been charged or convicted of a felony if the case involved the following non-gambling related offenses; (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, these Indian individuals shall not be barred solely as a result of such activities. This exemption shall not apply to offenses that are concurrent with any gaming-related activity.
- b. The Tribe shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:
- (1) The applicant fails to disclose any material fact to the Tribal Gaming Commission or the State or its authorized agents during a background or security investigation; or
 - (2) The applicant misstates or falsifies a material fact to the Tribal Gaming Commission or the State during a background or security investigation.
- c. The Tribal Gaming Commission may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribal Gaming Commission deems sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribal Gaming Commission shall include, but need not be limited to, the following:
- (1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a of this paragraph) in any jurisdiction; or
 - (2) The applicant knew or should have known that he has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribal Gaming Operation; or

- (3) There is any aspect of the applicant's past conduct that the Tribal Gaming Commission determines would adversely affect the honesty, integrity, security or fairness of Tribal Gaming Operation.
 - d. After this Amended and Restated Compact becomes effective, the Tribal Gaming Commission shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in subparagraphs (1) or (2) of subparagraph a of this paragraph. The Tribal Gaming Commission may deny a gaming license to any Low Security Employee applicant who does not meet the criteria established in the remainder of this paragraph 5. Decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.
 - e. The Tribal Gaming Commission may reject an application if the applicant has not provided all of the information requested in the application.
 - f. Denial of a gaming license by the Tribal Gaming Commission is final.
 - g. No Primary Management Official or High Security Employee may receive a biannual gaming license by the Tribal Gaming Commission until all background checks required under paragraph 7(A)(4) of this section are completed.
6. Waiver of Disqualifying Criteria.
- a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing under the provisions of paragraph 5 above, and the Tribal Gaming Commission believes that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribal Gaming Commission may give written notice to the Oregon State Police asking to meet and confer concerning waiver of the disqualification. The Tribal Gaming Commission and the State shall meet within fifteen (15) days after written notice is given.
 - b. In order to waive disqualification of licensing of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribal Gaming Commission and the Oregon State Police must agree on the waiver.
 - c. Waiver of disqualification of licensing may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;
 - (2) The applicant's age at the time of conviction;

- (3) The severity of the offense committed;
 - (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made;
 - (7) The nature of a misstatement or omission made in the application.
7. Background investigation during employment. The Tribal Gaming Commission or the State may conduct additional background investigations of any Class III gaming employee at any time during the term of employment. If, after investigation, the State Police determine there is cause for the revocation of the license of any employee under the criteria established in this subsection 7(A), it shall promptly so report to the Tribal Gaming Commission and furnish the Tribal Gaming Commission with copies of all relevant information pertaining to such determination. The Tribal Gaming Commission shall review the State's report and supporting materials and if the report concludes that good cause for revocation is shown under the criteria established in this subsection 7(A), the license shall be revoked.
8. Temporary licensing of employees.
- a. The Tribal Gaming Commission may issue a temporary license to High Security Employees, Primary Management Officials or Consultants, ten working days after submission of the application to the Oregon State Police, or upon completion of a review of the employee's application, a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the review and checks. The temporary license shall expire and become void upon completion of the background check and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a biannual license, the Tribal Gaming Commission shall immediately revoke the temporary license and deny a biannual license.
 - b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the review and checks. Any Low Security Employee shall be subject to immediate termination if the Oregon State Police or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7(A)(5)(d).
 - c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State

Police are provided to the Tribal Gaming Commission by mail, the material is deemed to be submitted three days after the date of mailing.

9. Duration of license and renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 7(A)(2) to 7(A)(5) above. Applicants for renewal shall provide updated information to the Tribal Gaming Commission on a form provided by the Tribal Gaming Commission and approved by the State but will not be required to resubmit historical data already provided. The State may perform a new background investigation for any employee whose license is renewed.
 10. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies determined by the Tribal Gaming Commission. The Tribal Gaming Commission shall revoke the license of any employee upon determination that the employee does not meet the criteria described in paragraph 7(A)(5) above.
 11. The Gaming Operation shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedures.
 12. The Tribal Gaming Commission agrees to provide to the Oregon State Police, on a monthly basis, a list of all current employees of the Gaming Facility and to give notice to the Oregon State Police of any disciplinary action related to the fairness, integrity, security or honesty of the gaming operation, or termination of an employee, and any suspension or revocation of an employee's gaming license.
- B. Contracts with Manufacturers and Suppliers.
1. Major Procurements.
 - a. The Tribe agrees not to execute or consummate any contract for a Major Procurement unless it is in writing. The Tribe also agrees not to consummate any contract until a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.
 - b. The Tribal Gaming Commission shall submit any proposed Major Procurement to the State for review, comment and a background investigation of the proposed Class III Gaming Contractor.
 - c. Except as provided in paragraph 3 below, the Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall the time for completion of such background investigations exceed sixty (60) days after the Oregon State Police receives from the proposed Class III Gaming Contractor both the Oregon State Police's fee for the background investigation under subsection C of this section, and full disclosure of all information requested by the Tribal

Gaming Commission and the Oregon State Police under paragraph 4 of this subsection, without written notice to and consent by the Tribe.

- d. If the Tribal Gaming Commission requests, the Oregon State Police agrees to make its best efforts to complete a background investigation within less than sixty days. The Tribal Gaming Commission and the Oregon State Police may also agree that if business necessity or the protection of the honesty, integrity, fairness and security require it, the State may perform an abbreviated review to enable the Tribe to execute a temporary contract while a complete background investigation is being performed. Any temporary contract executed under authority of this subparagraph, shall be rescinded immediately if the complete background investigation discloses that the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7(B).

2. Sensitive Procurements.

- a. After a proposed Class III Gaming Contractor has made full disclosure of all information requested by the Tribal Gaming Commission and the Oregon State Police under paragraph 4 of this subsection, and paid any necessary investigation fee required by the Oregon State Police, the Tribe may execute or consummate a contract for a Sensitive Procurement before a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.
 - b. The Tribal Gaming Commission shall submit a proposed contract for a Sensitive Procurement, or if there is no written contract, a letter of intent to do business with the proposed Class III Gaming Contractor, or a confirming memorandum from the Tribal Gaming Commission representing that an oral contract is proposed, to the Oregon State Police for a background investigation of the proposed Class III Gaming Contractor before execution of the contract.
 - c. The Oregon State Police shall conduct a background investigation, if the Oregon State Police considers it necessary, and provide a written report to the Tribal Gaming Commission. If the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7(B) for approval of a contract, the contract shall be terminated and the Tribe agrees to discontinue doing business with the contractor so long as the contractor fails to meet the criteria for approval.
3. The Oregon State Police agrees to maintain a list of Class III Gaming Contractors that have been previously approved to do business in Oregon with any Tribal Gaming Operation. If a Class III Gaming Contractor has been included in the list, the Tribe may execute or consummate a contract with the Class III Gaming Contractor for a Sensitive Procurement upon giving notice of the contract to the Oregon State Police. If a Class III Gaming Contractor has been included in the list for Major Procurements, the Oregon State Police shall complete any necessary background investigation required under paragraph 1 of this subsection within thirty (30) days after any fees have been paid and full disclosure has been made to the Oregon State Police by the contractor.
4. Class III Gaming Contractors, and any Owner or Key Employee of a Class III Gaming Contractor, shall provide all personal and business information required by the Oregon State Police to conduct its background investigation, before executing a contract or beginning to do business with the Tribe.
5. The Tribe shall not consummate any Class III Gaming Contract with a Class III Gaming Contractor that does not grant both the Oregon State Police and the Tribal

Gaming Commission access to such Class III Gaming Contractor's business and financial records upon request.

6. Criteria for Contract Denial or Termination.

- a. The Tribe shall not consummate any Major Procurement, and the Tribe shall terminate a contract for a Sensitive Procurement immediately, if the following conditions are either disclosed in the application materials or reported by the Oregon State Police relative to a particular Class III Gaming Contractor:
 - (1) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the proposed Class III Gaming Contract;
 - (2) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any gambling offense in any jurisdiction;
 - (3) A civil judgment against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a gambling offense, or a civil judgment entered within the ten year period preceding the date of the proposed Class III Gaming Contract against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a felony other than a traffic offense;
 - (4) A failure by the Class III Gaming Contractor to disclose any material fact to the Oregon State Police or the Tribal Gaming Commission or their authorized agents during initial or subsequent background or security investigations;
 - (5) A misstatement or untrue statement of material fact made by the Class III Gaming Contractor to the Oregon State Police or the Tribal Gaming Commission or their authorized agents during initial or subsequent background or security investigations as determined by the Tribal Gaming Commission or the Oregon State Police;
 - (6) An association of the Class III Gaming Contractor with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Gaming Facility;
 - (7) Any aspect of the Class III Gaming Contractor's past conduct that the Tribal Gaming Commission or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;
 - (8) If the Class III Gaming Contractor has engaged in a business transaction with a tribe that involved providing gaming devices for Class III gaming conducted by a tribe without a tribal-state Class III gaming compact, such Contractor shall not be disqualified per se, but shall be subject to strict scrutiny wherein the Contractor shall have the burden of establishing why such history should not disqualify the Contractor from the privilege of doing business with the Tribe. The final determination to approve the contractor shall be by mutual agreement of the Oregon State Police and the Tribal Gaming Commission.

- (9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribal Gaming Commission or the Oregon State Police for the purpose of making any determination required by this subsection 7(B)
- b. The Tribal Gaming Commission may choose not to approve any Class III Gaming Contract for any reason the Commission deems sufficient, consistent with the Tribal Gaming Code.
- c. Other criteria the Tribal Gaming Commission may use to decide not to approve any Class III Contract include, but are not limited to, the Tribal Gaming Commission's determination that:
- (1) A person who is otherwise qualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in any person or business that is unqualified or disqualified to be a Class III Gaming Contractor, regardless of the qualifications of the person seeking to consummate the Class III Gaming Contract;
 - (2) A prospective Class III Gaming Contractor demonstrates inadequate financing for the business anticipated under the proposed Class III Gaming Contract. In determining whether financing is adequate, the Tribal Gaming Commission shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this section, or paragraph 6 of subsection B of this section and whether that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or
 - (3) A prospective Class III Gaming Contractor or its employees fail to demonstrate business ability and experience to establish, operate and maintain the business of the type of Class III Gaming Contract proposed.
- d. No Class III Gaming Contractor shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state or tribal lottery, gambling or gaming control agency, or the National Indian Gaming Commission, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribal Gaming Commission and the Oregon State Police.
- e. Notwithstanding subparagraph a. of this paragraph 6, if a prospective Class III Gaming Contract may not be consummated because of the requirements of this subsection 7(B), because a person previously associated with the Class III Gaming Contractor or an employee of the Class III Gaming Contractor has been convicted of a crime or a civil judgment has been entered against the Class III Gaming Contractor or its employee within the ten year period preceding the date of the proposed Class III Gaming Contract, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribe may enter into the proposed Class III Gaming Contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may enter into a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribal Gaming Commission must agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or liable

person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The Class III Gaming Contractor shall bear the burden of showing to the satisfaction of the Tribal Gaming Commission and the Oregon State Police that a relationship has been severed.

7. Rescission or Termination of Class III Gaming Contracts.

- a. The Tribal Gaming Commission may require the Gaming Operation to rescind or terminate any Class III Gaming Contract pursuant to policies and procedures determined by the Tribal Gaming Commission consistent with the Tribal Gaming Code.
- b. Class III Gaming Contracts shall be subject to rescission or termination for cause consistent with the criteria established by paragraph 7.B.6. of this section. After the effective date of this Compact, such contracts shall provide that Class III Gaming Contractors consent to rescission or termination of any Class III Gaming Contract for cause consistent with the criteria established by paragraph 7(B)(6) of this section by virtue of entering into a Class III Gaming Contract.

8. Contractor Reporting Requirements.

- a. All Class III Gaming Contractors shall submit to the Tribal Gaming Commission and the Oregon State Police any financial and operating data requested by the Tribal Gaming Commission or the Oregon State Police.
- b. The Tribal Gaming Commission shall specify the frequency and a uniform format for the submission of such data on a case by case basis.
- c. The Tribal Gaming Commission, the Oregon State Police, or their agents reserve the right to examine Class III Gaming Contractor tax reports and filings and all records from which such tax reports and fillings are compiled.
- d. All Class III Gaming Contractors shall notify both the Tribal Gaming Commission and the Oregon State Police of the transfer of a Controlling Interest in the ownership of the Class III Gaming Contractor.

9. Termination of Contract.

- a. No Class III Gaming Contract shall have a term longer than seven (7) years, other than contracts for traditional financing of capital.
- b. A Class III Gaming Contract shall terminate immediately upon the occurrence of any of the following:
 - (1) The Class III Gaming Contractor is discovered to have made any statement, representation, warranty, or certification in connection with the Class III Gaming Contract that is materially false, deceptive, incorrect, or incomplete;
 - (2) The Class III Gaming Contractor fails to perform any material requirements of the Class III Gaming Contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure;
 - (3) The Class III Gaming Contractor, or any Owner, officer or key employee of the Class III Gaming Contractor is convicted of a felony or a gambling-related offense that reflects on the Class III Gaming Contractor's ability to perform

honestly in carrying out the Class III Gaming Contract. However, the Tribe may maintain the contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may maintain a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribal Gaming Commission must agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or liable person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The burden of showing to the satisfaction of the Tribal Gaming Commission and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor;

- (4) The Class III Gaming Contractor jeopardizes the integrity, security, honesty, or fairness of the Gaming Facility; or
- c. The Tribal Gaming Commission shall immediately require the Tribe to terminate a Class III Gaming Contract if the Tribal Gaming Commission determines satisfactory performance of the Class III Gaming Contract is substantially endangered or can reasonably anticipate such occurrence or default.

C. Fees for Background Investigations.

1. The State shall be reimbursed its reasonable and necessary costs for performing background investigations in accordance with the terms of Section 10 of this Compact.
2. The State will assess the cost of background investigations for Class III Gaming Contract applications to the applicants. The applicant is required to pay the investigation fee in full prior to commencement of the investigation. If the applicant refuses to prepay the cost of a background investigation, the State shall notify the Tribal Gaming Commission and the Tribal Gaming Commission may choose to pay the investigation cost or withdraw its request for the investigation.

D. Access to Contracts.

1. If the Primary Management Official is a corporation or other form of organization, the Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.
2. If the Primary Management Official is a corporation or other form of organization, the Primary Management Official shall furnish to the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

3. In order to assure the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, the Tribal Gaming Commission agrees to make available for inspection to the Oregon State Police, upon request, a list of all non-gaming contractors, suppliers and vendors doing business with the Gaming Facility and to give the Oregon State Police access to copies of all gaming contracts, provided however, that the Oregon State Police shall make a written request for such information.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Gaming Regulations. Conduct of all Class III gaming activity authorized under this Compact shall be in accordance with the requirements of this Compact and with the "Minimum Internal Control Standards" attached as the Appendix; federal regulations applicable to Class III gaming, and with the Tribal Gaming Code. The Tribe shall be deemed to be in compliance with NIGC regulations for purposes of this Compact provision so long as its conduct is consistent with NIGC's application or interpretation of the regulations. The Tribe and the State agree that the Minimum Internal Control Standards may be modified or supplemented by mutual agreement of the Tribal Gaming Commission and the Oregon State Police. Subsequent amendment of this Compact shall not be necessary for that purpose. If the Oregon State Police notifies the Tribal Gaming Commission of a violation of the Minimum Internal Control Standards, the Tribal Gaming Commission will take corrective measures immediately upon such notice. Thereafter, the Tribal Gaming Commission shall meet with the Oregon State Police to discuss and identify specific measures that were and/or will be taken to bring the conduct of Class III gaming back into compliance with the Minimum Internal Control Standards within 48 hours (or such period as mutually agreed by the parties) of the notification of the violation. Failure of the Tribal Gaming Commission to bring the Class III gaming operation into compliance with the Minimum Internal Control Standards as set forth in this paragraph shall constitute a violation of the Compact.
- B. Identification badges. The Tribal Gaming Commission shall require all employees to wear, in plain view, identification badges issued by the Tribal Gaming Commission that include photo and name. Employees assigned to covert compliance duties shall only be required to have on their person an identification badge. Oregon State Police employees shall be required to wear identification badges issued by Oregon State Police that include photo and name, or "VISITOR" badges issued by the Tribal Gaming Commission while in secured areas of the facility. OSP employees shall not be required to wear identification badges while in unsecured areas of the facility, but while on duty shall be required to carry badges on their persons at all times.

- C. No credit extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribe permit any person or organization to offer such credit for a fee. Cashing checks for purposes of Class III gaming constitutes extending credit under this subsection. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribe or any other person to install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. Prohibition on attendance and play of minors. No person under the age of twenty-one (21) shall participate in any Class III gaming authorized by this Compact. If any person under the age of twenty-one (21) plays and otherwise qualifies to win any Class III game prize or compensation the prize or compensation shall not be paid. Employees under age twenty-one (21) whose non-gaming duties require their presence on the gaming floor may be present on the gaming floor. Notwithstanding the requirements of this subsection, the Tribe may employ any Indian employees eighteen (18) years of age and older who are required to perform gaming duties as part of their employment, *provided*, if the Tribe offers alcohol on the Class III gaming floor, employees whose gaming duties require a presence on the Class III gaming floor shall be at least twenty-one (21) years of age.
- E. Prohibition of firearms. With the exception of federal, state, local or Tribal law enforcement agents or officers on official business, no person shall possess firearms within the Gaming Facility.
- F. Service of Alcohol. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by federal law. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribe. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming. In the event that the Tribe does not authorize service of alcohol on the gaming floor, the Tribe may locate up to five (5) of its total authorized Video Lottery Terminals in the Gaming Facility lounge. The Tribe and the State shall enter into a Memorandum of Understanding that will establish which State laws and Oregon Liquor Control Commission licensing regulations shall apply to the sale or service of alcoholic beverages at the Gaming Facility.
- G. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribe's insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy and it shall provide that the State, OSP, their divisions, officers and employees are additional insureds, but only with respect to the Tribe's activities under this Compact, provided that the Tribe shall not be liable for any claim or cause of action for injury or damages caused

by the errors or omissions of the State, OSP, or their divisions, officers and employees. The Tribe shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. Tribal Gaming Commission.

1. The Tribe agrees to maintain a Tribal Gaming Commission, which has the exclusive authority to regulate gaming activities on Tribal lands, and that has adequate resources to perform its duties under Tribal law and this Compact. The Commission or individuals designated to perform Commission duties shall not participate in any way in the management of the Gaming Facility. Commission members may be removed only for cause by the Tribal Council. Commission members must satisfy the security requirements that are applicable to High Security Employees and Primary Management Officials outlined in Section 7(A)(5) of this Compact.
2. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands. The Tribal Gaming Commission's role shall include the following functions:
 - a. Ensure compliance with all relevant laws, Compact provisions, regulations, internal controls, policies and procedures that are applicable to the operation of gaming activities on Tribal lands;
 - b. Ensure the physical safety of patrons in, and of personnel employed by, the establishment;
 - c. Safeguard the assets transported to and from and within the gaming facility;
 - d. Protect patrons and property from illegal activity;
 - e. Detain persons suspected of crimes for the purpose of notifying law enforcement authorities;
 - f. Record any and all unusual occurrences within the gaming facility on computer printouts or in indelible ink in a bound notebook from which pages cannot be

removed, and each side of each page of which is sequentially numbered, as follows:

- (1) The assigned sequential number of the incident;
 - (2) The date;
 - (3) The time;
 - (4) The nature of the incident;
 - (5) The person involved in the incident; and
 - (6) The security employee assigned;
- g. Maintain logs relating to surveillance, security, cashier's cage, credit, video lottery terminals (showing when machines opened), and video lottery terminal location;
 - h. Establish and maintain an updated list of persons barred from the gaming facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State;
 - i. Obtain an annual audit by a Certified Public Accountant;
 - j. Ensure that a closed circuit television system is maintained in the cash room of the gaming facility and that copies of the floor plan and TV system are provided to the State;
 - k. Ensure that a cashier's cage is maintained in accordance with industry standards for security;
 - l. Ensure that sufficient security personnel are employed and trained;
 - m. Subject to State review and comment, establish a method for resolving disputes with players; and
 - n. Ensure that surveillance equipment and personnel are managed and controlled independently of management of the gaming facility.
3. Tribal Gaming Inspections.
 - a. Persons authorized by the Tribal Gaming Commission shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and Tribal Gaming Code and

regulations governing gaming. Any violations of the provisions of this Compact, or of the Tribal Gaming Code or regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation, shall be reported immediately to the Tribal Gaming Commission by the persons authorized. The Tribal Gaming Commission shall report to the State within seventy-two (72) hours of the time the violation was noted by the Commission any violations of the provisions of this Compact, or of the Tribal Gaming Code or regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation.

- b. The Tribal Gaming Commission may designate any individual or individuals to perform the inspection duties outlined in this subsection 9(A)(3), so long as those individuals perform those duties independently of the management of the Tribal Gaming Operation, and are supervised and evaluated by the Commission as to the performance of those duties.
- c. Inspections by the Tribal Gaming Commission shall include monitoring compliance with the requirements of applicable law, this Compact, regulations, internal controls, and policies and procedures, including but not limited to:
 - (1) Observation for compliance on a monthly basis, or more frequently, as determined by the Tribal Gaming Commission, the following:
 - (a) Sensitive gaming inventories;
 - (b) Video Lottery Terminal or table game drop;
 - (c) Soft count;
 - (d) Security and surveillance logs;
 - (e) Movement of cash within, into and outside the gaming facility;
 - (f) Surveillance procedures;
 - (g) Security procedures;
 - (h) Games controls;
 - (i) Integrity of VLT microprocessor or E-prom, CD rom, hard disk or other electronic decision-making technologies.
 - (2) Investigation of any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.

- (3) Investigation of any cash variance greater than \$500 or that the Tribal Gaming Commission determines is a threat to the integrity of the gaming operation followed by a report of the findings to the Tribal Gaming Commission and the Oregon State Police.
 - (4) Review of all customer disputes reported and investigation of disputes over \$100.
 - (5) Reporting to the Oregon State Police any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the gaming operation.
4. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by the Tribal Gaming Code to impose fines and other sanctions within the jurisdiction of the Tribe against the gaming operation, a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the gaming operation.
 5. Reporting to State. The Tribal Gaming Commission shall allow the OSP to inspect completed investigation reports and final dispositions upon reasonable notice. The State acknowledges that access to the information is provided with the understanding that the information is confidential and is being provided with the expectation that the information will not be subject to public disclosure. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal Gaming Code and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The State is authorized hereby to monitor the Tribal Gaming Operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal Gaming Commission. The State must, however, whenever practicable, give prior notice to the Tribal Gaming Commission unless, in judgment of the Oregon State Police, to do so would impair or jeopardize the integrity of the investigation. The Tribe agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to

the Tribe as provided in Section 10 of this Compact. In addition to the State's regular monitoring functions, the Tribe agrees that the State may conduct the following activities, the cost of which shall also be assessed to the Tribe as provided in Section 10:

- a. An annual comprehensive compact compliance review, which shall be planned and conducted jointly with the Tribal Gaming Commission, of the gaming operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the Tribal Gaming Commission, including at a minimum, a review in the following areas: administrative controls (internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, Class III accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
 - b. Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
 - c. Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
 - d. Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
2. Access to Records. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, any and all Tribal records pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, including all Class III gaming-related contracts, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation.
- a. The State believes that its activities under this Compact are subject to the State Public Records Law, ORS 192.410 to 192.505, and the Tribe acknowledges that this is the State's position. The State and Tribe acknowledge that the Tribe may contractually agree that any records created by or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, belong to the State and are fully subject to the State Public Records Law. The Tribe agrees that the State can

legally include such a contractual provision in this Compact. Any information concerning the Tribe's Class III gaming operation that is contained in state records may be subject to disclosure under this contractual provision under ORS 192.410 to 192.505, unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505. Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:

- (1) "Trade secrets" as defined in ORS 192.501(2);
 - (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3);
 - (3) Information submitted in confidence, as provided in ORS 192.502(3), which could include, for example, information contained in state records which would reveal information about the operation of any Class III game or which would reveal information about the workings of the Gaming Operation that could reasonably assist a person in the conduct of activity that could adversely affect the fairness, integrity, security or honesty of the Class III gaming activities; or
 - (4) Any information the disclosure of which is specifically prohibited by state or federal law.
- b. The parties contractually agree that for purposes of this Compact, applications submitted to and retained by the Oregon State Police for Class III gaming licenses are State records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
 - c. The parties contractually agree that for purposes of this Compact, information about the Tribe's Class III gaming activities, whether obtained from the Tribe or from any other source, that is included in a document prepared, owned, used or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505 or as otherwise provided by this Compact.
 - d. The Tribe has agreed to allow the Oregon State Police access to sensitive financial, security and surveillance information that the Tribe considers confidential. The State acknowledges that the Tribe has voluntarily given the state access to this information and that the Tribe would not otherwise be required by law to do so. The State acknowledges that this information should reasonably be considered confidential. To the extent such information is included in any State records that are subject to disclosure, the State hereby obliges itself not to

disclose this information when the public interest, including the public interest in maintaining the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, would suffer by such disclosure.

- e. The State agrees to notify the Tribe promptly of any request for disclosure of documents containing information about the Tribe's Class III gaming activities. If the State decides to release any documents that contain information about the Tribe's Class III gaming activities, the State will notify the Tribe at least five (5) working days before any disclosure is made.
 - f. Any dispute as to the disclosure of documents under this subsection shall be resolved according to the dispute resolution provisions of Section 16 of this Compact, but the parties agree that in any event the sole jurisdiction for the interpretation of the State Public Records law shall be the Oregon state courts.
 - g. Nothing in this subsection precludes the State or the Tribe from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or criminal investigation, subject to any defenses either party may assert.
3. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.

SECTION 10. TRIBAL PAYMENT OF COSTS FOR OVERSIGHT; CONTRIBUTION FOR PUBLIC BENEFIT.

A. Assessment for State Regulatory and Law Enforcement Costs

1. The Tribe agrees that it has the responsibility to pay for its fair share of costs for the monitoring, law enforcement, annual compliance review and vendor and employee license background investigations authorized pursuant to this Compact. The Tribe agrees to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section.
2. To give the Oregon Gaming Tribes an opportunity for review and comment, the Oregon State Police shall distribute a draft of the Tribal Gaming Section portion of the budget to the Oregon Gaming Tribes prior to submission of the budget to either the Governor or the Legislature. The Oregon State Police shall give full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming Tribes to comment on the Tribal Gaming Section budget, each Tribe retains the right to participate in any public review by either the Governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.

3. Because of the government-to-government relationship between the Tribe and the State, the parties recognize that the obligation of the Tribe to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribe to pay for any other governmental services rendered by or received from the State.
4. The Tribe's monthly payment to the Oregon State Police shall be computed as follows:
 - a. The biennium budget for the Tribal Gaming Section shall be divided by twenty four (24) to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."
 - b. Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes which reduced sum shall be referred to as the "adjusted OSP Monthly Payment". The reduction in the OSP Monthly Payment owed by the Oregon Gaming tribes shall occur in the month the Oregon State Police receives such payments from third party sources.
 - c. The Tribe's monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to Coquille Tribal Gaming Operations		Adjusted OSP		Tribe's Share of
Total No. of Direct Service Hours Billed to All Oregon Tribal Gaming Operations.	X	Monthly Payment	=	OSP Monthly Payment
 - d. Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.
5. As used in this section
 - a. "Oregon Gaming Tribes" means the federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.

b. "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.

B. If the Tribal Gaming Commission disputes the amount of the assessment under this Section, the Tribal Gaming Commission shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute. If the parties have not resolved the dispute within fifteen (15) days, the Tribal Gaming Commission shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon authorization by both the Tribal Gaming Commission and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in Section 6(B)(3) and (4) of this Compact.

If the Tribal Gaming Commission fails to timely pay the disputed amount into escrow or timely pay the undisputed amount, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for Compact violations available under this Compact or IGRA.

C. Creation and Maintenance of Community Benefit Fund.

1. Joint Recognitions.

- a. The Tribe and the State recognize that there are positive impacts and may be negative impacts or the perception of some negative impacts to the local community as a result of the presence of large employers such as the Tribe's gaming operation, some of which may be difficult or impossible to quantify.
- b. The Tribe and the State recognize that a formal process for collaborative decision-making regarding contributions to charitable causes fosters the goals of both governments to improve the general welfare of the community and is a way to ameliorate any negative impacts from the Tribal Gaming Operation.
- c. The Tribes and the State recognize that a formal community benefit fund allows specific benefits from this Compact to be identified by the community at large as stemming from the gaming operations conducted pursuant to this Compact.

2. Establishment of Fund. The Tribe agrees to establish a Fund within ninety (90) days of engaging in any of the games listed in Section 4(B)(1)(e)-(k) or 4(B)(2) ("new games"). The Tribe anticipates beginning to engage in the new games in the calendar year 2003. However, in the event the Tribe engages in any of the "new games" in the calendar year 2000, the fund contribution for that year shall be \$60,000. In the event the Tribe engages in any of those games in the calendar year 2001, the fund contribution for that year shall be \$90,000. In the event the Tribe engages in any of those games in the calendar year 2002, the fund contribution for that year shall be \$120,000. Otherwise, and thereafter, the fund contribution shall be calculated as provided in Section 10(C)(5). Beginning in the first calendar quarter after the Tribe implements any of the new games described in subsection 4(B) of this Compact, the Tribe will contribute to the Fund, from the Mill Casino Net Income, an amount calculated as provided in paragraph 5 below. The Tribe, in its discretion, may choose to make its contributions quarterly or annually. The Tribe shall name the Fund.

3. Fund Administration.
 - a. The assets of the Fund shall be expended for the benefit of the public within Coos, Curry, Douglas, Jackson and Lane Counties. Grants from the Fund may be made to charitable organizations in the above counties, to the Tribe, or to local government bodies within the county within whose boundaries the Coquille Tribal Reservation is located (Coos County) for any of the following purposes: education; health; public safety; gambling addiction prevention, education and treatment; the arts; the environment, cultural activities; historic preservation and such other charitable purposes as may be provided in the by-laws of the Fund.
 - b. The Fund will be administered by a board of seven trustees. Each trustee shall have an equal vote on actions of the board.
 - c. The trustees of the Fund shall establish by-laws governing the conduct and discharge of their responsibilities not inconsistent with the terms of this subsection.
 - d. The Tribe shall submit proposals for grants from the Fund to the trustees, who shall make the final determination of the proposals to be funded in accordance with the by-laws. Grants shall be made on the basis of merit. The trustees may reserve a portion of the Fund in a single year to fund a multi-year grant or grants.

4. Qualifications, Term and Selection of Trustees.
 - a. The membership of the board of trustees shall be:
 - (1) One member of the Coquille Tribal Council of the Coquille Tribe of Indians, appointed by the Tribal Council;

- (2) One representative of the Coquille Economic Development Corporation Board of Directors ("CEDCO"), appointed by the Tribal Council;
 - (3) Four members from the public at large, appointed by the Tribal Council after consultation with the Governor, from a list of candidates submitted by the community or tribe to the council. Two of these four must be non-tribal members.
 - (4) One member of the public at large, appointed by the Governor of the State after consultation with the Tribe.
- b. Except for the initial board, trustees shall serve two-year terms and may be removed before the end of their terms by the appointing authority at any time for any reason. The initial board shall serve as follows: the Tribal Council member, CEDCO board member and the Governor's appointee shall serve for two years; the remaining members of the initial board shall serve for one year. Trustees may be reappointed. Vacancies on the board of trustees shall be filled within thirty days by the appropriate appointing authority. Any trustee whose term has expired shall continue to serve until a successor has been appointed.
5. Calculation of Fund Contribution. The Tribe's annual contribution to the Fund shall be based upon the Mill Casino Net Income as shown in the audited financial statement of the Gaming Facility for the calendar year ending before the contribution is made. The contribution shall be calculated as follows:
 - a. Deduct from the Mill Casino Net Income before tribal taxes, and excluding any payment for Oregon State Police assessments, for the prior calendar year, the amount paid by the Tribe for Oregon State Police Part A assessments for the State's fiscal year ending the preceding June 30.
 - b. Multiply the result in subparagraph a. of this paragraph by six per cent (6%). The product shall be the Tribe's base community benefit contribution.
 - c. Deduct from the base community benefit contribution the amount paid by the Tribe for Oregon State Police Part B assessments for the State's fiscal year ending the preceding June 30. An amount equal to the difference is the amount of the annual contribution to the Fund.
 6. For purposes of this subsection:
 - a. Oregon State Police assessment Part A includes the amount paid by the Tribe to OSP for all employee background investigations, all criminal and regulatory investigations, and any consulting or gaming related services requested by the

Tribe that are not required by this Compact or by a Memorandum of Understanding under this Compact.

- b. Oregon State Police assessment Part B includes the amount paid by the Tribe to OSP for routine monitoring activities and all comprehensive compact compliance reviews.
7. For purposes of determining Mill Casino Net Income, the Tribal Gaming Operation shall obtain an unqualified audit opinion from an independent public accounting firm that the financial statement fairly reflects the Mill Casino's financial position and the Mill Casino Net Income. For purposes of determining the Mill Casino's financial position, "Mill Casino" includes the Class III Gaming Operation, bingo, pull tabs, restaurant, bar, gift shop and entertainment. The firm must have recent casino experience with at least one other casino, at least one client with revenues in excess of \$50,000,000, and must have received an unqualified report on its most recent peer review. The determination of the Mill Casino's financial position and the Mill Casino Net Income is subject to review by the State at its own expense. For purposes of this paragraph 10(C)(7), the State may act through the Oregon State Police or through an official designated as provided in Section 14 of this Compact. In the event the Tribal Gaming Operation has a qualified audit opinion, the State and the Tribal Gaming Commission shall confer on the materiality of the qualification.
8. Termination or Modification of Fund Contributions. The Tribe's contributions to the community benefit fund established as described in subsection C of this section may be discontinued if the Oregon Constitution is amended to remove the prohibition of casinos in the State. The Tribe and the State agree that if the Tribe is prohibited for any reason from offering blackjack or any of the Class III games listed in paragraphs 1 or 2 of subsection B of Section 7 of this Compact, the parties shall enter into negotiations to establish how the community benefit fund contribution provided for in this subsection shall be adjusted to reflect the impact of the discontinuation of those games on the Mill Casino Net Income.
9. Annual Fund Report. The Tribe shall provide a report to the Governor and the Oregon State Police detailing the amount contributed to the Fund for the calendar year, the grantees of the Fund and amounts of the grants. The Tribe shall provide the report within ninety (90) days of the end of the calendar year.

The State may at its discretion and expense perform an audit of the calculation of the contribution to the Fund.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health, Safety and Environmental Standards.

1. The Tribe agrees to adopt, and the Tribal Gaming Commission shall enforce, ordinances and regulations governing health, safety and environmental standards applicable to the Gaming Facility that are at least as rigorous as comparable standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State or local agency generally responsible for enforcement of such health, safety and environmental standards outside Indian lands in order to assure compliance with such standards within the Gaming Facility. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, safety and environmental standards applicable to the Gaming Facility. The Tribe shall use its regulatory jurisdiction to assure that health, safety and environmental standards are met and maintained. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Gaming Facility would preempt such State standards, then such federal standards shall govern. Nothing herein shall be construed as precluding the Tribe from seeking "Treatment as a State" status under federal environmental laws.
2. Upon request by the State, the Tribal Gaming Commission agrees to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribal Gaming Commission can demonstrate that it has satisfied this section by providing a certificate or other evidence of compliance from the appropriate state, local or tribal official responsible for enforcement of comparable state standards.
3. As used in this subsection, "health, safety and environmental standards" include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to the public for purposes of protecting the public within the facility. "Health, safety and environmental standards" does not include land use regulations or zoning laws.
4. After the State has notified the Tribal Gaming Commission, the State may have state or local inspectors verify compliance with this subsection. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribe agrees to take such steps as are necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and under the principles and

procedures established for resolution of operating disputes in Section 6 of this Compact.

- B. Transportation Issues. The Tribe agrees to consult and cooperate with the Oregon Department of Transportation regarding any traffic issues arising out of the Gaming Operation and vehicles that patronize the Gaming Facility. To the extent the Gaming Facility contributes to any traffic impacts on surrounding city, county or State roads, the Tribe agrees to fund an appropriate proportion of improvements necessary to mitigate or reduce such impacts.

The Tribe shall maintain access from its Gaming Facility onto the public road known as Highway 101 that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the maintenance of such access by the State, including provisions for compensation by the Tribe for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary.

- C. The Tribe shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribe would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue. The Tribe agrees that the management of the Gaming Facility will withhold and remit personal income taxes from employee wages to the Oregon Department of Revenue in the manner prescribed by the Department of Revenue.
- D. Public Safety Issues. If local government officials believe that an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe, or its designated representative, shall agree to meet with the mayor or county commission of the affected government to discuss whether a problem exists, and to develop mutually agreeable measures to alleviate the problem. The burden shall be on the local government officials to meet with the Tribe and to demonstrate that the public safety problem is directly attributable to the existence of the Gaming Facility. If an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe shall undertake to perform any mutually agreeable and reasonable measures to alleviate the problem. If the Tribe and local government officials are unable to agree on measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 16 of this Compact. Any burden imposed on the Tribe under this subsection shall be reasonable and proportionate to the problem created.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

A. Effective Date. This amended and restated Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.

B. Termination. This Compact shall remain in effect until such time as:

1. This Compact is terminated by written agreement of both parties;
2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;
3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;
4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribe's exercise of Class III gaming; or
5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted, and the breach has continued for a period of sixty (60) days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
3. If a type of Class III game authorized is prohibited as provided in paragraphs 1 or 2 of this subsection, the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game.

D. Amendments.

1. This Compact may be amended if one of the following conditions occur:

- a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Coquille Tribe of Indians to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact.
 - b. One year elapses after the date this amended and restated Compact is approved by the Secretary of the Interior.
 - c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity.
 - d. The Tribe notifies the State that it has entered into an agreement with another Indian Tribe for joint operation, management or interest in the Gaming Facility or the gaming activities under this Compact.
2. Paragraph 12(D)(1) above does not authorize the Tribe to renegotiate the terms of this Compact applicable to forms of gaming authorized by Section 4 of this Compact, except to the extent that the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.
3. Pursuant to paragraph 12(D)(1), the State or the Tribe may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 12.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribe at the appropriate office identified at Section 14 below. If a request is made by the Tribe, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.
4. No amendment per this section 12(D) shall be in effect prior to approval of the Department of the Interior or as otherwise deemed approved under IGRA.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. For a period of five (5) years, the Tribe hereby waives any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility, unless another Tribe that is operating a gaming facility in this State as of December 31, 1997, signs a Compact that authorizes that Tribe to operate more than one gaming facility simultaneously, or is otherwise authorized to operate more than one gaming facility simultaneously, or unless a physical calamity occurs that makes operation at the existing location unfeasible.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in the Indian Gaming Regulatory Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe.
- C. Prohibition on taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribe or any Tribal Gaming Operation, except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal Self-Government. Except as provided in Section 9(A)(1), nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribe, including the Tribal Gaming Commission, or to interfere in any manner with the Tribe's selection of its governmental officers, including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribe.
- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribe and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.
- F. The Tribe and the State agree that any activities that must be performed under this amended and restated Compact to prepare for implementation of any new games authorized under Section 4 may be undertaken before the Secretary of the Interior approves this amended and restated Compact.
- G. Change in Federal Law. The Tribe reserves the right to take advantage of any change in federal law that permits additional gaming to be conducted by the Tribe without the need for a Compact, but only after the Tribe has provided thirty (30) days written notice of its intent to offer a game under this provision. Nothing herein shall be interpreted to prevent the State from objecting to the form of gaming pursuant to the dispute resolution provisions of this Compact. This Compact shall not be construed as a surrender by the Tribe of those rights.

SECTION 14. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Captain
Oregon State Police
Gaming Enforcement Division
400 Public Service Building
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Chair of the Coquille
Tribal Gaming Commission
P.O. Box 1525
Coos Bay, OR 97420

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
 - 1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in Section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 - 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 16(A) shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.
- C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

COQUILLE TRIBE OF INDIANS

/s/ John A. Kitzhaber

/s/ Edward L. Metcalf

John A. Kitzhaber, M.D., Governor

Edward L. Metcalf, Tribal Chair

November 14
Date: _____, 2000

October 30
Date: _____, 2000

APPROVED FOR LEGAL SUFFICIENCY:

/s/ Stephanie L. Striffler

November 15

Stephanie L. Striffler
Special Counsel to the Attorney General

Date: _____, 2000

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

Kevin Gover

By: _____

November 27
Date: _____, 2000

[Note: COMPACT EFFECTIVE: December 6, 2000 (65 Fed Reg 76278)]

EXHIBIT I

DESCRIPTION OF PERMANENT GAMING LOCATION

Beginning at a point on the Easterly boundary of the Southern Pacific Railroad right-of-way, from which the City monument located at the intersection of the centerline of Sherman Avenue and the South line of Ohio Avenue, said monument being the initial point of Coos Bay Plat "B" (amended), North Bend, Oregon, bears North 55 degrees 55'11" West 1557.24 feet, more or less; thence North 17 degrees 43'30" East 110.42 feet to a 3-inch galvanized iron pipe fence corner; thence South 83 degrees 04'37" East 73.85 feet (formerly South 83 degrees 08'40" East) along the existing cyclone fence to a 3-inch galvanized iron pipe fence corner; thence North 09 degrees 35'53" East 172.13 feet (formerly North 09 degrees 31'50" East) along the existing cyclone fence to a 3-inch galvanized iron pipe fence corner; thence North 25 degrees 49'09" East 15.75 feet (formerly North 25 degrees 45'06" East) to a steel I-beam guard post; thence North 41 degrees 26'29" East 59.00 feet (formerly North 41 degrees 22'26" East) to a steel I-beam piping support post; thence South 80 degrees 18'00" East 111.42 feet along a line parallel to the North line of vacated Lombard Street; thence North 09 degrees 42'00" East 14.53 feet; thence South 80 degrees 18'00" East 194.58 feet, more or less, to the United States Harbor line; thence South 02 degrees 41'46" West 14.81 feet along said U.S. Harbor line; thence continuing along said U.S. Harbor line South 12 degrees 11'14" West 1427.66 feet, more or less, to the intersection of said U.S. Harbor line and an Easterly projection of the North line of Newmark Street; thence North 80 degrees 18'00" West 115.63 feet along said projected line of Newmark Street to the Southeast corner of Lot 9, Block 6, Coos Bay Plat "B", North Bend, Oregon; thence North 80 degrees 18'00" West 50.00 feet along the South line of said Lot 9, Block 6; thence North 09 degrees 42'00" East 99.82 feet to the North line of Lot 6, Block 6; thence North 80 degrees 15'43" West 190.00 feet to the East line of Tremont Street (also being the Easterly line of the Southern Pacific Railroad right-of-way), said point also being the Northwest corner of Lot 6, Block 19, Coos Bay Plat "B", North Bend, Oregon; thence North 09 degrees 42'00" East 861.46 feet along said Eastern boundary of Tremont Street (also being the Easterly line of the Southern Pacific Railroad right-of-way); thence leaving said Eastern line of Tremont Street, and continuing along said Easterly line of the Southern Pacific Railroad right-of-way 115.77 feet along a 739.72 foot radius curve left through a central angle of 08 degrees 58'02" (the long chord of which bears North 02 degrees 29'46" East 115.65 feet) to the point of beginning.

Said above described tract of land contains 11.88 acres, more or less.

DESCRIPTION OF PERMANENT GAMING FACILITY

The Gaming Facility is a building of approximately 340,000 square feet, consisting of more than one development phase.

**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE COW CREEK BAND OF UMPQUA TRIBE
OF INDIANS AND THE STATE OF OREGON**

04/21/97

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**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE COW CREEK BAND OF
UMPQUA TRIBE OF INDIANS AND THE STATE OF OREGON**

PREAMBLE.

This Amended and Restated Compact (this "Compact") is made between the State of Oregon (hereinafter the "State") and the Cow Creek Band of Umpqua Tribe of Indians (hereinafter the "Tribe") and pertains to Class III gaming conducted on Tribal trust lands subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. §2701, et seq. ("IGRA"). The terms of this Compact are unique to this Tribe.

SECTION 1. TITLE.

THIS Compact is entered into this ___ day of _____, 1997, by and between Cow Creek Band of Umpqua Tribe of Indians, a federally recognized Tribe, and the State of Oregon. Upon execution by the parties and approval by the Secretary of the Interior, this Compact replaces the compact entered into between the parties on October 2, 1992, and approved by the Secretary of the Interior on November 20, 1992, and all prior amendments thereto.

SECTION 2. FINDINGS.

WHEREAS, the Tribe is a federally recognized Indian Tribe and the beneficial owner of, and local government for, trust lands of the Tribe located in the State;

AND WHEREAS, the State and the Tribe are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State;

AND WHEREAS, Tribal policy, as reflected in the Tribe's Constitution, is "to secure and protect the powers inherent in our sovereign status and guaranteed to us by treaty and Federal law, to preserve our culture and tribal identity, to promote the social and economic welfare of our people, to secure, protect, and develop our common resources, to maintain peace and order and safeguard individual rights, and to advance our mutual welfare";

AND WHEREAS, the United States Congress has enacted IGRA, which declares federal policy and provides a statutory basis for operation of tribal gaming as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments;

AND WHEREAS, the Tribe exercises authority over Tribal trust land acquired prior to the enactment of IGRA;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Tribe is the primary beneficiary of gaming revenues, and to ensure that tribal gaming is conducted fairly and honestly by both operators and players;

AND WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that tribal gaming operations are honest, fair, secure and free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained through strict compliance with laws and regulations related to licensed gaming establishments, by all persons

involved in tribal gaming operations;

AND WHEREAS, the relationship between the State and the Tribe rests on mutual trust and the recognition that each has a fundamental duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribe and the State agree that State regulation of tribal gaming operations will be funded by the tribal gaming industry;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by tribes and the federal government (to the exclusion of the State) of Class I and II gaming on tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between tribes and states for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III games are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of state governments does not extend to tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to Class III gaming conducted on tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for state public policy and state law in the regulation of Class III gaming;

AND WHEREAS, nothing in this Compact shall be construed to extend to any activities other than Class III gaming, any other lands than those limited lands of the tribe upon which Class III gaming is conducted, or as an abrogation of any reserved rights of the Tribe or of the Tribe's sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the State recognizes the Tribe's continuing cooperation with the State in assuring the honesty, integrity and security of the gaming operation and the Tribe's commitment to a close working relationship with the Oregon State Police;

AND WHEREAS, the Tribe is authorized to act through its Board of Directors;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein

set forth, the Tribe and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendix and Exhibits:

- A. "Background investigation" means a security and financial history check of a Class III Gaming Contractor or an applicant for a Tribal gaming license, whether the applicant is a prospective employee, consultant or vendor.
- B. "Class III Gaming Contract" means a contract that involves a Major Procurement or a Sensitive Procurement.
- C. "Class III Gaming Contractor" is any individual, business or other entity that proposes to consummate, or in fact consummates, a Class III Gaming Contract.
- D. "Consultant" means any person, other than an employee, who provides advice or expertise to the Tribe concerning the operation, management or financing of the Tribe's Class III gaming activities for compensation. "Consultant" does not include a person engaged for the purpose of training or teaching employees of the Tribal Gaming Operation if the contract for those services is no greater than one month in duration.
- E. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- F. "Counter Game" means keno, race and sports book and off-race course mutuel wagering.
- G. "Gaming Facility" means the building and grounds located on the Tribe's trust land immediately north of and adjacent to Canyonville, Oregon, known as the "Seven Feathers Hotel and Casino Resort" at the location specifically described in Exhibit 1 to the Compact, and any property used to store gaming equipment.
- H. "High Security Employee" means any natural person who participates in the operation or management of the Tribal Gaming Operation, whether employed by the Tribe or by a person or entity providing on-site or off-site gaming operation or management services to the Tribe, including but not limited to: gaming operations administrators, managers and assistant managers, gaming facility surveillance or security personnel, dealers, croupiers, shift supervisors, cage personnel (including cashiers and cashier supervisors), drop and count personnel, gaming management consultants, video lottery terminal technicians, junket representatives; and any other person whose employment duties require or authorize access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public.
- I. "Key Employee" means any officer or any person who can substantially affect the course of business, make decisions, or is in a sensitive position in an organization or corporation that is a Class III Gaming Contractor or an applicant for a Tribal gaming license.
- J. "Low Security Employees" means any employee of the Tribal Gaming Operation whose duties require the employee's presence in any area of the Gaming Facility where Class III gaming activities take place, but who is not a High Security Employee and who is not involved in the operation of Class III gaming.

- K. "Major Procurement" means any procurement action or contract between the Tribe or the Tribal Gaming Operation and a manufacturer, supplier, consultant, management contractor, or lender, for goods, services or products used in, or affecting the honesty, integrity, security or fairness of, the operation of the Tribe's Class III gaming activities, including but not limited to:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections or bets in any Class III gaming;
 3. Any goods, services, systems or products used to determine winners in any Class III gaming;
 4. Video devices or other equipment used in Class III games, except equipment specifically included in the definition of Sensitive Procurement;
 5. A contract or license to use a patented game or game product;
 6. Accounting systems or surveillance systems to be used in the Tribe's Class III gaming activities;
 7. A contract that provides for, or the terms of which will make necessary, a continuing relationship over time (more than thirty days) between the parties; or
 8. A contract that involves or requires commitments by either party to the contract such that there would be substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely. For this purpose a contract involving consideration or value of \$100,000 or more shall be deemed to involve substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely.
- L. "Oregon State Police" refers to the Gaming Enforcement Division, or that administrative unit charged with gaming enforcement regulatory responsibilities, of the Department of State Police established under Oregon Revised Statutes section 181.020, or its successor agency established by law.
- M. "Owner" means any person or entity that owns 5% or more of the equity ownership of a company, alone or in combination with another person who is a spouse, parent, child or sibling.
- N. "Primary Management Official" means any person who:
1. Has administrative or high-level management responsibility for part or all of the Class III Tribal Gaming Operation, whether as an employee or under a management contract;
 2. Has authority --
 - a. to hire and fire supervisory employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or

3. Is the chief financial officer or other person who has financial management responsibility for the Tribal Gaming Operation.
- O. "Sensitive Procurement" means any procurement action or contract that is not a "Major Procurement," for Class III gaming equipment (such as cards, dice, keno balls, roulette wheels, roulette balls, chips, tokens, VLT or keno paper, gaming tables, table layouts or the like), or any other products that are not used directly in the conduct of Class III gaming, but that directly affect the integrity, security, honesty, and fairness of the operation and administration of the Tribe's Class III gaming activities such as replacement parts for video lottery terminals (bill acceptors, printers), locks and keys for secure storage areas or gaming devices, or individual surveillance cameras.
- P. "Table game" means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race and sports book.
- Q. "Tribal Gaming Operation" means the entity, whether or not separately incorporated, that operates Class III gaming under tribal authority, and receives revenues, issues prizes and pays expenses in connection with Class III games authorized under this Compact.
- R. "Video lottery terminal" or "terminal" means an electrical or electronic device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. This Compact shall be the only Compact between the Tribe and State pursuant to IGRA and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties the parties shall provide such changes in accordance with Subsection 12.D. of this Compact.

B. Authorized games.

1. Subject to, and in compliance with the provisions of this Compact, the Tribe may engage in the following Class III games: video lottery games of chance, keno, off-race course mutuel wagering, blackjack, craps, roulette, pai-gow poker, mini-Baccarat, let-it-ride, and big 6 wheel. The Tribe may offer race and sports bookmaking except that no wagers may be accepted by telephone and no wagers may be accepted or paid on:
 - a. Any amateur sports event in Oregon;
 - b. Any event held outside Oregon, if any participant in the event represents a public or private institution located in Oregon;
 - c. Any event, regardless of where it is held, involving a professional sports team whose home field, court or base is in Oregon.
 - d. Any event other than a racing or athletic sports event.
2. Subject to, and in compliance with, the provisions of this Compact, including but not limited to subsection E of this section, the Tribe may engage in any other Class III game that has been approved by the Nevada Gaming Commission. Operation of any game under this paragraph must be pursuant to rules, procedures and internal controls for the new game at least as stringent as the minimum internal control standards set forth in the Appendix to this Compact.
3. Before the Tribe offers a new game under this subsection 4.B., the Tribe and the Oregon State Police must agree that the Tribe has adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in subsection E of this section, and that the Tribal Gaming Commission and the Oregon State Police are fully prepared to regulate and monitor the new game.
4. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified under federal law or regulation as Class II activity shall not be subject to the provisions of the Compact.

C. Gaming Location. Gaming authorized under this Compact shall be conducted only in the Gaming Facility.

D. Number of gaming devices. The number of Class III video lottery games of chance authorized by this Compact shall not exceed 1300. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility. The Tribe may operate a maximum of sixty tables of table games at the Gaming Facility.

E. Addition of Authorized Games at Gaming Facility.

1. At least 60 days before any game newly authorized under this Compact is conducted at the Gaming Facility the Tribal Gaming Commission shall:
 - a. Ensure that the Tribal Gaming Operation develops rules and procedures for a system of internal controls for the new game that meet the minimum standards established in the Appendix to this

Compact.

- b. Require that the Tribal Gaming Operation provide appropriate training for all dealers, supervisors, surveillance personnel, Tribal Gaming Inspectors and any other employees involved in the conduct or regulation of the new game, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods.
 - c. Ensure that the Gaming Facility establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.
 - d. Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.
 - e. Notify the Oregon State Police that the Tribe proposes to offer the new game to the public, and provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under this paragraph 1 of this subsection.
2. The Tribe agrees to introduce new games authorized under this section according to the following schedule:
- a. Within the sixty day period after the Secretary of the Interior approves this Compact the Tribe may offer three of the games authorized under paragraph 1 of subsection B of this section in addition to any games already authorized pursuant to the prior Class III gaming compact between the Tribe and the State;
 - b. Within the ninety day period after the sixty-day period specified in subparagraph a of this paragraph, the remaining games authorized under paragraph 1 of subsection B of this section;
 - c. After the period of time specified in subparagraphs a. and b. of this paragraph, for any game authorized by paragraph 2 of subsection B of this section, one new game may be introduced in each following calendar quarter.

3. The Tribe shall establish wager limits for all games. The maximum wager for any table game or counter game, except for race and sports book, shall be \$500. The maximum wagers for race and sports book shall be \$5,500 for a straight bet and \$500 for a parlay bet. Whenever a new table or counter game, other than race and sports book, is introduced, the Tribe shall establish an initial wager limit of \$100 per hand, play or bet. After a period of six months of operation of the new table game in full compliance with the requirements of this Compact, the Tribe may request that a maximum wager of \$500 be authorized. The Oregon State Police may refuse to agree to an increase in the maximum wager limit if there have been any significant problems with the conduct of the new game due to noncompliance with internal controls, rules of operation of the game or with the terms of this subsection. Wager limits, and the time lines provided for increasing them, authorized for any games authorized pursuant to the prior Class III gaming compact between the Tribe and the State are not reduced by this amended and restated Compact.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians within the Gaming Facility and on the Tribe's trust land; the criminal laws of the State shall have the same force and effect on Tribal trust lands as they have on non-Tribal lands within the State.
2. The Tribe and the State shall have concurrent criminal jurisdiction over offenses committed by Indians within the Gaming Facility and on the Tribal Lands. Once a Tribal police force or a Tribal criminal court is in operation on Tribal lands, the enforcement of criminal laws at the Gaming Facility shall be further clarified by a Memorandum of Understanding to be executed by the Tribe and the Superintendent of the Oregon State Police.
3. The Tribe and the State agree that local law enforcement officials may provide the first response for law enforcement matters that are not related to the operation of gaming or that occur other than in the course of the play of games. As between the Oregon State Police and local law enforcement officials, the Oregon State Police shall have exclusive authority to investigate violations of state criminal law related to the operation of gaming or that occur in the course of play of games.
4. If the Tribe establishes a law enforcement agency that is responsible to investigate criminal law violations on Tribal lands, the Tribe agrees that the Oregon State Police shall continue to have the authority to investigate possible violations of this Compact or other gaming regulatory matters. The Tribe and the State further agree that their respective law enforcement agencies will cooperate in any investigation that involves or potentially involves both criminal and regulatory violations.

5. The Tribe and the State agree to cooperate on the investigation and prosecution of any gambling crime committed at the Gaming Facility. The Tribe and the State agree to cooperate in establishing a state-wide system to identify and monitor persons excluded from any tribal gaming facility in the State.
- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 5.A.2., officers of the Oregon State Police, or other State officers designated by the State in writing, as provided in Section 14 of this Compact, shall have unrestricted access anywhere within the Gaming Facility and on Tribal trust land used for or in relation to class III gaming for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State. The Tribe, or authorized individuals acting on its behalf, shall provide officers of the Oregon State Police, or other State officers designated as provided in Section 14, access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the Gaming Facility.
- C. The Oregon State Police may station one or more officers at the Gaming Facility by mutual agreement with the Tribe.
- D. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the Tribe, or of the State under Public Law 83-280. The Tribe and the State agree that the criminal laws of Oregon that proscribe gambling activities shall apply to any person who engages in the proscribed activities if those activities are not conducted under the authority of the Tribe as provided in this Compact and under IGRA.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS

- A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's Class III gaming activities is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have the responsibility to protect persons who patronize the Gaming Facility from any breach of integrity or security. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the Tribal Gaming Operation, concerning regulation and operation of the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:
 1. Any and all decisions concerning regulation and operation of the Tribe's Class III gaming activities, whether made by the Tribe, the Tribal Gaming Commission or the management of the Tribal Gaming Operation, shall reflect the particularly sensitive nature of a gaming operation.
 2. In order to maintain the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, the Tribe, the Tribal Gaming Commission and the management of the Tribal Gaming Operation shall work diligently and take all reasonably necessary steps to prevent cheating and theft, and to protect the Tribe's Class III gaming activities from influence or control by any form of criminal activity or organization.
 3. The honesty, integrity, fairness and security of the Tribe's Class III gaming activities shall be a paramount consideration in awarding contracts,

licensing and hiring employees, and in making other business decisions concerning the operation of the Tribe's Class III gaming activities. The Tribe, the Tribal Gaming Commission and the management of the Tribal Gaming Operation shall knowingly make no decision that compromises the honesty, integrity, fairness or security of the Tribe's Class III gaming activities.

4. Regulation and operation of the Tribe's Class III gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's Class III gaming activities.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any decision by the Tribe relating to the employment or licensing of any employee, awarding of any contract or operation of the Tribe's Class III gaming activities is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribe. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribe receives the notice.
3.
 - a. If the State's concerns set forth in the written notice are not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.
 - (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - c. Upon agreement by both parties, the arbitration proceeding shall be binding.
 - d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.

5. Expedited Procedure.

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribe. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to prevent substantial harm from occurring. The Tribe agrees that it shall act according to the State's recommendation, unless the Tribal Gaming Commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness and security of the Tribe's Class III gaming activities. Nothing in this subparagraph shall preclude the Tribe from invoking the dispute resolution procedures provided in this Compact after it implements the State's recommendation provided pursuant to this subparagraph.
- b. The parties shall confer within five (5) days after the Tribe receives the notice.
- c. If the State's concern is not resolved informally within ten days after the Tribe receives the notice, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.
- d. An immediate threat to the honesty, integrity, fairness and security of the Tribe's Class III gaming activities includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any Class III Gaming Contractor, or Owner or Key Employee of a Class III Gaming Contractor, or against any Key Employee of the Tribal Gaming Operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a Class III Gaming Contractor, or a member of a criminal organization has become a Key Employee of a Class III Gaming Contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money improperly, and that loss is directly related to the equipment malfunction;
 - (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons is seriously at risk;

- (6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the Tribal Gaming Operation to enforce compliance with the provisions of this Compact or the regulations and internal controls established pursuant to this Compact.
- 6. For purposes of this subsection 6.B., the State shall act through the Oregon State Police, or an official designated in the manner provided in Section 14 of this Compact.
- C. The provisions of this section shall provide the preferred method for resolving disputes as to the Tribe's decisions concerning hiring or contracting under section 7 of this Compact, or concerning operation of the Tribe's Class III gaming activities.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

- 1. All Primary Management Officials, High Security Employees and Low Security Employees employed in the Gaming Facility shall be licensed by the Tribal Gaming Commission in accordance with the provisions of this Compact.
- 2. All prospective employees -- whether High Security Employees, Low Security Employees or Primary Management Officials -- shall provide to the Tribal Gaming Commission and the Oregon State Police any required application fees and, at a minimum, the following information, on forms provided or approved by the Oregon State Police:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any federal, state or tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph.
- 3. In addition to the requirements of paragraph 7.A.2. above, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.

4. a. The Tribal Gaming Commission shall forward the applicant information for each prospective High Security Employee and Primary Management Official to the Oregon State Police. The Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed thirty (30) days without written notice to and consent by the Tribe.
- b. The Tribe may request the Oregon State Police to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a. of this paragraph.
5. a. Except as provided in paragraph 6 of this subsection, the Tribal Gaming Commission shall deny a gaming license to any High Security Employee or Primary Management Official who:
 - (1) Has, within the ten-year period preceding the date of license application, committed a felony other than a traffic offense, whether or not conviction of such a felony has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a felony other than a traffic offense, in that jurisdiction;
 - (2) has committed a crime involving unlawful gambling under the law of any federal, state or tribal jurisdiction, whether or not conviction of such a crime has been expunged, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a crime involving unlawful gambling in that jurisdiction;
 - (3) has associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction; or
 - (4) was employed by any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction, if the prospective employee or official was in any way involved in the criminal activity as it occurred.
- b. The Tribal Gaming Commission shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:
 - (1) The applicant fails to disclose any material fact to the Tribal Gaming Commission or the Oregon State Police or their authorized agents during a background or security

investigation; or

(2) The applicant misstates or falsifies a material fact to the Tribal Gaming Commission or the Oregon State Police during a background or security investigation.

c. The Tribal Gaming Commission may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribal Gaming Commission deems sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribal Gaming Commission shall include, but need not be limited to, the following:

(1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a. of this paragraph) in any jurisdiction; or

(2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribe's Class III gaming activities; or

(3) There is any aspect of the applicant's past conduct that the Tribal Gaming Commission determines would adversely affect the honesty, integrity, security or fairness of the Tribe's Class III gaming activities.

d. After this Compact becomes effective, the Tribal Gaming Commission shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in subparagraphs (1) or (2) of subparagraph a. of this paragraph. The Tribal Gaming Commission may deny a gaming license to any Low Security Employee applicant who does not meet the criteria established in the remainder of this paragraph 5. Decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.

e. The Tribal Gaming Commission may reject an application if the applicant has not provided all of the information requested in the application.

f. Denial of a gaming license by the Tribal Gaming Commission is final.

g. No Primary Management Official or High Security Employee may be permanently licensed by the Tribal Gaming Commission until all background checks required under paragraph 7.A.4. of this section are completed.

6. Waiver of Disqualifying Criteria.

- a. Notwithstanding the requirements of paragraph 5 of this subsection, if a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing under the provisions of paragraph 5 above, and the Tribal Gaming Commission believes that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribal Gaming Commission may give written notice to the Oregon State Police asking to meet and confer concerning waiver of the disqualification. The Tribal Gaming Commission and the Oregon State Police shall meet within 15 days after written notice is given.
 - b. In order to waive disqualification of licensing of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribal Gaming Commission and the Oregon State Police must agree on the waiver.
 - c. Waiver of disqualification of licensing may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;
 - (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;
 - (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made.
 - (7) The nature of a misstatement or omission made in the application.
7. Background investigation during employment. The Tribal Gaming Commission or the Oregon State Police may conduct additional background investigations of any gaming employee at any time during the term of employment. If, after investigation, the Oregon State Police determines there is cause for the revocation or suspension of an employee's gaming license under the criteria established in paragraph 5 of this subsection 7.A., it shall promptly so report to the Tribal Gaming Commission and furnish the Tribal Gaming Commission with copies of all relevant information pertaining to such determination. The Tribal Gaming Commission shall review the Oregon State Police report and supporting materials and if it concludes that good cause for revocation or suspension of an employee's gaming license exists under the criteria established in this subsection 7.A., the subject employee shall have his gaming license suspended or revoked according to the procedures set forth in the Tribe's Gaming Ordinance.
8. Temporary licensing of employees.
- a. The Tribal Gaming Commission may issue a temporary license to High Security Employees fifteen days after submission of the application to the Oregon State Police, or upon completion of a

review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. The temporary license shall expire and become void upon completion of the full background check by the Oregon State Police and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a permanent license, the Tribal Gaming Commission shall immediately revoke the temporary license.

- b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee upon submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. Any Low Security Employee shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7.A.5.d.
 - c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribe by mail, the material is deemed to be submitted three days after the date of mailing.
 - d. No temporary license may be granted under this paragraph to a Primary Management Official or to a consultant performing or consulting on Primary Management Official functions or duties.
9. Duration of license and renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 7.A.2. to 7.A.5. above. Applicants for renewal shall provide the Tribal Gaming Commission with updated information on a form provided or approved by the Oregon State Police but will not be required to resubmit historical data already provided. The Oregon State Police may perform a new background investigation for any employee whose license is renewed.
10. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies set forth in the Tribe's Gaming Ordinance. The Tribal Gaming Commission shall revoke the license of any employee upon determination that the employee does not meet the criteria described in paragraph 7.A.5. above.
11. The Tribe shall maintain a procedural manual for employees of the Tribal Gaming Operation that includes rules and regulations of conduct and disciplinary standards for breach of procedures.
12. The Tribal Gaming Commission agrees to provide to the Oregon State Police, on a monthly basis, a list of all current employees of the Gaming

Facility and to give notice to the Oregon State Police of any disciplinary action or termination of an employee, related to the fairness, integrity, security or honesty of the Tribe's Class III gaming activities, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. Major Procurements.

- a. The Tribe agrees not to execute or consummate any contract for a Major Procurement until a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.
- b. The Tribal Gaming Commission shall submit any proposed Major Procurement to the State for review, comment and a background investigation of the proposed Class III Gaming Contractor.
- c. Except as provided in paragraph 3 below, the Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall the time for completion of such background investigations exceed sixty (60) days after the Oregon State Police receives from the proposed Class III Gaming Contractor both the Oregon State Police's fee for the background investigation under subsection C of this section, and full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this subsection, without written notice to and consent by the Tribe.
- d. If the Tribe requests, the Oregon State Police agrees to make its best efforts to complete a background investigation within less than sixty days. The Tribal Gaming Commission and the Oregon State Police may also agree that if business necessity or the protection of the honesty, integrity, fairness and security require it, the State may perform an abbreviated review to enable the Tribe to execute a temporary contract while a complete background investigation is being performed. Any temporary contract executed under authority of this subparagraph, shall be rescinded immediately if the complete background investigation discloses that the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B.

2. Sensitive Procurements.

- a. After a proposed Class III Gaming Contractor has submitted full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this subsection, and any necessary fee required by the Oregon State Police, the Tribe may execute or consummate a contract for a Sensitive Procurement before a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.
- b. The Tribal Gaming Commission shall submit a proposed contract for a Sensitive Procurement, or if there is no contract, a letter of intent to do business with the proposed Class III Gaming

Contractor, to the Oregon State Police for a background investigation of the proposed Class III Gaming Contractor before execution of the contract.

- c. The Oregon State Police shall conduct a background investigation, if the Oregon State Police considers it necessary, and provide a written report to the Tribal Gaming Commission. If the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B. for approval of a contract, the contract shall be terminated and the Tribe agrees to discontinue doing business with the contractor so long as the contractor fails to meet the criteria for approval.
3. The Oregon State Police agrees to maintain a list of Class III Gaming Contractors that have been previously approved to do business in Oregon with any tribal gaming operation. If a Class III Gaming Contractor has been included in the list, the Tribe may execute or consummate a contract with the Class III Gaming Contractor for a Sensitive Procurement upon giving notice of the contract to the Oregon State Police. If a Class III Gaming Contractor has been included in the list for Major Procurements, the Oregon State Police shall complete any necessary background investigation required under paragraph 1 of this subsection within thirty (30) days after the fees and full disclosure have been submitted to the Oregon State Police by the contractor.
4. Class III Gaming Contractors, and any Owner or Key Employee of a Class III Gaming Contractor, shall provide all personal and business information required by the Oregon State Police to conduct its background investigation, before executing a contract or beginning to do business with the Tribe.
5. The Tribe shall not consummate any Class III Gaming Contract with a Class III Gaming Contractor that does not grant both the Oregon State Police and the Tribe access to such Class III Gaming Contractor's business and financial records upon request.
6. Criteria for Contract Denial or Termination.
 - a. The Tribe shall not consummate any Major Procurement, and a contract for a Sensitive Procurement shall be immediately terminated, if the following conditions are either disclosed in the application materials or reported by the Oregon State Police relative to a particular Class III Gaming Contractor:
 - (1) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the proposed Class III Gaming Contract;
 - (2) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any gambling offense in any jurisdiction;

- (3) A civil judgment against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a gambling offense, or a civil judgment entered within the ten year period preceding the date of the proposed Class III Gaming Contract against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a felony other than a traffic offense;
 - (4) A failure by the Class III Gaming Contractor to disclose any material fact to the Oregon State Police or the Tribe or their authorized agents during initial or subsequent background or security investigations;
 - (5) A misstatement or untrue statement of material fact made by the Class III Gaming Contractor to the Oregon State Police or the Tribe or their authorized agents during initial or subsequent background or security investigations as determined by the Tribe or the Oregon State Police;
 - (6) An association of the Class III Gaming Contractor with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Gaming Facility;
 - (7) Any aspect of the Class III Gaming Contractor's past conduct that the Tribe or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;
 - (8) The Class III Gaming Contractor has engaged in a business transaction with a tribe that involved providing gaming devices for Class III gaming conducted by such tribe without a state-tribal Class III gaming compact in violation of IGRA; or
 - (9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribe or the Oregon State Police for the purpose of making any determination required by this subsection 6.B.
- b. The Tribe may choose not to consummate any Class III Gaming Contract for any reason the Tribe deems sufficient.
 - c. Other criteria the Tribe may use to decide not to consummate any Class III Contract include, but are not limited to, the Tribe's determination that:
 - (1) A person who is otherwise qualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in any person or business that is unqualified or

disqualified to be a Class III Gaming Contractor, regardless of the qualifications of the person seeking to consummate the Class III Gaming Contract;

- (2) A prospective Class III Gaming Contractor demonstrates inadequate financing for the business anticipated under the proposed Class III Gaming Contract. In determining whether financing is adequate, the Tribe shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this section, or paragraph 6 of subsection B of this section and whether that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or
- (3) A prospective Class III Gaming Contractor or its employees fail to demonstrate business ability and experience to establish, operate and maintain the business of the type of Class III Gaming Contract proposed.

- d. No Class III Gaming Contractor shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state or tribal lottery, gambling or gaming control agency, or the National Indian Gaming Commission, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribe and the Oregon State Police.
- e. Notwithstanding subparagraph a. of this paragraph 6, if a prospective Class III Gaming Contract may not be consummated because of the requirements of this subsection 7.B., because a person previously associated with the Class III Gaming Contractor or an employee of the Class III Gaming Contractor has been convicted of a crime or a civil judgment entered against the Class III Gaming Contractor or its employee within the ten year period preceding the date of the proposed Class III Gaming Contract, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribe may enter into the proposed Class III Gaming Contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may enter into a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribe must agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or liable person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The burden of showing to the satisfaction of the Tribe and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor.

7. Rescission or Termination of Class III Gaming Contracts.

- a. The Tribe may rescind or terminate any Class III Gaming Contract pursuant to policies and procedures determined by the Tribe.
- b. Class III Gaming Contracts shall be subject to rescission or termination for cause consistent with the criteria established by paragraph 7.B.6. of this section. Class III Gaming Contractors consent to rescission or termination of any Class III Gaming Contract for cause consistent with the criteria established by paragraph 7.B.6. of this section by virtue of entering into a Class III Gaming Contract.

8. Contractor Reporting Requirements.

- a. All Class III Gaming Contractors shall submit to the Tribe and the Oregon State Police any financial and operating data requested by the Tribe or the Oregon State Police.
- b. The Tribe shall specify the frequency and a uniform format for the submission of such data on a case by case basis.
- c. The Tribe, the Oregon State Police, or their agents reserve the right to examine Class III Gaming Contractor tax reports and filings and all records from which such tax reports and filings are compiled.
- d. All Class III Gaming Contractors shall notify both the Tribe and the Oregon State Police of the transfer of a Controlling Interest in the ownership Class III Gaming Contractor.

9. Termination of Contract.

- a. No Class III Gaming Contract shall have a term longer than seven (7) years.
- b. A Class III Gaming Contract shall terminate immediately upon the occurrence of any of the following:
 - (1) The Class III Gaming Contractor is discovered to have made any statement, representation, warranty, or certification in connection with the Class III Gaming Contract that is materially false, deceptive, incorrect, or incomplete;
 - (2) The Class III Gaming Contractor fails to perform any material requirements of the Class III Gaming Contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure;
 - (3) The Class III Gaming Contractor, or any Owner, officer or

key employee of the Class III Gaming Contractor is convicted of a felony or a gambling-related offense that reflects on the Class III Gaming Contractor's ability to perform honestly in carrying out the Class III Gaming Contract;

- (4) The Class III Gaming Contractor jeopardizes the integrity, security, honesty, or fairness of the Gaming Facility; or
- c. A Class III Gaming Contract shall terminate if the Tribe determines satisfactory performance of the Class III Gaming Contract is substantially endangered or can reasonably anticipate such occurrence or default.

C. Fees for Background Investigations.

1. The Oregon State Police shall be reimbursed its costs for performing background investigations made pursuant to this Compact as provided in section 10 of this Compact.
2. The Oregon State Police will assess the cost of a background investigation of a Class III Gaming Contractor to such Class III Gaming Contractor. Class III Gaming Contractors are required to pay the investigation fee in full in advance. If the Class III Gaming Contractor refuses to prepay the investigation fee, the Oregon State Police shall notify the Tribe and the Tribe may pay the investigation cost or withdraw its request for the investigation.

D. Access to Contracts.

1. If a Primary Management Official is a corporation or other form of organization, such Primary Management Official shall provide the Oregon State Police at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on Tribal trust land.
2. If a Primary Management Official is a corporation or other form of organization, such Primary Management Official shall furnish to the Oregon State Police complete information pertaining to any transfer of a Controlling Interest in such corporation or organization at least 30 days before such transfer; or, if the Primary Management Official is not a party to the transfer of the Controlling Interest, immediately upon acquiring knowledge of such change or any contemplated change.
3. In order to assure the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, The Tribe agrees to provide to the Oregon State Police, upon request, a list of all non-gaming contractors, suppliers and vendors doing business with the Gaming Facility, and to give the Oregon State Police access to copies of all non-gaming contracts, provided, however, that the Oregon State Police shall make a written request for such information.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Gaming Regulations. Conduct of all Class III gaming activity authorized under this Compact shall be in accordance with the requirements of this Compact and with the minimum standards set forth in the Appendix to this Compact. The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribe and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.
- B. Identification badges. The Tribe shall require all Gaming Facility employees to wear, in plain view, identification badges issued by the Tribal Gaming Commission that include photo and name, with the exception of employees assigned to covert compliance duties, who shall only be required to have on their person an identification badge. Oregon State Police employees shall not be required to wear identification badges.
- C. No credit extended. All gaming conducted pursuant to this Compact shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribe permit any person or organization to offer such credit for a fee. Cashing checks for purposes of Class III gaming constitutes extending credit under this subsection. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribe or any other person to install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. Prohibition on attendance and play of minors. No person under the age of twenty-one (21) shall participate in any Class III gaming authorized by this Compact. No person under the age of twenty-one (21) shall be allowed to play any Class III game operated under this Compact. If any person under the age of twenty-one (21) plays and otherwise qualifies to win any Class III game prize or compensation the prize or compensation shall not be paid. Employees under age twenty-one (21) whose non-gaming duties require may be present on the gaming floor. Notwithstanding the requirements of this subsection, the Tribe may continue to employ any employees under age twenty-one (21) who are required to perform gaming duties as part of their employment as of the date this Compact was signed by the Tribe and the State, but shall not employ any new employees under age twenty-one (21) to perform Class III gaming duties thereafter.
- E. Prohibition of firearms.
1. Except as provided in paragraphs 2. and 3. below, no person shall possess firearms within the Gaming Facility.
 2. Federal, State and Douglas County law enforcement agents or officers may possess firearms within the Gaming Facility.
 3. Pursuant to a memorandum of understanding between the Oregon State Police and the Tribe, security supervisors at the Gaming Facility employed by the Tribe may possess firearms within the Gaming Facility. The

memorandum of understanding shall provide for the policies, standards and training controls that will apply to armed security supervisors.

- F. Service of Alcohol. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by federal law. The Tribe and the Oregon Liquor Control Commission have entered into a Memorandum of Understanding which establishes which State laws and Oregon Liquor Control Commission licensing regulations shall be applied to the sale or service of alcoholic beverages at the Gaming Facility. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribe. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming. No alcohol may be served or consumed on a gaming floor where gaming is underway.
- G. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribe's insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy. The Tribe shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

- A. Tribal Gaming Commission.
1. The Tribe agrees to establish a Tribal Gaming Commission, to grant such Commission the independent authority to regulate gaming activities on Tribal lands, and to provide such Commission with adequate resources to perform its duties under Tribal law and this Compact. The Commission shall not participate in any way in the management of the Tribe's Class III gaming activities. Commission members may be removed only for cause by the Tribal Board of Directors. Commission members must satisfy the security requirements that are applicable to High Security Employees and Primary Management Officials.
 2. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control and security of the gaming authorized by this Compact, and for the enforcement of this Compact on Tribal Lands. The Tribal Gaming Commission's role shall include the following functions:
 - a. Ensure compliance with all relevant laws, Compact provisions, regulations, internal controls, policies and procedures that are applicable to the operation of gaming activities on Tribal lands;
 - b. Ensure the physical safety of patrons in the Gaming Facility, and of personnel employed by the Tribal Gaming Operation;
 - c. Safeguard the assets transported to and from and within the Gaming Facility;
 - d. Protect Gaming Facility patrons and property from illegal activity;

- e. Detain persons suspected of crimes for the purpose of notifying appropriate law enforcement authorities;
 - f. Record any and all unusual occurrences within the Gaming Facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (1) The assigned sequential number of the incident;
 - (2) The date;
 - (3) The time;
 - (4) The nature of the incident;
 - (5) The person involved in the incident; and
 - (6) The security employee assigned;
 - g. Maintain logs relating to surveillance, security, cashier's cage, credit, video lottery terminals (showing when video machines opened), and video lottery terminal location;
 - h. Establish and maintain an updated list of persons barred from the Gaming Facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the Oregon State Police;
 - i. Obtain an annual audit by a Certified Public Accountant;
 - j. Ensure that a closed circuit television system is maintained in the cash room of the Gaming Facility and that copies of floor plan and TV system are provided to the Oregon State Police;
 - k. Ensure that a cashier's cage is maintained in accordance with industry standards for security;
 - l. Ensure that sufficient security personnel are employed and trained;
 - m. Establish a method for resolving disputes with players; and
 - n. Ensure that surveillance equipment and personnel are managed and controlled independently of management of the Gaming Facility.
3. Tribal Gaming Inspector.
- a. Tribal Gaming Inspectors, as agents of the Tribal Gaming Commission, shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances, and regulations governing gaming. Any material

violations of the provisions of this Compact, or of Tribal ordinances or regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Gaming Facility, shall be reported immediately to the Tribal Gaming Commission.

The Tribal Gaming Commission shall report such violations to the Oregon State Police within seventy-two (72) hours of the time the violation was noted. For purposes of this subparagraph, a violation of the provisions of this Compact or of Tribal ordinances or regulations governing those matters identified in subparagraph c. of this paragraph are material violations.

- b. The Tribal Gaming Commission may designate any individual or individuals to perform the duties of Tribal Gaming Inspector, so long as each inspector performs those duties independently of the management of the Tribal Gaming Operation, and is supervised and evaluated by the Tribal Gaming Commission as to the performance of those duties.
- c. Tribal Gaming Inspectors shall monitor compliance with the requirements of applicable law, this Compact, regulations, internal controls, policies and procedures, including but not limited to:
 - (1) Observe for compliance, on a monthly basis or more frequently as determined by the Tribal Gaming Commission, at least four of the following:
 - (a) Sensitive gaming inventories;
 - (b) VLT or table game drop;
 - (c) Soft count;
 - (d) Security and surveillance logs;
 - (e) Movement of cash within, into and outside the Gaming Facility;
 - (f) Surveillance procedures;
 - (g) Security procedures;
 - (h) Games controls;
 - (i) Integrity of VLT E-proms.
 - (2) Investigate any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.
 - (3) Investigate any cash variance greater than \$100, and report the findings to the Tribal Gaming Commission, which shall report such variances to the Oregon State Police.
 - (4) Investigate customer disputes related to gaming that involve

more than \$500 and that are not resolved by management of the Tribal Gaming Operation.

- (5) Report to the Tribal Gaming Commission, which shall report to the Oregon State Police, any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the Tribe's Class III gaming activities.
4. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Gaming Facility to correct actual violations upon such terms and conditions as the Tribal Gaming Commission deems to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefitting from, the Tribe's Class III gaming activities.
5. Reporting to State. The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the Oregon State Police on a continuing basis. If requested by the Tribal Gaming Commission, the Oregon State Police shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The Oregon State Police is authorized hereby to monitor the Tribe's Class III gaming activities to ensure that they are conducted in compliance with the provisions of this Compact. The Tribe and the State agree that the Oregon State Police must determine the manner in which it monitors the Tribe's Class III gaming activities independently of any influence or control by the Tribe. The Tribe may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The Oregon State Police, and other State officers designated in writing as provided in Section 14 of this Compact, shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal Gaming Operation. The Tribe agrees that the Oregon State Police monitoring function includes the activities identified in this Compact, any amendments hereto and any memoranda of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribe as provided in Section 10 of this Compact. In addition to the Oregon State Police's regular monitoring functions, the Tribe agrees that the Oregon State Police may conduct the following activities, the cost of which shall also be assessed to the Tribe as provided in Section 10 of this Compact:

- (a) An annual comprehensive Compact compliance review, which shall be planned and conducted jointly with the Tribal Gaming Commission, of the Tribe's Class III gaming activities to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the Tribal Gaming Commission, including at a minimum, review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
 - (b) Periodic review of any part of the Tribe's Class III gaming activities in order to verify compliance with the requirements of this Compact and with the regulations, internal controls and minimum standards;
 - (c) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
 - (d) Investigation of possible criminal law violations that involve the conduct of gaming whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
 - (e) Periodic review of any contracts between the Tribe and suppliers, vendors or contractors that provide non-gaming goods or services to the Gaming Facility. The Oregon State Police will report any concerns about a particular supplier, contractor or vendor to the Tribal Gaming Commission before taking any action.
2. The Tribe agrees that if any Class III gaming activities are conducted or intermingled in such a way that they are inseparable from Class II gaming activities, such as surveillance of both Class III and Class II gaming operations by a single surveillance department, the Oregon State Police shall have full access to both for purposes of carrying out the duties of the Oregon State Police with respect to Class III gaming under this Compact.
3. Access to Records.
- (a) The Tribe agrees that the Oregon State Police shall have the right to inspect and copy, during normal business hours, and upon reasonable notice, any and all Tribal records pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation. Any records or copies removed from the premises shall be returned to the Tribe immediately after use.
 - (b) The State acknowledges that records created and maintained by the

Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation belong to the Tribe.

- (c) The Tribe acknowledges that any records created or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, belong to the State and are fully subject to the State Public Records Law, ORS 192.410 to 192.505. Any information concerning the Tribe's Class III gaming operation that is contained in state records may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505. Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:
 - (1) "Trade secrets" as defined in ORS 192.501(2).
 - (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3).
 - (3) Information submitted in confidence, as provided in ORS 192.502(3).
 - (4) Any information the disclosure of which is specifically prohibited by state or federal law.
- (d) Applications submitted to and retained by the Oregon State Police for Class III gaming licenses are State records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
- (e) Information about the Tribe's Class III gaming activities, whether obtained from the Tribe or from any other source, that is included in a document prepared, owned, used or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
- (f) The Tribe has agreed to allow the Oregon State Police access to sensitive financial, security and surveillance information that the Tribe considers confidential. The State acknowledges that the Tribe has voluntarily given the State access to this information and that the Tribe would not otherwise be required by law to do so. The State acknowledges that this information should reasonably be considered confidential. To the extent such information is included in any State records that are subject to disclosure, the State hereby obliges itself not to disclose this information when the public interest, including the public interest in maintaining the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, would suffer by such disclosure.
- (g) The State agrees to notify the Tribe promptly of any request for disclosure of documents containing information about the Tribe's Class III gaming activities. If the State decides to release any

documents that contain information about the Tribe's Class III gaming activities, the State will notify the Tribe at least five (5) working days before any disclosure is made.

- (h) The parties agree that any dispute as to the disclosure of documents under the Public Records Law or under this subsection shall first be brought in state court.
 - (i) Nothing in this subsection precludes the State or the Tribe from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or a criminal investigation.
4. Investigation Reports. After completion of any inspection or investigation report, the Oregon State Police shall provide a copy of the report to the Tribal Gaming Commission.

**SECTION 10. TRIBAL PAYMENT OF COSTS FOR OVERSIGHT;
CONTRIBUTION FOR PUBLIC BENEFIT.**

A. Assessment for State Regulatory and Law Enforcement Costs

1. The maximum number of direct service hours that will be necessary for the Oregon State Police to perform its routine monitoring duties and functions under this Compact (including the annual comprehensive compact compliance review) based on the maximum number of gaming devices allowed under this Compact, is 3028 hours per fiscal year. The maximum number of direct service hours for routine monitoring shall be adjusted for new games as provided in Exhibit II to this Compact.
2. On July 1 of each year, the Tribe shall prepay an assessment to compensate the Oregon State Police for the costs of regulatory and law enforcement activities to be performed by the Oregon State Police under this Compact for the ensuing fiscal year. The Tribe may elect to pay the annual assessment in quarterly installments, on July 1, September 1, January 1 and April 1 of each fiscal year.
3. The Tribe's annual assessment shall be calculated by multiplying the Oregon State Police legislatively approved budget for the fiscal year times the ratio that the number of direct service hours of monitoring activity calculated as provided in Exhibit II to this Compact based on the actual number of gaming devices on the gaming floor at the beginning of the fiscal year bears to the total number of direct service hours of monitoring activity calculated for all tribes that are operating gaming facilities in this State based on the actual number of gaming devices on the gaming floors for all tribes that are operating gaming facilities in this State at the beginning of the fiscal year. Costs included in the legislatively approved budget are salaries, benefits, services and supplies, capital outlay, administrative supervision and support, vehicle and equipment lease or rental expenses, training costs, legal services charges, bookkeeping expenses, and all other expenses of the Oregon State Police Tribal Gaming Section.
4. If the Tribe elects to pay the annual assessment in quarterly installments,

the Tribe shall be credited, for the second, third and fourth installment payments during the fiscal year, for its proportionate share of any fees paid to the Oregon State Police for vendor or employee licensing investigations during the preceding calendar quarter. The amount of any quarterly installment due may be recalculated by the Oregon State Police if there is a change of more than twenty-five percent of the number of gaming devices on the gaming floor of any Tribe during the fiscal year.

5. During the fiscal year, the Oregon State Police shall account for all activities performed pursuant to this Compact on an hourly basis. For purposes of this accounting, the Oregon State Police shall calculate an hourly rate that is sufficient to allow the State to recover the total amount of the legislatively approved budget for tribal gaming regulation from all tribes that are operating gaming facilities in the state.

The cost of all employee background investigations, all criminal and regulatory investigations, and any consulting or gaming related services requested by the Tribe that are not required by this Compact or by a memorandum of understanding under this Compact and all recoverable expenses shall be charged against the Tribe's prepaid assessment amount, quarterly during the fiscal year. All recoverable expenses charged to the Tribe shall be properly accounted for and documentation of these expenses shall be made available to the Tribe upon request.

6. At the end of each fiscal year, the Oregon State Police shall determine the amount of the legislatively approved budget for the fiscal year that has not been charged under paragraph 4 of this subsection. The remainder of the legislatively approved budget for the fiscal year shall constitute the total assessment against all tribes that operated gaming facilities in this State during the year for routine monitoring (including comprehensive compact compliance reviews). The total assessment for routine monitoring shall then be divided among the tribes based on the actual number of hours of monitoring activity performed with respect to each of them. The final charge to the Tribe under this paragraph for the fiscal year shall be the cost of routine monitoring activities and all comprehensive compact compliance reviews. If the Tribe's prepaid assessments exceed the sum of the charges to the Tribe under paragraph 5 of this subsection and this paragraph, credit shall be given against the Tribe's assessment for the next fiscal year. If the Tribe's prepaid assessments are less than the sum of the charges to the Tribe under paragraph 5 of this subsection and this paragraph, the Tribe shall pay the difference.

7. As used in this subsection:

- a. "Investigation" means any activity performed by Oregon State Police because of the occurrence of a specific incident or event, and includes activity performed to determine whether there has been a violation of gaming related criminal law or any gaming regulation.
- b. "Monitoring" means any activity performed during routine review of Tribal gaming operations pursuant to this Compact, but does not include investigations.
- c. "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors

(unless paid by the Class III Gaming Contractor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming Facility or the site of a Class III Gaming Contractor background investigation, for the Tribe.

- d. "Recoverable Expenses" means charges paid by the Oregon State Police for processing fingerprint cards, for processing credit history checks, and actual per diem expenses (transportation, lodging, food) and other actual expenses incurred by Oregon State Police personnel in connection with performance of their duties under this Compact.
 - e. "Fiscal Year" means the State's fiscal year which begins July 1 and ends June 30.
8. If the Tribe disputes the amount of the assessments under this subsection, such dispute shall be resolved pursuant to Section 16 of this Compact.

B. Creation and Maintenance of Community Benefit Fund.

1. Establishment of Fund. The Tribe agrees to establish a Fund within 90 (ninety) days after execution and final federal approval of this Compact. Beginning in the first calendar quarter after the Tribe implements any of the new games described in subsection 4.B. of this Compact, the Tribe will contribute to the Fund, from the proceeds of the Gaming Facility, an amount calculated as provided in paragraph 4 below. The Tribe, in its discretion, may choose to make its contributions quarterly or annually. The Tribe shall name the Fund.

2. Fund Administration.

a. The assets of the Fund shall be expended for the benefit of the public within Douglas, Jackson, Klamath, Coos, Josephine, Lane and Deschutes counties. Grants from the Fund may be made to charitable organizations in the above counties, to the Tribe, or to local government bodies within the county within whose boundaries the Cow Creek Reservation is located (Douglas) for any of the following purposes: education, health, public safety, gambling addiction prevention, education and treatment, the arts, the environment, cultural activities, historic preservation and such other charitable purposes as may be provided in the by-laws of the Fund.

b. The Fund will be administered by a board of eight trustees. Each trustee shall have an equal vote on actions of the board.

c. The trustees of the Fund shall establish by-laws governing the conduct and discharge of their responsibilities not inconsistent with the terms of this subsection.

d. The Tribe shall submit proposals for grants from the Fund to the trustees, who shall make the final determination of the proposals to be funded in accordance with the by-laws. Grants shall be made on the basis of merit. The trustees may reserve a portion of the Fund in a single year to fund a multi-year grant or grants.

3. Qualifications, Term and Selection of Trustees.

a. The membership of the board of trustees shall be:

(1) Three members of the Tribal Board of Directors of the Cow Creek Band of Umpqua Tribe of Indians, appointed by the Tribe;

(2) One representative of the Seven Feathers Gaming Corporation (or its successor), appointed by the Tribe;

(3) Three trustees appointed by the Tribe from a list of candidates nominated by the Tribal Board of Directors in consultation with the Governor of the State;

(4) One member of the public at large, appointed by the Governor of the State.

b. Except for the trustees who are members of the Tribal Board of

Directors, each trustee must reside in Douglas County.

- c. Except for the initial board, trustees shall serve two-year terms and may be removed before the end of their terms only for cause by the appointing authority. The initial board shall serve as follows: The three members of the Tribal Board of Directors and the representative of Seven Feathers Gaming Corporation shall serve for two years; the remaining members of the initial board shall serve for one year. Trustees may be reappointed. Vacancies on the board of trustees shall be filled within thirty days by the appropriate appointing authority. Any trustee whose term has expired shall continue to serve until a successor has been appointed.
4. Calculation of Fund Contribution. The Tribe's annual contribution to the Fund shall be based upon the Gaming Facility's net income from Class III Gaming as shown in the audited financial statement of the Gaming Facility for the fiscal year ending before the contribution is made. The contribution shall be calculated as follows:
 - a. Deduct from the Gaming Facility's net income from Class III Gaming before tribal taxes, and excluding any payment for Oregon State Police assessments, for the prior calendar year, the amount paid by the Tribe for Oregon State Police Part A assessments for the State's fiscal year ending the preceding June 30.
 - b. Multiply the result in subparagraph a. of this paragraph by 6 per cent. The product shall be the Tribe's base community benefit contribution.
 - c. Deduct from the base community benefit contribution the amount paid by the Tribe for Oregon State Police Part B assessments for the State's fiscal year ending the preceding June 30. An amount equal to the difference is the amount of the annual contribution to the Fund.
5. For purposes of this subsection:
 - a. Oregon State Police assessment Part A includes the cost of all employee background investigations, all criminal and regulatory investigations, and any consulting or gaming related services requested by the Tribe that are not required by this Compact or by a memorandum of understanding under this Compact.
 - b. Oregon State Police assessment Part B includes the cost of routine monitoring activities and all comprehensive compact compliance reviews.
6. For purposes of determining the Gaming Facility's net income from Class III Gaming, the Tribal Gaming Operation shall obtain an unqualified audit opinion that the financial statement fairly reflects the Gaming Facility's financial position from an independent public accounting firm mutually acceptable to the State and the Tribe and engaged by the Tribe for the purpose. The determination of the net income of the Gaming Facility is subject to review by the State at its own expense. For purposes of this paragraph 10.B.6., the State may act through the Oregon State Police or

through an official designated as provided in Section 14 of this Compact.

7. Termination or Modification of Fund Contributions. The Tribe's contributions to the community benefit fund established as described in subsection B of this section may be discontinued if the Oregon Constitution is amended to remove the prohibition of casinos in the State. The Tribe and the State agree that if the Tribe is prohibited for any reason from offering blackjack or any of the Class III games listed in paragraphs 1 or 2 of subsection B of section 7 of this Compact, the parties shall enter into negotiations to establish how the community benefit fund contribution provided for in this subsection shall be adjusted to reflect the impact of the discontinuation of those games on the net income of the Gaming Facility.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health, Safety and Environmental Standards.

1. The Tribe agrees to adopt and enforce ordinances and regulations governing health, safety and environmental standards applicable to the Gaming Facility that are at least as rigorous as comparable standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State agency generally responsible for enforcement of such health, safety and environmental standards outside Indian lands in order to assure compliance with such standards within the Gaming Facility. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, safety and environmental standards applicable to the Gaming Facility. The Tribe shall use its regulatory jurisdiction to assure that health, safety and environmental standards are met. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.
2. Upon request by the State, the Tribe agrees to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribe may choose to demonstrate that it has satisfied this section by providing a certificate or other evidence of compliance from an appropriate federal, State, or local official responsible for enforcement of comparable standards.
3. As used in this subsection, "health, safety and environmental standards" include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to the public for purposes of protecting the public within the facility. "Health, safety and environmental standards" does not include land use regulations or zoning laws.
4. If the State has a specific concern about the Tribe's regulation of health, safety or environmental standards at the Gaming Facility, the State may

notify the Tribe in the manner provided in paragraph 5 of this subsection, asking to meet and confer within a time that is reasonable under the circumstances and specified in the notice. The State and the Tribe agree to meet and confer about the concern within the time requested by the State. If, after the State and the Tribe have met and conferred, the State's concern has not been satisfactorily addressed, the State may designate an appropriate inspector, who is acceptable to the Tribe, to verify compliance with this subsection. An inspector so designated may conduct an inspection only pursuant to a written directive from the State. Any inspector designated by the State shall be professional, objective and competent for the purpose.

The Tribe may object to any particular inspector if that inspector has shown disrespect for tribal culture or institutions. The Tribe's acceptance of an inspector will not be unreasonably withheld. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribe agrees to take such steps as are reasonable and necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and under the principles and procedures established for resolution of operating disputes in section 6 of this Compact.

5. Written notices, designations or directives given under this subsection 11.A. shall be directed to the Tribal Chairperson by the Governor or by a person designated as provided in Section 14 of this Compact.
 6. The State and the Tribe agree that each will share with the other all pertinent regulatory information, including inspection reports.
- B. Traffic standards. The Tribe shall provide access from its Gaming Facility onto the public road known as "Old Highway 99" that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the provision of such access by the State, including provisions for compensation by the Tribe for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary.
- C. The Tribe shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribe would be required to report those winnings to the Internal Revenue Service. The information shall be reported in a manner reasonably requested by the Oregon Department of Revenue. The Tribe agrees that the management of the Gaming Facility will withhold and remit personal income taxes from employee wages to the Oregon Department of Revenue in the manner prescribed by the Department of Revenue.
- D. If local government officials believe that an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe, or its designated representative, shall meet with the mayor or county commission of the affected government to develop mutually agreeable measures to alleviate the problem. The burden shall be on the local government officials to demonstrate that the public safety problem is directly attributable to the existence of the Gaming Facility. If an off-Indian land public safety problem has in fact been created by the existence of the Gaming Facility, the Tribe shall undertake to perform any reasonable and mutually agreeable measures to alleviate the problem. If the Tribe

and local government officials are unable to agree on measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 16 of this Compact.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.
- B. Termination. This Compact shall remain in effect until such time as:
1. This Compact is terminated by written agreement of both parties;
 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;
 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;
 4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribe's exercise of Class III gaming; or
 5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.
- C. Automatic Amendment.
1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such Class III game shall be void and of no effect as to that Class III game.
 2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such Class III game shall be void and of no effect as to that Class III game.
 3. If a type of Class III game authorized is prohibited as provided in paragraphs 1 or 2 of this subsection, the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game.
- D. Amendments.
1. Except as provided in subsection 12.C. above, this Compact shall not be amended unless one of the following conditions occur:
 - a. The State becomes a party to another tribal-state Compact that

authorizes a tribe other than the Cow Creek Band of Umpqua Tribe of Indians to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact;

- b. One year elapses after the date this Compact is approved by the Secretary of the Interior;
 - c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity.
2. Paragraph 12.D.1.above does not authorize the Tribe to renegotiate the terms of this Compact applicable to forms of gaming authorized by Section 4 of this Compact, except to the extent that the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.
 3. Pursuant to paragraph 12.D.1., the State or the Tribe may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 12.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribe at the appropriate office identified at Section 14 below. If a request is made by the Tribe, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribe hereby waives any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility, unless another Tribe that is operating a gaming facility in this State as of December 31, 1996, signs a Compact that authorizes that Tribe to operate more than one gaming facility simultaneously, or is otherwise authorized to operate more than one gaming facility simultaneously.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in IGRA or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe.
- C. Prohibition on taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribe or the Tribe's Class III gaming activities except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal Self-Government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribe, including the Tribal Gaming Commission, or to interfere in any manner with the Tribe's selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribe.
- E. This Compact is exclusively for the benefit of and governs only the respective

authorities of and the relations between the Tribe and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.

- F. The Tribe and the State agree that any activities that must be performed under this Compact to prepare for implementation of any new games authorized under Section 4 may be undertaken before the Secretary of the Interior approves this Compact.

SECTION 14. NOTICES.

- A. All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Captain
Oregon State Police
Gaming Enforcement Division
400 Public Service Building
Salem, OR 97310

- B. All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
160 State Capitol
Salem, OR 97310

Tribal Chairperson
Cow Creek Tribe
2400 Stewart Parkway, Suite 300
Roseburg, OR 97470

- C. For the purposes of subsection 5.B., subsection 6.B., paragraph 9.B.1., paragraph 10.B.6., subsection 11.A., or subsection 16.A. of this Compact, in each instance in which the State may designate an official outside the Oregon State Police to take action under this Compact, the designation shall be made by the Governor in writing, or by a person who, in that instance, the Governor has named in writing to make the designation. Such designations shall name the official and the specific purpose for which the official is being designated, and shall be directed to the Tribal Chairperson.

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:

- 1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall

specify the factual basis for the alleged noncompliance. Designated representatives of the State and the Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute. The State's representative shall be designated as provided in section 14 of this Compact.

2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 16.A. shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact, protect their rights and assets or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.
 - C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This Compact is the complete and exclusive expression of the parties' intent with regard to the subject matter hereof.

EXECUTED as of the date and year above-written.

STATE OF OREGON

**COW CREEK BAND OF UMPQUA
TRIBE OF INDIANS**

John Kitzhaber, Governor

Sue M. Shaffer, Tribal Chair

Date: _____, 1997

Date: _____, 1997

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____, 1997

**Amended and Restated
Tribal-State Compact for Regulation of Class III Gaming
Cow Creek Band of Umpqua Tribe of Indians
and the State of Oregon**

EXHIBIT I

DESCRIPTION OF GAMING LOCATION

Those properties described in Deeds described in Book 948, Page 797 (Instrument No. 86-6899); Book 1277, Page 658 (Instrument No. 94-01790); and Book 1378, Page 259, all recorded in the Deed Records of Douglas County, Oregon, lying in Sections 22 and 27, Township 30 South, Range 5 West, Willamette Meridian, the perimeter of which being more particularly described as follows:

Beginning at a 5/8" iron rod from which the Southwest Corner of the above said Section 22 bears N86°20'19"W 17.61 feet; thence N0°42'17"E 160.66 feet to a 5/8" iron rod; thence S89°28'13"E 513.19 feet to a 5/8" iron rod; thence N4°50'21"E 621.98 feet to the centerline of the South Umpqua River; thence along said centerline of the South Umpqua River S76°26'E 108.67 feet and S67°55'10"E 470.14 feet to its intersection with the centerline of Canyon Creek; thence along said centerline of Canyon Creek as follows: S9°49'21"E 491.28 feet, S24°13'21"E 305.60 feet and S15°20'21"E 128.63 feet to the north line of that Land Partition recorded as 1990-0013 in the Land Partition Records of Douglas County, Oregon; thence along said north line S62°44'27"W 409.39 feet to the most westerly corner thereof; thence along the westerly line of said Land Partition recorded as 1990-0013 S40°41'42"E 165.00 feet and S27°15'05"E 126.00 feet to the Southwest Corner thereof; thence along the westerly lines of those properties described as Instrument Nos. 94-02165, 91-14331, 94-26808, 86-9577, 89-09351, and 88-04642 in the Deed Records of Douglas County, Oregon, as follows: S27°15'05"E 124.42 feet, S27°01'42"E 126.99 feet, S27°08'26"E 221.80 feet, S26°59'55"E 19.87 feet, and S10°46'29"E 343.32 feet; thence leaving said westerly line N89°10'19"W 28.12 feet to the west right-of-way line of Stagecoach County Road No. 172; thence N9°49'03"W 131.17 feet to an axle end and N9°49'44"W 51.01 feet to the Northeast Corner of that property described in Instrument No. 222404 in the Deed Records of Douglas County, Oregon; thence along the north line of said property described in Instrument No. 222404 N89°40'38"W 101.00 feet; thence S0°13'58"W 162.34 feet to the north line of the I.O.O.F. Cemetary Property; thence N89°10'19"W 270.00 feet to a 5/8" iron rod; thence N0°18'43"W 252.38 feet to a 5/8 inch iron rod; thence S89°28'24"W 224.51 feet to a 5/8" iron rod; thence S2°13'48"E 245.95 feet to a 5/8" iron rod; thence S7°17'08"E 421.36 feet to a 5/8" iron rod; thence N88°28'46"W 124.99 feet to the easterly right-of-way line of the Interstate 5 Freeway; thence along easterly right-of-way line N29°02'45"W 750.65 feet and N28°53'23"W 813.67 feet to its intersection with the east right-of-way line of County Road No. 35; thence along said east right-of-way line N3°36'33"E 534.54 feet to the point of beginning.

**Amended and Restated
Tribal-State Compact for Regulation of Class III Gaming
Cow Creek Band of Umpqua Tribe of Indians
and the State of Oregon**

EXHIBIT II

OVERSIGHT/MONITORING HOURS

CALCULATION OF OVERSIGHT HOURS

The number of oversight/monitoring hours for purposes of Section 10 of this Compact shall be calculated based on the total number of video lottery terminals and table games authorized under the Compact according to the following formula:

VIDEO LOTTERY TERMINALS	MAXIMUMS
First 500 VLTs @ 10 hours/100 machines/mo	50 hours
Next 500 VLTs @ 5 hours/100 machines/mo	25 hours
Next 500 VLTs @ 2 hours/100 machines/mo	10 hours

CLASS III TABLE GAMES (baseline)*	
Up to 5 tables	50 hours/month
Next 25 tables @ 2 hours/table/month	50 hours
Next 30 tables @ 1 hour/table/month	30 hours

KENO - 8 hours per month

OTB - 8 hours per month

***NEW TABLE GAMES** - In addition to the table games baseline hours add the following for each different game

Craps	20 hours/mo/table
Roulette	20 hours/mo/table
Pai Gow Poker	10 hours/mo/table
Let-It-Ride	10 hours/mo/table
Mini-Baccarat	10 hours/mo/table
Big Wheel	5 hours/mo/wheel
Other Games	10 hours/mo/table

**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE
GRAND RONDE COMMUNITY OF OREGON AND
THE STATE OF OREGON**

01/08/97

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**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE
GRAND RONDE COMMUNITY OF OREGON AND
THE STATE OF OREGON**

PREAMBLE.

This amended and restated Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of the Grand Ronde Community of Oregon (hereinafter the "Tribe") and pertains to Class III gaming conducted on lands that are held in trust for the Tribe as part of the Tribe's Reservation, restored to federal recognition pursuant to P.L. 98-165 and P.L. 100-425, and that are subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"). The terms of this Compact are unique to this Tribe.

SECTION 1. TITLE.

THIS amended and restated Compact is entered into this ___ day of January, 1997, by and between The Confederated Tribes of the Grand Ronde Community of Oregon, a federally recognized Tribe of Indians, and the State of Oregon. Upon execution by the parties and approval by the Secretary of the Interior, this amended and restated Compact replaces the Compact entered into between the parties on August 21, 1993, and approved by the Secretary of the Interior on June 17, 1994.

SECTION 2. FINDINGS.

WHEREAS, the Tribe is a federally recognized Indian Tribe and is the beneficial owner of, and local government for, the trust lands of the Tribe located in the State of Oregon;

AND WHEREAS, the State and the Tribe are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State;

AND WHEREAS, the tribal public policy, as reflected in the Tribe's Constitution and ordinances adopted by the Tribe, is "to form a better tribal organization, secure the rights and powers inherent in our sovereign status and guaranteed to us by federal law, preserve our culture and tribal identity, promote the social and economic welfare of our people, protect and develop our common resources, maintain peace and order, and safeguard individual rights";

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribe as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

AND WHEREAS, the Tribe exercises authority over Tribal trust land that was restored to the Tribe pursuant to Public Law 98-165 and P.L. 100-425;

AND WHEREAS, the Secretary of the Interior has determined that the gaming location is on land described in 25 USC §2719(b)(1)(B)(iii);

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Tribe is the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the tribal gaming operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations related to licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribe rests on mutual trust and the recognition that each has a primary duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribe and the State agree that state regulation of Indian gaming in the State of Oregon will be funded by the Indian gaming industry;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that

unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribe or of the Tribe's sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the State recognizes the Tribe's continuing cooperation with the State in assuring the honesty, integrity and security of the gaming operation and the Tribe's commitment to a close working relationship with the Oregon State Police;

AND WHEREAS, the Tribe is authorized to act through Resolutions adopted by its Tribal Council;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribe and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendix and Exhibit:

- A. "Background investigation" means a security and financial history check of an applicant for a Tribal gaming license, whether the applicant is a prospective employee, consultant, contractor or vendor.
- B. "Certification" means the inspection process used by the State and the Tribe to approve gaming equipment for use in the Gaming Facility.
- C. "Class III Gaming Contract" means a contract that involves Major, Minor, or Sensitive Procurements.

- D. "Class III Gaming Contractor" is any individual, business or other entity that applies for or is a party to a Class III Gaming Contract.
- E. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- F. "Counter Game" means keno, race and sports book and off-race course mutuel wagering.
- G. "Gaming Facility" means the building and grounds located on the Tribe's Reservation at Grand Ronde, Oregon, known as the "Spirit Mountain Casino" at the location specifically described in Exhibit I to the Compact, and any property that is used by the Tribe in connection with Class III gaming, including any property used to store gaming equipment.
- H. "Key Employee" means any officer or any person who can affect the course of business, make decisions, or is in a sensitive position in an organization or corporation that is an applicant for a Tribal gaming license.
- I. "High Security Employee" means any natural person who participates in the operation or management of the Class III Tribal Gaming Operation, whether employed by the Tribe or by a person or entity providing on-site or off-site gaming operation or management services to the Tribe, including but not limited to: gaming operations administrators, managers and assistant managers, gaming facility surveillance or security personnel, dealers, croupiers, shift supervisors, cage personnel (including cashiers and cashier supervisors), drop and count personnel, gaming management consultants, video lottery terminal technicians, junket representatives; and any other person whose employment duties require or authorize access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public.
- J. "Low Security Employee" means any employee of the Tribal Gaming Operation whose duties require the employee's presence in any area of the Gaming Facility where Class III gaming activities take place, but who is not a High Security Employee and who is not involved in the operation of Class III gaming.
- K. "Major Procurement" means any procurement action or contract for goods, services or products used in the operation of Class III games, including but not limited to:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;
 3. Any goods, services, or products involving the determination of winners in any Class III gaming;
 4. Video devices or other equipment used in Class III games; or

5. A contract or license to use a patented game or game product.
- L. "Minor Procurement" means any procurement action or contract related to Class III gaming that is neither a Major Procurement nor a Sensitive Procurement. A typical example of this class of procurement is a contract to change the external appearance of a video terminal.
- M. "Owner" means any person or entity that owns 5% or more of the equity ownership of a company.
- N. "Primary Management Official" means any person who:
1. Has administrative or high-level management responsibility for part or all of the Class III gaming operation, whether as an employee or under a management contract;
 2. Has authority --
 - a. to hire and fire supervisory employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.
- O. "Sensitive Procurement" means any procurement action or contract for goods or services, other than a "Major Procurement," that may either directly or indirectly affect the integrity, security, honesty, and fairness of the operation and administration of Class III gaming such as acquisition of security systems required to protect the security and integrity of the Class III gaming, design of surveillance plans, gaming consulting services, or financing for construction or operation of a Gaming Facility.
- P. "Table game" means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race and sports book.
- Q. "Video lottery terminal" or "terminal" means an electrical or electronic device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. This Compact shall be the only Compact between the Tribe and State and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To

the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties the parties shall provide such changes in accordance with Subsection 12.D. of this Compact.

B. Authorized games.

1. Subject to, and in compliance with the provisions of this Compact, the Tribe may engage in the following Class III games: Video lottery games of chance, keno, off-race course mutuel wagering, blackjack, craps, roulette, pai-gow poker, Caribbean stud poker, let-it-ride, and big 6 wheel. The Tribe may offer race and sports bookmaking except that no wagers may be accepted by telephone and no wagers may be accepted or paid on:
 - a. Any amateur sports event in Oregon;
 - b. Any event held outside Oregon, if any participant in the event represents a public or private institution located in Oregon;
 - c. Any event, regardless of where it is held, involving a professional sports team whose home field, court or base is in Oregon.
 - d. Any event other than a racing or athletic sports event.
2. Subject to, and in compliance with, the provisions of this Compact, the Tribe may engage in any other Class III game that has been approved by the Nevada Gaming Commission. Operation of any game under this paragraph must be pursuant to rules, procedures and internal controls for the new game at least as stringent as the Tribal/State Minimum Internal Control Standards set forth in the Appendix to this Compact.
3. Before the Tribe offers a new game under this subsection 4.B., the Tribe and the State must agree that the Tribe has adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in subsection E of this section, and that the Tribal Gaming Commission and the State are fully prepared to regulate and monitor the new game.
4. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact. However, the Tribe agrees that if any Class II gaming activities are conducted or intermingled in such a way that they are inseparable from Class III gaming activities, such as surveillance, those activities shall be considered as Class III for purposes of the regulatory authority of the State under this Compact.

C. Gaming Location. The Gaming Facility authorized by this Compact shall be located on the Tribe's trust land at Grand Ronde, Oregon. The site of the Gaming Facility is specifically described in Exhibit I to this Compact. Gaming authorized under this Compact shall be conducted only in the Gaming Facility.

D. Number of video lottery terminals. The number of Class III video lottery games of chance authorized by this Compact shall not exceed 1,200. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

E. Addition of Authorized Games at Gaming Facility.

1. At least 60 days before any new game otherwise authorized under this Compact is conducted at the Gaming Facility the Tribal Gaming Commission shall:
 - a. Ensure that the Gaming Facility develops rules and procedures for a system of internal controls for the new game that meets the minimum standards established in the Appendix to this Compact.
 - b. Require that the Gaming Facility provide appropriate training for all dealers, supervisors, surveillance personnel and any other employees involved in the conduct or regulation of the new game and for the Tribal Gaming Inspector, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods.
 - c. Ensure that the Gaming Facility establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.
 - d. Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.
 - e. Notify the Oregon State Police that the Tribe proposes to offer the new game to the public, and provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under this paragraph 1 of this subsection.
 - f. Negotiate with the Oregon State Police the amount of any additional direct service hours needed for the State to monitor the new game.
2. The Tribe agrees to introduce new games authorized under this section according to the following schedule:

- a. Within the sixty day period after the Secretary of the Interior approves this amended and restated Compact the Tribe may offer three of the games authorized under paragraph 1 of subsection B of this section;
 - b. Within the ninety day period after the sixty-day period specified in subparagraph a of this paragraph, the remaining games authorized under paragraph 1 of subsection B of this section;
 - c. After the period of time specified in subparagraphs a and b of this paragraph, for any game authorized by paragraph 2 of subsection B of this section, one new game within a single calendar quarter.
3. The Tribe shall establish wager limits for all games. The maximum wager for any table game or counter game, except for race and sports book, shall be \$500. The maximum wagers for race and sports book shall be \$5,500 for a straight bet and \$500 for a parlay bet. Whenever a new table or counter game, other than race and sports book, is introduced, the Tribe shall establish an initial wager limit of \$100 per hand, play or bet. After a period of six months of operation of the new table game in full compliance with the requirements of this Compact, the Tribe may request that a maximum wager of \$500 be authorized. The State may refuse to agree to an increase in the maximum wager limit if there have been any significant problems with the conduct of the new game due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection.
 4. The Tribe may operate a maximum of sixty tables of table games at the Gaming Facility.
 5. The Tribe agrees to cooperate with State law enforcement on the investigation and prosecution of any gambling crime committed at the gaming facility. The Tribe and the State agree to cooperate in establishing a state-wide system to identify and monitor persons excluded from the gaming facility or from any other tribal gaming facility in this State.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians within the gaming facility and on Tribe trust land; the criminal laws of the State shall have the same force and effect at on Tribal Lands as they have on non-Tribal lands within the State.
2. If the Tribe authorizes the Tribal Court to hear criminal cases arising on the Tribal Lands, the Tribe and the State shall have concurrent criminal jurisdiction over

offenses committed by Indians within the Gaming Facility and on the Tribal Lands. Once a tribal police force is in operation on the Tribal lands, the enforcement of criminal laws at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribe and the Oregon State Police.

3. The Tribe and the State agree that local law enforcement officials will provide the first response for criminal or public safety issues that are not related to the operation of gaming or that occur other than in the course of the play of games. The Oregon State Police shall have exclusive authority to investigate crimes under state laws that are related to the operation of gaming or that occur in the course of play of games.
 4. If the Tribe establishes a law enforcement agency that is responsible to investigate criminal law violations on tribal lands, the Tribe agrees that the State shall continue to have the authority to investigate possible violations of this Compact or other gaming regulatory matters. The Tribe and the State further agree that their respective law enforcement agencies will cooperate in any investigation that involves or potentially involves both criminal and regulatory violations.
- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 5.A.2., law enforcement officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within the Gaming Facility and on Tribal trust land for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State. The Tribe, or individuals acting on its behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the gaming operation.
- C. The State may station one or more officers at the Gaming Facility by mutual agreement with the Tribe.
- D. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the State under Public Law 83-280. The Tribe and the State agree that the criminal laws of the State of Oregon that proscribe gambling activities shall apply to any person who engages in the proscribed activities if those activities are not conducted under the authority of the Tribe as provided in this Compact and under the Indian Gaming Regulatory Act.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS

- A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree

that both of them have the responsibility to protect the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribe, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation, the Tribe, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribe's gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
4. Regulation and operation of the Tribe's gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any decision by the Tribe relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribe. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribe receive the notice.
3.
 - a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:

- (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.
 - (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
- c. Upon agreement by both parties, the arbitration proceeding shall be binding.
- d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.
5. Expedited Procedure.
 - a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to prevent substantial harm from occurring. The Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation, unless the commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness and security of the Tribal gaming operation. Nothing in this subparagraph shall preclude the Tribe from invoking the dispute resolution procedures provided in this Compact after the commission implements the State's recommendation.
 - b. The parties shall confer within five (5) days after the Tribe receives the notice.
 - c. If the State's concern is not resolved informally within ten days after the Tribe receives the notice, the state may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.
 - d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:

- (1) A criminal indictment is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;
- (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
- (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
- (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
- (5) The physical safety or security of patrons is seriously at risk;
- (6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.

C. The provisions of this section, shall provide the exclusive method for resolving disputes as to the Tribe's decisions concerning hiring or contracting under section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials, High Security Employees and Low Security Employees employed in the Gaming Facility shall be licensed by the Tribe in accordance with the provisions of this Compact.
2. All prospective employees -- whether High Security Employees, Low Security Employees or Primary Management Officials -- shall provide to the Tribe and the State any required application fees and the following information, on forms provided by or approved by the State:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;

- d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any State agency or Tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph.
3. In addition to the requirements of paragraph 7.A.2. above, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.
4. a. The Tribe shall forward the applicant information for each prospective High Security Employee and Primary Management Official to the State. The Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed thirty (30) days without notice to and consent of the Tribe.
- b. The Tribe may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a of this paragraph.
5. a. Except as provided in paragraph 6 of this subsection, the Tribe shall deny a gaming license to any High Security Employee or Primary Management Official who:
- (1) Has, within the ten-year period preceding the date of application for a license, committed a felony other than a traffic offense, whether or not conviction of such a felony has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a felony other than a traffic offense, in that jurisdiction.
 - (2) Has committed a crime involving unlawful gambling under the law of any federal, state or tribal jurisdiction, whether or not conviction of such a crime has been expunged, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a crime involving unlawful gambling in that jurisdiction.

- (3) Has associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction.
 - (4) Was employed by any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction, if the prospective employee or official was in any way involved in the criminal activity as it occurred.
- b. The Tribe shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:
- (1) The applicant fails to disclose any material fact to the Tribe or the State or their authorized agents during a background or security investigation; or
 - (2) The applicant misstates or falsifies a material fact to the Tribe or the State during a background or security investigation.
- c. The Tribe may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribe deems sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribe shall include, but need not be limited to, the following:
- (1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a of this paragraph) in any jurisdiction; or
 - (2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribal Gaming Operation; or
 - (3) There is any aspect of the applicant's past conduct that the Tribe determines would adversely affect the honesty, integrity, security or fairness of Tribal Gaming Operation.
- d. After this amended and restated Compact becomes effective, the Tribe shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in subparagraphs (1) or (2) of subparagraph a of this paragraph. The Tribe may deny a gaming license to any Low Security Employee applicant who does not meet the criteria established in the remainder of this

paragraph 5. Decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.

- e. The Tribe may reject an application if the applicant has not provided all of the information requested in the application.
- f. Denial of a gaming license by the Tribe is final.
- g. No Primary Management Official or High Security Employee may be licensed by the Tribe until all background checks required under paragraph 7.A.4. of this section are completed.

6. Waiver of Disqualifying Criteria.

- a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing under the provisions of paragraph 5 above, and the Tribe believes that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribe may give written notice to the State asking to meet and confer concerning waiver of the disqualification. The Tribe and the State shall meet within 15 days after written notice is given.
- b. In order to waive disqualification of licensing of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribe and the State must agree on the waiver.
- c. Waiver of disqualification of licensing may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;
 - (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;
 - (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made.
 - (7) The nature of a misstatement or omission made in the application.

7. Background investigation during employment. The Tribe or the State may conduct additional background investigations of any gaming employee at any time during the term of employment. If after investigation, the State determines there is cause for the

dismissal of any employee under the criteria established in this subsection 7.A., it shall promptly so report to Tribe and furnish the Tribe with copies of all relevant information pertaining to such determination. The Tribe shall review the State's report and supporting materials and if it concludes that good cause for dismissal is shown under the criteria established in this subsection 7.A., the subject employee shall be dismissed.

8. Temporary licensing of employees.

- a. The Tribe may issue a temporary license to High Security Employees fifteen days after submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the review and checks. The temporary license shall expire and become void upon completion of the background check and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a permanent license, the Tribe shall immediately revoke the temporary license.
- b. The Tribe may issue a temporary license to a Low Security Employee upon submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the review and checks. Any Low Security Employee shall be subject to immediate termination if the State or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7.A.5.d.
- c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribe by mail, the material is deemed to be submitted three days after the date of mailing.
- d. No temporary license may be granted to a Primary Management Official or to a consultant under this paragraph.

9. Duration of license and renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 7.A.2. to 7.A.5. above. Applicants for renewal shall provide updated information on a form provided or approved by the State to the Tribe but will not be required to resubmit historical data already provided. The State may perform a new background investigation for any employee whose license is renewed.

10. Revocation of license. The Tribe may revoke the license of any employee pursuant to policies determined by the Tribe. The Tribe shall revoke the license of any employee only upon determination that the employee does not meet the criteria described in paragraph 7.A.5. above.
11. The Tribe shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedures.
12. The Tribe agrees to provide to the Oregon State Police, on a monthly basis, a list of all current employees of the Gaming Facility and to give notice to the Oregon State Police of any disciplinary action related to the fairness, integrity, security or honesty of the gaming operation, or termination of an employee, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. The Tribe shall enter into contracts with all prospective managers, manufacturers, consultants or suppliers of goods or services related to the play of Class III gaming authorized by this Compact before conducting any business with those individuals or entities related to Class III gaming.
2. The Tribe shall submit any proposed Class III Gaming Contract to the State for review and comment and for a background investigation for the contract applicant.
3. A background investigation may be conducted by the State on all Class III Gaming Contract applicants or contractors. The level of investigation will be determined by whether the individual procurement is classified as a Major Procurement, Minor Procurement or Sensitive Procurement. The level of investigation for a Major Procurement and Sensitive Procurement shall be more intense than that for a Minor Procurement.
4. All Class III Gaming Contract applicants, and any owner or key employee of an applicant, shall provide all personal and business information required by the State to conduct its background investigation.
5. The Tribe shall not approve any Class III Gaming Contract that does not grant both the State and the Tribe access to the contractor's business and financial records.
6. Criteria for Denial of Contract Application.
 - a. The Tribe shall deny a Class III Gaming Contract application for any of the following reasons:
 - (1) A conviction of the applicant or any owner or key employee of the applicant for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the application;

- (2) A conviction of the applicant or any owner or key employee of the applicant for any gambling offense in any jurisdiction;
 - (3) A civil judgment against the applicant or any owner or key employee of the applicant, based in whole or in part upon conduct that allegedly constitutes a gambling offense, or a civil judgment entered within the ten year period preceding the date of the application against the applicant or any owner or key employee of the applicant, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense;
 - (4) A failure by the applicant to disclose any material fact to the State or the Tribe or their authorized agents during initial or subsequent background or security investigations;
 - (5) A misstatement or untrue statement of material fact made by the applicant to the State or the Tribe or their authorized agents during initial or subsequent background or security investigations as determined by the Tribe or the State;
 - (6) An association with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Tribe;
 - (7) Any aspect of the applicant's past conduct that the Tribe or the State determines would adversely affect the integrity, security, honesty or fairness of Tribal gaming;
 - (8) The applicant has engaged in a business transaction with an Indian tribe that involved providing gaming devices for a Class III gaming operation that was conducted by the tribe without a State-Tribal Class III gaming compact in violation of the Indian Gaming Regulatory Act.
- b. The Tribe may deny any Class III Gaming Contract application for any reason the Tribe deems sufficient. Such decisions to deny a Class III Gaming Contract application shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a Class III Gaming Contract application, the factors to be considered by the Tribe shall include, but need not be limited to the reasons described in subparagraph 7.A.5.c. of this section.
- c. The Tribe may deny any Class III Gaming Contract application if:

- (1) A person who is unqualified or disqualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in the applicant, regardless of the qualifications of the person who seeks approval as a contractor; or
 - (2) The applicant demonstrates inadequate financing for the business proposed under the type of contract for which application is made. In determining whether financing is adequate, the Tribe shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this section, or paragraph 6 of subsection B of this section and whether that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or
 - (3) The applicant or its employees fail to demonstrate business ability and experience to establish, operate and maintain the business for the type of contract for which the application is made.
- d. In evaluating whether to deny a contract related to Class III gaming based on subparagraph c of this paragraph 6, the Tribe may consider the following factors:
- (1) The nature and severity of the conduct that constituted the offense or crime;
 - (2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
 - (3) The number of offenses or crimes; and
 - (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.
- e. No person applying for a Class III Gaming Contract shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe, or National Indian Gaming Commission, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribe and the State.
- f. The Tribe or the State may reject an application if the applicant has not provided all of the information requested in the application.
- g. Notwithstanding subparagraph a of this paragraph 6, if a Class III Gaming Contract application is required to be denied under this subsection 7.B., because a person previously associated with the applicant or an employee of the applicant

has been convicted of a crime or a civil judgment entered within the ten year period preceding the date of the application against the applicant or employee of the applicant, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribe may enter into a contract with the applicant if the applicant has severed its relationship with that person or employee. Before the Tribe may enter into a contract under this subparagraph, the State and the Tribe must agree that the relationship between the applicant and the person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the person or the employee has no continuing connection with the direction or control of any aspect of the business of the applicant, and the person or employee is no longer employed by the applicant in any capacity. The burden of showing to the satisfaction of the Tribe and the State that a relationship has been severed is on the applicant.

7. Revocation of Class III Gaming Contract.

- a. The Tribe may revoke any contract pursuant to policies and procedures determined by the Tribe.
- b. Every Class III Gaming Contract shall provide that the State, although not a party to that contract, may revoke any contract for cause consistent with the criteria established by paragraph 7.B.5. of this section and that the Class III Gaming Contractor shall consent to the State's right to review and revoke all Class III Gaming Contracts.

8. Contractor Reporting Requirements.

- a. All contractors shall submit to the Tribe and the State any financial and operating data requested by the Tribe or the State.
- b. The Tribe shall specify the frequency and a uniform format for the submission of such data.
- c. The Tribe, the State, or their agents reserve the right to examine contractor tax records and the detailed records from which the tax reports are compiled.

9. Termination of Contract.

- a. No contract shall be in effect for a term longer than seven (7) years.
- b. The Tribe and the State shall retain, in each contract, the right to terminate the contract immediately upon the occurrence of any of the following:

- (1) The contractor is discovered to have made any statement, representation, warranty, or certification in connection with the contract that is materially false, deceptive, incorrect, or incomplete;
- (2) The contractor fails to perform any material requirements of the contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure;
- (3) The Tribe or the State determines satisfactory performance of the contract is substantially endangered or can reasonably anticipate such occurrence or default;
- (4) The Contractor, or any officer or employee of the Contractor or any owner of five percent (5%) or more of the equity ownership in the Contractor is convicted of a felony or a gambling-related offense that reflects on Contractor's ability to perform honestly in carrying out the contract;
- (5) The Contractor jeopardizes the integrity, security, honesty, or fairness of the Tribal gaming operation; or
- (6) Upon transfer of a controlling interest of the Contractor.

C. Fees for Background Investigations.

1. The State shall be reimbursed its costs for performing background investigations in accordance with the terms of section 10 of this Compact.
2. The State will assess the cost of background investigations for Class III Gaming Contract applications to the applicants. The applicant is required to pay the investigation fee in full prior to commencement of the investigation. If the applicant refuses to prepay the cost of a background investigation, the State shall notify the Tribe and the Tribe may choose to pay the investigation cost or withdraw its request for the investigation.

D. Access to Contracts.

1. If the Primary Management Official is a corporation or other form of organization, the Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.
2. If the Primary Management Official is a corporation or other form of organization, the Primary Management Official shall furnish to the State complete information

pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

3. The Tribe agrees to provide to the State, upon request, a list of all non-gaming contractors, suppliers and vendors, and to give the State access to copies of all non-gaming contracts.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Gaming Regulations. Conduct of all Class III gaming activity authorized under this Compact shall be in accordance with the requirements of this Compact and with the minimum internal control standards set forth in the Appendix to this Compact. The provisions of the Appendix "Tribal/State Minimum Internal Control Standards" are hereby incorporated into and made a part of this Compact. The Tribe and the State agree that the minimum internal control standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for that purpose.
- B. Identification badges. The Tribe shall require all employees to wear, in plain view, identification badges issued by the Tribe that include photo and name, with the exception of employees assigned to covert compliance duties, who shall only be required to have on their person an identification badge. Oregon State Police employees shall not be required to wear identification badges.
- C. No credit extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribe permit any person or organization to offer such credit for a fee. Cashing checks for purposes of Class III gaming constitutes extending credit under this subsection. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribe or any other person to install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. Prohibition on attendance and play of minors. No person under the age of twenty one (21) shall participate in any Class III gaming authorized by this Compact. No person under the age of twenty one (21) shall be allowed to play any Class III game operated under this Compact. If any person under the age of twenty one (21) plays and otherwise qualifies to win any Class III game prize or compensation the prize or compensation shall not be paid. Employees under age 21 whose non-gaming duties require may be present on the gaming floor.

- E. Prohibition of firearms. With the exception of federal, state, local or Tribal law enforcement agents or officers, no person shall possess firearms within the Gaming Facility.

- F. Service of Alcohol. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by federal law. The Tribe and the State shall enter into a Memorandum of Understanding that will establish which State laws and Oregon Liquor Control Commission licensing regulations shall be applied to the sale or service of alcoholic beverages at the Gaming Facility. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribe. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming. No alcohol may be served or consumed on the gaming floor while gaming is taking place.

- G. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribe's insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy. The Tribe shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

- A. Tribal Gaming Commission.
 - 1. The Tribe agrees to establish a Tribal Gaming Commission, to grant the commission the exclusive authority to regulate gaming activities on Tribal lands, and to provide the commission adequate resources to perform its duties under Tribal law and this Compact. The commission shall not participate in any way in the management of the Gaming Facility. Commission members may be removed only for cause by the Tribal Council. Commission members must satisfy the security requirements that are applicable to High Security Employees and Primary Management Officials.

2. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands. The Tribal Gaming Commission's role shall include the following functions:
 - a. Ensure compliance with all relevant laws, Compact provisions, regulations, internal controls, policies and procedures that are applicable to the operation of gaming activities on Tribal lands;
 - b. Ensure the physical safety of patrons in, and of personnel employed by, the establishment;
 - c. Safeguard the assets transported to and from and within the gaming facility;
 - d. Protect patrons and property from illegal activity;
 - e. Detain persons suspected of crimes for the purpose of notifying the law enforcement authorities;
 - f. Record any and all unusual occurrences within the gaming facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (1) The assigned sequential number of the incident;
 - (2) The date;
 - (3) The time;
 - (4) The nature of the incident;
 - (5) The person involved in the incident; and
 - (6) The security employee assigned;
 - g. Maintain logs relating to surveillance, security, cashier's cage, credit, video lottery terminals (showing when video machines opened), and video lottery terminal location;
 - h. Establish and maintain an updated list of persons barred from the gaming facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State;
 - i. Obtain an annual audit by a Certified Public Accountant;

- j. Ensure that a closed circuit television system is maintained in the cash room of the gaming facility and that copies of floor plan and TV system are provided to the State;
 - k. Ensure that a cashier's cage is maintained in accordance with industry standards for security;
 - l. Ensure that sufficient security personnel are employed and trained;
 - m. Subject to State review and approval, establish a method for resolving disputes with players; and
 - n. Ensure that surveillance equipment and personnel are managed and controlled independently of management of the gaming facility.
2. Tribal Gaming Inspector.
- a. A Tribal gaming inspector, as an agent of the Tribal Gaming Commission, shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances, and regulations governing gaming. Any violations of the provisions of this Compact, or of Tribal ordinances or regulations by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within seventy-two (72) hours of the time the violation was noted.
 - b. The Tribal Gaming Commission may designate any individual or individuals to perform the duties of a Tribal gaming inspector, so long as each inspector performs those duties independently of the management of the tribal gaming operation, and is supervised and evaluated by the commission as to the performance of those duties.
 - c. The Tribal gaming inspector shall monitor compliance with the requirements of applicable law, this Compact, regulations, internal controls, policies and procedures, including but not limited to:
 - (1) Observe for compliance, on a monthly basis or more frequently as determined by the Tribal Gaming Commission, at least four of the following:
 - (a) Sensitive gaming inventories;
 - (b) VLT or table game drop;

- (c) Soft count;
 - (d) Security and surveillance logs;
 - (e) Movement of cash within, into and outside the gaming facility;
 - (f) Surveillance procedures;
 - (g) Security procedures;
 - (h) Games controls;
 - (i) Integrity of VLT E-proms.
- (2) Investigate any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.
 - (3) Investigate any cash variance greater than \$100, and report the findings to the Tribal Gaming Commission and the State Police.
 - (4) Investigate customer disputes related to gaming that involve more than \$500 and that are not resolved by the gaming operation management.
 - (5) Report to the Oregon State Police any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the gaming operation.
3. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefitting from, the gaming operation.
4. Reporting to State. The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribe agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribe as provided in Section 10 of this Compact. In addition to the State's regular monitoring functions, the Tribe agrees that the State may conduct the following activities, the cost of which shall also be assessed to the Tribe:
 - (a) An annual comprehensive compact compliance review, which shall be planned and conducted jointly with the Tribal Gaming Commission, of the gaming operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the Tribal Gaming Commission, including at a minimum, review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
 - (b) Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
 - (c) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
 - (d) Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
 - (e) Periodic review of any contracts between the Tribe and suppliers, vendors or contractors that provide non-gaming goods or services to the Gaming Facility. The Oregon State Police will report any concerns about a particular supplier, contractor or vendor to the Tribal Gaming Commission before taking any action.

2. Access to Records.

- (a) The Tribe agrees that the State shall have the right to inspect and copy, during normal business hours, and upon reasonable notice, any and all tribal records pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation. Any records or copies removed from the premises shall be returned to the Tribe immediately after use.
- (b) The State acknowledges that records created and maintained by the Tribe belong to the Tribe.
- (c) The Tribe acknowledges that any records created or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, belong to the State and are fully subject to the State Public Records Law, ORS 192.410 to 192.505. Any information concerning the Tribe's Class III gaming operation that is contained in state records may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505. Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:
 - (1) "Trade secrets" as defined in ORS 192.501(2).
 - (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3).
 - (3) Information submitted in confidence, as provided in ORS 192.502(3).
 - (4) Any information the disclosure of which is specifically prohibited by state or federal law.
- (d) Applications submitted to and retained by the Oregon State Police for Class III gaming licenses are state records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
- (e) Information about the Tribe's Class III gaming activities, whether obtained from the Tribe or from any other source, that is included in a document created or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless

the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.

- (f) The Tribe has agreed to allow the State access to sensitive financial, security and surveillance information that the Tribe considers confidential. The State acknowledges that the Tribe has voluntarily given the State access to this information and that the Tribe would not otherwise be required by law to do so. The State acknowledges that this information should reasonably be considered confidential. To the extent such information is included in any state records that are subject to disclosure, the State hereby obliges itself not to disclose this information when the public interest in maintaining the honesty, integrity, fairness and security of the tribal gaming operation would suffer by the disclosure.
- (g) The State agrees to notify the Tribe of any request for disclosure of information about the Tribe's Class III gaming activities. If the State decides to release any documents that contain information about the Tribe's Class III gaming activities, the State will notify the Tribe at least five (5) working days before any disclosure is made.
- (h) The parties agree that any dispute as to the disclosure of documents under the Public Records Law or under this subsection shall be decided in Marion County Circuit Court.
- (i) Nothing in this subsection precludes the State or the Tribe from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or a criminal investigation.

- 3. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.

**SECTION 10. TRIBAL PAYMENT OF COSTS FOR OVERSIGHT;
CONTRIBUTION FOR PUBLIC BENEFIT.**

A. Assessment for State Regulatory and Law Enforcement Costs

- 1. Before July 1 of each year, the Tribe and the State shall negotiate the number of direct service hours that will be necessary for the State to perform its duties and functions under this Compact. The amount of direct service hours shall reflect the size and scope of the Tribal gaming operation. The amount of direct services hours may be changed by mutual agreement during the ensuing year if the size and scope of the tribal gaming operation changes.

2. On July 1 of each year, the Tribe shall prepay an assessment to compensate the State for the costs of regulatory and law enforcement activities to be performed by the Oregon State Police under this Compact for the ensuing fiscal year.
3. The Tribe's annual assessment shall be calculated by multiplying the Oregon State Police legislatively approved budget for the fiscal year times the ratio that the maximum number of direct service hours of monitoring activity authorized under a memorandum of agreement to this Compact bears to the total number of direct service hours of monitoring activity authorized by compacts for all Tribes that are operating gaming facilities in this State at the beginning of the fiscal year. Costs included in the legislatively approved budget are salaries, benefits, services and supplies, capital outlay, administrative supervision and support, vehicle and equipment lease or rental expenses, training costs, legal services charges, bookkeeping expenses, and all other expenses of the Oregon State Police, Tribal Gaming Section.
4. During the fiscal year, the Oregon State Police shall account for all activities performed pursuant to this Compact on an hourly basis. For purposes of this accounting, the Oregon State Police shall calculate an hourly rate that is sufficient to allow the State to recover the total amount of the legislatively approved budget for tribal gaming regulation. Costs for all activities denominated as Part A costs in subsection B of this section and all recoverable expenses shall be charged against the Tribe's prepaid assessment amount, quarterly during the fiscal year.
5. At the end of each fiscal year, the Oregon State Police shall determine the amount remaining after the deductions from the Tribe's prepaid assessment provided in paragraph 3. The remainder of the assessment shall be added to the remainder of the assessments for all Tribes that operated gaming facilities in this State during the year, and shall constitute the total assessment for routine monitoring. Any costs recovered from vendor or employee licensing investigations shall be offset against the total. The total shall then be divided among the tribes based on the actual number of hours of monitoring activity performed with respect to each of them. The final charge for the fiscal year shall be the cost of Part B activities under subsection B of this section. If the Tribe has overpaid, credit shall be given against the next year's assessment. If the Tribe has underpaid, the Tribe shall pay the difference.
6. As used in this subsection:
 - a. "Investigation" means any activity performed by Oregon State Police because of the occurrence of a specific incident or event, and includes activity performed to determine whether there has been a violation of criminal law or any gaming regulation.
 - b. "Monitoring" means any activity performed during routine review of tribal gaming operations, but does not include investigations.

- c. "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing contract applicant background checks (unless paid by the contract applicant), performing Compact monitoring functions and traveling to and from the Gaming Facility or the site of a contract applicant background investigation, for the Grand Ronde Tribe.
 - d. "Recoverable Expenses" means charges paid by the Oregon State Police for processing fingerprint cards, for processing credit history checks, and actual per diem expenses (transportation, lodging, food) and other actual expenses incurred by Oregon State Police personnel in connection with performance of their duties under this Compact.
7. If the parties fail to agree to the assessments under this subsection, such dispute shall be resolved pursuant to Section 16 of this Compact.

B. Creation and Maintenance of Community Benefit Fund.

1. Establishment of Fund. The Tribe agrees to establish a Fund within 90 (ninety) days after execution and approval of this Compact. Annually, the Tribe will contribute to the Fund, from the proceeds of the Gaming Facility, an amount

calculated as provided in paragraph 4 below, for the previous fiscal year. The Tribe shall name the Fund.

2. Fund Administration.

- a. The assets of the Fund shall be expended for the benefit of the public within Polk, Yamhill, Tillamook, Marion, Washington, Multnomah, Clackamas, Lane, Linn, Benton or Lincoln counties. Grants from the Fund may be made to charitable organizations in the above counties, or to local government bodies within the two counties within whose boundaries the Grand Ronde Reservation is located (Polk and Yamhill) for any of the following purposes: education, health, public safety, gambling addiction prevention, education and treatment, the arts, the environment, cultural activities, historic preservation and such other charitable purposes as may be provided in the by laws of the Fund.
- b. The Fund will be administered by a board of eight trustees. Each trustee shall have an equal vote on actions of the board.
- c. The trustees of the Fund shall establish by laws governing the conduct and discharge of their responsibilities not inconsistent with the terms of this subsection.
- d. The Tribe shall submit proposals for grants from the Fund to the trustees, who shall make the final determination of the proposals to be funded in accordance with the by laws. Grants shall be made on the basis of merit. The trustees may reserve a portion of the Fund in a single year to fund a multi-year grant or grants.

3. Qualifications, Term and Selection of Trustees.

- a. The membership of the board of trustees shall be:
 - (1) Three members of the tribal council of the Confederated Tribes of the Grand Ronde Community of Oregon, appointed by the Tribe;
 - (2) One representative of the Spirit Mountain Development Corporation or Spirit Mountain Gaming, Inc. (or their successors), appointed by the Tribe;
 - (3) Three trustees who are not affiliated with the Tribe, appointed by the Tribe from a list of candidates nominated by the Tribal Council in consultation with the Governor of the State of Oregon;
 - (4) One member of the public at large, appointed by the Governor of the State of Oregon.

- b. Each trustee must reside in one of the following counties: Polk, Yamhill, Tillamook, Marion, Washington, Multnomah, Clackamas, Lane, Linn, Benton or Lincoln.
 - c. Except for the initial board, trustees shall serve two-year terms and may be removed before the end of their terms only for cause by the appointing authority. The initial board shall serve as follows: The three members of the tribal council and the representative of Spirit Mountain shall serve for two years; the remaining members of the initial board shall serve for one year. Trustees may be reappointed. Vacancies on the board of trustees shall be filled within thirty days by the appropriate appointing authority. Any trustee whose term has expired shall continue to serve until a successor has been appointed.
4. Calculation of Fund Contribution. The Tribe's annual contribution to the Fund shall be based upon the Tribal Gaming Operation's net income as shown in the audited financial statement of the Tribal Gaming Operation for the fiscal year ending before the contribution is made, and for which the Tribal Gaming Operation has received an unqualified audit opinion that the financial statement fairly reflects the Tribal Gaming Operation's financial position from an independent nationally recognized public accounting firm (commonly recognized as a "Big Six" firm) engaged by the Tribe for the purpose. The contribution shall be calculated as follows:
- a. Deduct from the Tribal Gaming Operation's net income before tribal taxes, and excluding any payment for Oregon State Police assessments, for the prior calendar year, the amount paid by the Tribe for Oregon State Police Part A assessments for the State's fiscal year ending the preceding June 30.
 - b. Multiply the result in subparagraph a of this paragraph by 6 per cent. The product shall be the Tribe's base public service assessment.
 - c. Deduct from the base public service assessment the amount paid by the Tribe for Oregon State Police Part B assessments for the State's fiscal year ending the preceding June 30. An amount equal to the difference is the amount of the annual contribution to the Fund.
5. For purposes of this subsection:
- a. Oregon State Police assessment Part A includes the cost of all employee background investigations, all criminal and regulatory investigations, and any consulting or gaming related services requested by the Tribe that are not required by this Compact or by a memorandum of understanding under this Compact.
 - b. Oregon State Police assessment Part B includes the cost of routine monitoring activities and all comprehensive compact compliance reviews.

6. The determination of the net income of the Tribal Gaming Operation is subject to review by the State.
7. Termination or Modification of Fund Contributions. The Tribe's contributions to the community benefit fund established as described in subsection B of this section may be discontinued if the Oregon Constitution is amended to allow the operation of casinos in this state. The Tribe and the State agree that if the Tribe is prohibited from offering blackjack or any of the Class III games listed in paragraphs 1 or 2 of subsection B of section 7 of this Compact, the parties will enter into negotiations to establish how the community benefit fund contribution provided for in this subsection will be adjusted to reflect the impact of the discontinuation of those games on the net income of the Tribal Gaming Operation.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health, Safety and Environmental standards.

1. The Tribe agrees to adopt and enforce ordinances and regulations governing health, safety and environmental standards applicable to the Gaming Facility that are at least as rigorous as comparable standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State or local agency generally responsible for enforcement of such health, safety and environmental standards outside Indian lands in order to assure compliance with such standards within the Gaming Facility. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, safety and environmental standards applicable to the Gaming Facility. The Tribe shall use its regulatory jurisdiction to assure that health, safety and environmental standards are met. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.
2. Upon request by the State, the Tribe agrees to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribe can demonstrate that it has satisfied this section by providing a certificate or other evidence of compliance from the appropriate state or local official responsible for enforcement of comparable state standards.
3. As used in this subsection, "health, safety and environmental standards" include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to

the public for purposes of protecting the public within the facility. "Health, safety and environmental standards" does not include land use regulations or zoning laws.

4. The Tribe agrees that the State may have state or local inspectors verify compliance with this subsection. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribe agrees to take such steps as are necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and under the principles and procedures established for resolution of operating disputes in section 6 of this Compact.
- B. Traffic standards. The Tribe shall provide access from its Gaming Facility onto the public road known as State Highway 18 that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the provision of such access by the State, including provisions for compensation by the Tribe for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary.
 - C. The Tribe shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribe would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue. The Tribe agrees that the management of the Gaming Facility will withhold and remit personal income taxes from employee wages to the Oregon Department of Revenue in the manner prescribed by the Department of Revenue.
 - D. If local government officials believe that an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe, or its designated representative, shall meet with the mayor or county commission of the affected government to develop mutually agreeable measures to alleviate the problem. The burden shall be on the local government officials to demonstrate that the public safety problem is directly attributable to the existence of the Gaming Facility. If an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe shall undertake to perform any mutually agreeable measures to alleviate the problem. If the Tribe and local government officials are unable to agree on measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 16 of this Compact.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This amended and restated Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.

B. Termination. This Compact shall remain in effect until such time as:

1. This Compact is terminated by written agreement of both parties;
2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;
3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;
4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribe's exercise of Class III gaming; or
5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
3. If a type of Class III game authorized is prohibited as provided in paragraphs 1 or 2 of this subsection, the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game.

D. Amendments.

1. Except as provided in subsection 12.C. above, this Compact shall not be amended unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Confederated Tribes of the Grand Ronde Community of Oregon to

engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact;

- b. One year elapses after the date this amended and restated Compact is approved by the Secretary of the Interior;
 - c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity.
2. Paragraph 12.D.1.above does not authorize the Tribe to renegotiate the terms of this Compact applicable to forms of gaming authorized by Section 4 of this Compact, except to the extent that the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.
 3. Pursuant to paragraph 12.D.1., the State or the Tribe may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 12.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribe at the appropriate office identified at Section 14 below. If a request is made by the Tribe, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribe hereby waives any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility, unless another Tribe that is operating a gaming facility in this State as of December 31, 1996, signs a Compact that authorizes that Tribe to operate more than one gaming facility simultaneously, or is otherwise authorized to operate more than one gaming facility simultaneously.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in the Indian Gaming Regulatory Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe.
- C. Prohibition on taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribe or any Tribal gaming operation except for charges expressly authorized in accordance with this Compact.

- D. Preservation of Tribal Self-Government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribe, including the Tribal Gaming Commission, or to interfere in any manner with the Tribe's selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribe.

- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribe and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.

- F. The Tribe and the State agree that any activities that must be performed under this amended and restated Compact to prepare for implementation of any new games authorized under Section 4 may be undertaken before the Secretary of the Interior approves this amended and restated Compact.

SECTION 14. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Captain
 Oregon State Police
 Gaming Enforcement Division
 400 Public Service Building
 Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
 Office of the Governor
 254 State Capitol
 Salem, OR 97310

Chair of the Grand Ronde
 Tribal Gaming Commission
 9615 Grand Ronde Rd.
 Grand Ronde, OR 97347

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
 - 1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 - 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 16.A. shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.
- C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

**CONFEDERATED TRIBES OF THE
GRAND RONDE COMMUNITY OF OREGON**

John Kitzhaber, Governor

Kathryn Harrison, Tribal Chair

Date: _____, 1997

Date: _____, 1997

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____, 1997

**Amended and Restated
Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of the Grand Ronde Community
and the State of Oregon**

EXHIBIT I

DESCRIPTION OF GAMING LOCATION

That tract of land in the William Kuykendall Donation Land Claim No. 57 in Township 6 South, Range 7 West of the Willamette Meridian in Polk County, Oregon, conveyed to the Confederated Tribes of the Grand Ronde Community of Oregon by Warranty Deed recorded May 15, 1989, in Book 222, Page 1021, Deed Records of Polk County, Oregon, and platted by Registered Surveyor Ronald H. Schulson (#1658) on July 26, 1989, and conveyed to the United States of America in Trust for the Confederated Tribes of the Grand Ronde Community of Oregon by Warranty Deed recorded January 18, 1990, in Book 229, Page 1234, Deed Records of Polk County, Oregon, and further described as follows:

Beginning at an iron rod on the South line of State Highway No. 18 which is 603.58 feet North $75^{\circ}42'59''$ East and 3307.87 feet South $17^{\circ}31'12''$ East from the most Northerly Northwest Corner of said William Kuykendall Claim; thence South $17^{\circ}31'12''$ East, 908.70 feet to a point from which an 5/8" X 30" iron rod bears North $72^{\circ}28'48''$ East, 4.00 feet; thence North $72^{\circ}28'48''$ East, 273.50 feet to an 5/8" x 30" iron rod; thence North $17^{\circ}31'12''$ West, 859.54 feet to an 5/8" X 30" iron rod on the South line of said Highway No. 18; thence South $82^{\circ}40'15''$ West, 277.88 feet to the point of beginning; containing 5.55 acres more or less.

**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE KLAMATH TRIBES AND
THE STATE OF OREGON**

12/16/94

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**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE KLAMATH TRIBES AND
THE STATE OF OREGON**

PREAMBLE

This Compact is made between the State of Oregon (hereinafter "State") and the Klamath Tribes (hereinafter "Tribes") and pertains to Class III gaming to be conducted on Indian Trust lands within the 1954 boundaries of the Klamath Indian Reservation pursuant to the Indian Gaming Regulatory Act (hereinafter "IGRA") of October 17, 1988 (Public Law 100-97), 25 U.S.C. § 2701 *et seq.* and the Klamath Tribes Restoration Act (Public Law 99-398), Exhibit I, and reflects the sovereign status and jurisdictional authority of the Tribes and addresses the legitimate concerns of the State. The terms of this Compact are unique to these Tribes and reflect the fact that the lands that are the subject of this Compact, have all the recognition, rights and privileges as were restored to the Tribes under the Klamath Indian Tribe Restoration Act (hereinafter "Restoration Act", and may be used for Class III gaming under IGRA.

SECTION 1. TITLE

This Compact is entered into this 16th day of December 1994, by and between the Klamath Tribes, a federally recognized Tribe of Indians, and the State of Oregon.

SECTION 2. FINDINGS

WHEREAS, the Tribes is a federally recognized Indian Tribe and are the government for the Klamath Tribes, located within the State of Oregon; and

WHEREAS, the State and the Tribes are separate sovereigns and each respects the laws of the other sovereign; and

WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State, and the Constitution provides that the "Legislative Assembly has no power to authorize, and shall prohibit, casinos from operation in the State"; and

WHEREAS, the Tribal public policy, as reflected in the Tribes' Constitution and ordinances, "recognize[s] our Tribe[s] for the continued preservation of its culture, identity and to provide a responsible organization to carry out the official business of the Tribe[s] including our treaty rights...and to establish ourselves as a body which...shall act to represent the Klamath Tribe[s] in its full relationships with the United States government, the State of Oregon, other Indian Tribes and associations, and all other persons or bodies."; and

WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribes as a means of promoting Tribal economic development, self-sufficiency, and strong Tribal government; and

WHEREAS, the Tribes exercises governmental authority over all Klamath Indian lands; and

WHEREAS, the Tribes represent that the Gaming Location will be on land described in 25 U.S.C. § 2719; and

WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribes adequate to shield it from organized crime and other corrupting influences, to ensure that the Tribes is the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players; and

WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote Tribal economic development, Tribal self-sufficiency and strong Tribal government; and

WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA; and

WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act; and

WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by Tribal Ordinance, and (3) conducted in accordance with a Tribal-State Compact; and

WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in Federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands; and

WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact; and

WHEREAS, in IGRA, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming; and

WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribes or of the Tribes' sovereignty; and

WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands; and

WHEREAS, the Tribes is authorized to act through Resolutions adopted by its Executive Committee; and

WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribes and the State enter into the following Compact:

SECTION 3. DEFINITIONS

As used in this Compact, and in its Appendices and Exhibits:

- A. "Background Investigation" means the security and financial history checks of an employee, licensee or applicant for Tribal contract for the operation or sale of Class III games to the Tribes.
- B. "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.
- C. "Class III Gaming Contract" means a contract that involves Major, Minor, or Sensitive Procurement.

- D. "Class III Gaming Contractor" is any individual, business or other entity that applies for or is a party to a Class III Gaming Contract.
- E. "Controlling Interest" means 15 percent (15%) of the equity ownership of a company.
- F. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.
- G. "Gaming Facility" means the building proposed to be constructed as of the date of execution of this Compact, by the Tribes on lands currently being placed in trust as per the Klamath Tribes' Restoration Act, Exhibit I, within the Former Klamath Indian Reservation, immediately east of the junction of Highways 97 and 62, more specifically described in Exhibit II to this Compact. If the size of the Gaming Facility is expanded as otherwise provided in this Compact, the term "Gaming Facility" shall thereafter refer to the expanded facility.
- H. "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:
1. Awards credits or contains or is readily adaptable to contain, a circuit, meter or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or
 2. Plays, emulates or simulates a casino game, bingo or keno. A device is no less a "gray machine" because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.
- "Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.
- I. "High Security Employee" means any person with responsibility for the management or operation of the Class III gaming activities or access to gaming terminals or cash.
- J. "Key Employee" means any officer or any person who can affect the course of business, make decisions or is in a sensitive position.
- K. "Low Security Employee" means any person employed to work in a gaming area with no responsibility for management or operation of the Class III gaming activities and no access to inside gaming terminals or cash.
- L. "Major Procurement" means any procurement action or contract for:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;
 3. Any goods, services or products involving the determination of winners in any Class III gaming; or
 4. Video devices.
- M. "Minor Procurement" means any procurement action or contract related to Class III gaming that is neither a Major Procurement nor a Sensitive Procurement. A typical example of this class of procurement is a contract to change the external appearance of a video terminal.

- N. "Owner" means any person or entity that owns five percent (5%) or more of the equity ownership of a company.
- O. "Primary Management Official" means any person who:
1. Has management responsibility for any gaming management contract;
 2. Has authority:
 - a. to hire and fire employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.
- P. "Sensitive Procurement" means any procurement action or contract for goods or services, other than a "Major Procurement", that may either directly or indirectly affect the integrity, security, honesty and fairness of the operation and administration of Class III gaming. A typical example of this class of procurement is the acquisition of security systems required to protect the security and integrity of the Class III gaming.
- Q. "Video Lottery Terminal" or "Terminal" means an electrical or electro-mechanical device, component or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device, as more fully described in Appendix A.

SECTION 4. AUTHORIZED CLASS III GAMING

- A. This Compact shall be the only and entire Compact between the Tribes and State and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties, including to permit additional Class III gaming, the parties shall provide such changes in accordance with subsection D of Section 12 of this Compact.
- B. Authorized Games.
1. Subject to the provisions of this Compact, the Tribes may engage in only the following Class III games: Video lottery games of chance as described in Appendix A, Keno as described in Appendix B, and off-race course mutuel wagering as described in Appendix C.
 2. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact.
- C. Gaming Location. The Gaming Facility authorized by this Compact shall be located on Indian land near Chiloquin, Oregon, East of the junction of Highways 97 and 62, on land that is currently being placed in trust for the Tribes by the United States. This land is within the former Klamath Reservation and shall be placed in trust as per the Restoration Act, Exhibit I, and more fully described in Exhibit II to this Compact. Gaming authorized under this Compact shall be conducted only in the Gaming Facility on the above stated trust lands.

If another Oregon Tribe is authorized to operate a gaming facility on non-Tribal lands, the Tribes do not hereby abrogate any rights they may have under Section 20 of IGRA.

- D. Number of Video Terminals. The number of Class III video lottery games of chance authorized by this Compact shall not exceed the number of such games that would occupy 15 percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry spacing. The parties acknowledge that the Gaming Facility is a mixed use facility. The parties agree that the size of the Gaming Facility to be devoted to Class III video lottery games of chance is determined by the area of those parts of the facility that are appropriately related to the gaming activities conducted therein (the "gaming area"). The parties also agree that, in combination, the gaming area of the facility and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than five hundred (500). Subject to other terms of this Compact, the Tribes may determine at its discretion, the location and spacing of video lottery terminals within the Gaming Facility.
- E. Temporary Gaming Facility.
1. The Tribes is authorized to develop a temporary Gaming Facility on the site designated for the permanent Gaming Facility under the Compact.
 2. Type of Facility. The temporary Gaming Facility will consist of a Chief Steel Building and will include a surveillance room, cage, money count room, utility room, delicatessen and two bathrooms. A diagram of the building is attached as Exhibit II to this Compact.
 3. Layout of Facility. The total square footage of the temporary Gaming Facility shall be no more than 6000 square feet. The proposed floor plan for the building is attached as Exhibit II to this Compact.
 4. Class III Gaming. The only Class III games that will be conducted in the temporary Gaming Facility will be video lottery terminals as defined in this Compact. The Tribes may install up to 150 video lottery terminals in the temporary Gaming Facility.
 5. Duration of Temporary Gaming. Gaming under this subsection may be conducted for a period of no more than one year beginning after the effective date of this Compact and ending before the opening of the permanent Gaming Facility.
 6. Access to Temporary Facility. Access to the temporary Gaming Facility shall be provided subject to the conditions imposed in Section 11.B of this Compact. The Tribes shall consult with the Oregon Department of Transportation and appropriate local officials so that access from State Highway 97 will meet appropriate standards. The Tribes is responsible to provide adequate parking off Highway 97 for patrons of the temporary Gaming Facility.
 7. Alcohol Policy. No alcohol will be served in the temporary Gaming Facility.
 8. Security. The Tribes shall consult with the Oregon State Police to assure that the security requirements of the Compact are fully satisfied before opening the temporary Gaming Facility.
 9. Applicability of Compact Requirements: Except as explicitly provided in this subsection, all terms of this Compact shall apply to the operation of the temporary Gaming Facility.

- F. Expansion of Gaming Area. If the Tribes decides to expand the square footage of the Gaming Facility the parties to this Compact shall enter into an addendum to this Compact in which the precise number of additional video lottery terminals to be located in the expansion shall be established. The limit on the number of video lottery terminals established in subsection D of this section shall be increased by the number of video lottery terminals that would occupy 15 percent (15%) of the total square footage of the expansion that is devoted to Class II and Class III gaming and related activities, given customary industry spacing of video lottery terminals.
- G. Off-Track Mutuel Wagering. The Tribes may conduct off-track mutuel wagering on races held at race courses within or outside the State. Any off-track mutuel wagering on races held at race courses outside the State shall be conducted in compliance with the applicable requirements of the Interstate Horse Racing Act of 1978, as amended, (15 U.S.C. § 3001 to 3007). All off-track mutuel wagering at the Gaming Facility shall be conducted in person and no wagers may be accepted by telephone or other electronic medium.

SECTION 5. JURISDICTION

- A. In General.
1. The State shall have criminal jurisdiction over offenses committed by or against Indians and Non-Indians within the Gaming Facility and on Tribal trust land on which the Gaming Facility is located. The criminal laws of the State shall have the same force and effect at the gaming location as they have on non-Tribal lands within the State. The State and the Tribes will enter into a Memorandum of Understanding concerning the assignment of law enforcement officers for enforcement of criminal laws of the State.
 2. If the Tribes authorizes the Tribal Court to hear criminal cases arising on Tribal lands, the Tribes and the State shall have concurrent criminal jurisdiction over offenses committed by Indians within the Gaming Facility and on the Tribal lands on which the Gaming Facility is located. The criminal laws of the State shall have the same force and effect on the Tribal lands on which the Gaming Facility is located as they have on non-Tribal lands within the State. Once a Tribal Police Force is in operation on the Tribal lands, enforcement of criminal laws at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribes and the Oregon State Police.
- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 2 of subsection A above, law enforcement officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within the Gaming Facility for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State with respect to non-Indians. Any law enforcement activities undertaken by law enforcement officers of the State shall be in compliance with this Compact, the Tribes' Law and Order Code and any Cross Deputization Agreement executed by the Klamath Tribes and the State. The Tribes, or individuals acting on their behalf, shall provide State law enforcement officers or officers designated by the State, access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the Gaming Operation.
- C. Subject to the provisions of paragraph 1 of subsection B of Section 9 of this Compact, the State may station one or more officers at the Gaming Facility by mutual agreement with the Tribes. The Tribes agrees to provide appropriate training in Tribal culture and institutions to any officer stationed at the Gaming Facility.

- D. Nothing in this Compact shall be construed to affect the civil jurisdiction of the State under Public Law 280.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS

- A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribes' Gaming Operation is essential both to the success of the Gaming Operation and to satisfy the interests of the State and the Tribes. Accordingly, all decisions by the Tribes concerning operation of their Gaming Facility, including those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all of the Tribes' decisions concerning operation of the Tribal Gaming Operation shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribes' Gaming Operation, the Tribes shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the Gaming Operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribes' Gaming Operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the Gaming Facility. The Tribes shall not make any decisions that compromise the honesty, integrity, fairness or security of the Gaming Operation.
4. Regulation and operation of the Tribes' gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribes' Gaming Operation.

- B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any decision by the Tribes relating to the employment or licensing of any employee, awarding of any contract or operation of the Gaming Facility, is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribes. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribes receive the notice.
3. Arbitration.
 - a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon or any other arbitration panel agreed to by the parties.

- (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - c. Upon agreement by both parties, the arbitration proceeding shall be binding.
 - d. The parties shall divide the cost of the arbitration proceeding equally between them.
 4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.
 5. Expedited Procedure.
 - a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribes. The written notice shall describe the factual basis for the State's concern.
 - b. The parties shall confer within five (5) days after the Tribes receive the notice.
 - c. If the State's concern is not resolved informally, the State may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.
 - d. An immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operations includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any contractor, owner or key employee of a contractor; or
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor; or
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction.
 6. The provisions of this section, shall provide the exclusive method for resolving disputes as to the Tribes' decisions concerning hiring or contracting under Section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING

A. Licensing Of Gaming Employees.

1. All Primary Management Officials and High Security Employees to be employed in the Gaming Facility shall be licensed by the Tribes in accordance with the provisions of this Compact.

2. All prospective employees, Primary Management Officials, High Security Employees and Low Security Employees, shall provide to the Tribes any required application fees and the following information:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past ten years;
 - e. Employment history for the past ten years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any State agency or Tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph;
 - j. Any other information required by the Tribes.
3. In addition to the requirements of paragraph 2 of this subsection, prospective High Security Employees and Primary Management Officials shall provide a set of fingerprints.
4. Applicant Information and Investigation.
 - a. The Tribes shall forward the applicant information to the State, along with the State required portion of the application fee as described in subsection C of this section. The Oregon State Police shall conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Regulatory Commission within a reasonable period of time, but in no event shall such background checks exceed 30 days without notice to and consent of the Tribes.
 - b. The Tribes may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a of this paragraph.
5. Denial of Gaming License.
 - a. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who has committed any of the following crimes under the law of any jurisdiction, or is the subject of a civil judgment in any jurisdiction that is based upon facts that constitute the elements of any of the following crimes:
 - (1) Aggravated murder; murder in the first degree;
 - (2) Assault (in the first or second degree);

- (3) Kidnapping in the first degree;
- (4) Rape in the first degree;
- (5) Sodomy in the first or second degree;
- (6) Unlawful sexual penetration in the first degree;
- (7) Sexual abuse in the first or second degree;
- (8) Any crime related to child pornography;
- (9) Forgery in the first degree;
- (10) Possession of a forgery device;
- (11) Unlawful factoring of a credit card transaction;
- (12) Falsifying business records;
- (13) Sports bribery or receiving a sports bribe;
- (14) Making a false financial statement;
- (15) Obtaining execution of a document by deception;
- (16) Theft by extortion;
- (17) Arson in the first degree;
- (18) Computer crime;
- (19) Robbery in the first or second degree;
- (20) Bribery;
- (21) Bribing a witness;
- (22) Perjury;
- (23) Any theft accomplished by manipulation of records; e.g., embezzlement;
- (24) Promotion of unlawful gambling;
- (25) Conviction of any crime if the original charge was promotion of unlawful gambling, and a lesser charge was plea-bargained; or
- (26) Tax evasion.

- b. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who has associated in a business relationship, whether as a partner, joint venturer or employer, with any other person who has been convicted of one of the crimes listed in subparagraph a of this paragraph. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who was employed by any other person who has been convicted of one of the crimes listed in subparagraph a of this paragraph, if the prospective employee or official was in any way involved in or aware of the criminal activity as it occurred.
- c. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:
 - (1) The applicant fails to disclose any material fact to the Tribes or the State or their authorized agents during a background or security investigation; or
 - (2) The applicant misstates or falsifies a material fact to the Tribes or the State during a background or security investigation.
- d. The Tribes may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribes deem sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribes shall include, but need not be limited to, the following:

- (1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a of this paragraph) in any jurisdiction; or
 - (2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribes' Gaming Operation; or
 - (3) There is any aspect of the applicant's past conduct that the Tribes determine would adversely affect the honesty, integrity, security or fairness of Tribes' Gaming Operation.
- e. The Tribes shall deny employment to any prospective Low Security Employee who does not meet the criteria established in sub-subparagraphs (1) to (5) of subparagraph A of this paragraph. The Tribes may deny employment to any Low Security Employee applicant who does not meet the criteria established in sub-subparagraphs (6) to (26) of subparagraph A of this paragraph or in subparagraphs c or d of this paragraph. Decisions to grant or deny employment shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.
- f. The Tribes may reject an application if the applicant has not provided all of the information requested in the application.
6. Denial of employment or a license by the Tribes is final.
7. Waiver of Disqualifying Criteria.
- a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing or employment under the provisions of paragraph 5 above, and the Tribes believe that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribes may give written notice to the State asking to meet and confer concerning waiver of the disqualification. The Tribes and the State shall meet within 15 days after written notice is given.
 - b. In order to waive disqualification of licensing or employment of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribes and the State must agree on the waiver.
 - c. Waiver of disqualification of licensing or employment may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of a crime;
 - (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;
 - (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made.

8. Temporary Licensing Of Employees.
 - a. The Tribes may issue a temporary license to High Security Employees 30 days after submission of the application to the Oregon State Police. The temporary license shall expire and become void upon completion of the background check award or denial of a permanent license.
 - b. The Tribes may employ Low Security Employees on probation ten (10) days after submission of the application to the Oregon State Police. Any Low Security Employee shall be subject to immediate termination during probation if the Tribes determine that the employee does not meet the criteria established in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 above.
9. Background Investigation During Employment. The Tribes may request the State to conduct additional background investigations of any gaming employee at any time during the term of employment. The State shall report to the Tribes any cause for the dismissal of any employee under the criteria established in paragraph 5 above, and furnish the Tribes with copies of all relevant information. The Tribes shall review the State's report and supporting materials and if the Tribes concludes that good cause for dismissal is shown under the criteria established in paragraph 5 above, the subject employee may be dismissed. An employee shall be dismissed if the Tribes would have been required to deny employment to that employee under the provisions of paragraph 5 above.
10. Duration Of License And Renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 2 to 5 above. Applicants for renewal shall provide a renewal fee and updated information to the Tribes but will not be required to resubmit historical data already provided.
11. Revocation Of License. The Tribes may revoke the license of any employee pursuant to policies determined by the Tribes. The Tribes shall revoke the license of any employee upon determination that an event has occurred that would have prohibited the Tribes from hiring the employee under the criteria described in paragraph 5 above.
12. The Tribes shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedures.

B. Contracts With Manufacturers and Suppliers.

1. The Tribes shall contract with all managers, manufacturers or suppliers of goods or services related to the play of Class III games authorized by this Compact before conducting any business related to Class III games.
2. The Tribes shall submit any proposed Class III Gaming Contract to the State for review and comment and for a background investigation of the contract applicant.
3. A background investigation may be conducted by the State on all Class III Gaming Contract applicants or contractors. The level of investigation will be determined by whether the individual procurement is classified as a Major Procurement, Minor Procurement or Sensitive Procurement. The level of investigation for a Major

Procurement and Sensitive Procurement shall be more intense than that for a Minor Procurement.

4. All Class III Gaming Contract applicants, and any owner or key employee of an applicant, shall provide all personal and business information required by the State to conduct its background investigation.
5. The Tribes shall not enter into any Class III Gaming Contract that does not grant the State or the Tribes access to the contractor's business and financial records.
6. Criteria For Denial of Contract Application.
 - a. The Tribes shall deny a Class III Gaming Contract application for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant has been convicted of a crime, or is the subject of a civil judgment based upon facts that constitute the elements of a crime described in subparagraph a of paragraph 5 of subsection A above.
 - b. The Tribes shall deny a Class III Gaming Contract application for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant, has associated in a business relationship, whether as a partner, joint venturer or employer, with any other person who has been convicted of one of the crimes listed in subparagraph a of paragraph 5 of subsection A above. The Tribes shall deny a Class III Gaming Contract for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant, was employed by any other person who has been convicted of one of the crimes listed in subparagraph a of paragraph 5 of subsection A of this section, if the applicant, owner or key employee was in any way involved in or aware of the criminal activity as it occurred.
 - c. The Tribes shall deny a Class III Gaming Contract application for a Minor Procurement if the applicant, or any owner or key employee of the applicant, has been convicted of a crime described in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 of subsection A of this section, or is the subject of a civil judgment based upon facts that constitute the elements of a crime described in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 of subsection A of this section.
 - d. The Tribes shall deny a Class III Gaming Contract application if:
 - (1) The applicant fails to disclose any material fact to the Tribes or the State or their authorized agents during a background or security investigation; or
 - (2) The applicant misstates or falsifies a material fact to the Tribes or the State during a background or security investigation.
 - e. The Tribes may deny any Class III Gaming Contract application for any reason the Tribes deem sufficient. Such decisions to deny a Class III Gaming Contract application shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a Class III Gaming Contract application, the factors to be considered by the Tribes shall include, but need not be limited to the reasons described in subparagraph d of paragraph 5 of subsection A of this section.
 - f. The Tribes may deny any Class III Gaming Contract application if:

- (1) A person who is unqualified or disqualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in the applicant, regardless of the qualifications of the person who seeks approval as a contractor; or
 - (2) The applicant demonstrates inadequate financing for the business proposed under the type of contract for which application is made. In determining whether financing is adequate, the Tribes shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this section, or paragraph 6 of subsection B of this section and whether that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or
 - (3) The applicant or its employees fail to demonstrate business ability and experience to establish, operate and maintain the business for the type of contract for which the application is made.
- g. In evaluating whether to deny a contract related to Class III gaming based on subparagraph e or f of this subsection, the Tribes may consider the following factors:
- (1) The nature and severity of the conduct that constituted the offense or crime;
 - (2) The time that has passed since satisfactory completion of the sentence, probation or payment of the fine imposed;
 - (3) The number of offenses or crimes; and
 - (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty and fairness of the Tribal Gaming Operation.
- h. (1) No person applying for a Class III Gaming Contract shall own, manufacture, possess, operate, own an interest in or gain income or reimbursement in any manner from video gaming devices in any jurisdiction unless the devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe, National Indian Gaming Commission, or foreign country, that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to the Tribes.
- (2) No person applying for a Class III Gaming Contract shall own, operate, own an interest in or gain income or reimbursement in any manner from off-track pari-mutuel wagering in any jurisdiction unless that activity is approved and certified by another state racing regulatory body, gambling or gaming control agency, Indian Tribe, National Indian Gaming Commission, or foreign country, that has jurisdiction to approve that activity, and such ownership, operation, or income is disclosed to the Tribes.
- i. The Tribes may reject an application if the applicant has not provided all of the information requested in the application.

7. Contractor Reporting Requirements.

- a. All contractors shall submit to the Tribes and the State any financial and operating data requested by the Tribes or the State.
- b. The Tribes and the State each may specify the frequency and a uniform format for the submission of such data.
- c. The Tribes, State or their agents reserve the right to examine contractor tax records and the detailed records from which the tax reports are compiled.

C. Fees For Approval of Employment Licenses and Contracts.

1. The State shall be reimbursed its costs for approval of employees and licenses, in accordance with the terms of this Compact.
2. The fees for State approval of licenses and contracts shall be set pursuant to a Memorandum of Understanding between the parties to be negotiated annually.
3. Should actual costs incurred by the State exceed the fees agreed to by the parties in the annual Memorandum of Understanding, the State will assess those additional costs to the applicants during or after the investigation. The applicant is required to pay the investigation fee in full prior to issuance of the contract or license except that interim contracts or licenses shall be issued for the period of time that a dispute is pending as contemplated at paragraph 4 of this subsection.
4. Should the State and the Tribes fail to agree to fees in the Memorandum of Understanding, the dispute shall be resolved pursuant to Section 6 of this Compact.

D. Management Contracts.

1. The Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribes that allows it to conduct Class III gaming on the Tribal trust land.
2. The Primary Management Official shall furnish to the Tribes and the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Compliance With Regulations. The acquisition, use and operation of all video lottery games of chance, keno and off-track parimutuel wagering authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendices A, B and C. Appendices A, B and C are hereby incorporated into and made a part of this Compact.
- B. Identification Badges. The Tribes shall require all employees to wear, in plain view, identification badges issued by the Tribes that include photo and name, with the exception of employees assigned to covert compliance duties, who shall only be required to have on their person an identification badge.

- C. No Credit Extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribes permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribes or any other person to offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. Prohibition on Attendance and Play of Minors. No person under the age of 21 shall be allowed to play any video lottery game of chance operated under this Compact. If any person under the age of 21 plays and otherwise qualifies to win any video lottery prize or compensation, the prize or compensation shall not be paid. No person under the age of 18 shall be allowed to play keno or place or collect pari-mutuel bets.
- E. Prohibition of Firearms. With the exception of Federal, State, County or Tribal law enforcement agents or officers and gaming security officers pursuant to a Memorandum of Understanding between the Tribes and State, no person shall possess firearms within the Gaming Facility.
- F. Service of Alcohol. No alcohol shall be served in the Gaming Facility unless authorized by the Tribes as permitted by federal law. Currently, the Klamath Tribes does not legally permit the sale of alcohol on its Indian lands. If the sale of alcohol is authorized by the Tribes at the Gaming Facility, the Tribes shall notify the State. The Tribes and the State shall enter into a Memorandum of Understanding that will establish which State laws and Oregon Liquor Control Commission licensing regulations shall be applied to the sale or service of alcoholic beverages at the Gaming Facility. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribes. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming.
- G. Liability for Damage to Persons and Property. During the term of this Compact, the Tribes shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribes' insurance policy shall have an endorsement providing that the insurer may not invoke Tribal sovereign immunity up to the limits of the policy. The Tribes shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribes relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS

- A. Tribal Gaming Regulatory Commission.
 - 1. The primary responsibility for the regulation of the Gaming Operation authorized by this Compact, and for enforcement of this Compact within Klamath Tribes Indian lands, shall be that of the Tribal Gaming Regulatory Commission. The Tribal Gaming Regulatory Commission's role shall include the promulgation and enforcement of rules and regulations to provide for the following:
 - a. Ensure compliance with all relevant laws;
 - b. Ensure the physical safety of patrons in, and of personnel employed by, the establishment;

- c. Safeguard the assets transported to and from the gaming facility and cashier's cage department;
 - d. Protect patrons and property from illegal activity;
 - e. Detain persons suspected of crimes for the purpose of notifying the law enforcement authorities;
 - f. Record any and all unusual occurrences within the gaming facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (1) The assigned sequential number of the incident;
 - (2) The date;
 - (3) The time;
 - (4) The nature of the incident;
 - (5) The person involved in the incident; and
 - (6) The security employee assigned.
 - g. Maintain logs relating to surveillance, security, cashier's cage, credit, machine (showing when video machines opened) and machine location;
 - h. Establish and maintain an updated list of persons barred from the Gaming Facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of Gaming Operations, and furnish that list to the State as updated;
 - i. Obtain an annual audit by a Certified Public Accountant;
 - j. Maintain a closed circuit television system in the cash room of the Gaming Facility and provide copies of floor plan and TV system to the State;
 - k. Maintain a cashier's cage in accordance with industry standards for security;
 - l. Employ and train sufficient mutuel clerks;
 - m. Employ and train sufficient security personnel; and
 - n. Subject to State review and approval, establish a method for resolving disputes with players.
2. Reporting of Violations. A Tribal representative of the Tribal Gaming Regulatory Commission shall inspect the Gaming Facility at random during all hours of Gaming Operation, and shall have immediate access to any and all areas of the Gaming Operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances. Any violations of the provisions of this Compact, or of Tribal Ordinances by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation,

shall be reported immediately to the Tribal Gaming Regulatory Commission and reported to the State within 72 hours of the time the violation was noted.

3. Investigations and Sanctions. The Tribal Gaming Regulatory Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Regulatory Commission determines to be necessary. The Tribal Gaming Regulatory Commission shall be empowered by Tribal Ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against a gaming employee, or any other person directly or indirectly involved in, or benefitting from the gaming operation. The State shall make all reasonable efforts to assist the Tribes in enforcing sanctions imposed by the Tribal Gaming Regulatory Commission against non-Indians.
4. Reporting to State. The Tribal Gaming Regulatory Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Regulatory Commission, the State shall assist in any investigation initiated by the Tribal Gaming Regulatory Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal Ordinances and Regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The State is authorized hereby to monitor the Tribal Gaming Operation to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal Gaming Operation.
2. Access to Records. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal Gaming Operation; provided, that any copy thereof and any information derived therefrom, shall be deemed confidential and proprietary financial information of the Tribes to the extent provided under ORS 192.410 to 192.505. Any records or copies removed from the premises shall be returned to the Tribes after use. Only the State employee(s) formally designated by the State, and approved by the Tribes, shall be authorized to access Tribal gaming records pursuant to this subsection. Nothing in this subsection precludes the State or the Tribes from disclosing information subject to the Rules of Civil Procedure or Evidence in connection with litigation, a prosecution or a criminal investigation.
3. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Regulatory Commission.

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT

- A. Imposition of Assessment for State Law Enforcement and Regulatory Expenditures. The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating Gaming Operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is

related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to subsection C of Section 7 of this Compact shall be subtracted from the amount of the assessment.

- B. Procedure for Assessments. The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.
- C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 16 of this Compact.
- D. If local government officials believe that an off-Indian land law enforcement problem has been created by the existence of the Gaming Facility, the Tribes shall meet with the mayor or county commission of the affected government to develop appropriate measures to alleviate the problem. The burden shall be on the local government officials to demonstrate that the law enforcement problem is directly attributable to the existence of the Gaming Facility. If an off-Indian land law enforcement problem has been created by the existence of the Gaming Facility, the Tribes shall take all reasonably necessary steps to alleviate the problem. If the Tribes and local government officials are unable to agree on appropriate measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 6 of this Compact.

SECTION 11. APPLICATION OF REGULATORY STANDARDS

- A. Health, Safety and Environmental Standards. Tribal Ordinances and Regulations governing health, safety and environmental standards applicable to the Gaming Facility shall be at least as rigorous as standards imposed by the laws and regulations of the State. The Tribes agree to cooperate with any State agency generally responsible for enforcement of such health, safety and environmental standards outside Indian lands in order to assure compliance with such standards within the Gaming Facility. However, the Tribes shall have the exclusive regulatory jurisdiction over the enforcement of health and safety standards applicable to the Gaming Facility. The Tribes shall use their regulatory jurisdiction to assure that health, safety and environmental standards are met.
- B. Transportation Issues.
 - 1. The Tribes shall provide a traffic impact study, prepared by a qualified traffic engineer registered in the State of Oregon. The study shall evaluate the effect of the proposed Gaming Facility, and any related development proposed by the Tribes as part of the same site, on the state highway system and any city street or county road that may be used by customers as access to the Gaming Facility. The traffic impact study shall determine the impacts of the proposed Gaming Facility and related development on the level of service of the affected highway(s), road(s) or street(s). If the traffic impact study indicates the need for major highway improvements for any phase of development, the Tribes shall provide a master plan that includes a preliminary design of the necessary improvements and a proposed site plan for the complete development.
 - 2. A determination whether the Gaming Facility shall be served directly by a state highway or by a city street or county road shall be made by the State and appropriate local officials on a consistent basis with other proposed developments.
 - a. If the Gaming Facility is to be served directly by a state highway, the Tribes shall apply for and obtain a road approach permit under Oregon Administrative

Rules, Chapter 734, Division 50, and shall construct the approach and any other necessary improvements in accordance with that permit. A road approach permit shall not be denied because of the proposed use of the Tribes' land. The Tribes shall provide and maintain access from its Gaming Facility onto the highway that is adequate to meet the standards of the Oregon Department of Transportation, or shall enter into agreements with the Oregon Department of Transportation for the provision of such access by the State. The allocation of costs shall be as provided in Oregon Administrative Rule 734-50-020(1), which provides that the costs of constructing the road approach shall be borne by the permit applicant.

- b. If the Gaming Facility is to be served directly by a city street or county road, and indirectly by a state highway, the Tribes shall comply with applicable city or county street or road improvement requirements and satisfying any requirements the State imposes on the county or city relating to access to a state highway.
 3. If the Tribes plans additional development of the Gaming Facility site, the Tribes shall advise the appropriate state or local transportation planning officials of the planned development by submitting a master plan. In planning street, road or highway improvements, the Tribes, state and local transportation planning officials shall use the master plan. Construction of street, road or highway improvements may be completed in phases if practicable.
 4. Traffic improvements shall be those necessary to maintain the level of service of the affected highway(s), road(s) or street(s) and to provide safe access to and from the Gaming Facility. For state highways, traffic improvements shall be consistent with the requirements of the State Highway Plan, including improvements necessary to mitigate traffic congestion and to conform to the Oregon Department of Transportation access management policies. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribes concerning the planning, design and construction of those improvements.
 5. The Tribes shall pay the cost of street, road or highway improvements determined to be necessary on the basis of the traffic impact study and Oregon Department of Transportation requirements. If the Tribes disputes the amount of costs to be paid by the Tribes, the Tribes may initiate the dispute resolution procedure established under Section 16 of this compact.
- C. The Tribes shall report to the Oregon Department of Revenue, gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribes would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribes and appropriate federal approval.
- B. Termination. This Compact shall remain in effect until such time as:
 1. This Compact is terminated by written agreement of both parties;
 2. The State amends its Constitution or laws to criminally prohibit, within the State, conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;

3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State and the determination has become final and enforceable;
4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribes' exercise of Class III gaming; or
5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted and the breach has continued for a period of sixty (60) days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribes to engage in that type of Class III game and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribes to engage in that type of Class III game and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribes shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. Except as provided in subsection C of this section, this Compact shall not be amended for a period of three years after the effective date of this Compact, unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Klamath Tribes to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of Section 4 of this Compact;
 - b. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization or entity;
 - c. The State amends any rule or regulation that corresponds specifically to Appendices A, B or C of this Compact, but in such case this Compact shall be subject to amendment only to the extent of the specific rule or regulation.
 - d. The parties to this Compact agree in writing to enter amendment negotiations.
 - e. The Tribes notifies the State that the fee-to-trust process will not be completed before December 31, 1995, as provided in Section 13 F. Any negotiation under this subparagraph shall be limited to extension of the date for completion of the fee-to-trust process.
2. Paragraph (1) of this subsection does not require the State to renegotiate those terms of this Compact that apply to the forms of gaming authorized by Section 4 of this

Compact, except to the extent that the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.

3. Pursuant to paragraph 1 of subsection D above, the State or the Tribes may, by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new Compact, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection B of Section 12. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chairman of the Klamath Tribes at the appropriate office identified in Section 14 below. If a request is made by the Tribes, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180 day period for negotiation set forth at 25 U.S.C. § 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS

- A. Gaming at Another Location or Facility. Except as provided in this Compact, The Tribes hereby waive any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of three (3) years from the effective date of this Compact.
- B. Status of Class III Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribes of any Class II gaming as defined in the Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribes.
- C. Prohibition on Taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribes or any Tribal Gaming Operation except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal Self-Government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribes, including the Tribal Gaming Regulatory Commission, or to interfere in any manner with the Tribes' selection of its governmental officers including members of the Tribal Gaming Regulatory Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribes.
- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relationship between the Tribes and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.
- F. Location Eligible for Class III Gaming. The State has negotiated and executed this Compact pursuant to the process established under 25 USC § 2710(d)(3), with knowledge that the Gaming Location identified in Exhibit II is not currently held in trust by the United States for the benefit of the Klamath Tribes. This compact is effective only at the time the United States takes the land described in Exhibit II to this Compact into trust for the Tribes. Operation of this Compact is dependent upon the described land being taken into trust as a result of the Bureau of Indian Affairs fee-to-trust process. Operation of this Compact is further dependent upon the described land being taken into trust no later than December 31, 1995. Operation of this Compact is further dependent upon a determination by the Secretary of the Interior, in connection with review and approval of this Compact, that the Gaming Location is eligible to be used by the Tribes for the purpose of gaming as described in 25 USC § 2719. If at any time it is determined by the Secretary or other competent authority that the Gaming Location is not eligible to be used by the Tribes for the purpose of gaming

as described in 25 USC § 2719, this Compact shall no longer authorize gaming at that location.

SECTION 14. NOTICES

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Lieutenant
Oregon State Police
Lottery Security Section
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Chairman, Klamath Tribes
P.O. Box 436
Chiloquin, OR. 97624

SECTION 15. SEVERABILITY

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of this Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION

- A. Except as specifically provided in Section 6 of this Compact, at the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in Section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribes shall thereafter meet within 30 days in an effort to resolve the dispute.
 2. In the event the dispute is not resolved to the satisfaction of the parties within 90 days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the federal court declines jurisdiction, an action can be filed in a State or Tribal court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection A of this section shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.
- C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the state or the federal government to take immediate

action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC § 1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This Compact is the entire and complete expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

KLAMATH TRIBES

Barbara Roberts, Governor

Marvin Garcia, Chairman

Date

Date

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

Ada E. Deer

Date

**Tribal-State Compact for Regulation of Class III Gaming
The Klamath Tribes
and the State of Oregon**

Appendix A

I. VIDEO LOTTERY GAMES

APPLICATION FOR CERTIFICATION OF A VIDEO LOTTERY TERMINAL

Section 177-100-070

- (1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribes' gaming enterprise.
- (2) The manufacturer shall supply the Tribes and the State with a guideline and time table for accomplishing tasks involved in the acceptance and testing of the video lottery terminals. This includes all system functionality and communication of all information to and from the video lottery terminals, if any.
- (3) The manufacturer must provide a person to work with the Tribes and the State as needed in establishing, planning, and executing acceptance tests. Manufacturer assistance may also be requested in trouble-shooting communication and technical problems that are discovered when video lottery terminals are initially installed.
- (4) The manufacturer must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source codes and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information required by the Tribes and the State for purposes of analyzing and testing the video lottery terminal.
- (5) Testing of video lottery terminals will require working models of a video lottery terminal, associated required equipment, documentation described above to be transported to locations the Tribes and the State designate for testing, examination and analysis. The manufacturer shall pay all costs of any testing, examination, analysis, and transportation of the video lottery terminals. The testing, examination, and analysis of the video lottery terminals may include entire dismantling of the video lottery terminal and some tests that may result in damage or destruction to one or more electronic components of the video lottery terminal. The Tribes or the State may require that the manufacturer provide

specialized equipment or the services of an independent technical expert to test the video lottery terminal.

- (6) All video lottery terminal manufacturers must submit all hardware, software, and test equipment necessary for testing of their video lottery terminals.
- (7) Hardware that does not meet the standards of the Compact, its appendices, the Tribes and the State shall not be acceptable.

TRIBAL GAMING INVENTORY DECAL

Section 177-100-080

- (1) Each video lottery terminal certified for placement in the Gaming Facility shall display a Tribal Gaming Inventory Decal and must conform to the exact specifications of terminal prototypes tested and certified by the State.
- (2) No persons other than authorized Tribal or State personnel or their agents may affix or remove a Tribal Gaming Inventory Decal. The placement of the Tribal Gaming Inventory Decal represents that the terminal has been certified, inspected, and approved for operation in the State. The placement of the Tribal Gaming Inventory Decal on any equipment by the Tribal Gaming Commission represents that the terminal has been certified, inspected and approved for operation in the State and shall constitute documentation that the certification has been and will be kept on file by the Tribes. No persons other than authorized tribal personnel may affix or remove the Tribal Gaming Inventory Decal.
- (3) No terminal may be transported off Tribal land until the Tribal Gaming Inventory Decal has been removed.
- (4) A terminal shall not be moved out of the Gaming Facility without prior notification to the State.

EXTERNAL TERMINAL SPECIFICATIONS

Section 177-100-090

- (1) Terminals may publicly display information only on screen or housing that has been approved by the Tribes.
- (2) All information required for external display must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the terminal face.
- (3) Age restriction shall clearly be shown on the face of the terminal ("No person under 21 years of age may play").
- (4) Coin drops and non-video slot machines are prohibited.
- (5) Casino-style attract features shall be restricted but not prohibited.

PROCUREMENT OF TERMINALS

Section 177-100-095

- (1) Terminals to be located and operated within the State of Oregon shall be procured only by the Tribes.
- (2) The Tribes shall select and procure terminals from approved manufacturers pursuant to the Tribal-State Compact.

LOCATION OF AND ACCESS TO TERMINALS

Section 177-100-100

The terminals must be located in an area that is at all times monitored by the owner, manager, or employee of the manager to prevent access or play of video lottery terminals by persons under the age of 21.

DUTIES OF PRIMARY MANAGEMENT OFFICIAL

Section 177-100-110

- (1) No Primary Management Official or any employee of the Primary Management Official shall own or operate any gray machines.
- (2) The Primary Management Official shall not provide any form of financial assistance, or grant credit to enable players to play video lottery games.
- (3) The Primary Management Official shall attend all meetings, seminars, and training sessions required by the Tribes.
- (4) The Primary Management Official shall supervise its employees and their activities to ensure compliance with these rules.
- (5) The Primary Management Official shall assume responsibility for the proper and timely payment to players of video lottery game prizes.

DUTIES OF MANUFACTURERS

Section 177-100-130

Manufacturers, their representatives and agents shall have the following duties and constraints:

- (1) Promptly report to the Tribes any violation or any facts or circumstances that may result in a violation of these rules.
- (2) Provide immediate access to all records and the entire physical premises of the business for inspection at the request of the Tribes, the State or their auditors.
- (3) Provide the Tribes or State with keys to the logic area of each approved video lottery terminal model upon request.

TRANSPORTATION OF VIDEO LOTTERY TERMINALS WITHIN, INTO OR THROUGH THE STATE

Section 177-100-160

- (1) No person shall ship or transport video lottery terminals within or into the State, without first obtaining a written authorization or notification of approval from

the State. Transporting or shipping within the State means the starting point and termination point of a trip are both within the boundaries of the State. Transportation or shipping into the State means the starting point is outside the State and terminates in the State.

- (2) No person shall ship or transport video lottery terminals through the State without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the State.
- (3) The written authorization required under Subsections (1) and (2) of this rule shall include:
 - (a) The serial number of each terminal being transported;
 - (b) The full name and address of the person or establishment from which the terminals are obtained;
 - (c) The full name and address of the person or venue to whom the machines are being sent or transported; and
 - (d) The dates of shipment or transport within, into or through the State.
- (4) The written authorization shall accompany, at all times, the terminal or terminals in transport.

II. GENERAL VIDEO LOTTERY GAME RULES

AUTHORIZED VIDEO LOTTERY GAMES

Section 177-200-000

- (1) Video lottery terminals may offer any video lottery game that satisfies the elements of prize, chance and consideration as described in Op. Atty. Gen. No. 6336, September 25, 1989.
- (2) A video lottery terminal may offer one or more of the authorized video games.

GAME REQUIREMENTS

Section 177-200-010

- (1) Each game must display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of tickets wagered.
- (2) Each game must provide a method for players to view payout tables.

TICKET PRICE

Section 177-200-015

Except as limited by the terms of the Compact, the price of a ticket for all video lottery games shall be determined by the Tribes.

PAYMENT OF PRIZES

Section 177-200-020

No payment for prizes awarded on a terminal may be made unless the cash slip meets the following requirements:

- (1) It is fully legible and meets all the Tribes' security requirements.
- (2) It must not be mutilated, altered, unreadable, or tampered with in any manner.
- (3) It must not be counterfeit in whole or in part.
- (4) It has been presented by a person authorized to play under these rules.

METHOD OF PAYMENT

Section 177-200-030

The Primary Management Official shall designate employees authorized to redeem cash slips during the Tribes' business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens or chips.

REQUIREMENTS FOR RANDOMNESS TESTING

Section 177-200-050

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements.

- (1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard "Chi-squared analysis." "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt, in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.
- (2) Each card position, symbol position, or number position does not produce a significant statistic with regard to producing patterns of occurrences. Each card or number position will be considered random if it meets the 99 percent confidence level with regard to the "run test" or any similar pattern testing statistic. The "run test" is a mathematical statistic that determines the existence of recurring patterns within a set of data.
- (3) Each card position, symbol position, or number position is independently chosen without regard to any other card or number drawn within that game play. The test is the "correlation test." Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.
- (4) Each card position, symbol position, or number position is independently chosen without reference to the same card or number position in the previous game. This test is the "serial correlation test." Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.
- (5) The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electromagnetic interferences, electrostatic discharge and radio frequency interfaces.

**Tribal-State Compact for Regulation of Class III Gaming
The Klamath Tribes
and the State of Oregon**

Appendix B

KENO DESCRIPTION

DEFINITIONS

Section 177-99-000

For the purposes of Keno, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission.

- (1) "Exchange ticket" means the ticket issued to replace a consecutive game ticket that is validated before the last game on the ticket.
- (2) "Game" means the opportunity provided to a player to win a prize.
- (3) "Game slip" means the form used to indicate a player's selections.
- (4) "Spot" means the amount of numbers a player may play per game.
- (5) "Winning numbers" means the twenty (20) numbers from one (1) to eighty (80) which are randomly selected for each game.
- (6) "Keno runner" means an individual who picks up and delivers the Keno tickets that are written by customers in the gaming facility.
- (7) "Keno writer" means an individual stationed at the Keno counter who processes received tickets from either the customer or Keno runner.

GAME DESCRIPTION

Section 177-99-010

A Keno ticket has the numbers 1 through 80 on it. For each game a player may select from 1 to 20 numbers or spots. Twenty numbers are selected or drawn randomly. Prizes are awarded based on the total amount of winning numbers matched by a player for the number of spots played for that game.

PLAY RULES

Section 177-99-020

- (1) To play, a player must use a game slip.
- (2) The player must mark the amount of spots to be played. A player can pick from one (1) to twenty (20) spots per game slip. A player may also play a "way ticket." A way ticket is the equivalent of playing multiple Keno tickets, but marking only one ticket.
- (3) The player must mark the number of dollars to be wagered per game and/or per way.
- (4) The player may then select the spots to be played by one of two methods. The player may mark the player's own selections on the game slip; if this method is used, the number of spots marked on the game slip must equal the number of spots that were selected to play. The other method of play is to select "Quick Pick", the number of spots randomly generated by the computer will match the number of spots indicated by the player.
- (5) The player shall indicate the number of consecutive games to be played: 1, 2, 3, 4, 5, 10, 20, 50 or 100.
- (6) The player shall present the completed game slip and the amount wagered either to a Keno runner or directly to the Keno counter for processing by the Keno writer. The cost of the ticket is equal to the amount wagered times the number of ways you are playing the ticket times the number of consecutive games indicated by the player. For example, if \$2 per game is wagered on a regular (one-way) ticket for 5 consecutive games, the total cost is \$10. If the same ticket is played "3 ways" the cost is \$30.
- (7) Minimum and maximum wagers will be set by the Tribal Gaming Commission.

CANCELLATION OF TICKETS

Section 177-99-030

A game ticket may be canceled or voided provided it is canceled from the system prior to the start of the game.

DETERMINATION OF WINNERS

Section 177-99-040

- (1) Keno tickets will be sold only during the hours of operation of the gaming facility. The selection of winning numbers shall take place at established intervals.
- (2) Winning number combinations shall be generated at the established intervals through the use of a computer-driven random number generator or conventional Keno blower mechanism. The number generating device shall meet the requirements of the Tribal-State Compact pertaining to contracts with manufacturers and suppliers, security, terminal specifications, equipment testing, procurement, duties of manufacturer and requirements for randomness testing.
- (3) The Tribal Gaming Commission shall establish the procedures for the operation and security of the numbers generation equipment.

PRIZE STRUCTURE

Section 177-99-050

- (1) Published payoff schedules shall be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.
- (2) A player is eligible to receive only the highest prize per game played on a ticket.

TICKET VALIDATION REQUIREMENTS

Section 177-99-060

- (1) After the numbers are drawn, the manager will review all inside (house copy) tickets and pull all winning tickets.
- (2) A master ticket to verify winners will be produced. The master ticket will have the winning numbers hole punched. This facilitates the verification of the customer's tickets.

**Tribal-State Compact for Regulation of Class III Gaming
The Klamath Tribes
and the State of Oregon**

Appendix C

I. PARI-MUTUEL RULES - IN GENERAL

OPERATION OF PART-MUTUEL DEPARTMENT

Section 462-50-040

The Tribal Gaming Commission shall require a Primary Management Official to maintain separate oversight of pari-mutuel activities within the Gaming Facility.

PROHIBITIONS AGAINST WAGERS BY MINORS AND EMPLOYEES

Section 462-50-140

- (1) No person under the age of 18 years shall be allowed to place or collect a wager at the off-track wagering facility.
- (2) No employee of the off-track wagering facility shall be allowed to place or collect a wager at the off-track wagering facility while on duty.

UNCLAIMED WINNINGS

Section 462-50-210

- (1) The Tribal Gaming Commission shall require the pari-mutuel wagering facility to maintain, or provide for, an unclaimed winnings account for each race meet in which wagers are accepted.
- (2) The Commission shall require that any person claiming to be entitled to any part of the winnings from a mutuel wagering system operated by the Tribes who fails to claim the money due the person prior to completion of the race meet for which a mutuel ticket was purchased, may file a claim for payment of winnings within 90 days after the close of the race meet. After 90 days from the close of a race meet, all tickets may be deemed void.
- (3) After 120 days after the close of a race meet, unclaimed winnings in the account may revert to the Tribes.

RECORDS

Section 462-50-240

The Tribal Gaming Commission shall assure that sufficient records of wagering are maintained by the pari-mutuel wagering facility to allow review of the opening line, odds fluctuations and the amount of wagers at each window or station.

PARI-MUTUEL TICKETS

Section 462-50-250

- (1) A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool in which the Tribes are participating, and is evidence of the obligation of the operator of the pool to pay to the holder thereof such portion of the distributable amount of the pari-mutuel pool as is represented by such valid pari-mutuel ticket. The Tribes shall cash all valid winning tickets when such are presented for payment during the course of the race meeting for which the tickets were sold, and for 90 days after the last day of the race meeting.
- (2) To be deemed a valid pari-mutuel ticket, such ticket shall have been issued by a pari-mutuel ticket machine operated by the Tribes and recorded as a ticket entitled to a share of the pari-mutuel pool, and contain imprinted information as to:
 - (a) The name of the Tribes and of the association operating the race meeting;
 - (b) A unique identifying number or code;
 - (c) Identification of the terminal at which the ticket was issued;
 - (d) A designation of the performance for which the wagering transaction was issued;
 - (e) The contest number for which the pool is conducted;
 - (f) The type or types of wagers represented;
 - (g) The number or numbers representing the betting interests for which the wager is recorded;
 - (h) The amount or amounts of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.
- (3) The Tribes may withhold payment and refuse to cash any pari-mutuel ticket deemed not valid. A ticket is not valid if it has been recorded or reported as previously paid, canceled or non-existent.

PARI-MUTUEL TICKET SALES

Section 462-50-260

- (1) Pari-mutuel tickets shall not be sold by anyone other than the Tribes or a licensed employee of the Tribes.
- (2) No pari-mutuel ticket may be sold on a contest for which wagering has already been closed and the Tribes shall not be responsible for ticket sales entered into but not completed by issuance of a ticket before wagering is closed on that contest.
- (3) Claims relating to a mistake on an issued or unissued ticket must be made by the bettor before leaving the seller's window. Once a bettor has left the window all bets are final, except as provided by rule of the Tribal Gaming Commission.
- (4) Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as posted and declared "official." Any subsequent change in the order of finish or award of purse money as may result from a subsequent ruling by race stewards or the regulatory body governing the race meet shall in no way affect the pari-mutuel payoff.
- (5) The Tribes are not required to satisfy claims on lost, mutilated or altered pari-mutuel tickets, except as provided in rules of the Tribal Gaming Commission.
- (6) The Tribes are not obligated to enter a wager into a betting pool if unable to do so due to an equipment failure.

CLAIMS FOR PAYMENT FROM PARI-MUTUEL POOL

Section 462-50-280

- (1) At a designated location, a written, verified claim for payment from a pari-mutuel pool shall be accepted by the Tribes in any case in which the Tribes have withheld payment or have refused to cash a pari-mutuel wager. The claim shall be made in the manner and on such form as prescribed by the Tribal Gaming Commission.
- (2) In the case of a claim made for payment of a mutilated pari-mutuel ticket that does not contain the total imprinted elements required in section 462-50-250, the manager of the pari-mutuel department shall make a recommendation to accompany the claim to the Tribal Gaming Commission as to whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket.
- (3) In the case of a claim made for payment on a pari-mutuel wager, the Commission shall adjudicate the claim and order payment, deny the claim or make such other order as it may deem proper.

PAYMENT FOR ERRORS

Section 462-50-290

If an error occurs in the payment amounts for pari-mutuel wagers that are cashed or entitled to be cashed; and as a result of the error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following shall apply, unless

otherwise provided in the rules governing any interstate pari-mutuel pool in which the Tribes participate:

- (1) The Tribes shall verify that the amount of the commission, the amount of breakage and the amount of payoffs is equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payoff, the underpayment shall revert to the Tribes.
- (2) If the error results in an overpayment to winning wagers, the Tribes shall be responsible for such payment.

COMPLAINTS CONCERNING PARI-MUTUEL OPERATIONS

Section 462-50-350

- (1) When a patron makes a complaint concerning the pari-mutuel department to the Tribes or the Primary Management Official, a complaint report shall be prepared. The report shall contain the following information:
 - (a) The name of the complainant;
 - (b) The nature of the complaint;
 - (c) The name of the person(s), if any, against whom the complaint was made;
 - (d) The date of the complaint;
 - (e) The action taken or proposed to be taken, if any, by the Tribes or Primary Management Official.
- (2) The complaint report shall be submitted to the Tribal Gaming Commission as required by the Commission.

II. OFF-TRACK PARIMUTUEL WAGERING

DEFINITIONS

Section 462-50-400

The following definitions shall apply to these rules unless the text otherwise requires.

- (1) "Authorized User" means a person authorized by the Tribes to receive, to decode and to use for legal purposes the encrypted simulcast signal of racing events.
- (2) "Combined Pari-Mutuel Pools," or "Combined Pools" means the pari-mutuel wagers at one or more off-track wagering facilities being contributed into the pari-mutuel pools of a host association.
- (3) "Commission" means the Tribal Gaming Commission.
- (4) "Host," "Host Association," or "Host Track" means the race track conducting a licensed race meet that is being simulcast.
- (5) "Intrastate Wagering" means pari-mutuel wagering at an off-track wagering facility on Oregon racing events being run at an Oregon host association.
- (6) "Off-Track Wagering" means pari-mutuel wagering conducted on a race at a location other than the race course where the race is actually held.
- (7) "Off-Track Wagering Facility," "Intrastate Wagering Facility" or "Extended Wagering Facility" means physical premises, utilized for the conduct of pari-mutuel wagering on racing events being run elsewhere.
- (8) "Simulcast" or "simulcasting" means live audiovisual electronic signals emanating from a race meeting and transmitted simultaneously with the running of the racing events at that meeting, and includes the transmission of pari-mutuel wagering odds, amounts wagered and payoff on such events, and other racing programming relating to the race animals or participants.

OFF-TRACK WAGERING RULES

Section 462-50-420

No person, partnership, corporation or other entity shall be allowed to operate an off-track wagering facility under this Compact except according to the rules of the Tribal Gaming Commission. No change in the plan of operation of an off-track wagering facility may occur until the change to the plan is approved by the Commission.

APPROVAL OF OFF-TRACK WAGERING FACILITIES

Section 462-50-430

The Commission's rules shall require an off-track wagering facility to:

- (1) Provide security measures adequate to assure personal safety of patrons and employees, safeguard transmission of simulcast signals, secure money used for pari-mutuel wagering activity and to control the transmission of wagering data to effectuate common wagering pools.
- (2) Use data processing, communication and transmission equipment that will at all times assure accurate and secure transmission of wagers, take outs and surcharges; program information, weight changes, over weights, tip sheets, scratches, and all other information that is usually made available to patrons at a race track.
- (3) Use adequate transmitting and receiving equipment of acceptable broadcast quality.
- (4) Assure that all equipment is in proper working order, and that sufficient back up equipment is available to prevent foreseeable interruptions in operations due to breakdowns or malfunctions of data, transmission or communications equipment.
- (5) Use a system of accounts that will maintain a separate record of pari-mutuel revenues collected by the simulcast facility, the distribution of those revenues (take out, breakage and return to the public) and account for costs of the simulcast operation.
- (6) Provide, or obtain access to, the necessary totalizator equipment to conduct simulcast wagering, and assure that the integrity of the tote system used by the off-track wagering facility is maintained.
- (7) Ensure correct payment of the distributable amounts of parimutuel pools held by the Tribes pursuant to the rules applicable to the combined pools in which the off-track wagering facility is participating, and rules of the Commission.
- (8) Ensure that patrons of the off-track wagering facility receive accurate information as to the rules for wagering and distribution of winnings that apply to each race.
- (9) Ensure that personnel employed in the off-track wagering facility are sufficiently trained in the areas of money handling, operation of tote and ticket generating equipment and communications equipment.
- (10) Provide for continuous viewing and continuous transmission of odds for the race meets on which wagers will be accepted by the off-track wagering facility.

FINANCIAL REPORTS

Section 462-50-440

The Commission shall provide for the audit of the pari-mutuel operations at an off-track wagering facility. The audit shall enable review of the financial records related to each separate betting pool in which patrons of the facility participate.

GENERAL OPERATIONS

Section 462-50-460

The Commission shall provide for sufficient communications capability with the disseminator of a simulcast signal to assure accurate transmission and receipt of wagering and odds information. The Commission shall provide for immediate, uninterrupted communication by voice and by other data transmission media in order to be able to respond in a timely way to any operational problem with equipment or any problem related to the conduct of a race meet that would affect wagering at the off-track facility.

UNUSUAL SITUATIONS IN OFF-TRACK WAGERING

Section 462-50-480

The Commission shall establish procedures for responding to loss of audio or video signal at the off-track wagering facility. In the case of loss of signal, the Commission's rules shall assure that unless an alternative means of displaying odds is provided, wagering shall cease until signal can be re-established.

INTERSTATE COMMON POOL WAGERS

Section 462-50-490

- (1) Pursuant to the Interstate Horseracing Act of 1978 (15 USC §3001 to 3007), the Tribal Gaming Commission shall obtain consent from the Oregon Racing Commission in order to participate in interstate common pools.
- (2) The Tribal Gaming Commission shall require any wagers in interstate common pools to be accounted for separately other than for purposes of computing odds and calculating payoffs and breakage.

GUEST STATE PARTICIPATION IN INTERSTATE COMMON POOLS

Section 462-50-500

The Tribal Gaming Commission shall provide rules for the combination of pari-mutuel wagering pools with corresponding pools in multiple jurisdictions. Those rules shall govern the adjustment of takeout rates and merging of bets placed in an interstate common pool.

**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF
SILETZ INDIANS OF OREGON AND
THE STATE OF OREGON**

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**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF
SILETZ INDIANS OF OREGON AND
THE STATE OF OREGON**

PREAMBLE.

This Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of Siletz Indians of Oregon (hereinafter the "Tribe") and pertains to Class III gaming to be conducted on lands taken into trust for the Tribe pursuant to Public Law 103-435, and is subject to the provisions of the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"). The terms of this Compact are unique to this Tribe and reflect the fact that the lands which are covered by this compact are subject to IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this ___ day of _____, 1999, by and between The Confederated Tribes of Siletz Indians of Oregon, a federally recognized Tribe of Indians, and the State of Oregon. Upon approval by the Secretary of the United States Department of the Interior, this Compact shall completely replace the original Compact, dated November 14, 1994, and all amendments thereto.

SECTION 2. FINDINGS.

These findings are agreed to by the Tribe and the State for purposes of this Compact:

WHEREAS, the Tribe is a federally recognized Indian Tribe and is the beneficial owner of, and local government for, the Siletz Indian Reservation and for trust lands of the Tribe located in the State of Oregon;

AND WHEREAS, the State and the Tribe are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State;

AND WHEREAS, the Tribe's public policy, as reflected in the Tribe's Constitution and ordinances adopted by the Tribe, is to exercise and retain its rights to regulate gaming activities upon its lands and reservation for the purposes of encouraging Tribal employment, economic and social development and funding of Tribal services while ensuring the fair and lawful operation of gaming and the prevention of corrupt and criminal influences;

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribe as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

AND WHEREAS, the Tribe exercises governmental authority over all tribal trust lands, individual trust lands and lands within the Siletz Indian Reservation;

AND WHEREAS, the Tribe's gaming location is on land subject to IGRA;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Tribe is the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote tribal economic development, tribal self-sufficiency and strong tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribe or of the Tribe's sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the Tribe is authorized to act through Resolutions adopted by its Tribal Council;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

AND WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the tribal gaming operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations directly related to, and necessary for, the licensing and regulation of gaming activity in licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribe rests on mutual trust and the recognition that each has a duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribe and the State agree that reasonable state regulation of Indian Gaming in the State of Oregon will be funded by the Indian gaming tribes.

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribe and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendix and Exhibits:

- A. "Average Daily Drop" means the difference between the total wagers on VLTs made in a day, and the total prizes paid on VLTs on that day, with that difference divided by the number of VLTs available for play on the gaming floor on that day:

$$\frac{(\text{Total wagers} - \text{Total Prizes})}{\text{VLTs}}$$

The Average Daily Drop for a certain period is the total of the Average Daily Drops for each day in that period, divided by the number of days in that period:

$$\frac{\text{Total Average Daily Drop for period}}{\text{Days in period}}$$

- B.. "Background investigation" means the security and financial history checks of a Class III Gaming Contractor or an applicant for a Tribal gaming license, whether the applicant is a prospective employee, consultant or vendor.
- C. "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.
- D. "Class III Gaming Contract" means a contract that involves a Major Procurement or a Sensitive Procurement involving or related to Class III gaming.
- E. "Class III Gaming Contractor" is any individual, business or other entity that proposes to consummate, or in fact consummates a Class III Gaming Contract.
- F. "Consultant" means any person, other than an employee, who provides advice or expertise to the Tribe concerning the operation, management or financing of the Tribe's Class III gaming activities for compensation. "Consultant" does not include a person engaged for the purpose of training or teaching employees of the Tribal Gaming Operation if the contract for those services is episodic, and no greater than ninety (90) days in duration.
- G. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- H. "Counter Game" means keno, race and off-race course mutuel wagering.

- I. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.
- J. "Gaming Facility" means the building or buildings constructed on land taken into trust for the Tribe at Lincoln City, Oregon, at the Gaming Location, including any property used to store Class III gaming equipment.
- K. "Gaming Location" means the real property described in Exhibit 1 to this Compact which is hereby incorporated by reference, where the Gaming Facility will be located.
- L. "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:
1. Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or
 2. Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.
- "Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.
- M. "High Security Employee" means any natural person who participates in the operation or management of the Class III Tribal Gaming Operation, whether employed by the Tribe or by a person or entity providing on-site or off-site gaming operation or management services to the Tribe, including but not limited to: gaming operations administrators, managers and assistant managers, gaming facility surveillance or security personnel, dealers, croupiers, shift supervisors, cage personnel (including cashiers and cashier supervisors), drop and count personnel, video lottery terminal technicians, junket representatives; and any other person whose employment duties require or authorize access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public.
- N. "Key Employee" means any officer or any person who can substantially affect the course of business, make decisions, or is in a sensitive position in an organization or corporation that is a Class III Gaming Contractor or an applicant for a Class III Tribal gaming license.

- O. "Low Security Employee" means any employee of the Tribal Gaming Operation whose duties require the employee's presence in any area of the Gaming Facility where Class III gaming activities take place, but who is not a High Security Employee and who is not involved in the operation of Class III gaming.
- P. "Major Procurement" means any procurement action or contract between the Tribe or the Tribal Gaming Operation and a manufacturer, supplier, consultant, management contractor, or lender, for goods, services or products used in, or related to, the operation of the Tribe's Class III gaming activities, including but not limited to:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections or bets in any Class III gaming;
 3. Any goods, services, or products used to determine winners in any Class III gaming; or
 4. Video devices or other equipment used in Class III games, except equipment specifically included in the definition of Sensitive Procurement;
 5. A contract or license to use a patented game or game product;
 6. Accounting systems or surveillance systems to be used in the Tribe's Class III gaming activities;
 7. A contract involving Class III gaming related goods or services that provides for, or the terms of which will make necessary, a continuing relationship over time (more than thirty days) between the parties; or
 8. A contract involving Class III gaming related goods or services that involves or requires commitments by either party to the contract such that there would be substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely. For this purpose a contract involving consideration or value of \$100,000 or more shall be deemed to involve substantial financial consequences to one of the parties with regard to Class III gaming activity if the contract or procurement action was terminated prematurely.
- Q. "Minimum Internal Control Standards" means the Tribal/State "Minimum Standards for Internal Controls" attached as the Appendix to this Compact,

including revisions that may be agreed upon by the Tribal Gaming Commission and the Oregon State Police from time to time.

- R. "Oregon State Police" or "OSP" refers to the Gaming Enforcement Division, or that administrative unit charged with gaming enforcement regulatory responsibilities, of the Department of State Police established under Oregon Revised Statutes section 181.020, or its successor agency established by law.
- S. "Owner" means any person, alone or in combination with another person who is a spouse, parent, child or sibling, or entity that owns 5% or more of the equity ownership of a company.
- T. "Primary Management Official" means any person who:
1. Has administrative or high-level management responsibility for part or all of the Class III Tribal Gaming Operation, whether as an employee or under a management contract;
 2. Has authority --
 - a. to hire and fire supervisory employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for the Tribal Gaming Operation.

Primary Management Official does not include a person or entity that does not have decision-making authority with regard to a Class III Tribal Gaming Operation.

- U. "Sensitive Procurement" means any procurement action or contract that is not a "Major Procurement," for Class III gaming equipment (such as cards, dice, keno balls, roulette wheels, roulette balls, chips, tokens, VLT or keno paper, gaming tables, table layouts or the like), or any other products that are not used directly in the conduct of Class III gaming, but that directly relates to the operation and administration of the Tribe's Class III gaming activities such as replacement parts for video lottery terminals (bill acceptors, printers), locks and keys for secure storage areas or gaming devices, or individual surveillance cameras.
- V. "Table game" means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race book.

- W. “Tribal Gaming Commission” means the tribal entity established by the Tribe with independent authority to regulate gaming activities on tribal lands.
- X. "Tribal Gaming Operation" or "Gaming Operation" means the enterprise operated by the Tribe that operates Class III gaming under tribal authority, and receives revenues, issues prizes and pays expenses in connection with Class III games authorized under this Compact, and includes both gaming and non-gaming activities.
- Y. “Tribal Gaming Ordinance” means the ordinance adopted by the tribe to govern the conduct of Class III gaming, as well as non-Class III gaming activities, as required by IGRA, including all implementing regulations and subsequent amendments thereto.
- Z. "Video lottery terminal" or "terminal" or “VLT” means a terminal or electronic gaming device where the decision-making portion of the overall assembly is an electrical or electronic device or component that displays a ticket through the use of a video display screen, and that is available for consumer play by one player at a time at the device upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device and which awards game credits.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. Only Compact between the Tribe and the State. This Compact shall be the only Compact between the Tribe and State pursuant to IGRA and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact.
- B. Authorized games.
 - 1. Subject to the provisions of this Compact, the Tribe may engage in the following Class III games: Video lottery games of chance, keno, off-race course mutuel wagering, blackjack, craps, roulette, pai-gow poker, Caribbean stud poker, let-it-ride, and big 6 wheel, as described in the Appendix. No wagers may be placed or accepted via the internet or by any telecommunications system or device, except to accomplish off-race course mutuel wagering as permitted by state law except as provided in subsection 4(B)4.
 - 2. Subject to, and in compliance with, the provisions of this Compact, the Tribe may, subject to the provisions of Section 4.D., engage in any other Class III gaming activity that has been approved by the Nevada Gaming Commission or by an Indian tribe with an approved Class III Compact in

the State in which the tribe conducts a gaming operation, *provided*, that for an Indian approved game, certification from the State where such Tribe conducts gaming that such game is permissible under IGRA shall be provided, and Oregon State Police review and approval shall be required. Operation of any game under this paragraph must be pursuant to rules, procedures and internal controls for the new game at least as stringent as the Tribal/State Minimum Internal Control Standards set forth in the Appendix to this Compact and, where appropriate, subject to new MICS developed and approved by both the Tribal Gaming Commission and Oregon State Police.

3. Before the Tribe offers a new game under this subsection 4.B., the Tribe and the State must agree that the Tribe has adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in subsection E of this section, and that the Tribal Gaming Commission is fully prepared to regulate and the Oregon State Police fully prepared to monitor the new game. In the event a dispute exists between the Tribe and the State about whether a particular gaming activity can be offered by the Tribe under this Compact and under IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact.
4. This Compact is not intended to preclude the Tribe from seeking negotiation, consistent with the policies of IGRA and this Compact, to offer internet gaming in the event of a final federal judicial decision, final State of Oregon judicial decision, or congressional legislative action permitting internet gaming. If the State disputes whether internet gaming may be offered consistent with this subsection and federal and/or state law, including IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact. Compact negotiation as set forth in this subsection B.4 shall be initiated pursuant to Section 12.D of this Compact. No such gaming shall be offered until dispute resolution concludes and all legal appeals are final.
5. This section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact. However, the Tribe agrees that if any Class II gaming activities are conducted or intermingled in such a way that they are inseparable from Class III gaming activities, such as surveillance, those activities shall be considered as Class III for purposes of the regulatory authority of the State under this Compact.

C. Gaming Location. The Gaming Facility authorized by this Compact is located on land within the boundaries of Lincoln City, Oregon, specifically described in

Exhibit I to this Compact. The land on which the Gaming Facility is located is land that has been designated by Act of Congress as "Restored Land" for purposes of 25 USC §2719, and has been taken into trust for the Tribe by the United States. Gaming authorized under this Compact shall be conducted only in the Gaming Facility. If another Oregon Tribe is authorized to operate a gaming facility on lands which did not qualify as Indian lands as defined by IGRA as of the date of enactment of that statute, the Tribe does not hereby abrogate any rights it may have under Section 20 of IGRA.

D. Addition of Authorized Games at Gaming Facility.

1. At least 60 days before any new game otherwise authorized under this Compact is conducted at the Gaming Facility the Tribal Gaming Commission shall:
 - a. Ensure that the Gaming Operation develops rules and procedures for a system of internal controls for the new game that meets the minimum standards established in the Appendix to this Compact.
 - b. Require that the Gaming Operation provide appropriate training for all dealers, supervisors, surveillance personnel and any other employees involved in the conduct or regulation of the new game and for the Tribal Gaming Inspector, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods. The Gaming Operation or Tribal Gaming Commission, as appropriate, shall notify the Oregon State Police prior to beginning training and shall provide the Oregon State Police opportunity to participate.
 - c. Ensure that the Gaming Operation establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.
 - d. Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.

- e. Notify the Oregon State Police that the Tribe proposes to offer the new game to the public, and provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under this paragraph 1 of this subsection.
2. The Tribe agrees to introduce new games authorized under this section according to the following schedule:
 - a. Within the sixty day period after the Secretary of the Interior approves this amended and restated Compact the Tribe may offer the following six games - craps, roulette, Caribbean stud poker, big 6 wheel, let-it-ride, and pai-gow poker - authorized under paragraph 1 of subsection B of this section.
 - b. If the Tribe so chooses, after the period of time specified in subparagraphs a and b of this paragraph, for any game authorized by paragraph 2 of subsection B of this section, one new game within a single calendar quarter.
 - c. The Tribe may offer new games sooner than the time tables established under this subsection if mutually agreed upon in writing by the Tribal Gaming Commission and the Oregon State Police.

E. Table Game Wager Limits.

1. The Tribe shall establish wager limits for all table games. The Tribe has established a current wager limit of \$500 per hand for house banked blackjack offered at the Gaming Facility, and the Tribal Gaming Commission has adopted regulations establishing a minimum level of experience, training and competence for dealers at those tables that were commensurate with the need to maintain the honesty, integrity, fairness and security of the Table Games.
2. For Table Games other than house banked blackjack, the initial wager limit under this Compact shall be \$500 initial wager per hand. The wager limit for house banked blackjack shall be set at \$1000 initial wager per hand. The Tribe may request an increase in the wager limit of any Table Game offered at the Gaming Facility, up to a maximum wager of \$1000 initial wager per hand. The State shall not withhold its consent to an increase in the wager limit of any Table Game if there has been full compliance under the previous wager limit with the Minimum Internal Controls, the Tribal Gaming Ordinance, the rules of operation of the game or with the terms of this subsection for a period of ninety (90) days and

upon mutual consent, which time frame can be extended by either party. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe before the limits are changed on the gaming floor. If the State determines that there has not been full compliance with the Minimum Internal Controls, the Tribal Gaming Ordinance, rules of compliance or terms of this subsection, the State may require that the wager limit be reduced to a level where such full compliance is likely to occur.

3. For purposes of this subsection 4(E), "full compliance" means:
 - a) All of the rules, procedures and plans required under subsection 2 of this section have been adopted and approved by the Tribal Gaming Commission, have been approved by OSP as meeting the Minimum Internal Control Standards, and have been implemented;
 - b) All training required by the Minimum Internal Control Standards and the regulations of the Tribal Gaming Commission is up to date;
 - c) The Tribal Gaming Commission has adopted policies and procedures that set forth appropriate sanctions for employees who fail to follow the regulations and internal controls of the commission, gaming operation management has committed in writing to train employees and impose the sanctions for violations, and the Tribal Gaming Commission's procedures provide for investigation of possible violations by the gaming operation;
 - d) The Tribal Gaming Commission has adopted and implemented procedures for direct reporting of possible violations to the Tribal Gaming Commission by any employee of the Tribal Gaming Operation; and
 - e) The Tribal Gaming Commission has maintained records of investigations of all reports of possible violations, and has promptly reported confirmed violations to the Oregon State Police including the action taken by the commission or gaming operation management to correct the failure, and the discipline or sanctions imposed.
4. The Tribe may operate a maximum of 60 tables of Table Games at the Gaming Facility under this Compact.

F. Numbers of Video Lottery Terminals.

1. The number of Class III video lottery games of chance authorized by this Compact shall not exceed 1250. Subject to other terms of this Compact, the Tribe may determine in its discretion the location and spacing of video lottery terminals (VLTs) within the Gaming Facility.
2. The Tribe may request authorization for additional VLTs as follows. When the Tribal Gaming Operation has maintained 1150 or more VLTs, as determined by the actual number of VLTs available for play on the gaming floor, but not including stored VLTs, at an Average Daily Drop of \$125 or as may be otherwise established in a memorandum of understanding between the parties, for each of any three consecutive months chosen by the Tribe, the Tribe may request an increase in the authorized number of VLTs. The Tribe shall make the request in writing to OSP. Upon verification by OSP that the Average Daily Drop exceeds \$125, the number of authorized VLTs will increase to 1350. Pursuant to the same procedures, the Tribe may request authorization for additional VLTs according to the following formula: When the Tribal Gaming Operation has maintained 1250 or more VLTs, as determined by the actual number of VLTs available for play on the gaming floor, but not including stored VLTs, at an average daily drop of \$120 for each of any three consecutive months chosen by the Tribe, the number of VLTs authorized will increase to 1500. Once the OSP has verified the requisite Average Daily Drop provided pursuant to this subsection, the number of authorized VLTs shall automatically be increased as provided herein, without need to execute a Compact amendment.
3. Renegotiation regarding amending the Compact to increase the number of authorized VLTs pursuant to section 12.D shall be triggered when the Tribal Gaming Operation has maintained 1400 VLTs, as determined by the actual number of VLTs available for play on the gaming floor, but not including stored VLTs, at an Average Daily Drop of \$115 for each of any three consecutive months chosen by the Tribe. In such event, the scope of negotiations and any Compact amendment shall be limited to the Tribe's economic justification for the requested increase in number of authorized video lottery machines, and issues directly related to the requested numbers of VLTs, unless otherwise agreed to by the parties.

4. The Tribe may maintain VLTs that it is not using in storage at the Gaming Location, so long as the total number of VLTs in operation and in storage does not exceed 110% of the authorized number of VLTs, and so long as the site and manner of storage is approved by the Oregon State Police, and the Oregon State Police are provided access to the storage site.

SECTION 5. JURISDICTION.

A. In General.

1. The State shall have criminal jurisdiction over offenses committed by or against Indians and non-Indians within the Gaming Facility and on Tribal trust land; the criminal laws of the State shall have the same force and effect at the Gaming Location as they have on non-Tribal lands within the State.
2. If the Tribe authorizes the Tribal Court to hear criminal cases arising on the Tribal Lands, the Tribe and the State shall have concurrent criminal jurisdiction over offenses committed by Indians within the Gaming Facility and on the Tribal Lands. The criminal laws of the State shall have the same force and effect on the Tribal Lands as they have on non-Tribal lands within the State. Once a tribal police force is in operation on the Tribal lands, the enforcement of criminal laws at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribe and the Oregon State Police.
3. The Tribe and the State agree that local law enforcement officials may provide the first response for law enforcement matters that are not related to the operation of gaming or that occur other than in the course of the play of games. As between the Oregon State Police and local law enforcement officials, the Oregon State Police shall have exclusive authority to investigate violations of state criminal law related to the operation of gaming or that occur in the course of play of games.
4. If the Tribe establishes a law enforcement agency that is responsible to investigate criminal law violations on Tribal lands, the Tribe agrees that the Oregon State Police shall continue to have the authority to investigate possible violations of this Compact or other gaming regulatory matters. The Tribe and the State further agree that their respective law enforcement agencies will cooperate in any investigation that involves or potentially involves both criminal and regulatory violations.

5. The Tribe and the State agree to cooperate on the investigation and prosecution of any gambling crime committed at the Gaming Facility. The Tribe and the State agree to cooperate in maintaining a state-wide system to identify and monitor persons excluded from any tribal gaming facility in the State.
- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 5.A.2., officers of the Oregon State Police and other state officers designated by the State in writing as provided in Section 14 of this compact shall have unrestricted access to anywhere within the Gaming Facility and on the Tribal trust land used for or in relation to class III gaming for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State. The Tribe or authorized individuals acting on its behalf shall provide officers of the Oregon State Police or other state officers designated as provided in Section 14 access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the Gaming Operation.
- C. Nothing in this agreement shall be construed to affect the civil or criminal jurisdiction of the State and Tribe under Public Law 280. The Tribe and the State agree that the criminal laws of Oregon that proscribe gambling activities shall apply to any person who engages in the proscribed activities if those activities are not conducted under the authority of the Tribe as provided in this Compact and under IGRA. Nothing in this subsection 5(C) shall be construed to confer jurisdiction on the State over crimes not otherwise provided by law.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS

- A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's Gaming Operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have the responsibility to protect the citizens of this State who patronize the Tribe's Gaming Facility from any breach of security of the Gaming Operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the Gaming Operation, concerning regulation of the Gaming Operation and operation of the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:
 1. Any and all decisions concerning regulation of the Gaming Operation and operation of the Tribal Gaming Facility, whether made by the Tribe, the Tribal Gaming Commission or the management of the Gaming Operation, shall reflect the particularly sensitive nature of a gaming operation.

2. In order to maintain the honesty, integrity, fairness and security of the Tribe's Gaming Operation, the Tribe, the Tribal Gaming Commission and the management of the Gaming Operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribe's Gaming Operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the Gaming Operation shall make no decisions that compromise the honesty, integrity, fairness or security of the Tribe's class III gaming activities.
4. Regulation and operation of the Tribe's class III gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's class III gaming activities.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any Class III related decision by the Tribe relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribe. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribe receives the notice.
3.
 - a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.

- (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - c. Upon agreement by both parties, the arbitration proceeding shall be binding.
 - d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.

5. Expedited Procedure.

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribe's Gaming Operation, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to protect the honesty, integrity, fairness and security of the Gaming Operation. The Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation, unless the Commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness or security of the Tribe's Class III gaming activities or the Commission believes in good faith that the honesty, integrity, or security of the Tribe's Class III gaming activities can be protected by an equally effective action that would result in less disruption to the Gaming Operation during the pendency of any dispute.

Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact.

- b. The parties shall confer within 5 days after the Tribe receives the notice.

- c. If the State's concern is not resolved informally, the state may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact. If the State disagrees with the Gaming Commission's "equally effective" recommended course of action as set forth in subsection 5(a) above on the grounds that such action would not protect the fairness, integrity, security or honesty of the Class III gaming activities, the Tribe shall follow the State's recommendation but the Tribe may present the dispute to the federal court as provided in Section 6.B.4.
- d. An immediate threat to the honesty, integrity, fairness or security of the Tribe's Gaming Operation includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any Class III Gaming Contractor, or Owner or Key Employee of such a Contractor, or against any Key Employee of the Tribal Gaming Operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a Class III Gaming Contractor, or a member of a criminal organization has become a Key Employee of such a contractor;
 - (3) A malfunction of Class III gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (4) The security of Class III gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons of the Gaming Facility is seriously at risk;
 - (6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the Gaming Operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation such that the fairness, integrity, security and honesty of the Tribe's Class III gaming activities is threatened in a time frame that cannot be concluded pursuant to subsections B.1-B.4 of this Section.

For the purposes of this subsection 6.B, the State shall act through the Oregon State Police, or an official designated in the manner provided in section 14 of this compact.

6. The provisions of this Section 6 shall provide the exclusive method for resolving disputes as to the State or Tribe's decisions concerning hiring or contracting under Section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials, High Security Employees, and Low Security Employees to be employed in the Gaming Facility shall be licensed by the Tribal Gaming Commission in accordance with the provisions of this Compact.
2. A background investigation shall be performed with respect to all prospective employees, whether Primary Management Officials, High Security Employees or Low Security Employees. Prospective employees shall provide to the Tribal Gaming Commission and the Oregon State Police any required application fees and complete and full information on forms provided or approved by the Oregon State Police, including but not limited to:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any federal, State, local or Tribal gaming agency;

- h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph;
 - j. Any other information required by the Tribal Gaming Commission.
3. In addition to the requirements of paragraph 2 of this subsection, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.
4. a. The Tribal Gaming Commission shall forward the applicant information for each prospective High Security Employee and Primary Management Official to the Oregon State Police, along with the State required portion of the application fee as described in subsection C of this section. The Oregon State Police may conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed sixty (60) days without notice to the Tribe. In the event that the Tribal Gaming Commission conducts a background investigation, it shall submit the completed report to the Oregon State Police within sixty (60) days.
- b. The Tribe may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a. of this paragraph. The Tribe may contract for background investigation services for Low Security Employees from a private contractor, if the contractor is acceptable to the State.
5. a. Except as provided in paragraph 6 of this subsection, the Tribal Gaming Commission shall deny a gaming license to any High Security Employee or Primary Management Official who:
- (1) Has, within the ten-year period preceding the date of license application, committed any felony other than a traffic offense, whether or not the crime resulted in a conviction or any such conviction has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the

elements of a felony other than a traffic offense, in that jurisdiction;

(2) has committed a crime involving unlawful gambling under the law of any federal, state or tribal jurisdiction, whether or not conviction of such a crime has been expunged, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a crime involving unlawful gambling in that jurisdiction; or

(3) has associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state, local or tribal jurisdiction within the last ten years, *provided*, that if a prospective High Security Employee or Primary Management Official was unaware of the offenses committed by such person, reported such activity to appropriate law enforcement officials when he or she became aware of the offenses or attempted to stop such offenses, or terminated his or her business relationship with such person within a reasonable time after discovering or learning of such offenses, the prohibition in this subsection shall not apply.

b. The Tribe shall deny a gaming license to any prospective High Security Employee or Primary Management Official who was employed by any other person who has committed in the last ten years a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state, local or tribal jurisdiction, if the prospective employee or official was in any way involved in or aware of the criminal activity as it occurred and did nothing to report or stop the activity or to remove himself or herself from association with such person.

c. The Tribe shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:

(1) The applicant fails to disclose any material fact to the Tribe or the State or their authorized agents during a background or security investigation; or

- (2) The applicant misstates or falsifies a material fact to the Tribe or the State during a background or security investigation.
- d. The Tribe may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribe deems sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribe shall include, but need not be limited to, the following:
 - (1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a. of this paragraph) in any jurisdiction;
 - (2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribe's gaming operation; or
 - (3) There is any aspect of the applicant's past conduct that the Tribe determines would adversely affect the honesty, integrity, security or fairness of Tribal gaming operation.
- e. After this Compact becomes effective, the Tribal Gaming Commission shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in sub-subparagraphs (1) or (2) of subparagraph a. of this paragraph, within the time frames specified therein. The Tribal Gaming Commission may deny a gaming license to any Low Security Employee applicant who does not meet the criteria established in the remainder of this paragraph 5. Decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.
- f. The Tribal Gaming Commission may reject an application if the applicant has not provided all of the information requested in the application.

8. Temporary licensing of employees.

- a. The Tribe may issue a temporary license to High Security Employees fifteen days after submission of the application to the Oregon State Police or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. The Temporary license shall expire and become void upon completion of the full background check by the Oregon State Police and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a regular license, the Tribal Gaming Commission shall immediately void the temporary license and deny a regular license.
- b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee upon submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. Any Low Security Employee shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7.A.5.d.
- c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribe by mail, the material is deemed to be submitted three days after the date of mailing.
- d. The provisions of this paragraph shall apply to any consultant retained by the Tribe to consult on Class III gaming activities or on Primary Management Official functions or duties. A consultant shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the consultant does not meet the criteria for licensure under Section 7.A.5.
- e. No temporary license may be granted under this paragraph to a Primary Management Official.

9. Background investigation during employment. The Tribal Gaming Commission or the Oregon State Police may conduct additional background investigations of any gaming employee at any time during the term of employment. If, after investigation, the Oregon State Police determine there is cause for the revocation or suspension of an employee's gaming license under the criteria established in paragraph 5 of this subsection 7.A., it shall promptly so report to the Tribal Gaming Commission, and furnish the Tribe with copies of all relevant information pertinent to such determination. The Tribal Gaming Commission shall review the State's report and supporting materials and if the Tribe concludes that good cause for revocation or suspension of an employee's gaming license exists under the criteria established in this subsection 7.A., the subject employee shall have his gaming license suspended or revoked according to the procedures set forth in the Tribal Gaming Ordinance and implementing regulations.
10. Duration of license and renewal. Any regular employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 2 to 5 of subsection A above. Applicants for renewal shall provide the Tribal Gaming Commission with updated information on a form provided or approved by the Oregon State Police but will not be required to resubmit historical data already provided. The Oregon State Police may perform a new background investigation for any employee whose license is renewed.
11. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies set forth in the Tribe's Gaming Ordinance. The Tribal Gaming Commission shall revoke the license of any employee upon determination that the employee does not meet the criteria described in paragraph 7.A.5. above.
12. Personnel Manual. The Tribe shall maintain a procedural manual for employees of the Tribal Gaming Operation that includes rules and regulations of conduct and disciplinary standards for breach of procedures.
13. Employee List. The Tribal Gaming Commission agrees to provide to the Oregon State Police, on a monthly basis, a list of all current employees of the Gaming Facility and to give notice to the Oregon State Police of any disciplinary action or termination of an employee related to the fairness, integrity, security or honesty of the Tribe's Class III gaming activities, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. Major Procurement.

- a. The Tribe agrees not to execute, commence or consummate any contract for a Major Procurement until a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor and shall not consummate procurement action for a Major Procurement without a written contract.
- b. The Tribal Gaming Commission shall submit any proposed Major Procurement to the State for review, comment and a background investigation of the proposed Class III Gaming Contractor.
- c. Except as provided in paragraph 3 below, the Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall the time for completion of such background investigations exceed sixty (60) days after the Oregon State Police receives from the proposed Class III Gaming Contractor both the Oregon State Police's fee for the background investigation under subsection C of this section, and full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this subsection, without written notice to the Tribe.
- d. If the Tribe requests, the Oregon State Police agrees to make its best efforts to complete a background investigation within less than sixty days. The Tribal Gaming Commission and the Oregon State Police may also agree that if business necessity or the protection of the honesty, integrity, fairness and security of the Gaming Operation require it, the State may perform an abbreviated review to enable the Tribe to execute a temporary contract while a complete background investigation is being performed. Any temporary contract executed under authority of this subparagraph, shall be rescinded immediately by the Tribe if the complete background investigation discloses that the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B.

2. Sensitive Procurement.

- a. After a proposed Class III Gaming Contractor has submitted full disclosure of all information requested by the Tribe and the Oregon State Police under paragraph 4 of this subsection, and any necessary

investigation fee required by the Oregon State Police, the Tribe may execute, commence or consummate a contract for a Sensitive Procurement before a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor. The Tribes shall not consummate a procurement action for a Sensitive Procurement without a written contract.

- b. The Tribal Gaming Commission shall submit a proposed contract for a Sensitive Procurement, or if there is no contract, a letter of intent to do business with the proposed Class III Gaming Contractor, to the Oregon State Police for a background investigation of the proposed Class III Gaming Contractor before execution of the contract.
 - c. The Oregon State Police shall conduct a background investigation, if the Oregon State Police considers it necessary, and provide a written report to the Tribal Gaming Commission. If the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B. for approval of a contract, the contract shall be terminated by the Tribe and the Tribe agrees to discontinue doing business with the contractor so long as the contractor fails to meet the criteria for approval.
3. The Oregon State Police agrees to maintain a list of Class III Gaming Contractors that have been previously approved to do business in Oregon with any tribal gaming operation. If a Class III Gaming Contractor has been included in the list, the Tribe may execute, commence or consummate a contract with the Class III Gaming Contractor for a Sensitive Procurement upon giving notice of the contract to the Oregon State Police. If a Class III Gaming Contractor has been included in the list for Major Procurement, the Oregon State Police shall complete any necessary background investigation required under paragraph 1 of this subsection within thirty (30) days after any fees have been paid and full disclosure has been made to the Oregon State Police by the contractor.
 4. Class III Gaming Contractors, and any Owner or Key Employee of a Class III Gaming Contractor, shall provide all personal and business information required by the Oregon State Police to conduct its background investigation, before executing a contract or beginning to do business with the Tribe.
 5. The Tribe shall not consummate any Class III Gaming Contract with a Class III Gaming Contractor that does not grant both the Oregon State

Police and the Tribe access to such Class III Gaming Contractor's business and financial records upon request.

6. Criteria for Contract Denial or Termination.

- a. The Tribe shall not consummate any Major Procurement, and a contract for a Sensitive Procurement shall be immediately terminated, if the following conditions are either disclosed in the application materials or reported by the Oregon State Police relative to a particular Class III Gaming Contractor:
- (1) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the proposed Class III Gaming Contract;
 - (2) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any gambling offense in any jurisdiction;
 - (3) A civil judgment against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a gambling offense, or a civil judgment entered within the ten year period preceding the date of the proposed Class III Gaming Contract against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a felony other than a traffic offense;
 - (4) A failure by the Class III Gaming Contractor to disclose any material fact to the Oregon State Police or the Tribe or their authorized agents during initial or subsequent background or security investigations;
 - (5) A misstatement or untrue statement of material fact made by the Class III Gaming Contractor to the Oregon State Police or the Tribe or their authorized agents during initial or subsequent background or security investigations as determined by the Tribe or the Oregon State Police;

- (6) An association of the Class III Gaming Contractor with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Gaming Facility;
 - (7) Any aspect of the Class III Gaming Contractor's past conduct that the Tribe or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;
 - (8) The Class III Gaming Contractor has engaged in a business transaction with a tribe that involved providing gaming devices for Class III gaming conducted by such tribe without a state-tribal Class III gaming compact and in violation of IGRA; or
 - (9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribe or the Oregon State Police for the purpose of making any determination required by this subsection 6.B.
- e. The Tribe may deny or choose not to consummate any Class III Gaming Contract application for any reason the Tribe deems sufficient.
- f. Other criteria the Tribe may use to decide not to consummate any Class III Contract include, but are not limited to, the Tribe's determination that:
- (1) A person who is otherwise qualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in any person or business that is unqualified or disqualified to be a Class III Gaming Contractor, regardless of the qualifications of the person seeking to consummate the Class III Gaming Contract;
 - (2) A prospective Class III Gaming Contractor demonstrates inadequate financing for the business anticipated under the type of contract for which application is made. In determining whether financing is adequate, the Tribe shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this section, or paragraph 6 of subsection B of this section and whether

that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or

- (3) A prospective Class III Gaming Contractor or its employees fail to demonstrate business ability and experience to establish, operate, and maintain the business of the type of Class III Gaming Contract proposed.
- g. In evaluating whether to deny a contract related to Class III gaming based on subparagraph e or f of paragraph 6 of subsection B of this section, the Tribe may consider the following factors:
- (1) The nature and severity of the conduct that constituted the offense or crime;
 - (2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
 - (3) The number of offenses or crimes; and
 - (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.
- h. No Class III Gaming Contractor shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state lottery, gambling or gaming control agency, Indian Tribe operating pursuant to an IGRA Compact, or National Indian Gaming Commission that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribe and the Oregon State Police.
- i. The Tribe may reject an application if the applicant has not provided all of the information requested in the application.
- j. Notwithstanding subparagraph a. of this paragraph 6, if a prospective Class III Gaming Contract may not be consummated because of the requirements of this subsection 7.B., because a person previously associated with the Class III Gaming Contractor or an employee of the Class III Gaming Contractor has been

convicted of a crime or a civil judgment entered against the Class III Gaming Contractor or its employee within the ten year period preceding the date of the proposed Class III Gaming Contract, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribe may enter into the proposed Class III Gaming Contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribe may enter into a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribe must agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or liable person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The burden of showing to the satisfaction of the Tribe and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor.

7. Rescission or Termination of Class III Gaming Contracts.

- a. The Tribe may rescind or terminate any Class III Gaming Contract pursuant to policies and procedures determined by the Tribe.
- b. Class III Gaming Contracts shall be subject to rescission or termination for cause consistent with the criteria established by paragraph 7.B.6. of this section. The contracts shall provide that Class III Gaming Contractors consent to rescission or termination of any Class III Gaming Contract for cause consistent with the criteria established by paragraph 7.B.6. of this section by virtue of entering into a Class III Gaming Contract, including temporary contracts.

8. Contractor Reporting Requirements.

- a. All Class III Gaming Contractors shall submit to the Tribe and the Oregon State Police any financial and operating data requested by the Tribe or the Oregon State Police.
- b. The Tribe and the State each may specify the frequency and a uniform format for the submission of such data on a case by case basis.

- c. The Tribe, the Oregon State Police, or their agents reserve the right to examine Class III Gaming Contractor tax reports and filings and the detailed records from which the tax reports are compiled.
- d. All Class III Gaming Contractors shall notify both the Tribe and the Oregon State Police of the transfer of a Controlling Interest in the ownership Class III Gaming Contractor.

9. Termination of Contract.

- a. No Class III Gaming Contract shall have a term longer than seven (7) years.
- b. The Tribe shall terminate a Class III Gaming Contract immediately upon the occurrence of any of the following:
 - (1) The Class III Gaming Contractor is discovered to have made any statement, representation, warranty, or certification in connection with the Class III Gaming Contract that is materially false, deceptive, incorrect, or incomplete;
 - (2) The Class III Gaming Contractor fails to perform any material requirements of the Class III Gaming Contract or is in violation of any material provision thereof, and fails to cure same within ten (10) days' written notice of such failure, or if such violation is not capable of cure within ten (10) days, fails to cure same within a reasonable period of time under the circumstances;
 - (3) The Class III Gaming Contractor, or any Owner, officer or key employee of the Class III Gaming Contractor is convicted of a felony or a gambling-related offense that reflects on the Class III Gaming Contractor's ability to perform honestly in carrying out the Class III Gaming Contract;
 - (4) The Class III Gaming Contractor jeopardizes the integrity, security, honesty, or fairness of the Gaming Facility; or
- c. The Tribe shall terminate a Class III Gaming Contract if the Tribe determines satisfactory performance of the Class III Gaming Contract is substantially endangered or can reasonably anticipate such occurrence or default.

C. Fees for Background Investigation.

1. The Oregon State Police shall be reimbursed its costs for performing background investigations made pursuant to this compact as provided in Section 10 of this compact, in accordance with the terms of this Compact.
2. The Oregon State Police will assess the cost of a background investigation of a Class III Gaming Contractor to such Class III Gaming Contractor. Class III Gaming Contractors are required to pay the investigation fee in full in advance. If the Class III Gaming Contractor refuses to prepay the investigation fee, the Oregon State Police shall notify the Tribe and the Tribe may pay the investigation cost or withdraw its request for the investigation.

D. Access to Contracts.

1. If a Primary Management Official is a corporation or other form of organization, such Primary Management Official shall provide the Oregon State Police at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.
2. If a Primary Management Official is a corporation or other form of organization, such Primary Management Official shall furnish to the Tribe and the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.
3. The Tribe agrees to provide the Oregon State Police access to all Class III gaming related contracts.

4. In order to assure the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, The Tribe agrees to provide the Oregon State Police, upon request, access to the contracts of all non-gaming contractors, suppliers and vendors doing business with the Gaming Facility twice annually, once during the annual compliance review described in Section 9(B)(1)(a) of this Compact and once at another time during the year selected by the Oregon State Police. At any other time if the Oregon State Police has reasonable grounds to suspect any criminal involvement with or infiltration of a non-gaming contractor, supplier or vendor, the Tribe agrees to give the Oregon State Police access to that non-gaming contract. Such documents shall remain the property of the Tribe.
- E. Nothing in this Compact shall grant any right to any person or entity having a contractual or employment relationship with the Tribe.
- F. Nothing in this Compact is intended to preclude the Tribe from denying, suspending or terminating a license for other reasons consistent with tribal law.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Gaming Regulations. Conduct of all Class III gaming activity authorized under this Compact shall be in accordance with the requirements of this Compact and federal substantive regulatory standards applicable to Class III gaming, the Tribal Gaming Ordinance and the Minimum Internal Control Standards set forth in the Appendix to this Compact. The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribe and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.
- B. Identification badges. The Tribe shall require all Gaming Operation employees to wear, in plain view, identification badges issued by the Tribal Gaming Commission that include photo and name, with the exception of employees assigned to covert compliance duties, who shall only be required to have on their person an identification badge. Oregon State Police employees shall not be required to wear identification badges.

- C. No credit extended. All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribe permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. Cashing checks in the class III gaming area constitutes extending credit under this subsection. This section shall not otherwise restrict the right of the Tribe or any other person to offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. Prohibition on attendance and play of minors. No person under the age of twenty-one (21) shall participate in any Class III gaming authorized by this Compact. No person under the age of twenty-one (21) shall be allowed to play any Class III game operated under this Compact. If any person under the age of twenty-one (21) plays and otherwise qualifies to win any Class III game prize or compensation the prize or compensation shall not be paid. Employees under age twenty-one (21) whose non-gaming duties require their presence on the gaming floor may be present on the gaming floor. Notwithstanding the requirements of this subsection, the Tribe may employ any Indian employees eighteen (18) years of age and older who are required to perform gaming duties as part of their employment, *provided*, if the Tribe offers alcohol on the class III gaming floor, employees whose gaming duties require a presence on the class III gaming floor shall be at least twenty-one (21) years of age.
- E. Alcohol Policy. No alcohol shall be served in the Gaming Facility unless authorized by the Tribe as permitted by Federal law. Service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations as negotiated in a memorandum of understanding under this Compact. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribe. No alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as a direct inducement to participate in any gaming.
- F. Prohibition of Firearms. With the exception of federal, state, county, city or tribal law enforcement agents or officers who are on official business, no person shall possess firearms within the Gaming Facility.
- G. Liability for damage to persons and property. During the term of this Compact, the Tribe shall maintain public liability insurance in an amount that is reasonable and consistent with prudent business practice, with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribe's insurance policy shall have an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy and it shall provide that the State, OSP, their

divisions, officers and employees are additional insureds, but only with respect to the Tribe's activities under this Compact. The Tribe shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9: INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. Tribal Gaming Commission.

1. The Tribe has established and agrees to maintain a Tribal Gaming Commission with the independent authority to regulate gaming activities on Tribal lands. The Tribe agrees to provide such Commission with adequate resources to perform its duties under Tribal law and this Compact. The Commission shall not participate in any way in the management or operation of the Tribe's Class III gaming activities. Commission members may be removed only for cause by the Tribal Gaming Enterprise Board of Directors. The Tribe shall enact and enforce standards for the selection of Gaming Commission members which are substantively equivalent to or exceed the standards applicable to High Security Employees and Primary Management Officials.
2. The Tribal Gaming Commission shall have primary responsibility for the on-site regulation, control, and oversight of the gaming operation authorized by this Compact, and for the enforcement of this Compact on Tribal Lands and authority for surveillance as described in paragraph 9(A)2(12). The Tribal Gaming Commission's role shall include the following functions:
 - (1) Ensure compliance with all relevant laws, Compact provisions, regulations, internal controls, policies and procedures that are applicable to the operation of gaming activities on Tribal lands;
 - (2) Ensure the physical safety of patrons in the Gaming Facility and of personnel employed by the Tribal Gaming Operation;
 - (3) Ensure the safeguarding of assets transported to and from the Gaming Facility and cashier's cage department;

- (4) Ensure that Gaming Facility patrons and property are protected from illegal activity;
- (5) Ensure that persons suspected of crimes are detained for the purpose of notifying the law enforcement authorities;
- (6) Ensure that any and all unusual occurrences within the Gaming Facility are recorded in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (a) The assigned sequential number of the incident;
 - (b) The date;
 - (c) The time;
 - (d) The nature of the incident;
 - (e) The person involved in the incident; and
 - (f) The security employee assigned;
- (7) Ensure that logs relating to surveillance, security, cashier's cage, credit, video lottery terminals (showing when video machines opened), and video lottery terminal location are maintained;
- (8) Establish and maintain an updated list of persons barred from the gaming facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State;
- (9) Obtain an annual audit by a Certified Public Accountant;
- (10) Ensure that a closed circuit television system in the cash room of the Gaming Facility is maintained and provide copies of floor plan and TV system to the State;
- (11) Ensure that a cashier's cage is maintained in accordance with industry standards for security;

- (12) Ensure that the training of surveillance personnel and operation of surveillance equipment protects the fairness, integrity, security and honesty of the Class III gaming activities, and that the Gaming Commission or other tribal entity independent of management of the Gaming Operation has unrestricted access to and ultimate decision-making authority over surveillance operations to fulfill its regulatory responsibilities (including the authority to review and approve the hiring and firing of surveillance employees and managers); and
- (13) Ensure that, subject to State review and approval, a method for resolving disputes with players is established.
- (14) Ensure that sufficient security personnel are employed and trained.

3. Tribal Gaming Inspector.

- a. Tribal Gaming Inspectors, as agents of the Tribal Gaming Commission, shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances, including the Tribal Gaming Ordinances, and regulations governing gaming, including applicable federal regulations. Any material violations of the provisions of this Compact, or of Tribal ordinances, including the Tribal Gaming Ordinances, or regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Gaming Facility, shall be reported immediately to the Tribal Gaming Commission.

The Tribal Gaming Commission shall report such violations to the Oregon State Police within seventy-two (72) hours of the time the violation was noted. For purposes of this subparagraph, material violations include but are not limited to violations of the provisions of this Compact or of Tribal ordinances or regulations governing those matters identified in subparagraph c. of this paragraph.

- b. The Tribal Gaming Commission may designate any individual or individuals to perform the duties of Tribal Gaming Inspector, so long as each inspector performs those duties independently of the management of the Tribal Gaming Operation, and is supervised and evaluated by the Tribal Gaming Commission as to the performance of those duties.

- c. Tribal Gaming Inspectors shall monitor compliance with the requirements of applicable law, this Compact, regulations, internal controls, policies and procedures, including but not limited to:
- (1) Observe for compliance, on a monthly basis or more frequently as determined by the Tribal Gaming Commission, the following:
 - (a) Sensitive gaming inventories;
 - (b) VLT or table game drop;
 - (c) Soft count;
 - (d) Security and surveillance logs;
 - (e) Movement of cash within, into and outside the Gaming Facility;
 - (f) Surveillance procedures;
 - (g) Security procedures;
 - (h) Games controls;
 - (i) Integrity of VLT microprocessor or E-prom, CD rom, hard disk or other electronic decision-making technologies.
 - (2) Investigate any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.
 - (3) Investigate any cash variance greater than \$100, and report the findings to the Tribal Gaming Commission, which shall report such variances to the Oregon State Police.
 - (4) Investigate customer disputes related to gaming that involve more than \$500 and that are not resolved by management of the Tribal Gaming Operation.

- (5) Report to the Tribal Gaming Commission, which shall report to the Oregon State Police, any criminal or regulatory issues that may affect the fairness, integrity, security and honesty of the Tribe's Class III gaming activities.
4. Reporting of Violation. A Tribal Gaming Inspector shall inspect the Gaming Operation at random during all hours of gaming operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. Any violations of the provisions of this Compact, or of Tribal ordinances by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within seventy-two (72) hours of the time the violation was noted.
5. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the Tribe's Class III gaming activities.
6. Reporting to State. The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances, Tribal Gaming Commission regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. Monitoring. The Oregon State Police is authorized hereby to monitor the Tribal Gaming Operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribe and the State agree that the Oregon State Police must determine the manner in which it monitors the Tribe's Class III gaming activities independently of any influence or control by the Tribe. The Tribe may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or

monitor's duties shall not be a basis for disapproval. The Oregon State Police, and other State officers designated in writing as provided in Section 14 of this Compact, shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribe agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to Section 5(A)2 of this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribe as provided in Section 10 of this Compact. In addition to the regular monitoring functions of the Oregon State Police, the Tribe agrees that the Oregon State Police may conduct the following activities, the cost of which shall also be assessed to the Tribe as provided in Section 10 of this compact:

- a) An annual comprehensive compact compliance review which shall be planned and conducted jointly with the Tribal Gaming Commission, of the Gaming Operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the Tribal Gaming Commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls, (Compact regulatory requirements) blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
- b) Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
- c) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
- d) Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the

action, review, or inspection by the State during its monitoring activities, or otherwise;

- e) Investigation of a non-gaming contractor, supplier, or vendor to the Gaming Operation where the Oregon State Police has reasonable grounds to believe such contractor, supplier, or vendor may be subject to criminal influence or infiltration, or as set forth in Section 7.D.3 of this Compact.
2. The Tribe agrees that if any Class III gaming activities are conducted or intermingled in such a way that they are inseparable from Class II gaming activities, such as surveillance of both Class III and Class II gaming operations by a single surveillance department, the Oregon State Police shall have full access to both for purposes of carrying out the duties of the Oregon State Police with respect to Class III gaming under this Compact. If regulatory issues related to Class II games arise during the State Police's monitoring activity, those concerns will be documented and immediately reported to the Tribal Gaming Commission.
 3. Access to Records. The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, any and all Tribal records pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation.
 - (a) The State believes that its activities under this Compact are subject to the State Public Records Law, ORS 192.410 to 192.505, and the Tribe acknowledges that this is the State's position. The State and Tribe acknowledge that the Tribe may contractually agree that any records created by or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, belong to the State and are fully subject to the State Public Records Law. The Tribe agrees that the State can legally include such a contractual provision in this Compact. Any information concerning the Tribe's Class III gaming operation that is contained in state records may be subject to disclosure under this contractual provision under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505. Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:
 - (1) "Trade secrets" as defined in ORS 192.501(2);

- (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3);
 - (3) Information submitted in confidence, as provided in ORS 192.502(3), which could include, for example, information contained in state records which would reveal information about the operation of any Class III game or which would reveal information about the workings of the Gaming Operation that could reasonably assist a person in the conduct of activity that could adversely affect the fairness, integrity, security or honesty of the Class III gaming activities; or
 - (4) Any information the disclosure of which is specifically prohibited by state or federal law.
- (b) The parties contractually agree that for purposes of this Compact, applications submitted to and retained by the Oregon State Police for Class III gaming licenses are State records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
 - (c) The parties contractually agree that for purposes of this Compact, information about the Tribe's Class III gaming activities, whether obtained from the Tribe or from any other source, that is included in a document prepared, owned, used or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505 or as otherwise provided by this Compact.
 - (d) The Tribe has agreed to allow the Oregon State Police access to sensitive financial, security and surveillance information that the Tribe considers confidential. The State acknowledges that the Tribe has voluntarily given the state access to this information and that the Tribe would not otherwise be required by law to do so. The State acknowledges that this information should reasonably be considered confidential. To the extent such information is included in any State records that are subject to disclosure, the State hereby obliges itself not to disclose this information when the public interest, including the public interest in maintaining the honesty,

integrity, fairness and security of the Tribe's Class III gaming activities, would suffer by such disclosure.

- (e) The State agrees to notify the Tribe promptly of any request for disclosure of documents containing information about the Tribe's Class III gaming activities. If the State decides to release any documents that contain information about the Tribe's Class III gaming activities, the State will notify the Tribe at least five (5) working days before any disclosure is made.
 - (f) Any dispute as to the disclosure of documents under this subsection shall be resolved according to the dispute resolution provisions of Section 16 of this Compact, but the parties agree that in any event the sole jurisdiction for the interpretation of the State Public Records law shall be the Oregon state courts.
 - (g) Nothing in this subsection precludes the State or the Tribe from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or criminal investigation, subject to any defenses either party may assert.
4. Investigation Reports. After completion of any inspection or investigation report, the Oregon State Police shall provide a copy of the report and, upon request, all supporting documentation, other than information which could reveal the identity of a confidential informant, to the Tribal Gaming Commission.

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

- A. Assessment for State Monitoring, Oversight and Law Enforcement Costs.
- 1. The Tribe agrees that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribe agrees to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.
 - 2. To give the Oregon Gaming Tribes an opportunity for review and comment, the Oregon State Police shall distribute, during the development of its biennium budget, a draft of the Tribal Gaming Section portion of the budget to the Oregon Gaming tribes prior to submission of the budget to either the Governor or the Legislature. The Oregon State Police shall give

full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming tribes to comment on the Tribal Gaming Section budget, each Tribe retains the right to participate in any public review by either the Governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.

3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribe to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribe to pay for any other governmental services rendered by or received from the State.

4. The Tribe's monthly payment to the Oregon State Police shall be computed as follows:

a) The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."

b) Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes, which reduced amount shall be referred to as the "adjusted OSP monthly payment." The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.

c) The Tribe's monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to Siletz Tribal Gaming Operations	adjusted OSP X Monthly Payment	=	Tribes Share of OSP Monthly Payment
--	--------------------------------------	---	---

Total No. of Direct Service Hours
Billed to All Oregon Tribal Gaming
Operations

- d) Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.

5. As used in this section:

- a) “Oregon Gaming Tribes” means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.
- b) “Direct Service Hours” means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. This definition is in no way intended to limit OSP’s activities authorized pursuant to this Compact. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.

6. The methodology for the payment of Oregon State Police costs shall begin on January 1, 1999.

- B. If the Tribe disputes the amount of the assessment under this Section, the Tribe shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute and the disputed amount. The parties shall meet and attempt to resolve the dispute. If the parties have not resolved the dispute within 15 days, the Tribe shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon the mutual authorization of the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in section 6b(3) and (4) of this Compact.

If the Tribe fails to timely pay the disputed amount into escrow or timely pay the undisputed amount, OSP shall send written notice to the Chairman of the Tribe, informing him of OSP's authority to take further action. Fifteen (15) days after such notice is sent by OSP, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for Compact violations available under this Compact or IGRA.

SECTION 11. APPLICATION OF STATE REGULATORY STANDARDS.

A. Health and Safety Standards.

1. The Tribe agrees to adopt and enforce ordinances and regulations governing health and safety standards applicable to the Gaming Facility that are at least as rigorous as standards imposed by the laws and regulations of the State. The Tribe agrees to cooperate with any State agency generally responsible for enforcement of such health and safety standards outside Indian lands in order to assure compliance with such standards within the Gaming Facility. However, the Tribe shall have the exclusive regulatory jurisdiction over the enforcement of health, safety and environmental standards applicable to the Gaming Facility. The Tribe shall use its authority to assure that health and safety standards are met and maintained. Tribal ordinances and regulations governing water discharges from the Gaming Facility shall be at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.
2. Upon request by the State, the Tribe agrees to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribe can demonstrate that it has satisfied this section by providing a certificate or other evidence of compliance from the appropriate state or local official responsible for enforcement of comparable state standards, or from a contractor who is certified by state or local government to evaluate such compliance.

3. As used in this subsection, "health, safety and environmental standards" include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to the public for purposes of protecting the public within the facility. "Health, safety and environmental standards" does not include land use regulations or zoning laws.
 4. The Tribe agrees that the State may use state or local inspectors to verify compliance with this subsection. Such inspectors shall cooperate with Gaming Facility management to conduct such inspections in a manner that does not disrupt operations at the Gaming Facility, and shall be conducted only with advance notice to and permission of the Gaming Facility where practicable. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribe agrees to take steps as are necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and under the principles and procedures established for resolution of operating disputes in section 6 of this Compact.
- B. Transportation Issues. The Tribe agrees to consult and cooperate with the Oregon Department of Transportation regarding any traffic issues arising out of the Gaming Operation and vehicles that patronize the Gaming Facility. To the extent the Gaming Facility contributes to any traffic impacts on surrounding city, county or State roads, the Tribe agrees to fund an appropriate proportion of improvements necessary to mitigate or reduce such impacts. The Tribe also agrees to participate in any community forum or process established to discuss or attempt to resolve traffic problems on Highway 101 at the North end of Lincoln City. If the State or Tribe disputes that the Tribe is contributing a fair share of necessary road improvements, taking into account any mitigation measures the Tribe adopts, the State or Tribe may initiate the dispute resolution procedure established under section 16 of this Compact.
- C. Report of Winnings. The Tribe shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribe would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue. The Tribe agrees that management of the Gaming Operation will withhold and remit personal income taxes from employee wages to the Oregon Department of Revenue in the manner prescribed by the Department of Revenue.

- D. Public Safety Issues. If local government officials believe that an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe, or its designated representative, shall agree to meet with the mayor or county commission of the affected government to discuss whether a problem exists, and to develop mutually agreeable measures to alleviate the problem. The burden shall be on the local government officials to meet with the Tribe and to demonstrate that the public safety problem is directly attributable to the existence of the Gaming Facility. If an off-Indian land public safety problem has been created by the existence of the Gaming Facility, the Tribe shall undertake to perform any mutually agreeable and reasonable measures to alleviate the problem. If the Tribe and local government officials are unable to agree on measures to alleviate the problem, the State may initiate the dispute resolution process established in Section 16 of this Compact. Any burden imposed on the Tribe under this subsection shall be reasonable and proportionate to the problem created.
- E. Miscellaneous Issues. The State and the Tribe are executing simultaneously with this Compact a Memorandum of Understanding entitled “*Memorandum of Understanding between the Confederated Tribes of Siletz Indians of Oregon and the State of Oregon regarding Community Relations*” to address miscellaneous issues of State and local concern (MOU). The terms of the MOU, once properly executed, shall become effective and shall be incorporated by reference into this Compact upon approval of the Compact by the Secretary of the Interior and publication of such approval in the Federal Register. Any disputes arising under the MOU shall be resolved pursuant to Section 16 of the Compact.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribe and appropriate federal approval.
- B. Termination. This Compact shall remain in effect until such time as:
1. This Compact is terminated by written agreement of both parties;
 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, for any purpose and conducted by any person, entity, or government;
 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally

prohibited under the law of the State, and the determination has become final and enforceable;

4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribe's exercise of Class III gaming; or
5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process, if the breach can be cured within such period. If the breach cannot be cured within 60 days, the time for termination shall be thirty (30) days after the time established in dispute resolution reasonably necessary to cure such breach.

C. Automatic Amendment.

1. If a Class III gaming activity authorized under Section 4 of this Compact is criminally prohibited for all purposes by all persons by State statute or Constitution, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited as defined under IGRA, this Compact shall no longer authorize the Tribe to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribe shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. Except as provided in subsection 12.C. above, this Compact shall not be amended unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Confederated Tribes of the Siletz Indians of Oregon to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of this Compact;
 - b. One year elapses after the effective date of this Compact;

- c. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity;
2. Paragraph 12.D.1. above does not authorize the Tribe to renegotiate the terms of this Compact that apply to those forms of gaming previously authorized by Section 4 of this Compact, unless the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact. Further negotiation of numbers of VLTs is specifically provided for in Section 4.F. of this Compact, and negotiation of Internet gaming is specifically provided for in Section 4.B.4 of this Compact.
3. Pursuant to paragraph 12.D.1., the State or the Tribe may by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new agreement, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection 12.B. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chair of the Tribe at the appropriate office identified at Section 14 below. If a request is made by the Tribe, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribe hereby waives any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of five (5) years from the effective date of this Compact, *provided*, that if any other Oregon Indian tribe operates Class III gaming at more than one location under a Compact with the State, the Tribe shall have the right to request immediate negotiations on the issue, *and provided further*, that the Tribe shall have the right to negotiate for Class III gaming at another location if some natural occurrence makes the Gaming Location unusable for a Gaming Facility.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in IGRA or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe.

- C. Prohibition on Taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribe or any Tribal gaming operation except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal Self-Government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribe, including the Tribal Gaming Commission, or to interfere in any manner with the Tribe's selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribe.
- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribe and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.
- F. Governing Law. The provisions of this Compact shall be construed consistently with the Indian Gaming Regulatory Act, and the laws of the State of Oregon. Tribal ordinances shall be construed consistent with tribal law.
- G. The Tribe and the State agree that any activities that must be performed under this amended and restated Compact to prepare for implementation of any new games authorized under Section 4 may be undertaken before the Secretary of the Interior approves this amended and restated Compact.
- H. Change in Federal Law. The Tribe reserves the right to take advantage of any change in federal law that permits additional gaming to be conducted by the Tribe without the need for a Compact. This Compact shall not be construed as a surrender by the Tribe of those rights.

SECTION 14. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Captain
Oregon State Police
Gaming Enforcement Division
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Tribal Council
Confederated Tribes of
Siletz Indians of Oregon
P.O. Box 549
Siletz, OR 97380

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION.

- A. At the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State court of competent jurisdiction to interpret or enforce the provisions of this Compact.
- B. Nothing in subsection 16.A. shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.

- C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

**CONFEDERATED TRIBES OF
SILETZ INDIANS OF OREGON**

John A. Kitshaber, M.D., Governor

Delores Pigsley, Chairman

Date: _____, 1999

Date: _____, 1999

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____, 1999

**Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of Siletz Indians of Oregon
And the State of Oregon**

Exhibit 1

DESCRIPTION OF GAMING LOCATION

The Tribe's Gaming Facility is located on the following described property:

Lots 58, 59, 63 and 64, Lincoln Shore Star Resort, Lincoln County, Oregon.

Lincoln Shore Star Resort is a duly recorded subdivision located in the N.W. ¼ of Section 2, and the N.E. 14 of Section 3, Township 7 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon. The plat of the Lincoln Shore Star Resort is located in Plat Book 15, Page 21, Lincoln County, Oregon.

**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE
UMATILLA INDIAN RESERVATION AND
THE STATE OF OREGON**

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**AMENDED AND RESTATED
TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE
UMATILLA INDIAN RESERVATION AND
THE STATE OF OREGON**

PREAMBLE.

This Amended and Restated Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of the Umatilla Indian Reservation (hereinafter the "Tribes") and pertains to Class III gaming to be conducted on lands within the Umatilla Indian Reservation pursuant to the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA"), and reflects the sovereign status and jurisdictional authority of the Tribes and addresses the legitimate concerns of the State. The terms of this Compact are unique to these Tribes and reflect the fact that the lands that are the subject of this Compact have been held in trust by the United States since the Umatilla Indian Reservation was established in 1855, and that these lands may be used for Class III gaming under IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this ____ day of _____, 1999, by and between The Confederated Tribes of the Umatilla Indian Reservation, a federally recognized Tribe of Indians, and the State of Oregon. Upon execution by the parties and by the Secretary of the Interior, this Amended and Restated Compact replaces the Compact entered into by the parties on November 18, 1993, and approved by the Secretary of the Interior on February 2, 1994, and Amendments I-VII thereto.

SECTION 2. FINDINGS.

WHEREAS, the Tribes are a federally recognized Indian Tribe and are the beneficial owner of, and government for, the Umatilla Indian Reservation located within the State of Oregon;

AND WHEREAS, the State and the Tribes are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State, which, at the time of execution of this Compact, authorize a variety of games classified as Class III games under IGRA;

AND WHEREAS, the Tribal public policy, as reflected in the Tribes' Constitution and ordinances adopted by the Tribes, is "to exercise and protect all existing and future tribal rights arising from any source whether treaty, federal statute, state statute, common law or otherwise; to achieve a maximum degree of self-government in all tribal affairs; and to protect and promote the interests of the Indians of the Umatilla Indian Reservation";

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribes as a means of promoting Tribal economic development, self-sufficiency, and strong Tribal government;

AND WHEREAS, the Tribes exercise governmental authority over all lands within the Umatilla Indian Reservation;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribes adequate to shield them from organized crime and other corrupting influences, to ensure that the Tribes are the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote Tribal economic development, Tribal self-sufficiency and strong Tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by Tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court, that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, in IGRA, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribes or of the Tribes' sovereignty;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the Tribal Gaming Operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations related to licensed gaming establishments, by all persons involved in the Tribal Gaming Operation;

AND WHEREAS, the Tribes and the State agree that the State functions of monitoring and oversight of tribal gaming operations will be funded by the tribal gaming industry;

AND WHEREAS, the relationship between the State and the Tribes rests on mutual trust and the recognition that each has a primary duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribes are authorized to act through Resolutions adopted by its Board of Trustees;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribes and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendix and Exhibit:

- A. "Average Daily Drop" means the difference between total wagers made, minus the total prizes paid on Class III VLTs in a day, with that difference divided by the number of Class III VLTs on the gaming floor on that day:

$$\frac{\text{Total wagers} - \text{total prizes paid}}{\text{VLTs}}$$

The Average Daily Drop for a certain period is the total of the Average Daily Drops for each day in that period, divided by the number of days in that period:

Total Average Daily Drop for period
Days in period

- B. "Background investigation" means the security and financial history checks of an employee, licensee or applicant for Tribal contract for the operation or sale of Class III games to the Tribes.
- C. "Class III Gaming Contract" means a contract that involves a Major or a Sensitive Procurement.
- D. "Class III Gaming Contractor" is any individual, business or other entity that proposes to consummate, or in fact consummates a Class III Gaming Contract.
- E. "Consultant" means any person, other than an employee, who provides advice or expertise to the Tribal Gaming Operation concerning the operation or management of the Tribes' Class III gaming activities for compensation. "Consultant" does not include a person engaged for the purpose of training or teaching employees of the Tribal Gaming Operation if the contract for those services is no greater than one month in duration.
- F. "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- G. "Counter Game" means keno and off-track pari-mutuel wagering.
- H. "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.
- I. "Gaming Facility" means the building constructed for gaming purposes by the Tribes, and associated grounds, on Tribal trust lands within the Umatilla Indian Reservation immediately north and east of exit 216 on Interstate 84, more specifically described in Exhibit 1 to this Compact, (which is hereby incorporated by reference), and any property used to store Class III gaming equipment. If the size of the Gaming Facility is expanded as otherwise provided in this Compact, the term "Gaming Facility" shall thereafter refer to the expanded facility.
- J. "High Security Employee" means any natural person who participates in the operation or management of the Class III Tribal Gaming Operation, whether employed by the Tribes or by a person or entity providing on-site or off-site gaming operation or management services to the Tribes, including but not limited to: Tribal Gaming Operation administrators, managers and assistant managers, gaming facility surveillance or security personnel, dealers, croupiers, shift supervisors, cage personnel (including cashiers and cashier supervisors), drop and count personnel, Consultants, Video Lottery Terminal technicians, junket representatives; and any other person whose employment duties require or authorize uncontrolled access to areas of the Gaming Facility related to Class III gaming and which are not otherwise open to the public. The Tribal Gaming Commission or its inspectors shall not be considered "High Security Employees."

- K. "Key Employee" means any officer or any person who can substantially affect the course of business, make decisions, or is in a sensitive position in an organization or corporation that is a Class III Gaming Contractor or an applicant for a Class III Tribal gaming license.
- L. "Low Security Employee" means any employee of the Tribal Gaming Operation whose duties require the employee's presence in any area of the Gaming Facility where Class III gaming activities take place, but who is not a High Security Employee and who is not involved in the operation of Class III gaming.
- M. "Major Procurement" means any procurement action or contract for the following products, systems or services used in Class III gaming:
1. The printing of tickets;
 2. Any goods or services involving the receiving or recording of number selections or bets;
 3. Any goods, services, or products used to determine winners; or
 4. Video devices or other equipment, except equipment specifically included in the definition of Sensitive Procurement;
 5. A contract or license to use a patented game or game product;
 6. Accounting systems or surveillance systems;
 7. A contract that provides for, or the terms of which will make necessary, a continuing relationship over time (more than thirty days) between the parties; or
 8. A contract that involves or requires commitments by either party to the contract such that there would be substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely. For this purpose a contract involving consideration or value of \$100,000 or more shall be deemed to involve substantial financial consequences to one of the parties if the contract or procurement action was terminated prematurely.
- N. "Minimum Internal Control Standards" or "MICS" means the Tribal/State "Minimum Standards for Internal Controls" attached as the Appendix to this Compact, including revisions that may be agreed upon by the Tribal Gaming Commission and the Oregon State Police from time to time.
- O. "New Class III Games" means those Class III gaming activities authorized in this Compact in addition to blackjack, Video Lottery Terminals, keno, and off-track pari-mutuel wagering.

- P. "Oregon State Police" or "OSP" refers to the Tribal Gaming Section within the Gaming Enforcement Division, or that administrative unit charged with gaming enforcement regulatory responsibilities, of the Department of State Police established under Oregon Revised Statutes section 181.020, or its successor agency established by law.
- Q. "Owner" means any person or entity that owns 5% or more of the equity ownership of a company alone or in combination with another person who is a spouse, parent, child or sibling.
- R. "Primary Management Official" means any person, whether employed by the Tribes or the Tribal Gaming Operation, who:
1. Has administrative or high-level management responsibility for part or all of the Class III Tribal Gaming Operation, whether as an employee or under a management contract;
 2. Has authority --
 - a. to hire and fire supervisory employees of the Tribal Gaming Operation; or
 - b. to set or otherwise establish working policy for the Tribal Gaming Operation; or
 3. Is the chief financial officer or other person who has financial management responsibility for the Tribal Gaming Operation.
- S. "Sensitive Procurement" means any procurement action or contract that is not a "Major Procurement," for Class III gaming equipment (such as cards, dice, keno balls, roulette wheels, roulette balls, chips, tokens, VLT or keno paper, gaming tables, table layouts or the like), or any other products that are not used directly in the conduct of Class III gaming, but that directly affect the integrity, security, honesty, and fairness of the operation and administration of the Tribes' Class III gaming activities such as replacement parts for video lottery terminals (bill acceptors, printers), locks and keys for secure storage areas or gaming devices, or individual surveillance cameras.
- T. "Table Game" means any Class III game allowed under this Compact except video lottery games, keno, and off-track pari-mutuel wagering.
- U. "Tribal Gaming Operation" means the entity, whether or not separately incorporated, that operates Class III gaming under tribal authority, and receives revenues, issues prizes and pays expenses in connection with Class III games authorized under this Compact.

- V. "Tribal Gaming Ordinance" means the ordinance adopted by the Tribes to govern the conduct of Class III gaming, as well as non-Class III gaming activities, as required by IGRA. The Tribal Gaming Ordinance was initially approved by the Tribes' Board of Trustees by Resolution 94-13 on February 22, 1994. Any reference to the Tribal Gaming Ordinance shall also refer to any subsequent amendments to the ordinance.
- W. "Video Lottery Terminal" or "VLT" means an electrical or electromechanical device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration, with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device, as more fully described in the Appendix to this Compact.

SECTION 4. AUTHORIZED CLASS III GAMING.

- A. This Compact shall be the only Compact pursuant to IGRA between the Tribes and State and any and all Class III gaming conducted in the Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties -- including to permit additional Class III gaming -- the parties shall provide such changes in accordance with subsection D of section 12 of this Compact.
- B. Authorized games.
1. Subject to the provisions of this Compact, the Tribes may engage in the following Class III games: Video Lottery Terminals, keno, off-track pari-mutuel wagering, blackjack, craps, roulette, pai-gow poker, Caribbean stud poker, let-it-ride, and big 6 wheel, as described in the Appendix. The Tribes may conduct off-track pari-mutuel wagering on races held at race courses within or outside the State. Any off-track pari-mutuel wagering on races held at race courses outside the State shall be conducted in compliance with the applicable requirements of the Interstate Horseracing Act of 1978, as amended, (15 U.S.C. §3001 to 3007).
 2. Subject to, and in compliance with, the provisions of this Compact, the Tribes may, subject to the provisions of Section 4.D., engage in any other Class III gaming activity that has been approved by the Nevada Gaming Commission or by an Indian tribe with an approved Class III Compact in the state in which the tribe conducts a gaming operation, provided, that for an Indian approved game, certification from the state where such tribe conducts gaming that such game is permissible under IGRA shall be provided, and Oregon State Police review and approval shall be required. Operation of any game under this paragraph must be pursuant to rules, procedures and internal controls for the new game at least as stringent as the Tribal/State Minimum Internal Control Standards set forth in the Appendix to this Compact and, where appropriate, subject to new MICS

developed and approved by both the Tribal Gaming Commission and Oregon State Police.

3. Before the Tribes offer a New Class III Game under this subsection 4.B., the Tribes and the State must agree that the Tribes have adopted appropriate internal controls, surveillance plans, game rules and procedures, as provided in subsection D of this Section, and that the Tribal Gaming Commission is fully prepared to regulate and the Oregon State Police fully prepared to monitor the new game. In the event a dispute exists between the Tribes and the State about whether a particular gaming activity can be offered by the Tribes under this Compact and under IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact.
 4. This Compact is not intended to preclude the Tribes from seeking negotiation, consistent with the policies of IGRA and this Compact, to offer internet gaming in the event of a final federal judicial decision binding in Oregon, final State of Oregon judicial decision, or congressional legislative action permitting internet gaming. If the State disputes whether internet gaming may be offered consistent with this subsection and federal and/or state law, including IGRA, such dispute shall be resolved pursuant to Section 16 of this Compact. Compact negotiation as set forth in this subsection B.4 shall be initiated pursuant to Section 12.D of this Compact. No such gaming shall be offered until dispute resolution concludes and all legal appeals are final.
 5. This Section shall be construed consistent with federal classification of gaming activities under IGRA.
 6. The Tribes may not offer sports bookmaking, except as may be agreed to under section 12(D)(1)(a) of this Compact.
- C. Gaming location. Gaming authorized under this Compact shall be conducted only in the Gaming Facility building constructed for the purpose of Class III gaming. If another Oregon Tribe is authorized to operate a gaming facility on non-Tribal lands, the Tribes do not hereby abrogate any rights they may have under Section 20 of IGRA.
- D. Number of Video Lottery Terminals.
1. The number of Class III VLTs authorized by this Compact shall not exceed 800 except as increased pursuant to the process set forth in this subsection 4D. Subject to other terms of this Compact, the Tribes may determine in their discretion the location and spacing of Video Lottery Terminals within the Gaming Facility.
 2. The Tribes may request authorization for additional VLTs as follows. When the Tribal Gaming Operation has maintained 600 or more VLTs at an Average Daily Drop agreed on by the parties in a memorandum of

understanding, for each of any three consecutive months chosen by the Tribes, the Tribes may request an increase in the authorized number of VLTs. The Average Daily Drop should be determined based on the actual number of VLTs available for play on the floor, even if that number exceeds 600. There shall be no increase of authorized VLTs prior to execution of the memorandum of understanding. The Tribes shall make the request in writing to OSP. Upon verification of the Average Daily Drop by OSP, the number of authorized VLTs will increase to 880. Pursuant to the same procedures, the Tribes may request authorization for additional VLTs according to the following formula. When the Tribal Gaming Operation has maintained 660 or more VLTs at the agreed upon Average Daily Drop for each of any three consecutive months chosen by the Tribes, the number of VLTs authorized will increase to 968. The Average Daily Drop should be determined based on the actual number of VLTs available for play on the floor, even if that number exceeds 660. When the Tribal Gaming Operation has maintained 720 or more VLTs at the agreed upon average daily drop for each of any three consecutive months chosen by the Tribes, the number of VLTs authorized will increase to 1000. The Average Daily Drop should be determined based on the actual number of VLTs available for play on the floor, even if that number exceeds 720. Once the OSP has verified the requisite Average Daily Drop provided pursuant to this subsection, the number of authorized VLTs shall be automatically increased as provided herein without need to execute a Compact amendment.

3. After the Tribes are authorized to have 1000 VLTs, the Tribes may request negotiations regarding amending the Compact to increase the number of authorized VLTs, pursuant to subsection 12(D). In such an event, the scope of the Compact amendment shall be limited to the increase in the number of authorized VLTs, and directly related matters, unless otherwise agreed by the parties.
4. If a VLT allows play by more than one player at a time, each betting station for that VLT shall constitute one VLT for purposes of determining the authorized number of VLTs in this subsection 4D of the Compact.
5. The Tribes may maintain VLTs in storage at the Gaming Facility, so long as the total number of VLTs in operation and in storage does not exceed 110% of the authorized number of VLTs, and so long as the site and manner of storage is approved by the Oregon State Police, and the Oregon State Police are provided access to the storage site.

E. Addition of Authorized Games at Gaming Facility.

1. At least sixty (60) days before any New Class III Game authorized under this Compact is conducted at the Gaming Facility, the Tribal Gaming Commission shall:

- a) Ensure that the Tribal Gaming Operation develops rules and procedures for a system of internal controls for the new game that meets the minimum standards established in the Appendix to this Compact.
 - b) Require that the Tribal Gaming Operation provide appropriate training for all dealers, supervisors, surveillance personnel and any other employees involved in the conduct or regulation of the new game and for the Tribal Gaming Inspector, such that those employees have the knowledge and skills required under typical industry standards for the job function that employee performs, including but not limited to player money management and betting, card counting and detection of cheating methods. The Tribal Gaming Operation or Tribal Gaming Commission, as appropriate, shall notify the Oregon State Police prior to beginning training and shall provide the Oregon State Police opportunity to participate.
 - c) Ensure that the Tribal Gaming Operation establishes a security and surveillance plan for the new game that meets the minimum standards established in the Appendix hereto.
 - d) Adopt rules of operation for the game that meet the minimum standards established in the Appendix hereto, including rules of play and standards for equipment.
 - e) Notify the Oregon State Police that the Tribes propose to offer the new game to the public, and provide to the Oregon State Police for review all of the internal controls, regulations, plans, procedures and rules required under this paragraph 1 of this subsection.
2. The Tribes agrees to introduce new games authorized under this Section according to the following schedule:
- a) Within the sixty-day period after the Secretary of the Interior approves this Compact, the Tribes may offer the following six games: craps, roulette, Caribbean stud poker, big 6 wheel, let-it-ride, and pai-gow poker, authorized under paragraph 1 of subsection B of this Section.
 - b) If the Tribes choose, after the period of time specified in subparagraph a of this paragraph, for any game authorized by paragraph 2 of subsection B of this Section, one new game within a single calendar quarter.
 - c) The Tribes may offer new games sooner than the time tables established under this subsection if mutually agreed upon in writing by the Tribal Gaming Commission and the Oregon State Police.

F. Number of Table Games. The Tribes may operate a maximum of 40 tables of Table Games at the Gaming Facility.

G. Table Game Wager Limits.

1. The Tribes shall establish wager limits for all Table Games. The Tribes have established a current wager limit of \$500 per hand for house banked blackjack offered at the Gaming Facility, and the Tribal Gaming Commission has adopted regulations establishing a minimum level of experience, training and competence for dealers at those tables that were commensurate with the need to maintain the honesty, integrity, fairness and security of the Table Games.
2. For Table Games other than house banked blackjack, the initial wager limit under this Compact shall be \$500 initial wager per hand. The wager limit for house banked blackjack shall be increased to \$1,000 initial wager per hand. The Tribes may request an increase in the wager limit of any Table Game offered at the Gaming Facility, up to a maximum wager of \$1,000 initial wager per hand. The State shall not withhold its consent to an increase in the wager limit of any Table Game if there has been full compliance under the previous wager limit with the Minimum Internal Controls, the Tribal Gaming Ordinance, the rules of operation of that game or with the terms of this subsection for a period of ninety (90) days and upon mutual consent, which time frame can be extended by either party for a period not to exceed an additional 90 days. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe before the limits are changed on the gaming floor. If, after an increase in the maximum wager limit for any Table Game, the State determines that there has been any significant problems with the conduct of any Table Game, the State may require that the maximum wager limit for that Table Game be reduced to the previously authorized maximum wager limit.
3. For purposes of this subsection 4G, “full compliance” means:
 - a) All of the rules, procedures and plans required under subsection 2 of this Section have been adopted and approved by the Tribal Gaming Commission, have been approved by OSP as meeting the Minimum Internal Control Standards, and have been implemented;
 - b) All training required by the Minimum Internal Control Standards and the regulations of the Tribal Gaming Commission is up to date;
 - c) The Tribal Gaming Commission has adopted policies and procedures that set forth appropriate sanctions for employees who fail to follow the regulations and internal controls of the

commission, gaming operation management has committed in writing to train employees and impose the sanctions for violations, and the Tribal Gaming Commission's procedures provide for investigation of possible violations by the gaming operation;

- d) The Tribal Gaming Commission has adopted and implemented procedures for direct reporting of possible violations to the Tribal Gaming Commission by any employee of the Tribal Gaming Operation; and
- e) The Tribal Gaming Commission has maintained records of investigations of all reports of possible violations, and has promptly reported confirmed violations to the Oregon State Police including the action taken by the Commission or Gaming Operation management to correct the failure, and the discipline or sanctions imposed.

- H. No wagers may be placed or accepted by telephone or other electronic medium, including over the internet or any future technology that simulates internet services, except as may be authorized in Section 4(B)4 of this Compact.
- I. Nothing in this Section 4 is intended to, nor shall be construed to, prohibit the use of telecommunications systems, including the internet, or successor technology, to conduct off-track pari-mutuel wagering and progressive VLT games as are being operated by the Tribes at the time of the execution of this Compact.

SECTION 5. JURISDICTION.

A. In General.

- 1. The Tribes and Federal Government shall have criminal jurisdiction over offenses committed by Indians within the Gaming Facility. The criminal laws of the Tribes, and the Federal Government where applicable, shall govern the criminal conduct of Indians at the Gaming Facility. The Tribes have a Police Department, a Tribal Court and an agreement with Umatilla County for incarceration of Indian offenders.
- 2. The State has criminal jurisdiction over offenses committed by non-Indians within the Gaming Facility and the Umatilla Indian Reservation. The criminal laws of the State shall be applicable to non-Indians and have the same force and effect at the Gaming Facility as they have on non-Tribal lands within the State. The enforcement of criminal laws with respect to non-Indians at the Gaming Facility shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribes and the Oregon State Police. The State shall make reasonable efforts to

enforce the criminal laws applicable to offenses committed by non-Indians within the Gaming Facility and the Reservation.

3. Consistent with their Memorandum of Understanding governing law enforcement coordination executed under the foregoing Subsection A(2) of Section 5 of this Compact, both the Tribes and the State, through their respective law enforcement agencies, agree to cooperate with one another in the investigation and prosecution of any gambling crime committed at the Gaming Facility. The Tribes and the State agree to cooperate in maintaining a state-wide system to identify and monitor persons excluded from the Gaming Facility or from any other tribal gaming facility in this State.
- B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 2 of subsection A above, law enforcement officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within the Gaming Facility for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State with respect to non-Indians. Any law enforcement activities undertaken by law enforcement officers of the State shall be in compliance with this Compact, the Tribes' Extradition Code and the Cross Deputization Agreement executed by the Umatilla Tribal Police Department and the State. The Tribes, or individuals acting on their behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secure areas of the Gaming Facility in accordance with the regulations for the operation and management of the Tribal Gaming Operation.
- C. Subject to the provisions of paragraph 1 of subsection B of section 9 of this Compact, the State may assign one or more officers to the Gaming Facility. The Tribes agree to provide appropriate training in Tribal culture and institutions to any officer assigned to the Gaming Facility.
- D. Nothing in this Compact shall be construed to affect the civil jurisdiction of the State under Public Law 280.

SECTION 6. PRINCIPLES GOVERNING TRIBAL GAMING OPERATIONS DECISIONS

- A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribal Gaming Operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribes. The Tribes and the State agree that both of them have a the responsibility to protect the citizens of this State who patronize the Tribes' Gaming Facility from any breach of security of the Tribal Gaming Operation. Accordingly, all decisions by the Tribes, the Tribal Gaming Commission and the management of the Tribal Gaming Operation, concerning regulation and operation of the Gaming Facility, including

those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribes, the Tribal Gaming Commission or the management of the Tribal Gaming Operation, shall reflect the particularly sensitive nature of a Tribal Gaming Operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribal Gaming Operation, the Tribes, the Tribal Gaming Commission and the management of the Tribal Gaming Operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the Tribal Gaming Operation from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribal Gaming Operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribes, the Tribal Gaming Commission and the management of the Tribal Gaming Operation shall make no decisions that compromise the honesty, integrity, fairness or security of the Tribal Gaming Operation.
4. Regulation and operation of the Tribes' gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribal Gaming Operation.
5. In order to maintain the honesty, integrity, fairness and security of the Tribal Gaming Operation, as well as the primary regulatory licensing duties of the Tribal Gaming Commission, the Tribes shall abide by the principal that Commission members shall meet or exceed the licensing standards of high security employees in its appointments to the Commission under the Tribal Gaming Ordinance.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any decision by the Tribes relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in subsection A of this section, or any other requirement of this section, the State may give written notice to the Tribes. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribes receive the notice.

3.
 - a. If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.
 - b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.
 - (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - c. Upon agreement by both parties, the arbitration proceeding shall be binding.
 - d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.
5. Expedited Procedure.
 - a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operation, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribes and the Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall recommend specific action or actions the State believes will prevent substantial harm from occurring. The State and the Tribal Gaming Commission shall meet and confer, in person or by conference call, within 24 hours after the Commission, or any member thereof, receives the notice. The Tribal Gaming Commission shall consider the State's recommendation and immediately thereafter shall take such action that addresses the State's concern as is necessary to protect the honesty, integrity, fairness and security of the Tribal Gaming Operation. Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact after the Commission has acted.

- b. On request of either party, the parties shall again confer within 5 days after the Tribes receive the notice.
 - c. If the State's concern is not resolved informally, the State may initiate an action in the United States District Court for the District of Oregon as provided in section 16 of this Compact.
 - d. An immediate threat to the honesty, integrity, fairness and security of the Tribal Gaming Operation includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal Gaming Operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons is seriously at risk;
 - (6) A continuing pattern of failure by the Tribes, the Tribal Gaming Commission or management of the Tribal Gaming Operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the Tribal Gaming Operation.
6. The provisions of this section shall provide the exclusive method for resolving disputes as to the Tribes' decisions concerning hiring or contracting under section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials, High Security Employees and Low Security Employees to be employed in the Gaming Facility shall be licensed by the Tribal Gaming Commission in accordance with the provisions of this Compact.
2. All prospective employees -- Primary Management Officials, High Security Employees and Low Security Employees -- shall provide to the Tribal Gaming Commission at a minimum the following information on forms mutually agreed to by the Tribal Gaming Commission and the Oregon State Police:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any federal, state (or subdivisions thereof) or tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;
 - i. A current photograph;
 - j. Any other information required by the Tribal Gaming Commission.
3. In addition to the requirements of paragraph 2 of this subsection, prospective High Security Employees and Primary Management Officials shall provide two sets of fingerprints.
4. a. The Tribal Gaming Commission shall forward the applicant information to the Oregon State Police. The Oregon State Police may conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background

checks exceed sixty (60) days without notice to the Tribes. In the event that the Tribal Gaming Commission conducts a background investigation, it shall submit the completed report to the Oregon State Police within 60 days.

- b. The Tribes may request the Oregon State Police to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a. of this paragraph.
5. a. Except as provided in paragraph 6 of this subsection, the Tribal Gaming Commission shall deny a gaming license to any High Security Employee or Primary Management Official who:
- (1) has, within the ten-year period preceding the date of license application, committed any felony other than a traffic offense, whether or not the crime resulted in a conviction or any such conviction has been expunged, under the law of any federal, state or tribal jurisdiction, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a felony other than a traffic offense, in that jurisdiction;
 - (2) has committed a crime involving unlawful gambling under the law of any federal, state (or subdivisions thereof) or tribal jurisdiction, whether or not conviction of such a crime has been expunged, or is the subject of a civil judgment under the law of any federal, state or tribal jurisdiction that is based on facts that constitute the elements of a crime involving unlawful gambling in that jurisdiction;
 - (3) has associated in a direct business relationship, whether as a partner, joint venturer or employer, with any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction; which criminal activity is of such a nature that it could potentially affect the fairness, integrity, security or honesty of the Tribal Gaming Operation unless the prospective employee or official demonstrates that he or she did not and could not reasonably have been expected to know of the criminal activity or;

- (4) was employed by any other person who has committed a felony other than a traffic offense, or a crime involving unlawful gambling, under the law of any federal, state or tribal jurisdiction, if the prospective employee or official was in any way involved in the criminal activity as it occurred.
- b. The Tribal Gaming Commission shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:
- (1) The applicant fails to disclose any material fact to the Tribes or the State or their authorized agents during a background or security investigation; or
 - (2) The applicant misstates or falsifies a material fact to the Tribes or the State during a background or security investigation.
- c. The Tribal Gaming Commission may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribal Gaming Commission deems sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribes shall include, but need not be limited to, the following:
- (1) The applicant has been convicted of any crime (other than a crime listed in subparagraph a. of this paragraph) in any jurisdiction;
 - (2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribes' class III gaming activities; or
 - (3) There is any aspect of the applicant's past conduct that the Tribal Gaming Commission determines would adversely affect the honesty, integrity, security or fairness of the Tribal class III gaming activities.

- d. After this Compact becomes effective, the Tribal Gaming Commission shall deny a gaming license to any prospective Low Security Employee who has committed a crime described in subparagraphs (1) or (2) of subparagraph a. of this paragraph. The Tribal Gaming Commission may deny a gaming license to any prospective Low Security Employee applicant who does not meet the criteria established in the remainder of this paragraph 5. Decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of section 6 of this Compact.
- e. The Tribes may reject an application if the applicant has not provided all of the information requested in the application.
- f. No Primary Management Official or High Security Employee may be permanently licensed by the Tribal Gaming Commission until all background checks required under section 7.A.4. are completed.
- g. Denial of a license by the Tribal Gaming Commission is final.

6. Waiver of Disqualifying Criteria

- a. Notwithstanding the requirements of paragraph 5 of this subsection, if a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing under the provisions of Paragraph 5, above, and the Tribal Gaming Commission believes that there are mitigating circumstances that justify waiver of the disqualifying factor, it shall set forth the basis for its waiver decision in writing, which decision should specifically identify the factors listed under subparagraph (c) below, and the facts which justified the waiver. At either party's written request, the Tribal Gaming Commission and Oregon State Police shall meet and confer within 15 days concerning the waiver request.
- b. The waiver decision of the Tribal Gaming Commission shall be transmitted to the Oregon State Police for its review and approval. The Oregon State Police shall give due consideration to the basis for the Tribal Gaming Commission's waiver decision in exercising its right to approve or disapprove the waiver request. Oregon State Police approval of the Tribal Gaming Commission waiver decision shall not be arbitrarily denied.
- c. Waiver of disqualification of licensing or employment may be based on one or more of the following circumstances:
 - (1) Passage of time since conviction of crime;
 - (2) The applicant's age at the time of conviction;
 - (3) The severity of the offense committed;

- (4) The overall criminal record of the applicant;
 - (5) The applicant's present reputation and standing in the community;
 - (6) The nature of the position for which the application is made; and
 - (7) The nature of a misstatement or omission made in the application.
 - (8) Whether the applicant is an enrolled member of the Tribes or otherwise a resident of the Umatilla Indian Reservation who is enrolled or otherwise enrolled in another federally recognized Indian Tribe.
 - (9) In the event that the applicant was convicted of a crime that was due in part to alcohol or drug dependency, the applicant's participation in any treatment program for this dependency and/or the applicant's progress in recovery from this dependency.
 - (10) Whether the offense committed is of such a nature that it could potentially affect the fairness, integrity, security and honesty of the Tribal Gaming Operation.
 - (11) Whether the Tribal Gaming Commission has personal or direct knowledge of the applicant.
 - (12) Whether the Tribal Gaming Commission has imposed any conditions on the applicant's license, such as a probationary period, restrictions on duties or specific kinds of supervision.
- d. The Oregon State Police may approve a waiver subject to conditions, such as a probationary period, restrictions on duties or specific kinds of supervision.
 - e. Any Oregon State Police disapproval of a Tribal Gaming Commission waiver decision shall be subject to dispute resolution as provided in Sections 6(B)(3)-(4) of this Compact.
 - f. No gaming employee license granted by the Tribal Gaming Commission prior to the execution of this Compact shall be revoked or renewal denied solely because of the change in licensing criteria set forth in Section 7(A)(5) of this Compact from the different licensing criteria set forth in the previous Compact between the parties. However, this provision shall not prevent revocation or denial of such a license under the new licensing criteria based on

7. Temporary licensing of employees.

- a. The Tribal Gaming Commission may issue a temporary license to High Security Employees fifteen days after submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a

computerized criminal history check and credit check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. The temporary license shall expire and become void upon completion of the full background check by the Oregon State Police and submission of the results to the Tribal Gaming Commission. If the employee does not qualify for a permanent license, the Tribal Gaming Commission shall immediately void the temporary license and deny a permanent license.

- b. The Tribal Gaming Commission may issue a temporary license to a Low Security Employee upon submission of the application to the Oregon State Police, or upon completion of a review of the employee's application and completion of a computerized criminal history check by the Tribal Gaming Commission, if the applicant would not be disqualified on the basis of the results of the application review and preliminary checks. Any Low Security Employee shall be subject to immediate license revocation if the Oregon State Police or the Tribal Gaming Commission determines that the employee does not meet the criteria established in subparagraph 7.A.5.d.
 - c. For purposes of this paragraph, if an application is forwarded by mail to the Oregon State Police or the results of a background check by the Oregon State Police are provided to the Tribal Gaming Commission by mail, the material is deemed to be submitted three days after the date of mailing.
 - d. No temporary license may be granted under this paragraph to a Primary Management Official or to a Consultant performing or consulting on Primary Management Official functions or duties.
8. Background investigation during employment. The Tribes may request the State to conduct additional background investigations of any gaming employee at any time during the term of employment. The State shall report to the Tribes any cause for the dismissal of any employee under the criteria established in paragraph 5 of subsection A above, and furnish the Tribes with copies of all relevant information. The Tribes shall review the State's report and supporting materials and if the Tribes conclude that good cause for dismissal is shown under the criteria established in paragraph 5 of subsection A above, the subject employee may be dismissed. An employee's license shall be revoked if the Tribes would have been required to deny employment to that employee under the provisions of paragraph 5 of subsection A above.

9. Duration of license and renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for renewal may continue to be employed under the expired license until final action is taken on the renewal application in accordance with the provisions of paragraphs 2 to 5 of subsection A above. Applicants for renewal shall provide the Tribal Gaming Commission with updated information on a form mutually agreed to by the Oregon State Police and the Tribal Gaming Commission but will not be required to resubmit historical data already provided. The Oregon State Police may perform an updated background investigation for any employee who has applied for license renewal.
10. Revocation of license. The Tribal Gaming Commission may revoke the license of any employee pursuant to policies and procedures set forth in the Tribal Gaming Ordinance. The Tribal Gaming Commission shall revoke the license of any employee upon determination that an event has occurred that would have prohibited the Tribes from hiring the employee under the criteria described in paragraph 5 of subsection A above.
11. The Tribes shall maintain a procedural manual for employees of the Tribal Gaming Operation that includes rules and regulations of conduct and disciplinary standards for breach of procedures.
12. The Tribal Gaming Commission agrees to provide to the Oregon State Police, on a monthly basis, a list of all current employees of the Gaming Facility and to give notice to the Oregon State Police of any disciplinary action or termination of an employee, related to the fairness, integrity, security or honesty of the Tribes' Class III gaming activities, and any suspension or revocation of an employee's gaming license.

B. Contracts with Manufacturers and Suppliers.

1. Major Procurements
 - a. The Tribes agree not to consummate any contract for a Major Procurement unless it is in writing and until a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.
 - b. The Tribal Gaming Commission shall submit any proposed Major Procurement to the State for review, comment and a background investigation of the proposed Class III Gaming Contractor.
 - c. Except as provided in paragraph 3 below, the Oregon State Police shall conduct a background investigation and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall the time for completion of such

background investigations exceed sixty (60) days after the Oregon State Police receives from the proposed Class III Gaming Contractor both the Oregon State Police's fee for the background investigation under subsection C of this section, and full disclosure of all information requested by the Tribes and the Oregon State Police under paragraph 4 of this subsection, without written notice to and consent by the Tribes.

- d. If the Tribes request, the Oregon State Police agrees to make its best efforts to complete a background investigation within less than sixty days. The Tribal Gaming Commission and the Oregon State Police may also agree that if business necessity or the protection of the honesty, integrity, fairness and security require it, the State may perform an abbreviated review to enable the Tribes to execute a temporary contract while a complete background investigation is being performed. Any temporary contract executed under authority of this subparagraph shall be rescinded immediately if the complete background investigation discloses that the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B.

2. Sensitive Procurements.

- a. After a proposed Class III Gaming Contractor has submitted full disclosure of all information requested by the Tribes and the Oregon State Police under paragraph 4 of this subsection, and any necessary investigation fee required by the Oregon State Police, the Tribes may execute or consummate a contract for a Sensitive Procurement before a background investigation has been completed by the Oregon State Police on the proposed Class III Gaming Contractor.
- b. The Tribal Gaming Commission shall submit a proposed contract for a Sensitive Procurement, or if there is no written contract, a letter of intent to do business with the proposed Class III Gaming Contractor, to the Oregon State Police for a background investigation of the proposed Class III Gaming Contractor before consummation of the contract.
- c. The Oregon State Police shall conduct a background investigation, if the Oregon State Police considers it necessary, and provide a written report to the Tribal Gaming Commission. If the Class III Gaming Contractor does not meet the criteria described in paragraph 6 of this subsection 7.B. for approval of a contract, the contract shall be terminated and the Tribes agree to discontinue doing business with the contractor so long as the contractor fails to meet the criteria for approval.

3. The Oregon State Police agrees to maintain a list of Class III Gaming Contractors that have been previously approved to do business in Oregon with any Tribal Gaming Operation. If a Class III Gaming Contractor has been included in the list, the Tribes may execute or consummate a contract with the Class III Gaming Contractor for a Sensitive Procurement upon giving notice of the contract to the Oregon State Police. If a Class III Gaming Contractor has been included in the list for Major Procurements, the Oregon State Police shall complete any necessary background investigation required under paragraph 1 of this subsection within thirty (30) days after any fees have been paid and full disclosure has been made to the Oregon State Police by the contractor.
4. Class III Gaming Contractors, and any Owner or Key Employee of a Class III Gaming Contractor, shall provide all personal and business information required by the Oregon State Police to conduct its background investigation, before executing a contract or beginning to do business with the Tribes.
5. The Tribes shall not consummate any Class III Gaming Contract with a Class III Gaming Contractor that does not grant both the Oregon State Police and the Tribes access to such Class III Gaming Contractor's business and financial records upon request.
6. Criteria for Denial of Contract Application.
 - a. The Tribes shall not consummate any Major Procurement, and the Tribes shall immediately terminate a contract for a Sensitive Procurement, if the following conditions are either disclosed in the application materials or reported by the Oregon State Police relative to a particular Class III Gaming Contractor:
 - (1) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any felony other than a traffic offense, in any jurisdiction within the ten year period preceding the date of the proposed Class III Gaming Contract;
 - (2) A conviction of the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor for any gambling offense in any jurisdiction;

- (3) A civil judgment against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a gambling offense, or a civil judgment entered within the ten year period preceding the date of the proposed Class III Gaming Contract against the Class III Gaming Contractor or any Owner or Key Employee of the Class III Gaming Contractor, based in whole or in part upon conduct that would constitute a felony other than a traffic offense;
- (4) A failure by the Class III Gaming Contractor to disclose any material fact to the Oregon State Police or the Tribes or their authorized agents during initial or subsequent background or security investigations;
- (5) A misstatement or untrue statement of material fact made by the Class III Gaming Contractor to the Oregon State Police or the Tribes or their authorized agents during initial or subsequent background or security investigations as determined by the Tribes or the Oregon State Police;
- (6) An association of the Class III Gaming Contractor with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, security, integrity, honesty, fairness or reputation of the Gaming Facility;
- (7) Any aspect of the Class III Gaming Contractor's past conduct that the Tribes or the Oregon State Police determines would adversely affect the integrity, security, honesty or fairness of the Gaming Facility;
- (8) The Class III Gaming Contractor has engaged in a business transaction with a tribe that involved providing gaming devices for Class III gaming conducted by such tribe without a state-tribal Class III gaming compact in violation of IGRA; or
- (9) A prospective Class III Gaming Contractor fails to provide any information requested by the Tribes or the Oregon State Police for the purpose of making any determination required by section 7(B)(6).

- b. The Tribes may choose not to consummate any Class III Gaming Contract for any reason the Tribes deem sufficient.

- c. In evaluating whether to deny a contract related to Class III gaming based on subparagraph e or f of paragraph 6 of subsection B of this section, the Tribes may consider the following factors:
- (1) The nature and severity of the conduct that constituted the offense or crime;
 - (2) The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
 - (3) The number of offenses or crimes; and
 - (4) Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.
- d. No Class III Gaming Contractor shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from Class III gaming activities or gaming devices in any jurisdiction unless the activities or devices are approved and certified by another state gambling or gaming control agency, or tribal gaming commission operating through an IGRA Compact (where necessary because of the involvement of Class III gaming), National Indian Gaming Commission, that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to and approved by the Tribes and the Oregon State Police.
- e. Notwithstanding subparagraph a. of this paragraph 6, if a prospective Class III Gaming Contract may not be consummated because of the requirements of this subsection 7.B., because a person previously associated with the Class III Gaming Contractor or an employee of the Class III Gaming Contractor has been convicted of a crime or a civil judgment entered against the Class III Gaming Contractor or its employee within the ten year period preceding the date of the proposed Class III Gaming Contract, based in whole or in part upon conduct that allegedly constitutes a felony other than a traffic offense, the Tribes may enter into the proposed Class III Gaming Contract if the Class III Gaming Contractor has severed its relationship with the convicted or liable person or employee. Before the Tribes may enter into a Class III Gaming Contract under this subparagraph, the Oregon State Police and the Tribes must agree that the relationship between the Class III Gaming Contractor and the convicted or liable person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the convicted or liable person or employee has no continuing connection with the direction or control of any aspect of the business of the Class III Gaming Contractor, and the convicted or

liable person or employee is no longer employed by the Class III Gaming Contractor in any capacity. The burden of showing to the satisfaction of the Tribes and the Oregon State Police that a relationship has been severed is on the Class III Gaming Contractor.

- f. The Tribes may reject an application if the applicant has not provided all of the information requested in the application.

7. Contractor Reporting Requirements.

- a. All Class III Gaming Contractors shall submit to the Tribes and the Oregon State Police any financial and operating data requested by the Tribes or the Oregon State Police.
- b. The Tribes shall specify the frequency and a uniform format for the submission of such data on a case by case basis.
- c. The Tribes, the Oregon State Police, or their agents reserve the right to examine Class III Gaming Contractor tax reports and filings and all records and records from which such tax reports and filings are compiled.
- d. All Class III Gaming Contractors shall notify both the Tribes and the Oregon State Police of the transfer of a Controlling Interest in the ownership Class III Gaming Contractor.

8. Termination of Contract.

- a. No Class III Gaming Contract shall have a term longer than seven (7) years.
- b. The Tribes shall terminate a Class III Gaming Contract immediately upon the occurrence of any of the following:
 - (1) The Class III Gaming Contractor is discovered to have made any material statement, representation, warranty, or certification in connection with the Class III Gaming Contract that is materially false, deceptive, incorrect, or incomplete;
 - (2) The Class III Gaming Contractor fails to perform any material requirements of the Class III Gaming Contract or is in violation of any material provision thereof, and fails to cure same within the time period provided in the contract for cure of such a breach or a reasonable time if the contract does not provide a specific period.

- (3) The Class III Gaming Contractor, or any Owner, officer or key employee of the Class III Gaming Contractor is convicted of a felony or a gambling-related offense that reflects on the Class III Gaming Contractor's ability to perform honestly in carrying out the Class III Gaming Contract;
 - (4) The Class III Gaming Contractor jeopardizes the integrity, security, honesty, or fairness of the Gaming Facility; or
- c. The Tribes shall terminate a Class III Gaming Contract if the Tribes determine satisfactory performance of the Class III Gaming Contract is substantially endangered or can reasonably anticipate such occurrence or default.

C. Fees for Background Investigations.

1. The Oregon State Police shall be reimbursed its costs for performing background investigations made pursuant to this Compact as provided in section 10 of this Compact.
2. The Oregon State Police will assess the cost of a background investigation of a Class III Gaming Contractor to such Class III Gaming Contractor. Class III Gaming Contractors are required to pay the investigation fee in full in advance. If the Class III Gaming Contractor refuses to prepay the investigation fee, the Oregon State Police shall notify the Tribes and the Tribes may pay the investigation cost or withdraw the request for the investigation.

D. Access to Class III Contracts.

1. If a Primary Management Official is a corporation or other form of organization, the Primary Management Official shall provide the Oregon State Police at all times with a current copy of any management agreement with the Tribes that allows it to conduct Class III gaming on the Tribal trust land.
2. If a Primary Management Official is a corporation or other form of organization, the Primary Management Official shall furnish to the Tribes and the Oregon State Police complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such transfer; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. Gaming Regulations. Conduct of all Class III gaming activity authorized under this Compact shall be in accordance with the requirements of this Compact, the minimum standards set forth in the Appendix to this Compact, federal regulations applicable to Class III gaming, and the Tribal Gaming Ordinance. The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribes and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.

- B. Identification badges. The Tribes shall require all Gaming Facility employees to wear, in plain view, identification badges issued by the Tribes that include photo and name, except that employees assigned to covert compliance duties shall only be required to have on their person an identification badge. Prior approval of the Tribal Gaming Commission with notification to OSP is required for Gaming Facility employees to carry out covert compliance duties without the required identification badges in plain view. Oregon State Police employees shall not be required to wear identification badges.

- C. No credit extended. All gaming conducted pursuant to this Compact shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribes permit any person or organization to offer such credit for a fee. Cashing checks in the Class III gaming area constitutes extending credit under this subsection. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the games. This section shall not restrict the right of the Tribes or any other person to install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.

- D. Prohibition on attendance and play of minors. No person under the age of twenty one (21) shall participate in any Class III gaming authorized by this Compact. If any person under the age of twenty one (21) plays and otherwise qualifies to win any Class III gaming prize or compensation, the prize or compensation shall not be paid. All employees of the Tribal Gaming Operation whose job duties require them to be present in areas where Class III gaming takes place shall be at least twenty-one (21) years of age, except that so long as the Tribes do not serve alcohol in areas where Class III gaming takes place, the Tribes may permit enrolled Indians to work on the Class III gaming floor who are at least eighteen (18) years of age. For purposes of this subsection, in the event the Tribes permit the sale of alcohol in the restaurant located in the casino, the activities of "Keno runners" taking bets from restaurant patrons shall not constitute the service of alcohol in areas where Class III gaming takes place.

- E. Prohibition of firearms. With the exception of federal, state, county or Tribal law enforcement agents or officers, no person shall possess firearms within the Gaming Facility.
- F. Alcohol Policy. No alcohol shall be served in the Gaming Facility unless authorized by the Tribes as permitted by Federal law. Currently, the Tribes do not legally permit the sale or possession of alcohol within the Umatilla Indian Reservation. If Tribal law is changed to permit sales at the Gaming Facility, the Tribes shall notify the State. Where required by federal law, service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribes. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming.
- G. Liability for damage to persons and property. During the term of this Compact, the Tribes shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence for any bodily injury or property damage. The Tribes' insurance policy shall have an endorsement providing that the insurer may not invoke Tribal sovereign immunity up to the limits of the policy and it shall provide that the State, OSP, their divisions, officers and employees are additional insureds, but only with respect to the Tribes' activities under this Compact; provided that the Tribe shall not be liable for any claim or cause of action for injury or damages caused by the errors or omissions of the State, OSP, or their divisions, officers and employees. The Tribes shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribes relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9: INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

- A. Tribal Gaming Commission.
 - 1. The Tribes have established, and will maintain, a Tribal Gaming Commission and have granted such Commission the independent authority to regulate gaming activities on Tribal lands. The Tribes agree to provide such Commission with adequate resources to perform its duties under Tribal law and this Compact. The Commission shall not be responsible for the management of the Tribes' Class III gaming activities. Commission members may be removed only for cause by the Tribes' Board of Trustees, as provided in the Tribal Gaming Ordinance.

2. The primary responsibility for the regulation, control and security of the gaming authorized by this Compact, and for enforcement of this Compact within the Umatilla Indian Reservation, shall be that of the Tribal Gaming Commission. The Tribal Gaming Commission's role shall include the promulgation and enforcement of rules and regulations to provide for the following:
 - a. Ensure compliance with all relevant laws;
 - b. Ensure the physical safety of patrons in, and of personnel employed by the Tribal Gaming Operation;
 - c. Ensure that the assets transported to and from the gaming facility are safeguarded;
 - d. Protect Gaming Facility patrons and property from illegal activity;
 - e. Detain persons suspected of crimes for the purpose of notifying the law enforcement authorities;
 - f.
 - (1) Ensure that the security department record any and all unusual occurrences within the Gaming Facility that come to the attention of that Department in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (a) The assigned sequential number of the incident;
 - (b) The date;
 - (c) The time;
 - (d) The nature of the incident;
 - (e) The person involved in the incident; and
 - (f) The security employee assigned;
 - (2) Ensure that the surveillance department record any and all unusual occurrences within the Gaming Facility that comes to the attention of that Department, which may be recorded in different form.
 - g. Ensure that logs are maintained relating to surveillance, security, cashier's cage, video lottery terminal (showing when video machines opened), and video lottery terminal location;

- h. Establish and maintain an updated list of persons barred from the Gaming Facility and furnish that list to the Oregon State Police as updated;
- i. Ensure that an annual audit by a Certified Public Accountant is obtained;
- j. Ensure that a closed circuit television system is maintained in the cash room of the Gaming Facility and that copies of the floor plan and TV system are provided to the Oregon State Police;
- k. Ensure that a cashier's cage is monitored in accordance with industry standards for security;
- l. Ensure that pari-mutuel clerks are sufficiently trained;
- m. Ensure that sufficient security personnel are employed and trained;
- n. Subject to State review and approval, establish a method for resolving disputes with players; and
- o. By March 31, 2000, ensure that surveillance equipment and personnel are managed and controlled independently of management of the Gaming Facility.

3. Inspections.

- a. Agents of the Tribal Gaming Commission shall inspect the Gaming Facility at random during all hours of Tribal Gaming Operation, and shall have immediate access to any and all areas of the Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact, the Tribal Gaming Ordinance, the Tribal Gaming Commission Regulations and applicable federal regulations governing gaming. Any material violations of the provisions of this Compact, the Tribal Gaming Ordinance or of Tribal Gaming Commission Regulations or applicable federal regulations by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Gaming Facility, shall be reported immediately to the Tribal Gaming Commission.

The Tribal Gaming Commission shall report such violations that would materially affect the fairness, integrity, safety and honesty of the gaming operation to the Oregon State Police within seventy-two (72) hours of the time the violation was noted.

"Material," as used in this subparagraph, includes but is not limited to, reports of incidents, occurrences or violations that:

- i) can affect the integrity, security, honesty or fairness of the gaming operation or the customer participation of the games;
- ii) indicate potential or suspected criminal activity; or
- iii) involve operational irregularities with a potential impact of \$500 or greater.

The Tribes and the State agree that the Tribal Gaming Commission and the Oregon State Police Tribal Gaming Section representatives shall meet at least twice yearly to review and establish guidelines for reporting under the provisions of this subparagraph. Issues of disagreement may be forwarded to the parties' Compact negotiating teams for resolution which shall satisfy the requirements of section 16A(1) of this Compact. In the event the negotiation teams or other method of informal dispute resolution are unable to resolve the dispute, the remaining dispute resolution provisions of Section 16 of this Compact shall be utilized.

- b. The Tribal Gaming Commission may designate any individual or individuals to perform inspection duties, so long as each inspector performs those duties independently of the management of the Tribal Gaming Operation, and is supervised and evaluated by the Tribal Gaming Commission as to the performance of those duties.
- c. Inspections shall include monitoring compliance with the requirements of applicable law, this Compact, regulations, internal controls, policies and procedures that affect the fairness, integrity, security and honesty of the Tribal Gaming Operation, including but not limited to:
 - (1) Observation for compliance, on a monthly basis or more frequently as determined by the Tribal Gaming Commission, at least four of the following:
 - (a) Sensitive gaming inventories;
 - (b) VLT or table game drop;
 - (c) Soft count;
 - (d) Security and surveillance logs;
 - (e) Movement of cash within, into and outside the Gaming Facility;

- (f) Surveillance procedures;
- (g) Security procedures;
- (h) Games controls;
- (i) Integrity of VLT E-proms.

All areas will be covered at least annually.

- (2) Investigation of any potential violations of the provisions of this Compact, and applicable regulations, internal controls, policies and procedures.
 - (3) Investigation of any cash variance greater than \$500 and report the findings to the Tribal Gaming Commission, which shall report such variances to the Oregon State Police.
 - (4) Investigation of customer disputes related to gaming that are not resolved by management of the Tribal Gaming Operation.
4. Investigations and Sanctions. The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal Gaming Operation to correct actual violations upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the Tribal Gaming Operation. The State shall make all reasonable efforts to assist the Tribes in enforcing sanctions imposed by the Tribal Gaming Commission against non-Indians.
5. Notification to State. The Tribal Gaming Commission shall forward copies of all civil and criminal investigation reports and final dispositions to the Oregon State Police upon completion. If requested by the Tribal Gaming Commission, the Oregon State Police shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, the Tribal Gaming Ordinance, the Tribal Gaming Commission regulations and applicable federal regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. a. **Monitoring.** The Oregon State Police is authorized hereby to independently monitor the Tribal Gaming Operation in the manner the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The Oregon State Police shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal Gaming Operation. The Tribes agree that the Oregon State Police monitoring function includes at a minimum the activities identified in the Compact, any amendments and any memoranda of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribes as provided in Section 10 of this Compact. In addition to the Oregon State Police's regular monitoring functions, the Tribes agree that the Oregon State Police may conduct the following activities, which shall also be assessed to the Tribes as provided in Section 10 of this Compact:

- 1) An annual comprehensive review, which shall be pre-planned and conducted jointly with the Tribal Gaming Commission, of the Tribes' Class III gaming activities to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the tribal gaming commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), Tribal Gaming Operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
- 2) Periodic review of any part of the Tribal Gaming Operation in order to verify compliance with the requirements of this Compact, the Tribal Gaming Ordinance, and with the Tribal Gaming Commission regulations and applicable federal

regulations governing gaming and with the minimum internal control standards;

- 3) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;
 - 4) Reasonable periodic review of contracts between the Tribes and the suppliers, vendors or contractors that provide non-gaming goods or services to the Gaming Facility for the limited purpose of determining whether such suppliers, vendors or contractors present a threat to the fairness, integrity, security and honesty of the Tribal Gaming Operation. During the course of the annual comprehensive review described in Section 9(B)(1)(a)(1) of this Compact, and at one other time during each calendar year, to be determined by the Oregon State Police, the Oregon State Police is authorized to conduct a reasonable review of contracts with suppliers, vendors or contractors that provide non-gaming goods or services to the Gaming Facility without any specific suspicion of wrongdoing. At any other time, if OSP has a reasonable suspicion that the supplier, vendor or contractor presents a threat to the fairness, integrity, security and honesty of the Tribal Gaming Operation, Oregon State Police is authorized to review contracts with that supplier, vendor or contractor. The Oregon State Police will report any concerns about a particular supplier, contractor or vendor to the Tribal Gaming Commission before taking any action.
- b. As provided in Section 5 of this Compact, the Tribes' law enforcement agency is responsible for investigation of criminal law violations by Indians on the Reservation. The Tribes and the State agree that the Tribes' criminal law jurisdiction does not prevent the State from investigating possible violations of this Compact or other gaming regulatory matters whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise. The Tribes and the State agree that their respective law enforcement agencies shall cooperate in any investigation that involves or potentially involves both criminal and gaming regulatory violations.
2. The Tribes agree that if any Class III gaming activities are conducted or intermingled in such a way that they are inseparable from Class II gaming activities, such as surveillance of both Class III and Class II Tribal Gaming Operations by a single surveillance department, the Oregon State Police shall have full access to both for purposes of carrying out the duties

of the Oregon State Police with respect to Class III gaming under this Compact. Nothing in this subsection shall be construed as authorizing state regulation of Class II gaming, which is prohibited under Section 13B of this Compact.

3. Access to Records.

- (a) The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal Gaming Operation pertaining to the operation, management, or regulation of Class III Gaming by the Tribes, whether those records are prepared or maintained by the Tribes, the Tribal Gaming Commission or the Tribal Gaming Operation, including all Class III Gaming Contracts. Any records or copies removed from the premises shall be returned to the Tribes after use. Only the State employee(s) formally designated by the State, and approved by the Tribes, shall be authorized to access Tribal gaming records pursuant to this subsection.
- (b) The State acknowledges that records created and maintained by the Tribes, the Tribal Gaming Commission or the Tribal Gaming Operation belong to the Tribes.
- (c) The Tribes acknowledge that any records created or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, belong to the State and are fully subject to the State Public Records Law, ORS 192.410 to 192.505. Any information concerning the Tribes' Class III gaming operation that is contained in state records may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505. Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:
 - (1) "Trade secrets" as defined in ORS 192.501(2).
 - (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3).
 - (3) Information submitted in confidence, as provided in ORS 192.502(3).
 - (4) Any information the disclosure of which is specifically prohibited by state or federal law.

- (d) Applications submitted to and retained by the Oregon State Police for Class III gaming licenses are State records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
- (e) Information about the Tribes' Class III gaming activities, whether obtained from the Tribes or from any other source, that is included in a document prepared, owned, used or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.
- (f) The Tribes have agreed to allow the Oregon State Police access to sensitive financial, security and surveillance information that the Tribes consider confidential. The State acknowledges that the Tribes have voluntarily given the State access to this information and that the Tribes would not otherwise be required by law to do so. The State acknowledges that this information should reasonably be considered confidential. To the extent such information is included in any State records that are subject to disclosure, the State hereby obliges itself not to disclose this information when the public interest, including the public interest in maintaining the honesty, integrity, fairness and security of the Tribes' Class III gaming activities, would suffer by such disclosure.
- (g) The State agrees to notify the Tribes promptly of any request for disclosure of documents containing information about the Tribes' Class III gaming activities. If the State decides to release any documents that contain information about the Tribes' Class III gaming activities, the State will notify the Tribes at least five (5) working days before any disclosure is made.
- (h) The parties agree that any dispute as to the disclosure of documents under the Public Records Law or under this subsection shall first be brought in state court.
- (i) Nothing in this subsection precludes the State or the Tribes from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or a criminal investigation.

4. Investigation Reports. After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.

- C. If local government officials believe that an off-reservation law enforcement problem has been created by the existence of the Gaming Facility, the Tribes shall meet with the mayor or county commission of the affected government to develop appropriate measures to alleviate the problem. The burden shall be on the local government officials to demonstrate that the law enforcement problem is directly attributable to the existence of the Gaming Facility. If an off-reservation law enforcement problem has been created by the existence of the Gaming Facility, the Tribes shall take all reasonably necessary steps to alleviate the problem. If the Tribes and local government officials are unable to agree on appropriate measures to alleviate the problem, the State may initiate the dispute resolution process established in section 6 of this Compact.

**SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT;
CONTRIBUTION FOR PUBLIC BENEFIT.**

A. Assessment for State Monitoring, Oversight and Law Enforcement Costs

1. The Tribes agree that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribes agree to pay their fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.
2. To give the Oregon Gaming Tribes an opportunity for review and comment, the Oregon State Police shall distribute a draft of the Tribal Gaming Section portion of the budget to the Oregon Gaming Tribes prior to submission of the budget to the Governor. The Oregon State Police shall give full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming Tribes to comment on the Tribal Gaming Section budget, each Tribe retains the right to participate in any public review by either the Governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.
3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribes to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribes to pay for any other governmental services rendered by or received from the State.
4. The Tribes' (as in the "Confederated Tribes of the Umatilla Indian Reservation") monthly payment to the Oregon State Police shall be computed as follows:

- a) The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."
- b) Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes, which reduced amount shall be referred to as the "Adjusted OSP Monthly Payment." The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.
- c) The Tribes' (as in the "Confederated Tribes of the Umatilla Indian Reservation") monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to CTUIR Tribal Gaming Operations	X	Adjusted OSP Monthly Payment	=	Tribes' Share of OSP Monthly Payment
Total No. of Direct Service Hours Billed to All Oregon Tribal Gaming Operation.				

- d) Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.
5. As used in this section
- a) "Oregon Gaming Tribes" means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.
 - b) "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to

and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. This definition is in no way intended to limit OSP's activities authorized pursuant to this Compact. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.

6. The methodology for the payment of Oregon State Police costs shall begin on January 1, 1999.

B. If the Tribes dispute the amount of the assessment under this Section, the Tribes shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute. If the parties have not resolved the dispute within 15 days, the Tribes shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon authorization by both the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in section 6b(3) of this Compact.

If the Tribes fail to pay the disputed amount into escrow or timely pay the undisputed amount, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for compact violations available under this Compact.

C. Creation and Maintenance of Community Benefit Fund.

1. State Recognition. The State recognizes that the Tribes are unique among Oregon tribes in that:

- a) The Umatilla Indian Reservation has a checkerboard land ownership pattern where approximately 50% of the lands are owned in fee by non-Indians;
- b) Over 60% of the population of the Umatilla Indian Reservation is comprised of non-Indians and non-member Indians;
- c) The Tribes offer a broad array of governmental programs and services to all Reservation residents, which programs and services are in part paid for by Tribal revenues from the Gaming Facility; and
- d) Most of the governmental programs and services are provided by the Tribes free of charge.

- e) The State also recognizes that the Tribes have a long-standing history of constructive working relationships with the local governments that surround the Umatilla Indian Reservation.

2. Joint Recognitions.

- a) The Tribes and the State recognize that there may be both positive and negative impacts to the local community -- or the perception of such impacts -- as a result of the presence of the Tribes' gaming operation, some of which may be difficult or impossible to quantify.
- b) The Tribes and the State recognize that a formal process for collaborative decision-making regarding contributions to charitable causes is a way to ameliorate negative impacts (or the perception of negative impacts) from the Tribal Gaming Operation.
- c) The Tribes and the State recognize that a formal community benefit fund allows specific benefits from this Compact to be identified by the community at large as stemming from the gaming operations conducted pursuant to this Compact.

3. Establishment of Fund. The Tribes agree to establish a Fund within ninety (90) days after the introduction of any New Class III Games. Beginning in the first calendar quarter after the Tribes implement any of the New Class III Games, the Tribes will contribute to the Fund, from the proceeds of the Gaming Facility, an amount calculated as provided in paragraph 5 below. The Tribes' obligation to maintain and make contributions to the Fund shall terminate if and when the Tribes remove all of the New Class III Games from the Gaming Facility. The Tribes, in its discretion, may choose to make its contributions quarterly or annually. The Tribes shall name the Fund.

4. Fund Administration.

- a) The assets of the Fund shall be expended for the benefit of the public within Umatilla, Union, Morrow, and Wallowa counties. Grants from the Fund may be made to charitable organizations in the above counties, to the Tribes, or to local government bodies within the county whose boundaries the Umatilla Indian Reservation is located (Umatilla) for any of the following purposes: education, health, public safety, gambling addiction prevention, education and treatment, the arts, the environment, cultural activities, salmon restoration, historic preservation, and such other charitable purposes as may be provided in the by-laws of the Fund;

- b) The Fund will be administered by a board of five directors. Each director shall have an equal vote on actions of the board;
- c) The Tribes' Board of Trustees shall establish by-laws governing the conduct and discharge of the responsibilities of the Fund board of directors, after consultation with the Fund board of directors, which shall be consistent with the terms of this subsection; and
- d) The Tribes' Board of Trustees, or their designee, shall submit proposals for grants from the Fund to the directors, who shall make the final determination of the proposals to be funded in accordance with the by-laws. Grants shall be made on the basis of merit. The directors may reserve a portion of the Fund in a single year to fund a multi-year grant or grants.

5. Qualifications, Term and Selection of Directors.

- a) The membership of the board of directors shall be:
 - (1) One director from the Tribes' Board of Trustees, which person shall be recommended by the Chairman of the Board of Trustees and subject to the approval of the Board of Trustees;
 - (2) Two directors from the Tribes' membership, approved by the Board of Trustees; and
 - (3) Two directors who are not enrolled with the Tribes that are residents of Umatilla County, provided that only one shall be a resident of the City of Pendleton. Of these directors, one shall be nominated by the Umatilla County Commissioners, and the other director shall be nominated by the Pendleton City Council. Each director shall be subject to the approval of the Board of Trustees. The nominations from the Umatilla County Commissioners and the Pendleton City Council shall be submitted to the Governor for review and the opportunity to comment prior to submission of the nominations to the Board of Trustees for approval. The Governor shall be provided fifteen (15) days to provide comments. Alternatively, at the Tribes' discretion, the Tribes may request that the Governor nominate the two directors from a slate of candidates proposed by the Tribes; and
- b) Except for the initial board, directors shall serve two-year terms and may be removed before the end of their terms only for cause by the Board of Trustees. The initial board shall serve as follows: The director from the Board of Trustees, and the two directors

from the Tribes' membership shall serve for two years; the remaining members of the initial board shall serve for one year. Directors may be reappointed. Vacancies on the board of directors shall be filled within thirty (30) days by the appropriate appointing authority. Any director whose term has expired shall continue to serve until a successor has been appointed.

6. Calculation of Fund Contribution.

The Tribes' annual contribution to the Fund shall be based upon the Gaming Facility's net income as shown in the audited financial statement of the Gaming Facility for the fiscal year ending before the contribution is made. The contribution shall be calculated as follows:

- a) Deduct from the Gaming Facility's net income from all gaming and non-gaming activities before Tribal taxes all loan principal payments made by the Tribes for the Gaming Facility's capital, construction, and equipment costs;
- b) Multiply the result in subparagraph a) by six percent, which shall be the Tribes' community benefit fund contribution. However, because of the recognitions in paragraph 10(C)(1) of this section, the parties agree that the Tribes may in their discretion determine that the appropriate contribution to the Fund in any calendar year shall be less than six percent (6%); but in no event shall the contribution equal less than three percent (3%) of the result in subparagraph a of this paragraph.
- c) In addition to the Tribes' community benefit contribution set forth in subparagraph b of this paragraph, the Tribes also commit to using revenues derived from the Gaming Facility and from other unrestricted Tribal funds to provide governmental services to all residents of the Umatilla Indian Reservation. The Tribes shall provide an annual report to the State within 150 days after the close of the Tribal fiscal (calendar) year as follows:
 - (1) identifying the amount of gaming and unrestricted Tribal funds used to support Tribal governmental programs serving all residents of the Umatilla Indian Reservation, the nature of governmental services provided, and the extent to which the recipients of these services were charged fees or taxes for such services, if any; and
 - (2) identifying the charitable grant requests funded, the entities funded, the purposes for which funding was provided, the amount funded, and the total amount contributed to the Fund. The report shall also identify how the contribution to the Fund was calculated. The State may at its discretion

and expense perform an audit of the calculation of the contribution to the Fund.

- (3) The State agrees to keep the report confidential to the extent permitted by applicable law.

7. Audit.

For purposes of determining the Gaming Facility's net income, the Tribes and the State agree to use the audit conducted by the independent auditors selected by the Tribe to comply with IGRA's audit requirements. For purposes of this Section, the Tribes agree that their Gaming Facility auditor shall:

- a) Have recent casino audit experience with at least one other casino;
- b) Has at least one client with annual revenues in excess of \$50 million; and
- c) Must have received an unqualified report in its most recent peer review.

The determination of the net income of the Gaming Facility is subject to review by the State at its own expense. For purposes of this paragraph 10.C.6, the State may act through the Oregon State Police or through an official designated as provided in Section 14 of this Compact.

8. Termination or Modification of Fund Contributions.

The Tribes' contributions to the community benefit fund established as described in this subsection C may be discontinued if the Oregon Constitution is amended to remove the prohibition of casinos in the State. The Tribes' contributions to the community benefit fund may be discontinued if and when the Tribes remove all of the New Class III Games from the Gaming Facility. The Tribes and the State agree that if the Tribes are prohibited for any reason from offering blackjack or any of the Class III games listed in paragraphs 1 or 2 of subsection B of Section 4 of this Compact, the parties shall enter into negotiations to establish how the community benefit fund contribution provided for in this subsection shall be adjusted to reflect the impact of the discontinuation of those games on the net income of the Gaming Facility.

SECTION 11. APPLICATION OF REGULATORY STANDARDS.

A. Health and safety standards.

1. The Tribes agree to adopt and enforce ordinances and regulations governing health and safety standards applicable to the Gaming Facility that are at least as rigorous as standards imposed by the laws and regulations of the State. The Tribes agree to cooperate with any State agency generally responsible for enforcement of such health and safety standards outside the reservation in order to assure compliance with such standards within the Gaming Facility. However, the Tribes shall have the exclusive regulatory jurisdiction over the enforcement of health and safety standards applicable to the Gaming Facility. The Tribes shall use their regulatory jurisdiction to assure that health and safety standards are met and maintained. The Tribes agree to adopt and enforce ordinances and regulations governing water discharges from the Gaming Facility that are at least as rigorous as standards generally imposed by the laws and regulations of the State relating to public facilities; provided, however, that to the extent that federal water discharge standards specifically applicable to the Tribal lands would preempt such State standards, then such federal standards shall govern.
2. Upon request by the State, the Tribes agree to provide evidence satisfactory to the State that any new construction, renovation or alteration of the Gaming Facility performed after the effective date of this Compact satisfies applicable Tribal health, safety and environmental standards. The Tribes can demonstrate that it has satisfied this Section providing a certificate or other evidence of compliance from the appropriate state or local official responsible for enforcement of comparable state standards, or from a contractor who is certified by state or local government to evaluate such compliance.
3. As used in this subsection, “health, safety and environmental standards” include but are not limited to structural standards, fire and life safety standards, water quality and discharge standards, food handling standards, and any other standards that are generally applicable under state or federal law to a non-tribal facility that is open to the public for purposes of protecting the public within the facility. “Health, safety and environmental standards” does not include land use regulations or zoning laws.
4. The Tribes agree that the State may use state or local inspectors to verify compliance with this subsection. Such inspectors shall cooperate with Gaming Facility management to conduct such inspections in a manner that does not disrupt operations at the Gaming Facility, and shall be conducted only with advance notice to and permission of the Gaming Facility where practicable. If the State asserts that the Tribe is in breach of this subsection, and that the breach creates an immediate and substantial threat to the health or safety of the patrons or employees of the Gaming Facility, the Tribes agree to take steps as are necessary to protect the public or employees until the breach is remedied. Resolution of any dispute as to what steps are necessary shall be conducted in the same manner as and

under the principles and procedures established for resolution of operating disputes in Section 6 of this Compact.

- B. Traffic standards. The Tribes shall maintain access from its Gaming Facility onto the public road known as State Highway 331 that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the maintenance of such access by the State, including provisions for compensation by the Tribes for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribes concerning the planning, design and construction of those improvements. The Tribes agree to consult and cooperate with the Oregon Department of Transportation regarding any other traffic issues arising out of the Gaming Operation and vehicles that patronize the Gaming Facility. To the extent the Gaming Facility contributes to any traffic impacts on surrounding city, county or State roads, the Tribes agree to fund an appropriate proportion of improvements necessary to mitigate or reduce such impacts. If the Tribes dispute the amount of the cost to be paid by the Tribes, the Tribes may initiate the dispute resolution procedure established under section 6 of this Compact.

- C. The Tribes shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribes would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. Effective Date. This Compact shall become effective upon execution by the State and by the Tribes and appropriate federal approval.

- B. Termination. This Compact shall remain in effect until such time as:
 - 1. This Compact is terminated by written agreement of both parties;

 - 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;

 - 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;

4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribes' exercise of Class III gaming; or
5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in section 16 of this Compact has been exhausted, and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under section 4 of this Compact is criminally prohibited for all purposes by all persons by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribes to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribes to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribes shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. Except as provided in subsection C of this section and Section 4D with respect to the number of video lottery terminals, this Compact shall not be amended for a period of three years after the effective date of this Compact, unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Confederated Tribes of the Umatilla Indian Reservation to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of section 4 of this Compact;
 - b. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity;
 - c. The parties to this Compact agree in writing to enter amendment negotiations.
2. Paragraph 1. of this subsection does not require the State to renegotiate those terms of this Compact that apply to the forms of gaming authorized by Section 4 of this Compact, except to the extent that the State

voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.

3. Pursuant to paragraph 1 of subsection D above, the State or the Tribes may, by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new Compact, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection B of section 12. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chairman of the Board of Trustees of the Tribes at the appropriate office identified at section 14 below. If a request is made by the Tribes, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. Gaming at Another Location or Facility. The Tribes hereby waive any right they may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of five (5) years from the effective date of this Compact, provided, that if any other Oregon Indian tribe operates Class III gaming at more than one location under a Compact with the State, the Tribes shall have the right to request immediate negotiations on the issue, and provided further, that the Tribes shall have the right to negotiate for Class III gaming at another location if some natural occurrence makes the Gaming Facility unusable.
- B. Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribes of any Class II gaming as defined in the Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribes.
- C. Prohibition on taxation by the State. Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribes or any Tribal Gaming Operation except for charges expressly authorized in accordance with this Compact.
- D. Preservation of Tribal self-government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribes, including the Tribal Gaming Commission, or to interfere in any manner with the Tribes' selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribes.

- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribes and the State. Nothing in this Compact shall be construed as creating or granting any rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.

SECTION 14. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Captain
Oregon State Police
Gaming Enforcement Division
Salem, OR 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, OR 97310

Chairman, Board of Trustees
Confederated Tribes of the
Umatilla Indian Reservation
P.O. Box 638
Pendleton, OR 97801

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTION.

- A. Except as specifically provided in section 6 of this Compact, at the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
 - 1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in section 14. The notice shall identify the specific provision of the Compact alleged to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the

Tribes shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State or Tribal court of competent jurisdiction to interpret or enforce the provisions of this Compact.

B. Nothing in subsection A of this section shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.

C. With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action to enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC §1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION

This Compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written.

STATE OF OREGON

CONFEDERATED TRIBES OF THE
UMATILLA INDIAN RESERVATION

John A. Kitzhaber, M.D., Governor

Antone Minthorn, Chairman

Date: _____, 199__

Date: _____, 199__

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____, 199__

**Tribal-State Compact for Regulation of Class III Gaming
Confederated Tribes of the Umatilla Indian Reservation
and the State of Oregon**

EXHIBIT I

DESCRIPTION OF GAMING LOCATION:

The Tribes' Gaming Facility is located on Tribal trust land within the boundaries of the Umatilla Indian Reservation. The Gaming Facility authorized by this Compact is located near Mission, Oregon, north and east of Exhibit 216 on Interstate Highway 84. A map showing the location of the Gaming Facility is attached (Exhibit 1.A). The Gaming Facility is located on Trust Allotment No. TC36, which has a legal description as follows:

The SW ¼ of Section 15, Township 2 North, Range 33 East, Willamette Meridian.
The above-described land involves a combined total of approximately 160 acres.

ADD “VICINITY MAP” AS PAGE 56

**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON**

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**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON**

PREAMBLE:

This Compact is made between the State of Oregon (hereinafter "State") and the Confederated Tribes of the Warm Springs Reservation of Oregon (hereinafter the "Tribes") and pertains to Class III gaming to be conducted on lands within the Warm Springs Indian Reservation pursuant to the Indian Gaming Regulatory Act of October 17, 1988 (Public Law 100-497), 25 U.S.C. 2701 et seq. ("IGRA") and reflects the sovereign status and jurisdictional authority of the Tribes and addresses the legitimate concerns of the State. The terms of this Compact are unique to this Tribe and reflect the fact that the lands that are the subject of this Compact are held in trust by the United States, and that these lands may be used for Class III gaming under IGRA.

SECTION 1. TITLE.

THIS Compact is entered into this 6th day of January, 1995, by and between The Confederated Tribes of the Warm Springs Reservation of Oregon, a federally recognized Tribe of Indians, and the State of Oregon.

SECTION 2. FINDINGS.

WHEREAS, Tribes is a federally recognized Indian Tribe and is the beneficial owner of, and government for, the Warm Springs Indian Reservation (hereinafter the "Reservation") located within the State of Oregon;

AND WHEREAS, the Tribes have adopted a "Declaration of Sovereignty," dated June, 1992, setting forth the Tribes' position as to the inherent sovereignty of the Tribes;

AND WHEREAS, the Tribes have adapted a "Vision for Tribal Gaming" to guide the development, planning and implementation of Indian gaming by the Tribes;

AND WHEREAS, the Reservation is specifically exempted from the extension of state jurisdiction to Indian country by Public Law 83-280.

AND WHEREAS, the Reservation consists of approximately 1,000 square miles, almost all of which is eligible trust lands;

AND WHEREAS, the Reservation encompasses no non-tribal communities and non-tribal activity is almost solely limited to tribally supported tourist and recreational activities;

AND WHEREAS, the Tribes provides a full range of governmental services on the Reservation;

AND WHEREAS, the economic benefits to be realized from Indian gaming are consistent with the goals of the Oregon Benchmarks;

AND WHEREAS, the State and the Tribes are separate sovereigns and each respects the laws of the other sovereign;

AND WHEREAS, the public policy of the State is reflected in the Constitution, statutes and administrative rules of the State, which, at the time of execution of this Compact, authorize a variety of games classified as Class III games under IGRA;

AND WHEREAS, the State Constitution provides that the "Legislative Assembly has no power to authorize, and shall prohibit casinos from operation in the State," and the parties to this Compact recognize that the precise meaning and application of this provision to the conduct of Class III games in this State is currently unsettled and unclear;

AND WHEREAS, the Tribal public policy, as reflected in the Tribes' Constitution and Bylaws includes the powers of the Tribal Council to negotiate with state government, manage the economic affairs of the Tribes and protect the health, security and general welfare of the members of the Tribes;

AND WHEREAS, the United States Congress has enacted IGRA which declares federal policy and provides a statutory basis for operation of gaming by the Tribes as a means of promoting Tribal economic development, self-sufficiency, and strong Tribal government;

AND WHEREAS, the Tribes exercises governmental authority over all lands within the Warm Springs Indian Reservation;

AND WHEREAS, IGRA is intended to provide a statutory basis for regulation of gaming by the Tribes adequate to shield them from organized crime and other corrupting influences, to ensure that the Tribes are the primary beneficiary of the gaming revenues, and to ensure that gaming is conducted fairly and honestly by both the operators and players;

AND WHEREAS, Congress has declared that it is a principal goal of federal Indian policy to promote Tribal economic development, Tribal self-sufficiency and strong Tribal government;

AND WHEREAS, IGRA provides for a system of joint regulation by Indian Tribes and the Federal government (to the exclusion of the State) of Class I and II gaming on Tribal lands as defined in IGRA;

AND WHEREAS, IGRA establishes a system of agreements between Indian Tribes and States for the regulation of Class III gaming as defined in that Act;

AND WHEREAS, IGRA provides that Class III gaming activities are lawful on Tribal lands

only if such activities are (1) located in a state that permits such gaming for any purpose by any person, organization or entity, (2) authorized by Tribal ordinance, and (3) conducted in accordance with a Tribal-State Compact;

AND WHEREAS, the Congressional intent in passing IGRA was to reaffirm a long and well-established principle of federal Indian law as expressed in the United States Constitution, reflected in federal statutes and articulated in decisions of the United States Supreme Court that unless authorized by an act of Congress, the jurisdiction of State governments does not extend to Tribal lands;

AND WHEREAS, IGRA does not extend State jurisdiction or the application of State laws for any purpose other than jurisdiction and application of State laws to gaming conducted on Tribal land as set forth in this Compact;

AND WHEREAS, in IGRA, Congress recognized a role for State public policy and State law in the regulation of Class III Gaming;

AND WHEREAS, nothing in the Tribal-State Government-to-Government Compact shall be construed to extend to any other activities or as an abrogation of other reserved rights of the Tribes or of the Tribes' sovereignty; and the Tribes expressly reserve all such rights and sovereign powers;

AND WHEREAS, IGRA is intended to expressly preempt the field in the governance of gaming activities on Tribal lands;

AND WHEREAS, the Tribes are authorized to act through Ordinance and Resolutions adopted by its Tribal Council; subject to the referendum powers of the members of Tribes;

AND WHEREAS, the State of Oregon is authorized to act through the Governor of the State;

NOW THEREFORE, in consideration of the mutual undertakings and agreements herein set forth, the Tribes and the State enter into the following Compact:

SECTION 3. DEFINITIONS.

As used in this Compact, and in its Appendices and Exhibits:

- A.** "Background investigation" means the security and financial history checks of an employee, licensee or applicant for Tribal contract for the operation or sale of Class III games to the Tribes.
- B.** "Certification" means the inspection process used by the Oregon State Lottery to approve video lottery game terminals and games.
- C.** "Class III Gaming Contract" means a contract that involves Major, Minor, or Sensitive Procurements.

- D.** "Class III Gaming Contractor" is an individual, business or other entity that applies for or is a party to a Class III Gaming Contract.
- E.** "Controlling interest" means fifteen percent (15%) of the equity ownership of a company.
- F.** "Display" means the visual presentation of video lottery game features shown on the screen of a video lottery terminal.
- G.** "Gaming Facility" means any building or structure in which the Tribes conduct Class III gaming under this Compact, and includes both the Kah-Nee-Ta facility and the Permanent Gaming Facility as those terms are defined in this Compact.
- H.** "Gray Machine" means any electrical or electro-mechanical device, whether or not it is in working order or some act of manipulation, repair, adjustment or modification is required to render it operational that:
 - 1.** Awards credits or contains or is readily adaptable to contain, a circuit, meter, or switch capable of removing or recording the removal of credits earned by a player, other than removal during the course of continuous play; or
 - 2.** Plays, emulates, or simulates a casino game, bingo, or keno. A device is no less a gray machine because, apart from its use or adaptability as such, it may also sell or deliver something of value on the basis other than chance.

"Gray Machine" does not include any device operated under the authority of State law or under the terms of this Compact.
- I.** "High Security Employee" means any person with responsibility for the management or operation of the Class III gaming activities or access to gaming terminals or cash.
- J.** "Kah-Nee-Ta Facility" means the addition to the Kah-Nee-Ta Lodge proposed to be constructed as of the date of execution of this Compact by the Tribes on Indian trust lands at the Kah-Nee-Ta Resort on the Warm Springs Indian Reservation, as more specifically described in Exhibit "1" to this Compact, and includes the square footage of any expansion devoted to the play of Class II or Class III games.
- K.** "Key Employee" means any officer or any person who can affect the course of business, make decision, or is in a sensitive position.
- L.** "Low Security Employee" means any person employed to work in a gaming area with no responsibility for management or operation of the Class III gaming activities and no access to inside gaming terminals or cash.

- M.** "Major Procurement" means any procurement action or contract for:
1. The printing of tickets used in any Class III gaming;
 2. Any goods or services involving the receiving or recording of number selections in any Class III gaming;
 3. Any goods, services, or products involving the determination of winners in any Class III gaming; or
 4. Video devices.
- N.** "Minor Procurement" means any procurement action or contract related to Class III gaming that is neither a Major Procurement nor a Sensitive Procurement. A typical example of this class of procurement is a contract to change the external appearance of a video terminal.
- O.** "Owner" means any person or entity that owns 5 percent or more of the equity ownership of a company.
- P.** "Permanent Gaming Facility" means any building, other than the Kah-Nee-Ta Facility, constructed by the Tribes on Indian trust lands on the Warm Springs Indian Reservation pursuant to Section 4 of this Compact.
- Q.** "Primary Management Official" means any person who:
1. Has management responsibility for any gaming management contract;
 2. Has authority -
 - a. to hire and fire employees; or
 - b. to set or otherwise establish working policy for the gaming operations; or
 3. Is the chief financial officer or other person who has financial management responsibility for Class III gaming operations.
- R.** "Sensitive Procurement" means any procurement action or contract for goods or services, other than a "Major Procurement," that may either directly or indirectly affect the integrity, security, honesty and fairness of the operation and administration of Class III gaming. A typical example of this class of procurement is the acquisition of security systems required to protect the security and integrity of the Class III gaming.

- S. "Temporary Gaming Facility" means the Temporary Gaming Facility described in Section 4.F. of this Compact.
- T. "Video lottery terminal" or "terminal" means an electrical or electro-mechanical device, component, or terminal that displays a ticket through the use of a video display screen, and that is available for consumer play upon payment of any consideration with winners determined by the application of the element of chance and the amount won determined by the possible prizes displayed on the device as more fully described in Appendix A.

SECTION 4. AUTHORIZED CLASS III GAMING.

A. This Compact shall be the only Compact between the Tribes and State and any and all Class III gaming conducted in any Gaming Facility shall be pursuant to this Compact. To the extent that elements of this Compact need to be altered to incorporate changes to the agreements between the parties--including to permit additional Class III gaming--the parties shall provide such changes in accordance with subsection D of Section 12 of this Compact.

B. Authorized Games.

- 1. Subject to the provisions of this Compact, the Tribes may engage in only the following Class III games: Video lottery games of chance as described in Appendix A, keno as described in Appendix B, and off-race course mutuel wagering as described in Appendix C.
- 2. This Section shall be construed consistent with federal classification of gaming activities. Notwithstanding any provision of this Compact, any gaming activity classified by federal regulation as Class II activity shall not be subject to the provisions of the Compact.

C. **Gaming Location.** Gaming authorized under this Compact shall be conducted only in the Gaming Facility. If another Oregon Tribe is authorized to operate a gaming facility on non-tribal lands, the Tribes does not hereby abrogate any rights it may have under Section 30 of IGRA. Gaming authorized under this Compact may be conducted at either the Kah-Nee-Ta Facility or the Permanent Gaming Facility, but not at both facilities concurrently. If the Tribes elect to conduct gaming at the Kah-Nee-Ta Facility first, they agree to discontinue gaming at that facility before opening a Permanent Gaming Facility at another location.

- 1. The Kah-Nee-Ta Facility authorized under this Compact shall be located on the Warm Springs Indian Reservation at the site of the Kah-Nee-Ta Lodge.

- 2. The Permanent Gaming Facility shall be located on Indian lands that

qualify for Class III Gaming under 25 USC §2701 *et seq.* within the boundaries of the Warm Springs Indian Reservation at a site, other than the Kah-Nee-Ta Lodge, to be designated by the Tribes.

D. Number of Video Terminals. The number of Class III video lottery terminals authorized by this Compact for either Gaming Facility shall not exceed the number of such terminals that would occupy fifteen percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry spacing. Subject to other terms of this agreement, the Tribes may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

1. The parties acknowledge that the Kah-Nee-Ta Lodge is a mixed use facility. The parties agree that the size of the Kah-Nee-Ta Facility to be devoted to Class III video lottery terminals is determined by the areas of those parts of the facility and the Lodge of which it will be a part that are appropriately related to the gaming activities conducted therein (the gaming area). The parties also agree that, in combination, the gaming area of the facility and the lodge and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than 295.
2. The Permanent Gaming Facility has not yet been designed. The Tribes anticipate that the Permanent Gaming Facility will be a mixed used facility. The Tribes and the State agree that the number of video lottery terminals to be authorized in the Permanent Gaming Facility shall be established, according to the principles described in this subsection, in a memorandum of understanding entered into between the Tribes and the State at such time as the Permanent Gaming Facility is designed.

E. Expansion of Gaming Area. If the Tribes expands the square footage of the Gaming Facility, the limit on the number of video lottery terminals established in subsection D of this section shall be increased by the number of video lottery terminals that would occupy fifteen percent (15%) of the total square footage of the expansion that is devoted to Class II and Class III gaming and related activities, given customary industry spacing of video lottery terminals. The parties shall enter into a memorandum of understanding in which the precise number of additional video lottery terminals shall be established.

F. Temporary Gaming Facility.

1. The Tribe is authorized to develop a Temporary Gaming Facility on eligible trust lands on the reservation. The location of a Temporary Gaming Facility has not been determined. The Tribe shall notify the State in writing at such

time as a location for a Temporary Gaming Facility is determined.

2. Class III Gaming. The only Class III games that will be conducted in the Temporary Gaming Facility will be video lottery terminals as defined in this Compact. The Tribe may install up to 250 video lottery terminals in the temporary Gaming Facility: provided that the total square footage of the Temporary Gaming Facility shall be not less than 10,000 square feet. If the square footage of the Temporary Gaming Facility is less than 10,000 square feet, the number of video lottery terminals authorized shall be reduced proportionately.
3. Duration of Temporary Gaming. Gaming under this subsection may be conducted for a period of no more than one year beginning after the effective date of this Compact and ending before the opening of the Gaming Facility.
4. Access to Temporary Facility. Access to the Temporary Gaming Facility shall be provided subject to the conditions imposed in Section 11.B of this Compact. In the event that the Temporary Gaming Facility is accessed from U.S. Highway 26, rather than BIA roads, the Tribe shall consult with the Oregon Department of Transportation and appropriate local officials so that access from State Highway 26 will meet appropriate standards and shall otherwise comply with Section 11.B.2. of this Compact. The Tribe is responsible to provide adequate parking for patrons of the Temporary Gaming Facility.
5. Alcohol Policy. No alcohol will be served in the Temporary Gaming Facility.
6. Security. The Tribe shall consult with the Oregon State Police to assure that the security requirements of the Compact are fully satisfied before opening the temporary Gaming Facility.
7. Applicability of Compact Requirements: Except as explicitly provided in this subsection, all terms of this Compact shall apply to the operation of the Temporary Gaming Facility.

- G. Off-Track Mutuel Wagering.** The Tribes may conduct off-track mutuel wagering on races held at race courses within or outside the State. Any off-track mutuel wagering on races held at race courses outside the State shall be conducted in compliance with the applicable requirements of the Interstate Horseracing Act of 1978, as amended, (15 U.S.C. § 3001 to 3007). All off-track mutuel wagering at any Gaming Facility shall be conducted in person and no wagers may be accepted by telephone or other electronic medium.

SECTION 5. JURISDICTION.

A. In General.

1. The Tribes and Federal Government have criminal jurisdiction over offenses committed by Indians within the Reservation. The criminal laws of the Tribes, and the Federal Government where applicable, shall govern the criminal conduct of Indians on the Reservation. The Tribes have a Police Department, a Tribal Court and a facility for incarceration of Indian offenders.
2. The State and Federal Government have criminal jurisdiction over offenses committed by non-Indians within any Gaming Facility and over offenses committed by Indians outside the exterior boundaries of the Reservation. The criminal laws of the State shall be applicable to non-Indians and have the same force and effect at any Gaming Facility within the Reservation as they have on non-Tribal lands within the State. The enforcement of criminal laws with respect to non-Indians at any Gaming Facility within the Reservation shall be established pursuant to and by a Memorandum of Understanding to be executed by the Tribes and the Oregon State Police. The State shall make reasonable efforts to enforce the criminal laws applicable to offenses committed by non-Indians within any Gaming Facility and the reservation.

B. Except as provided in a Memorandum of Understanding executed in accordance with the foregoing paragraph 2 of subsection A above, law enforcement officers of the State of Oregon, or officers of the State of Oregon, or officers designated by the State, shall have free access to anywhere within any Gaming Facility for the purpose of maintaining public order and public safety, conducting investigations related to possible criminal activity and enforcing applicable laws of the State with respect to non-Indians. Any law enforcement activities undertaken by law enforcement officers of the State shall be in compliance with this Compact and applicable inter-governmental agreements between the Tribes and the state and local governments, the Tribes' Extradition Code and the Cross Deputization Agreement executed by the Warm Springs Tribal Police Department and the State. The Tribes, or individuals acting on their behalf, shall provide State law enforcement officers or officers designated by the State access to locked and secured areas of any Gaming Facility in accordance with the regulations for the operation and management of the gaming operation.

C. Subject to the provisions of paragraph 1 of subsection B of Section 9 of this Compact, the State may station one or more officers at any Gaming Facility by mutual agreement with the Tribes. The Tribes agree to provide appropriate training in tribal culture and the institutions to any officer stationed at any Gaming Facility.

D. Nothing in this Compact shall be construed to affect the civil jurisdiction of the State under Public Law 83-280.

SECTION 6. PRINCIPLES GOVERNING GAMING OPERATIONS DECISIONS.

A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribes' gaming operation is essential both to the success of the enterprise and to satisfy the interests of the State and of the Tribes. Accordingly, all decisions by the Tribes concerning operation of their Gaming Facility, including those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all of the Tribes' decisions concerning operation of the Tribal gaming enterprise shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation, the Tribes shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribes' gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribes shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
4. Regulation and operation of the Tribes' gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation.

B. Procedure for Resolving Disputes Concerning Operational Decisions.

1. If the State, in good faith, believes that any decision by the Tribes relating to the employment or licensing of any employee, awarding of any contract or operation of the gaming enterprise is inconsistent with the principles set forth in subsection A of this Section, or any other requirement of this Section, the State may give written notice to the Tribes. The written notice shall describe the factual basis for the State's concern.
2. The parties shall meet and confer within 15 days after the Tribes receive the notice.
3. **a.** If the State's concern is not resolved informally, either party may initiate non-binding arbitration within 45 days after the service of the written notice.

- b. An arbitrator shall be selected in the following manner:
 - (1) The parties shall obtain a list of qualified arbitrators from U.S. Arbitration and Mediation of Oregon, or any other arbitration panel agreed to by the parties.
 - (2) Each party, in turn, shall strike one name from the list, until one name remains. The parties shall draw lots to determine which party makes the first strike.
 - c. Upon agreement by both parties, the arbitration proceeding shall be binding.
 - d. The parties shall divide the cost of the arbitration proceeding equally between them.
4. Upon conclusion of the arbitration proceeding, if the parties have not elected to be bound by that result, either party may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.
5. **Expedited Procedure.**
- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the Tribes. The written notice shall describe the factual basis for the State's concern.
 - b. The parties shall confer within five days after the Tribes receive the notice.
 - c. If the State's concern is not resolved informally, the state may initiate an action in the United States District Court for the District of Oregon as provided in Section 16 of this Compact.
 - d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any contractor, or owner of key employee of a contractor;

- (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction.
6. The provisions of this Section shall provide the exclusive method for resolving disputes as to the Tribes' decisions concerning hiring or contracting under Section 7 of this Compact, or concerning operation of the Gaming Facility.

SECTION 7. LICENSING AND CONTRACTING.

A. Licensing of Gaming Employees.

1. All Primary Management Officials and High Security Employees to be employed in the Gaming Facility shall be licensed by the Tribes in accordance with the provisions of this Compact.
2. All prospective employees--Primary Management Officials, High Security Employees and Low Security Employees--shall provide to the Tribes any required application fees and the following information:
 - a. Full name, including any aliases by which the applicant has been known;
 - b. Social security number;
 - c. Date and place of birth;
 - d. Residential and addresses for the past five years;
 - e. Employment history for the past five years;
 - f. Driver's license number;
 - g. All licenses issued and disciplinary actions taken by any State agency or Tribal gaming agency;
 - h. All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;

- i. A current photograph;
 - j. Any other information required by the Tribes.
- 3. In addition to the requirements of paragraph 2 of this subsection, prospective High Security Employees and Primary Management Officials shall provide a set of fingerprints.
- 4.
 - a. The Tribes shall forward the applicant information to the State, along with the State required portion of the application fee as described in subsection C of this Section. The Oregon State Police shall conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed thirty (30) days without notice to and consent of the Tribes.
 - b. The Tribes may request the State to perform a background investigation on any prospective Low Security Employee. Upon such request, the Oregon State Police shall conduct a background check as provided in subparagraph a. of this paragraph.
- 5.
 - a. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who has committed any of the following crimes under the law of any jurisdiction, or is the subject of a civil judgment in any jurisdiction that is based upon facts that constitute the elements of any of the following crimes:
 - (1) Aggravated murder; murder in the first degree
 - (2) Assault (in the first or second degree)
 - (3) Kidnapping in the first degree
 - (4) Rape in the first degree
 - (5) Sodomy in the first or second degree
 - (6) Unlawful sexual penetration in the first degree
 - (7) Sexual abuse in the first or second degree
 - (8) Any crime related to child pornography
 - (9) Forgery in the first degree
 - (10) Possession of a forgery device
 - (11) Unlawful factoring of a credit card transaction
 - (12) Falsifying business records
 - (13) Sports bribery or receiving a sports bribe
 - (14) Making a false financial statement
 - (15) Obtaining execution of a document by deception
 - (16) Theft by extortion

- (17) Arson in the first degree
- (18) Computer crime
- (19) Robbery in the first or second degree
- (20) Bribery
- (21) Bribing a witness
- (22) Perjury
- (23) Any theft accomplished by manipulation of records; e.g., embezzlement
- (24) Promotion of unlawful gambling
- (25) Conviction of any crime if the original charge was promotion of unlawful gambling, and a lesser charge was plea-bargained.
- (26) Tax evasion

b. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who has associated in a business relationship, whether as a partner, joint venturer or employer, with any other person who has been convicted of one of the crimes listed in subparagraph a. of this paragraph. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official who was employed by any other person who has been convicted of one of the crimes listed in subparagraph a. of this paragraph, if the prospective employee or official was in any way involved in or aware of the criminal activity as it occurred.

c. The Tribes shall deny a gaming license to any prospective High Security Employee or Primary Management Official if:

- (1) The applicant fails to disclose any material fact to the Tribes or the State or their authorized agents during a background or security investigation; or
- (2) The applicant misstates or falsifies a material fact to the Tribes or the State during a background or security investigation.

d. The Tribes may deny a gaming license to any prospective High Security Employee or Primary Management Official for any reason the Tribes deem sufficient. Such decisions to grant or deny a gaming license shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a gaming license to any prospective High Security Employee or Primary Management Official, the factors to be considered by the Tribes shall include, but need not be limited to, the following:

- (1) The applicant has been convicted of any crime (other than a

crime listed in subparagraph a. of this paragraph) in any jurisdiction;

- (2) The applicant has associated with persons or businesses of known criminal background, or persons of disreputable character, that may adversely affect the general credibility, honesty, integrity, security, fairness or reputation of the Tribes' gaming operation; or
- (3) There is any aspect of the applicant's past conduct that the Tribes determine would adversely affect the honesty, integrity, security or fairness of Tribal gaming operation.

- e. The Tribes shall deny employment to any prospective Low Security Employee who does not meet the criteria established in sub-subparagraph (1) to (5) of this subparagraph. The Tribes may deny employment to any Low Security Employee applicant who does not meet the criteria established in sub-subparagraphs (6) to (26) of this subparagraph or in subparagraphs c. or d. of this paragraph. Decisions to grant or deny employment shall be consistent with the principles set forth in subsection A of Section 6 of this Compact.
- f. The Tribes may reject an application if the applicant has not provided all of the information requested in the application.

6. Denial of employment or a license by the Tribes is final.

7. **Waiver of Disqualifying Criteria.**

- a. If a prospective Primary Management Official, High Security Employee or Low Security Employee is disqualified for licensing or employment under the provisions of paragraph 5. above, and the Tribes believe that there are mitigating circumstances that justify waiver of the disqualifying factor, the Tribes may give written notice to the State asking to meet and confer concerning waiver of the disqualification. The Tribes and the State shall meet within 15 days after written notice is given.
- b. In order to waive disqualification of licensing or employment of any prospective Primary Management Official, High Security Employee or Low Security Employee, both the Tribes and the State must agree on the waiver.
- c. Waiver of disqualification of licensing or employment may be based on

one or more of the following circumstances:

- (1) Passage of time since conviction of a crime;
- (2) The applicant's age at the time of conviction;
- (3) The severity of the offense committed;
- (4) The overall criminal record of the applicant;
- (5) The applicant's present reputation and standing in the community;
- (6) The nature of the position for which the application is made.

8. Temporary Licensing of Employees.

- a. The Tribes may issue a temporary license to High Security Employees 30 days after submission of the application to the Oregon State Police. The temporary license shall expire and become void upon completion of the background check and award or denial of a permanent license.
- b. The Tribes may employ Low Security Employees on probation 10 days after submission of the application to the State Police. Any Low Security Employee shall be subject to immediate termination during probation if the Tribes determine that the employee does not meet the criteria established in sub-subparagraphs (1) to (5) of subparagraph a. above.

9. Background Investigation During Employment. The Tribes may request the State to conduct additional background investigations of any gaming employee at any time during the term of employment. The State shall report to the Tribes any cause for the dismissal of any employee under the criteria established in paragraph 5 of subsection A above, and furnish the Tribe with copies of all relevant information. The Tribes shall review the State's report and supporting materials and if the Tribes conclude that good cause for dismissal is shown under the criteria established in paragraph 5 of subsection A above, the subject employee may be dismissed. An employee shall be dismissed if the Tribes would have been required to deny employment to that employee under the provisions of paragraph 5 of subsection A above.

10. Duration of License and Renewal. Any employee license shall be effective for not more than three (3) years from the date of issue except that a licensed employee who has applied for a renewal may continue to be employed under the expired license until final action is taken on the renewal application in

accordance with the provisions of paragraphs 2 to 5 of subsection A above. Applicants for renewal shall provide a renewal fee and updated information to the Tribes but will not be required to resubmit historical data already provided.

11. **Revocation of License.** The Tribes may revoke the license of any employee pursuant to policies determined by the Tribes. The Tribes shall revoke the license of any employee upon determination that an event has occurred that would have prohibited the Tribes from hiring the employee under the criteria described in paragraph 5 of subsection A above.
12. The Tribes shall maintain a procedural manual for employees that includes rules and regulations of conduct and disciplinary standards for breach of procedure.

B. Contracts with Manufacturers and Suppliers.

1. The Tribes shall contract with all managers, manufacturers or suppliers of goods or services related to the play of Class III games authorized by this Compact before conducting any business related to Class III games.
2. The Tribes shall submit any proposed Class III Gaming Contract to the State for review and comment, and for a background investigation of the contract applicant.
3. A background investigation may be conducted by the State on all Class III Gaming Contract applicants or contractors. The level of investigation will be determined by whether the individual procurement is classified as a Major Procurement, Minor Procurement or Sensitive Procurement. The level of investigation for a Major Procurement and Sensitive Procurement shall be more intense than that for a Minor Procurement.
4. All Class III Gaming Contract applicants, and any owner or key employee of an applicant, shall provide all personal and business information required by the State to conduct its background investigation.
5. The Tribes shall not enter into any Class III Gaming Contract that does not grant the State or the Tribes access to the contractor's business and financial records.

6. Criteria for Denial of Contract Application.

- a.** The Tribes shall deny a Class III Gaming Contract application for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant has been convicted of a crime, or is the subject of a civil judgment based upon facts that constitute the elements of a crime described in subparagraph a of paragraph 5 of subsection A above.
- b.** The Tribes shall deny a Class III Gaming Contract application for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant, has associated in a business relationship, whether as a partner, joint venturer or employer, with any other person who has been convicted of one of the crimes listed in subparagraph a of paragraph 5 of subsection A above. The Tribes shall deny a Class III Gaming Contract for a Major or Sensitive Procurement if the applicant, or any owner or key employee of the applicant, was employed by any other person who has been convicted of one of the crimes listed in subparagraph a of paragraph 5 of subsection A of this Section, if the applicant, owner or key employee was in any way involved in or aware of the criminal activity as it occurred.
- c.** The Tribes shall deny a Class III Gaming Contract application for a Minor Procurement if the applicant, or any owner or key employee of the applicant, has been convicted of a crime described in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 of subsection A of this Section, or is the subject of a civil judgment based upon facts that constitute the elements of a crime described in sub-subparagraphs (1) to (5) of subparagraph a of paragraph 5 of subsection A of this Section.
- d.** The Tribes shall deny a Class III Gaming Contract application if:

 - (1)** The applicant fails to disclose any material fact to the Tribes or the State or their authorized agents during a background or security investigation; or
 - (2)** The applicant misstates or falsified a material fact to the Tribes or the State during a background or security investigation.
- e.** The Tribes may deny any Class III Gaming Contract application for any reason the Tribes deem sufficient. Such decisions to deny a Class III Gaming Contract application shall be consistent with the principles set forth in subsection A of Section 6 of this Compact. In determining whether to deny a Class III Gaming Contract application, the factors to

be considered by the Tribes shall include, but need not be limited to the reasons described in subparagraph d of paragraph 5 of subsection A of this Section.

- f.** The Tribes may deny any Class III Gaming Contract application if:
- (1)** A person who is unqualified or disqualified to be a Class III Gaming Contractor owns, is an agent of or has any other interest in the applicant, regardless of the qualifications of the person who seeks approval as a contractor;
 - (2)** The applicant demonstrates inadequate financing for the business proposed under the type of contract for which application is made. In determining whether financing is adequate, the Tribes shall consider whether financing is from a source that meets the qualifications of paragraph 5 of subsection A of this Section, or paragraph 6 of subsection B of this Section and whether that financing is in an amount to ensure the likelihood of success in the performance of the contractor's duties and responsibilities; or
 - (3)** The applicant or its employees fails to demonstrate business ability and experience to establish, operate, and maintain the business for the type of contract for which application is made.
- g.** In evaluating whether to deny a contract related to Class III gaming based on subparagraphs e or f of paragraph 6 of subsection B of this Section, the Tribes may consider the following factors:
- (1)** The nature and severity of the conduct that constituted the offense or crime;
 - (2)** The time that has passed since satisfactory completion of the sentence, probation, or payment of the fine imposed;
 - (3)** The number of offenses or crimes; and
 - (4)** Any extenuating circumstances that enhance or reduce the impact of the offense or crime on the security, integrity, honesty, and fairness of the Tribal gaming enterprise.
- h.** **(1)** No person applying for a Class III Gaming Contract shall own, manufacture, possess, operate, own an interest in, or gain income or reimbursement in any manner from video gaming devices in any jurisdiction unless the devices are approved and

certified by another state lottery, gambling or gaming control agency, Indian Tribe, National Indian Gaming Commission, or foreign country, that has jurisdiction to approve that activity, and such ownership, manufacture, possession, operation, or income is disclosed to the Tribes.

(2) No person applying for a Class III Gaming Contract shall own, operate, own an interest in, or gain income or reimbursements in any manner from off-track pari-mutuel wagering in any jurisdiction unless that activity is approved and certified by another state racing regulatory body, gambling or gaming control agency, Indian Tribe, National Indian Gaming Commission, or foreign country, that has jurisdiction to approve that activity, and such ownership, operation or income is disclosed to the Tribes.

i. The Tribes may reject an application if the applicant has not provided all of the information requested in the application.

7. Contractor Reporting Requirements.

a. All contractors shall submit to the Tribes and the State any financial and operating data requested by the Tribes or the State.

b. The Tribes and the State each may specify the frequency and a uniform format for the submission of such data.

c. The Tribes, the State, or their agents reserve the right to examine contractor tax records and the detailed records from which the tax reports are compiled.

C. Fees for Approval of Employment Licenses and Contracts.

1. The State shall be reimbursed its costs for approval of employees and licenses, in accordance with the terms of this Compact.

2. The fees for State approval of licenses and contracts shall be set pursuant to a Memorandum of Understanding between the parties to be negotiated annually.

3. Should actual costs incurred by the State exceed the fees agreed to by the parties in the annual Memorandum of Understanding, the State will assess those additional costs to the applicants during or after the investigation. The applicant is required to pay the investigation fee in full prior to issuance of the contract or license except that interim contracts or licenses shall be issued for the period of time that a dispute is pending as contemplated at paragraph 4 of

this subsection.

4. Should the State and the Tribe fail to agree to fees in the Memorandum of Understanding, the dispute shall be resolved pursuant to Section 6 of this Compact.

D. Management Contracts.

1. The Primary Management Official shall provide the State at all times with a current copy of any management agreement with the Tribe that allows it to conduct Class III gaming on the Tribal trust land.
2. The Primary Management Official shall furnish to the Tribes and the State complete information pertaining to any transfer of controlling interest in the management company at least 30 days before such change; or, if the Primary Management Official is not a party to the transaction effecting such change of ownership or interests, immediately upon acquiring knowledge of such change or any contemplated change.

SECTION 8. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

- A. **Compliance with Regulations.** The acquisition, use and operation of all video lottery games of chance, keno and off-track parimutuel wagering authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendices A, B and C. Appendices A, B and C are hereby incorporated into and made a part of this Compact.
- B. **Identification Badges.** The Tribes shall require all employees to wear, in plain view, identification badges issued by the Tribes that include photo and name. This requirement shall not apply to those security or compliance personnel identified in a memorandum of understanding between Tribes and the State.
- C. **No Credit Extended.** All gaming shall be conducted on a cash basis. Except as provided herein, no person shall be extended credit for gaming nor shall the Tribes permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or current into the games. This Section shall not restrict the right of the Tribes or any other person to offer check cashing or install and accept bank card or credit card transactions in the same manner as is permitted at any retail business in the State.
- D. **Prohibition on Attendance and Play of Minors.** No under the age of 21 shall be allowed to play any video lottery game of chance operated under this Compact. If any person under the age of 21 plays and otherwise qualifies to win any video lottery prize

or compensation, the prize or compensation shall not be paid. No person under the age of 18 shall be allowed to play keno or place or collect pari-mutuel bets.

- E. Prohibition of Firearms.** With the exception of federal, state, county or Tribal law enforcement agents or officers, no person shall possess firearms within the Gaming Facility.
- F. Alcohol Policy.** No alcohol shall be served in the Gaming Facility unless authorized by the Tribes as permitted by Federal law. Currently, the Tribes do not legally permit the sale or possession of distilled spirits within the Warm Springs Indian Reservation, except at Kah-nee-ta Lodge. If tribal law is changed to permit alcohol sales at other locations, the Tribes shall notify the State. The Tribes and the State shall enter into a memorandum of understanding which will establish which state laws and Oregon Liquor Control Commission regulations shall be applied to the sale or service of alcoholic beverages at such location. Where required by federal law, service of alcohol shall be in compliance with State laws and Oregon Liquor Control Commission licensing regulations. Nothing in this subsection shall permit the State to impose taxes on the sale of alcoholic beverages by the Tribes. If alcohol is served in the Gaming Facility, no alcoholic beverages may be served free or at a reduced price to any patron of the Gaming Facility as an inducement to participate in any gaming.
- G. Liability for Damage to Person and Property.** During the term of this Compact, the Tribes shall maintain public liability insurance with limits of not less than \$250,000 for one person and \$2,000,000 for any one occurrence of any bodily injury or property damage. The Tribes' insurance policy shall have an endorsement providing that the insurer may not invoke Tribal sovereign immunity up to the limits of the policy. The Tribes shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribes relating to the inspection of any gaming or gaming related facility pursuant to this Compact.

SECTION 9. INSPECTION AND ENFORCEMENT OF GAMING REGULATIONS.

A. Tribal Gaming Commission.

1. The primary responsibility for the regulation of the gaming operation authorized by this Compact, and for enforcement of this Compact within the Warm Springs Indian Reservation, shall be that of the Tribal Gaming Commission. The Tribal Gaming Commission's role shall include the promulgation and enforcement of rules and regulations to provide for the following:

- a. Ensure compliance with all relevant laws;
- b. Ensure the physical safety of patrons in, and of personnel employed by, the establishment;
- c. Safeguard the assets transported to and from the gaming facility and cashier's cage department;
- d. Protect patrons and property from illegal activity;
- e. Detain persons suspected of crimes for the purpose of notifying the law enforcement authorities;
- f. Record any and all unusual occurrences within the gaming facility in indelible ink in a bound notebook from which pages cannot be removed, and each side of each page of which is sequentially numbered, as follows:
 - (1) The assigned sequential number of the incident;
 - (2) The date;
 - (3) The time;
 - (4) The nature of the incident;
 - (5) The person involved in the incident; and
 - (6) The security employee assigned;
- g. Maintain logs relating to surveillance, security, cashier's cage, credit, machine (showing when video machines opened), and machine location;
- h. Establish and maintain an updated list of persons barred from the Gaming Facility either because of their criminal history or because their association with career offenders or career offender organizations poses a threat to the honesty, security and integrity of gaming operations, and furnish that list to the State as updated;
- i. Obtain an annual audit by a Certified Public Accountant;
- j. Maintain a closed circuit television system in the cash room of the Gaming Facility and provide copies of floor plan and TV system to the State.

- k. Maintain a cashier's cage in accordance with industry standards for security;
- l. Employ and train sufficient mutuel clerks;
- m. Employ and train sufficient security personnel; and
- n. Subject to State review and approval, establish a method for resolving disputes with players.

2. **Reporting of Violation.** A tribal game inspector shall inspect the Gaming Facility at random during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. Any violations of the provisions of this Compact, or of Tribal ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation, shall be reported immediately to the Tribal Gaming Commission and reported to the State within 72 hours of the time the violation was noted.
3. **Investigations and Sanctions.** The Tribal Gaming Commission shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines to be necessary. The Tribal Gaming Commission shall be empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against a gaming employee, or any other person directly or indirectly involved in, or benefitting from, the gaming operation. The State shall make all reasonable efforts to assist the Tribes in enforcing sanctions imposed by the Tribal Gaming Commission against non-Indians.
4. **Reporting to State.** The Tribal Gaming Commission shall forward copies of all completed investigation reports and final dispositions to the State on a continuing basis. If requested by the Tribal Gaming Commission, the State shall assist in any investigation initiated by the Tribal Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal ordinances and regulations or applicable laws of the State.

B. State Enforcement of Compact Provisions.

1. **Monitoring.** The State is authorized hereby to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse or authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officers' or monitor's duties shall not be the basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation.
2. **Access to Records.** The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal gaming operation; provided, that any copy thereof and any information derived therefrom, shall be deemed confidential and proprietary financial information of the Tribes to the extent provided under ORS 192.410 to 192.505. Any records or copies removed from the premises shall be returned to the Tribes after use. Only the State employee(s) formally designated by the State, and approved by the Tribes, shall be authorized to access Tribal gaming records pursuant to this subsection. Nothing in this subsection precludes the State or the Tribes from disclosing information subject to the Rules of Civil Procedure or Evidence in connection with litigation, a prosecution or a criminal investigation.
3. **Investigation Reports.** After completion of any inspection or investigation report, the State shall provide a copy of the report to the Tribal Gaming Commission.

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

- A. **Imposition of Assessment for State Law Enforcement and Regulatory Expenditures.** The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating gaming operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to subsection C of Section 7 of this Compact shall be subtracted from the amount of the assessment.
- B. **Procedure for Assessments.** The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.

- C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 16 of this Compact.

SECTION 11. APPLICATION OF REGULATORY STANDARDS.

- A. **Health and Safety Standards.** Tribal ordinances and regulations governing health and safety standards applicable to the Gaming Facility shall be at least as rigorous as standards imposed by the laws and regulations of the State. The Tribes agree to cooperate with any State agency generally responsible for enforcement of such health and safety standards outside the reservation in order to assure compliance with such standards within the Gaming Facility. However, the Tribes shall have the exclusive regulatory jurisdiction over the enforcement of health and safety standards applicable to the Gaming Facility. The Tribes shall use their regulatory jurisdiction to assure that health and safety standards are met.

- B. **Traffic Standards.**

- 1. **Kah-Nee-Ta Site.** The Tribes shall provide and maintain access from the Kah-Nee-Ta site from BIA roads onto the public road known as U.S. Highway 26 that is adequate to meet standards of the Oregon Department of Transportation or shall enter into agreements with the Oregon Department of Transportation for the provision and maintenance of such access by the State, including provisions for compensation by the Tribes for some portion of the costs incurred by the State in constructing such improvements to the public highway, including traffic control signals, as may be necessary. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribes concerning the planning, design and construction of those improvements. If the Tribes dispute the amount of the cost to be paid by the Tribes, the Tribes may initiate the dispute resolution procedure established under Section 6 of this Compact.

- 2. **Permanent Gaming Facility.**

- a. The Tribe shall provide a traffic impact study, prepared by a qualified traffic engineer registered in the State of Oregon. The study shall evaluate the effect of the proposed Gaming Facility, and any related development proposed by the Tribe as part of the same site, on U.S. Highway 26. The traffic impact study shall determine the impacts of the proposed Gaming Facility and related development on the level of service of U.S. Highway 26.
- b. The Tribe shall provide and maintain access from its Gaming Facility onto the highway that is adequate to meet standards of the Oregon Department of Transportation, or shall enter into agreements with the

Oregon Department of Transportation for the provision of such access by the State.

- c. Traffic improvements shall be those necessary to maintain the level of service of U.S. Highway 26 and to provide safe access to and from the Gaming Facility. If the Oregon Department of Transportation determines that highway improvements are necessary, the department shall confer with the Tribe concerning the planning, design and construction of those improvements.
 - d. The Tribe shall pay the reasonable cost of necessary street, road or highway improvements determined to be necessary on the basis of the traffic impact study and Oregon Department of Transportation requirements. If the Tribe disputes the amount of costs to be paid by the Tribe, the Tribe may initiate the dispute resolution procedure established under section 16 of this Compact.
- C. The Tribes shall report to the Oregon Department of Revenue gambling winnings paid to any person subject to Oregon Personal Income Tax on those winnings whenever the Tribes would be required to report those winnings to the Internal Revenue Service. The information shall be reported in the manner required by the Oregon Department of Revenue.

SECTION 12. EFFECTIVE DATE; TERMINATION; AMENDMENTS.

- A. **Effective Date.** This Compact shall become effective upon execution by the State and by the Tribes and appropriate federal approval.
- B. **Termination.** This Compact shall remain in effect until such time as:
- 1. This Compact is terminated by written agreement of both parties;
 - 2. The State amends its Constitution or laws to criminally prohibit within the State conduct of all of the Class III gaming authorized by this Compact, whether for profit or not for profit;
 - 3. A court of competent authority makes a final determination that all of the Class III games authorized by this Compact are criminally prohibited under the law of the State, and the determination has become final and enforceable;
 - 4. The federal government amends or repeals IGRA so that a Compact is no longer required for the Tribes' exercise of Class III gaming; or
 - 5. Either party materially breaches this Compact; but only after the dispute resolution process set forth in Section 16 of this Compact has been exhausted,

and the breach has continued for a period of 60 days after written notice following the conclusion of the dispute resolution process.

C. Automatic Amendment.

1. If a type of Class III game authorized under Section 4 of this Compact is criminally prohibited by an amendment to State statute or Constitution, this Compact shall no longer authorize the Tribes to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect.
2. If a court decides that a Class III game authorized under this Compact is criminally prohibited, this Compact shall no longer authorize the Tribes to engage in that type of Class III game, and any provisions in this Compact authorizing such gaming shall be void and of no effect, but the Tribes shall be required to cease operating that Class III game only if and under the same circumstances and conditions as the State or any other affected person must cease operating the corresponding game under the court's decision.

D. Amendments.

1. Except as provided in subsection C of this section, this Compact shall not be amended for a period of three years after the effective date of this Compact, unless one of the following conditions occur:
 - a. The State becomes a party to another Tribal-State Compact that authorizes a tribe other than the Confederated Tribes of the Warm Springs Indian Reservation to engage in any Class III gaming activity or scope of gaming activity not permitted under the terms of Section 4 of this Compact;
 - b. The State amends State statute or Constitution to expand the type of Class III gaming permitted in the State for any purpose by any person, organization, or entity;
 - c. The State amends any rule or regulation that corresponds specifically to Appendices A, B or C of this Compact, but in such case this Compact shall be subject to amendment only to the extent of the specific rule or regulation.
 - d. The parties to this Compact agree in writing to enter amendment negotiations.
2. Paragraph 1. of this subsection does not require the State to renegotiate those terms of this Compact that apply to the forms of gaming authorized by Section

4 of this Compact, except to the extent that the State voluntarily consents to such renegotiation or as is otherwise provided for in this Compact.

3. Pursuant to paragraph 1 of subsection D above, the State or the Tribes may, by appropriate and lawful means, request negotiations to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new Compact, this Compact shall remain in effect until renegotiated or replaced, unless sooner terminated under subsection B of Section 12. Such request to renegotiate shall be in writing and shall be sent by certified mail to the Governor of the State or the Chairman of the Board of Trustees of the Tribes at the appropriate office identified in Section 14 below. If a request is made by the Tribes, it shall be treated as a request to negotiate pursuant to IGRA. All procedures and remedies available under IGRA shall thereafter apply with the exception that the 180-day period for negotiation set forth at 25 U.S.C. 2710(d) shall be 100 days.

SECTION 13. DISCLAIMERS AND WAIVERS.

- A. **Gaming at Another Location or Facility.** Except as provided in this Compact, the Tribes hereby waive any right it may have under IGRA to negotiate a Compact for Class III gaming at any other location or facility for a period of three years from the effective date of this Compact.
- B. **Status of Class II Gaming.** Nothing in this Compact shall be deemed to affect the operation by the Tribes of any Class II gaming as defined in the Act or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribes.
- C. **Prohibition on Taxation by the State.** Nothing in this Compact shall be deemed to authorize the State to impose any tax, fee, charge or assessment upon the Tribes or any Tribal gaming operation except for charges expressly authorized in accordance with this Compact.
- D. **Preservation of Tribal Self-Government.** Nothing in this Compact shall be deemed to authorize the State to regulate in any manner the government of the Tribes, including the Tribal Gaming Commission, or to interfere in any manner with the Tribes' selection of its governmental officers including members of the Tribal Gaming Commission. No licensing or registration requirement contemplated by this Compact shall be applicable to such officers with respect to their capacity as officers of the Tribes.
- E. This Compact is exclusively for the benefit of and governs only the respective authorities of and the relations between the Tribes and the State. Nothing in this Compact shall be construed as creating or granting rights to any third party, or as establishing any objection or defense for any third party to any charge, offense or prosecution.

SECTION 14. NOTICES.

All notices required or authorized to be served to the Oregon State Police shall be served by first class mail at the following address:

Lieutenant
Oregon State Police
Lottery Security Section
Salem, Oregon 97310

All other notices required or authorized to be served shall be served by first class mail at the following addresses:

Legal Counsel to the Governor
Office of the Governor
254 State Capitol
Salem, Oregon 97310

Secretary/Treasurer, Tribal Council
Confederated Tribes of the
Warm Springs Reservation of Oregon
P.O. Box C
Warm Springs, Oregon 97761

SECTION 15. SEVERABILITY.

In the event that any section or provision of this Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of the Compact and the remaining applications of such section or provision shall continue in full force and effect.

SECTION 16. DISPUTE RESOLUTIONS.

- A. Except as specifically provided in Section 6 of this Compact, at the discretion of either party, in the event either party believes that the other party has failed to comply with any requirement of the Compact, that party may invoke the following dispute resolution procedure in order to foster cooperation and avoid the costs of litigation:
 - 1. The party asserting noncompliance shall serve written notice on the other party in the manner provided in Section 14. The notice shall identify the specific provision of the Compact alleges to have been violated and shall specify the factual basis for the alleged noncompliance. The State and the Tribes shall thereafter meet within thirty (30) days in an effort to resolve the dispute.
 - 2. In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of notice, either party may initiate an action against the other party in the United States District Court for the District of Oregon to interpret or enforce the provisions of this Compact. In the event that the Federal court declines jurisdiction, an action can be filed in a State or

Tribal court of competent jurisdiction to interpret or enforce the provisions of this Compact.

- B.** Nothing in subsection A of this section shall be construed to waive, limit or restrict any remedy that is otherwise available to either party to enforce the provisions of this Compact or limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution.
- C.** With respect to gaming not authorized by this Compact, nothing in this Compact shall be construed to limit the authority of the State or the federal government to take immediate action or enforce and prosecute the gambling laws of the State and the United States pursuant to 18 USC § 1166 (Section 23 of IGRA).

SECTION 17. INTEGRATION.

This Compact is the complete and exclusive expression of the parties' intent.

EXECUTED as of the date and year above-written

STATE OF OREGON

**CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION
OF OREGON**

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____
Date: _____, 1994

**Tribal-State Government-to-Government Compact for
Regulation of Class III Gaming Between the
Confederated Tribes of the Warm Springs Reservation of Oregon
and the State of Oregon**

Appendix A

I. VIDEO LOTTERY GAMES

APPLICATION FOR CERTIFICATION OF A VIDEO LOTTERY TERMINATION

Section 177-100-070

- (1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribes' gaming enterprise.
- (2) The manufacturer shall supply the Tribe and the State with a guideline and time table for accomplishing tasks involved in the acceptance and testing of the video lottery terminals. This includes all system functionality and communication of all information to and from the video lottery terminals, if any.
- (3) The manufacturer must provide a person to work with the Tribe and the State as needed in establishing, planning, and executing acceptance tests. Manufacturer assistance may also be requested in trouble-shooting communication and technical problems that are discovered when video lottery terminals are initially installed.
- (4) The manufacturer must submit terminal illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program source codes and hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information required by the Tribe and the State for purposes of analyzing and testing the video lottery terminal.
- (5) Testing of video lottery terminals will require working models of a video lottery terminal, associated required equipment, documentation described above to be transported to locations the Tribe and the State designate for testing, examination and analysis. The manufacturer shall pay all costs of any testing, examination, analysis and transportation of all video lottery terminals. The testing, examination and analysis of the video lottery terminals may include entire dismantling of the video lottery terminal and some tests that may result in damage or destruction to one or more electronic components of the video lottery terminal. The Tribe or the State may require that the manufacturer provide specialized equipment or the services of an independent technical

expert to test the video lottery terminal.

- (6) All video lottery terminal manufacturers must submit all hardware, software and test equipment necessary for testing of their video lottery terminals.
- (7) Hardware that does not meet the standards of the Compact, its appendices, the Tribe and the State shall not be acceptable.

TRIBAL GAMING INVENTORY DECAL.

Section 177-100-080

- (1) Each video lottery terminal certified for placement in the Gaming Facility shall display a Tribal Gaming Inventory Decal and must conform to the exact specifications of terminal prototypes and certified by the State.
- (2) No persons other than authorized Tribal or State personnel or their agents may affix or remove a Tribal Gaming Inventory Decal. The placement of the Tribal Gaming Inventory Decal represents that the terminal has been certified, inspected and approved for operation in the State. The placement of the Tribal Gaming Inventory Decal on any equipment by the Tribal Gaming Commission represents that the terminal has been certified, inspected and approved for operation in the State and shall constitute documentation that the certification has been and will be kept on file by the Tribe. No persons other than authorized tribal personnel may affix or remove the Tribal Gaming Inventory Decal.
- (3) No terminal may be transported off Tribal land until the Tribal Gaming Inventory Decal has been removed.
- (4) A terminal shall not be moved out of the Gaming Facility without prior notification to the State.

EXTERNAL TERMINAL SPECIFICATIONS.

Section 177-100-095

The terminals must be located in an area that is at all times monitored by the owner, manager, or employee of the manager to prevent access or play of video lottery terminals by persons under the age of 21.

DUTIES OF PRIMARY MANAGEMENT OFFICIAL.

Section 177-100-110

- (1) No Primary Management Official or any employee of the Primary Management Official

shall own or operate any gray machines.

- (2) The Primary Management Official shall not provide any form of financial assistance, or grant credit to enable players to play video lottery games.
- (3) The Primary Management Official shall attend all meetings, seminars, and training sessions required by the Tribe.
- (4) The Primary Management Official shall supervise its employees and their activities to ensure compliance with these rules.
- (5) The Primary Management Official shall assume responsibility for the proper and timely payment to players of video lottery game prizes.

DUTIES OF MANUFACTURERS.

Section 177-100-130

Manufacturers, their representatives and agents shall have the following duties and constraints:

- (1) Promptly report to the Tribe any violation or any facts or circumstances that may result in a violation of these rules.
- (2) Provide immediate access to all records and the entire physical premises of the business for inspection at the request of the Tribe, the State or their auditors.
- (3) Provide the Tribe or State with keys to the logic area of each approved video lottery terminal model upon request.

TRANSPORTATION OF VIDEO LOTTERY TERMINALS WITHIN, INTO OR THROUGH THE STATE.

Section 177-100-160

- (1) No person shall ship or transport video lottery terminals within or into the State, without first obtaining a written authorization or notification of approval from the State. Transporting or shipping within the State means the starting point and termination point of a trip are both within the boundaries of the State. Transportation or shipping into the State means the starting point is outside the State and terminates in the State.
- (2) No person shall ship or transport video lottery terminals through the State without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the State.

- (3) The written authorization required under Subsections (1) and (2) of this rule shall include:
 - (a) The serial number of each terminal being transported;
 - (b) The full name and address of the person or establishment from which the terminals are obtained;
 - (c) The full name and address of the person or venue to whom the machines are being sent or transported; and
 - (d) The dates of shipment or transport within, into or through the State.
- (4) The written authorization shall accompany, at all times, the terminal or terminals in transport.

II. GENERAL VIDEO LOTTERY GAME RULES

AUTHORIZED VIDEO LOTTERY GAMES.

Section 177-200-000

- (1) Video lottery terminals may offer any video lottery game that satisfies the elements of prize, chance and consideration as described in Op. Atty. Gen. No. 6336, September 25, 1989.
- (2) A video lottery terminal may offer one or more of the authorized video games.

GAME REQUIREMENTS.

Section 177-200-010

- (1) Each game must display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of tickets wagered.
- (2) Each game must provide a method for players to view payout tables.

TICKET PRICE.

Section 177-200-015

Except as limited by the terms of the Compact, the price of a ticket for all video lottery games shall be determined by the Tribe.

PAYMENT OF PRIZES.

Section 177-200-020

No payment for prizes awarded on a terminal may be made unless the cash slip meets the following requirements:

- (1) It is fully legible and meets all the Tribe's security requirements.
- (2) It must not be mutilated, altered, unreadable or tampered with in any manner.
- (3) It must not be counterfeit in whole or in part.
- (4) It has been presented by a person authorized to play under these rules.

METHOD PAYMENT.

Section 177-200-030

The Primary Management Official shall designate employees authorized to redeem cash slips during the Tribe's business hours of operation. Prizes shall be immediately paid in cash or by check when a player presents a cash slip for payment meeting the requirements of these rules. No prizes may be paid in tokens or chips.

REQUIREMENTS FOR RANDOMNESS TESTING.

Section 177-200-050

Each video lottery terminal must have a random number generator that will determine the occurrence of a specific card or a specific number to be displayed on the video screen. A selection process will be considered random if it meets the following requirements:

- (1) Each card position, symbol position or, in the case of Keno, each number position satisfies the 99 percent confidence limit using the standard "Chi-squared analysis." "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result. "Card position" means the first card dealt, second card dealt, in sequential order. "Number position" means first number drawn, second number drawn in sequential order, up to the 20th number drawn.
- (2) Each card position, symbol position or number position does not produce a significant statistic with regard to producing patterns of occurrences. Each card or number position will be considered random if it meets the 99 percent confidence level with regard to the "run test" or any similar pattern testing statistic. The "run test" is a mathematical statistic that determines the existence

of recurring patterns within a set of data.

- (3) Each card position, symbol position or number position is independently chosen without regard to any other card or number drawn within that game play. The test is the "correlation test." Each pair of card or number positions is considered random if they meet the 99 percent confidence level using standard correlation analysis.
- (4) Each card position, symbol position or number position is independently chosen without reference to the same card or number position in the previous game. This test is the "serial correlation test." Each card or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.
- (5) The random number generator and selection process must be impervious to influences from outside devices including, but not limited to, electro-magnetic interferences, electrostatic discharge and radio frequency interfaces.

**Tribal-State Government-to-Government Compact for
Regulation of Class III Gaming Between the
Confederated Tribes of the Warm Springs Reservation of Oregon
and the State of Oregon**

Appendix B

KENO DESCRIPTION

DEFINITIONS

Section 177-99-000

For the purposes of Keno, the following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Oregon State Lottery Commission.

- (1) "Exchange ticket" means the ticket used to replace a consecutive game ticket that is validated before the last game on the ticket.
- (2) "Game" means the opportunity provided to a player to win a prize.
- (3) "Game slip" means the form used to indicate a player's selection.
- (4) "Spot" means the amount of numbers a player may play per game.
- (5) "Winning numbers" means the twenty (20) numbers from one (1) to eighty (80) which are randomly selected for each game.
- (6) "Keno runner" means an individual who picks up and delivers the Keno tickets that are written by customers in the gaming facility.
- (7) "Keno writer" means an individual stationed at the Keno counter who processes received tickets from either the customer or Keno runner.

GAME DESCRIPTION

Section 177-99-010

A Keno ticket has the numbers 1 through 80 on it. For each game a player may select from 1 to 20 numbers or spots. Twenty numbers are selected or drawn randomly. Prizes are awarded based on the total amount of winning numbers matched by a player for the number of spots played for that game.

PLAY RULES

Section 177-99-020

- (1) To play, a player must use a game slip.
- (2) The player must mark the amount of spots to be played. A player can pick from one (1) to twenty (20) spots per game slip. A player must also play a "way ticket." A way ticket is the equivalent of playing multiple Keno tickets, but marking only one ticket.
- (3) The player must mark the number of dollars to be wagered per game and/or per way.
- (4) The player may then select the spots to be played by one or two methods. The player may mark the player's own selections on the game slip; if this method is used, the number of spots marked on the game slip must equal the number of spots that were selected to play. The other method of play is to select "Quick Pick," the number of spots randomly generated by the computer will match the number of spots indicated by the player.
- (5) The player shall indicate the number of consecutive games to be played; 1, 2, 3, 4, 5, 10, 20, 50 or 100.
- (6) The player shall present the completed game slip and the amount wagered either to a Keno runner or directly to the Keno counter for processing by the Keno writer. The cost of the ticket is equal to the amount wagered times the number of ways you are playing the ticket times the number of consecutive games indicated by the player. For example, if \$2 per game is wagered on a regular (one-way) ticket for 5 consecutive games, the total cost is \$10. If the same ticket is played "3 ways," the cost is \$30.
- (7) Minimum and maximum wagers will be set by the Tribal Gaming Commission.

CANCELLATION OF TICKETS

Section 177-99-030

A game ticket may be cancelled or voided provided it is cancelled from the system prior to the start of the game.

DETERMINATION OF WINNERS

Section 177-99-040

- (1) Keno tickets will be sold only during the hours of operation of the gaming facility. The selection of winning numbers shall take place at established intervals.
- (2) Winning number combinations shall be generated at the established intervals through the use of a computer-driven random number generator or conventional Keno blower mechanism. The number generating device shall meet the requirements of the Tribal-State Government-to-Government Compact pertaining to contracts with manufacturers and suppliers, security, terminal specifications, equipment testing, procurement, duties of manufacturer and requirements for randomness testing.
- (3) The Tribal Gaming Commission shall establish the procedures for the operation and security of the numbers generation equipment.

PRIZE STRUCTURE

Section 177-99-050

- (1) Published payoff schedule shall be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.
- (2) A player is eligible to receive only the highest prize per game played on a ticket.

TICKET VALIDATION REQUIREMENTS

Section 177-99-060

- (1) After the numbers are drawn, the manager will review all inside (house copy) tickets and pull all winning tickets.
- (2) A master ticket to verify winners will be produced. The master ticket will have the winning numbers hole punched. This facilitates the verification of the customer's tickets.

**Tribal-State Government-to-Government Compact for
Regulation of Class III Gaming Between the
Confederated Tribes of the Warm Springs Reservation of Oregon
and the State of Oregon**

Appendix C

I. PARI-MUTUEL RULES - IN GENERAL

OPERATION OF PARI-MUTUEL DEPARTMENT

Section 462-50-040

The Tribal Gaming Commission shall require a Primary Management Official to maintain separate oversight of par-mutuel activities within the Gaming Facility.

PROHIBITIONS AGAINST WAGERS BY MINORS AND EMPLOYEES

Section 462-50-140

- (1) No person under the age of 18 years shall be allowed to place or collect a wager at the off-track wagering facility.
- (2) No employee of the off-track wagering facility shall be allowed to place or collect a wager at the off-track wagering facility while on duty.

UNCLAIMED WINNINGS

Section 462-50-210

- (1) The Tribal Gaming Commission shall require the pari-mutuel wagering facility to maintain, or provide for, an unclaimed winnings account for each race meet in which wagers are accepted.
- (2) The Commission shall require that any person claiming to be entitled to any part of the winnings from a mutuel wagering system operated by the Tribes who fails to claim the money due the person prior to completion of the race meet for which a mutuel ticket was purchased, may file a claim for payment of winnings within 90 days after the close of the race meet. After 90 days from the close of a race meet, all tickets may be deemed void.
- (3) After 120 days after the close of a race meet, unclaimed winnings in the account may revert to the Tribes.

RECORDS

Section 462-50-240

The Tribal Gaming Commission shall assure that sufficient records of wagering are maintained by the pari-mutuel wagering facility to allow review of the opening line, odds fluctuations and the amount of wagers at each window or station.

PARI-MUTUEL TICKETS

Section 462-50-250

- (1) A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool in which the Tribes are participating, and is evidence of the obligation of the operator of the pool to pay to the holder thereof such portion of the distributable amount of the pari-mutuel pool as is represented by such valid pari-mutuel ticket. The Tribes shall cash all valid winning tickets when such are presented for payment during the course of the race meeting for which the tickets are sold, and for 90 days after the last day of the race meeting.
- (2) To be deemed a valid pari-mutuel ticket, such ticket shall have been issued by a pari-mutuel ticket machine operated by the Tribes and recorded as a ticket entitled to a share of the pari-mutuel pool, and contain imprinted information as to:
 - (a) The name of the Tribes and of the association operating the race meeting;
 - (b) A unique identifying number of code;
 - (c) Identification of the terminal at which the ticket was issued;
 - (d) A designation of the performance for which the wagering transaction was issued;
 - (e) The contest number for which the pool is conducted;
 - (f) The type or types of wagers represented;
 - (g) The number of numbers representing the betting interests for which the wager is recorded;
 - (h) The amount or amounts of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.
- (3) The Tribes may withhold payment and refuse to cash any pari-mutuel ticket

deemed not valid. A ticket is not valid if it has been recorded or reported as previously paid, cancelled or non-existent.

PARI-MUTUEL TICKET SALES

Section 462-50-260

- (1) Pari-mutuel tickets shall not be sold by anyone other than the Tribes or a licensed employee of the Tribes.
- (2) No pari-mutuel ticket may be sold on a contest for which wagering has already been closed and the Tribes shall not be responsible for ticket sales entered into but not completed by issuance of a ticket before wagering is closed on that contest.
- (3) Claims relating to a mistake on an issued or unissued ticket must be made by the bettor before leaving the seller's window. Once a bettor has left the window all bets are final, except as provided by rule of the Tribal Gaming Commission.
- (4) Payment on winning pari-mutuel wagers shall be made on the basis of the order of finish as posted and declared "official." Any subsequent change in the order of finish or award of purse money as may result from a subsequent ruling by race stewards or the regulatory body governing the race meet shall in no way affect the pari-mutuel payoff.
- (5) The Tribes are not required to satisfy claims on lost, mutilated or altered pari-mutuel tickets, except as provided in rules of the Tribal Gaming Commission.
- (6) The Tribes are not obliged to enter a wager into a betting pool if unable to do so due to an equipment failure.

CLAIMS FOR PAYMENT FROM PARI-MUTUEL POOL

Section 462-50-280

- (1) At a designated location, a written, verified claim for payment from a pari-mutuel pool shall be accepted by the Tribes in any case in which the Tribes have withheld payment or have refused to cash a pari-mutuel wager. The claim shall be made in the manner and on such form as prescribed by the Tribal Gaming Commission.
- (2) In the case of a claim made for payment of a mutilated pari-mutuel ticket that does not contain the total imprinted elements required in Section 462-50-250, the manager of the pari-mutuel department shall make a recommendation to

accompany the claim to the Tribal Gaming Commission as to whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket.

- (3) In the case of a claim made for payment for a pari-mutuel wager, the Commission shall adjudicate the claim and order payment, deny the claim or make such other order as it may deem proper.

PAYMENT FOR ERRORS

Section 462-50-290

If an error occurs in the payment amounts for pari-mutuel wager that are cashed or entitled to be cashed; and, as a result of the error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following shall apply, unless otherwise provided in the rules governing any interstate pari-mutuel pool in which the Tribes participate.

- (1) The Tribes shall verify that the amount of the commission, the amount of breakage and the amount of payoffs is equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payoff, the underpayment shall revert to the Tribes.
- (2) If the error results in an overpayment to winning wagers, the Tribes shall be responsible for such payment.

COMPLAINTS CONCERNING PARI-MUTUEL OPERATIONS

Section 462-50-350

- (1) When a patron makes a complaint concerning the pari-mutuel department to the Tribes or the Primary Management Official, a complaint report shall be prepared. The report shall contain the following information:
 - (a) The name of the complaint;
 - (b) The nature of the complaint;
 - (c) The name of the person(s), if any, against whom the complaint was made;
 - (d) The date of the complaint;
 - (e) The action taken or proposed to be taken, if any, by the Tribes or Primary Management Official.

- (2) The complaint report shall be submitted to the Tribal Gaming Commission as required by the Commission.

II. OFF-TRACK PARIMUTUEL WAGERING

DEFINITIONS

Section 462-50-400

The following definitions shall apply to these rules unless the text otherwise requires.

- (1) "Authorized User" means a person authorized by the Tribes to receive, to decode and to use for legal purposes the encrypted simulcast signal of racing events.
- (2) "Combined Pari-Mutuel Pools," or "Combined Pools" means the pari-mutuel wagers at one or more off-track wagering facilities being contributed into the pari-mutuel pools of a host association.
- (3) "Commission" means the Tribal Gaming Commission.
- (4) "Host," "Host Association," or "Host Track" means the race track conducting a licensed race meet that is being simulcast.
- (5) "Intrastate Wagering" means pari-mutuel wagering at an off-track wagering facility on Oregon racing events being run at an Oregon host association.
- (6) "Off-Track Wagering" means pari-mutuel wagering conducted on a race at a location other than the race course where the race is actually held.
- (7) "Off-Track Wagering Facility," "Intrastate Wagering Facility" or "Extended Wagering Facility" means physical premises, utilized for the conduct of pari-mutuel wagering on racing events being run elsewhere.
- (8) "Simulcast" or "simulcasting" means live audiovisual electronic signals emanating from a race meeting and transmitted simultaneously with the running of the racing events at that meeting, and includes the transmission of pari-mutuel wagering odds; amounts wagered and payoff on such events, and other racing programming relating to the race animals or participants.

OFF-TRACK WAGERING RULES

Section 462-50-420

No person, partnership, corporation or other entity shall be allowed to operate an off-track wagering facility under this Compact except according to the rules of the Tribal Gaming Commission. No change in the plan of operation of an off-track wagering facility may occur until the change to the plan is approved by the Commission.

APPROVAL OF OFF-TRACK WAGERING FACILITIES

Section 462-50-430

The Commission's rules shall require an off-track wagering facility to:

- (1) Provide security measures adequate to assure personal safety of patrons and employees, safeguard transmission of simulcast signals, secure money used for pari-mutuel wagering activity and to control the transmission of wagering data to effectuate common wagering pools.
- (2) Use data processing, communication and transmission equipment that will at all times assure accurate and secure transmission of wagers, take outs and surcharges; program information, weight changes, over weights, tip sheets, scratches and all other information that is usually made available to patrons at a race track.
- (3) Use adequate transmitting and receiving equipment of acceptable broadcast quality.
- (4) Assure that all equipment is in proper working order, and that sufficient back up equipment is available to prevent foreseeable interruption in operations due to breakdowns or malfunctions of data, transmission or communications equipment.
- (5) Use a system of accounts that will maintain a separate record of pari-mutuel revenues collected by the simulcast facility, the distribution of those revenues (take out, breakage and return to the public) and account for costs of the simulcast operation.
- (6) Provide, or obtain access to, the necessary totalizator equipment to conduct simulcast wagering, and assure that the integrity of the tote system used by the off-track wagering facility is maintained.
- (7) Ensure correct payment of the distributable amounts of parimutuel pools held by the Tribes pursuant to the rules applicable to the combined pools in which the off-track wagering facility is participating, and rules of the Commission.
- (8) Ensure that patrons of the off-track wagering facility receive accurate information as to the rules for wagering and distribution of winnings that apply

to each race.

- (9) Ensure that personnel employed in the off-track wagering facility are sufficiently trained in the areas of money handling, operation of tote and ticket generating equipment and communications equipment.
- (10) Provide for continuous viewing and continuous transmission of odds for the race meets on which wagers will be accepted by the off-track wagering facility.

FINANCIAL RECORDS

Section 462-50-440

The Commission shall provide for the audit of the pari-mutuel operations at an off-track wagering facility. The audit shall enable review of the financial records related to each separate betting pool in which patrons of the facility participate.

GENERAL OPERATIONS

Section 462-50-460

The Commission shall provide for sufficient communications capability with the disseminator of a simulcast signal to assure accurate transmission and receipt of wagering and odds information. The Commission shall provide for immediate, uninterrupted communication by voice and by other data transmission media in order to be able to respond in a timely way to any operational problem with equipment or any problem related to the conduct of a race meet that would affect wagering at the off-track facility.

UNUSUAL SITUATIONS IN OFF-TRACK WAGERING

Section 462-50-480

The Commission shall establish procedures for responding to loss of audio or video signal at the off-track wagering facility. In the case of loss of signal, the Commission's rules shall assure that unless an alternative means of displaying odds is provided, wagering shall cease until signal can be re-established.

INTERSTATE COMMON POOL WAGERS

Section 462-50-490

- (1) Pursuant to the Interstate Horseracing Act of 1978 (15 USC § 3001 to 3007), the Tribal Gaming Commission shall obtain consent from the Oregon Racing Commission in order to participate in interstate common pools.

- (2) The Tribal Gaming Commission shall require any wagers in interstate common pools to be accounted for separately other than for purposes of computing odds and calculating payoffs and breakage.

GUEST STATE PARTICIPATION IN INTERSTATE COMMON POOLS

Section 462-50-500

The Tribal Gaming commission shall provide rules for the combination of pari-mutuel wagering pools with corresponding pools in multiple jurisdictions. Those rules shall govern the adjustment of takeout rates and merging of bets placed in an interstate common pool.

**Tribal-State Government-to-Government Compact
for Regulation of Class III Gaming between the
Confederated Tribes of the Warm Springs Reservation of Oregon
and the State of Oregon**

EXHIBIT 1

DESCRIPTION OF GAMING LOCATION

The Kah-Nee-Ta Facility is an addition to the existing Kah-Nee-Ta Lodge building. The combined Facility and Lodge will consist of at least 70,838 square feet, including the following major areas: Entry and public areas of approximately 10,687 square feet; Class II and Class III gaming areas of approximately 8,518 square feet; Kitchen and Food Service of approximately 24,853 square feet; Meeting Rooms of approximately 6,400 square feet; Building Services of approximately 12,896 square feet; and Administrative Area of approximately 9,426 square feet. The Gaming Facility will be as illustrated in this Exhibit, or an alternate design similar in all material respects.

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE KLAMATH TRIBES AND
THE STATE OF OREGON**

AMENDMENT I

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact.

WHEREAS, the Class III Gaming Compact between the Klamath Tribes and the State of Oregon provides that the operation of the compact is dependent upon the Secretary of the Interior taking certain land into trust for the Tribes by December 31, 1995; and

WHEREAS the Tribes have made all reasonable efforts to have the land taken into trust; and

WHEREAS the land has not been taken into trust for reasons beyond the control of the Tribes; and

WHEREAS the Tribes have requested an extension of the deadline for taking the land into trust; and

AND WHEREAS, the State agrees that the circumstances justify this Amendment;

NOW THEREFORE, the Tribe and the State hereby approve the following amendments to the Compact:

I. Section 13.F is amended to read:

F. Location Eligible for Class III Gaming. The State has negotiated and executed this Compact pursuant to the process established under 25 USC § 2710(d)(3), with knowledge that the Gaming Location identified in Exhibit II is not currently held in trust by the United

States for the benefit of the Klamath Tribes. This compact is effective only at the time the United States takes the land described in Exhibit II to this Compact into trust for the Tribes. Operation of this Compact is dependent upon the described land being taken into trust as a result of the Bureau of Indian Affairs fee-to-trust process. Operation of this Compact is further dependent upon the described land being taken into trust no later than December 31, [~~1995~~] **1996**. Operation of this Compact is further dependent upon a determination by the Secretary of the Interior, in connection with review and approval of this Compact, that the Gaming Location is eligible to be used by the Tribes for the purpose of gaming as described in 25 USC § 2719. If at any time it is determined by the Secretary or other competent authority that the Gaming Location is not eligible to be used by the Tribes for the purpose of gaming as described in 25 USC § 2719, this Compact shall no longer authorize gaming at that location.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

John Kitzhaber, Governor

Jeff Mitchell, Chairman

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

February 9, 1996

William J. Soltman
Governance Coordinator
The Klamath Tribes
P.O. Box 436
Chiloquin, OR 97624

Re: Amendment to Compact

Dear Bill:

Enclosed is a draft Amendment I, that extends the time for taking land into trust by 12 months. Please review and let me know whether it needs any changes.

Sincerely,

ELIZABETH S. HARCHENKO
Special Counsel to the Attorney General

Enclosure

ESH:krq/JAA01BDD

c: Chip Lazenby
Greg Willeford

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN
THE CONFEDERATED TRIBES OF SILETZ INDIANS OF OREGON
AND THE STATE OF OREGON**

AMENDMENT I

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of Siletz Indians of Oregon (Tribes) and the State of Oregon (the State) executed on September 14, 1999, and approved by the Secretary of the Interior on October 29, 1999. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original Compact.

WHEREAS, the Tribes desire to purchase additional video lottery terminals as provided in that Compact, but the definition in that Compact has caused some confusion with respect to the manufacture of one kind of Video Lottery Terminal the Tribes desire to purchase; and

WHEREAS, the parties desire to clarify that definition, in accordance with the intent of the parties;

NOW THEREFORE, the Tribes and the State hereby approve the following amendment to the Compact:

The parties agree to clarify the definition of "Video Lottery Terminal" (Section 3Z) as follows:

Z. "Video Lottery Terminal" or "Terminal" means any electronic or other device, contrivance or machine where the game outcome decision-making portion of the overall assembly is microprocessor controlled wherein the ticket or game outcome is displayed on a video display screen, electronically controlled physical reels, or other electronic or electro-mechanical display mechanism and that is available for consumer play by one player at a time at the device upon payment of any consideration, with winners determined by the application of the element of

chance and the amount won determined by the possible prizes displayed on the device and which awards game credits. Such device shall also display both win amounts and current credits available for play to the player.

EXECUTED as of the date and year below

STATE OF OREGON:

CONFEDERATED TRIBES OF SILETZ
INDIANS OF OREGON:

/s/ John A. Kitzhaber

/s/ Delores Pigsley

John A. Kitzhaber, M.D., Governor

Delores Pigsley, Chairman

15 November 2000

6 November 2000

DATE

DATE

APPROVED FOR LEGAL SUFFICIENCY:

/s/ Stephanie L. Striffler

17 November 2000

Stephanie L. Striffler
Special Counsel to the Attorney General

DATE

APPROVED BY THE ASSISTANT SECRETARY OF INDIAN AFFAIRS:

/s/ Kevin Gover

By: _____

27 November 2000

Date: _____, 2000

[Effective: December 6, 2000; 65 Fed Reg 76278]

**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF
THE WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON**

AMENDMENT I

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact.

WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the tribal gaming operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations related to licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribes rests on mutual trust and the recognition that each has a primary duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribes wishes to amend the Compact to provide for regulation of house banked blackjack at the gaming facility;

AND WHEREAS, the State agrees that the circumstances justify this Amendment;

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Section 7.B.6. is amended by adding a new subparagraph j, as follows:

- j. Notwithstanding subparagraphs a, b, or c of this paragraph, if a Class III Gaming Contract application is required to be denied under subparagraphs a, b, or c of this paragraph, because a person previously associated with the applicant or an employee of the applicant has been convicted of a crime, the Tribes may enter into a contract with the applicant if the applicant has severed its relationship with that person or employee. Before the Tribes may enter into a contract under this subparagraph, the State and the Tribes must agree that the relationship between the applicant and the person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the person or the employee has no continuing connection with the direction or control of any aspect of the business of the applicant, and the person or employee is no longer employed by the applicant in any capacity. The burden of showing to the satisfaction of the Tribes and the State that a relationship has been severed is on the applicant.

II. Section 7.A.8. (Temporary Licensing of Employees.) is amended to read:

- a. The Tribes may issue a temporary license to High Security Employees [30] **seven** days after submission of the application to the Oregon State Police. The Temporary license shall expire and become void upon completion of the background check and award or denial of a permanent license.
- b. The Tribes may employ Low Security Employees on probation **upon** submission of the application to the state police. Any Low Security Employee shall be subject to immediate termination during probation if the Tribes determines that the employee does not meet the criteria established in sub-subparagraphs (1) through (5) of subparagraph 7.B.5. below.

III. Appendix A. I. is amended to read:

Section 177-100-070

(1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. [~~Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribes' gaming enterprise.~~]

IV. Section 4 is amended to add a new Subsection H and Appendix D, as follows:

H. Additional Authorized Game at Gaming Facility.

1. In addition to the games identified in Subsection B of this Section, and subject to the conditions prescribed in this subsection, the Tribes may engage in house banked blackjack as described in Appendix D, at the gaming facility.
2. Before house banked blackjack is conducted at the gaming facility the Tribal Gaming Commission shall:
 - a. Develop rules and procedures for a system of internal controls that meets the minimum standards established in Appendix D.
 - b. Provide appropriate training for all dealers, supervisors and surveillance personnel involved in house banked blackjack, and for all Tribal Gaming Inspectors, according to the minimum training standards established in Appendix D.
 - c. Ensure that there is established a security and surveillance plan that meets the minimum standards established in Appendix D.
 - d. Adopt rules of operation for house banked blackjack that meet the minimum standards established in Appendix D, including rules of play, standards for equipment.
 - e. Adopt a dispute resolution procedure that provides for investigation and review of any player complaint.
3. The Tribes shall establish an initial wager limit of \$50 per hand, except that the Tribes may offer a maximum wager limit of \$75 per hand on one table. After a period of two months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribes may change the initial wager limit from \$75 to \$100 for one table. After any period of six months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribes may request a change in the initial wager limit. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection. The amount of

any increase in the wager limit must be agreed to by both the State and the Tribes.

4. The Tribes may operate a maximum of eight tables of house banked blackjack at the gaming facility during the term of this agreement. The Tribes also agrees that during the term of this amendment the Tribes will not operate more than 340 video lottery terminals at the gaming facility, except that the Tribes may increase the number of video lottery terminals by decreasing the number of blackjack tables on the gaming floor and vice versa. An increase of eight video lottery terminals is permitted for each decrease of one blackjack table.
5. The Tribes agrees to cooperate with State law enforcement on the investigation and prosecution of any gambling crime committed at the gaming facility. The Tribes and the State agree to cooperate in establishing a state-wide system to identify and monitor persons excluded from the gaming facility or from any other tribal gaming facility in this State.
6. The Tribes and the State agree to the Memorandum of Understanding set forth in Exhibit I to this Amendment.
7. Except as specifically provided in this amendment, this amendment does not operate to modify Subsection B of Section 4 of the Compact in any other way.
8. The Tribes and the State agree that the gaming area of the Kah-Nee-Ta Facility has been expanded and that the limit on the number of video lottery terminals set forth in Section 4.D.1. of the Compact shall be increased to no more than 403, for the purposes of this amendment only.

VI. Paragraph IV of this amendment expires on June 30, 1996. Unless an extension of paragraph IV of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of paragraph IV of this amendment, the Tribes agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION
OF OREGON

John Kitzhaber, Governor

Bruce Brunoe, Sr., Chairman
Warm springs Tribal Council

Date:_____

Date:_____

APPROVED BY THE SECRETARY OF THE INTERIOR

By:_____

Date:_____

**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF
THE WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON**

**APPENDIX D
HOUSE BANKED BLACKJACK**

I. DEFINITIONS

As used in this Amendment and Appendix the following definitions shall apply:

Blackjack. "Blackjack" is a card game in which the object of the game is to accumulate cards with a total count nearer to 21 than that of the dealer.

Industry Standard. "Industry standard" refers to standards accepted or approved by the Nevada Gaming Control Board and the Nevada Gaming Commission. If the Nevada Gaming Control Board and Nevada Gaming Commission have no accepted or approved standard, "industry standard" refers to the commonly used practice in the gaming industry in the State of Nevada.

II. ADOPTION OF RULES FOR HOUSE BANKED BLACKJACK

A. The Tribal Gaming Commission shall adopt rules to govern the conduct of house banked blackjack at the gaming facility. Current copies of the game rules in effect shall be provided to the State. The rules shall include:

1. Procedures of play
2. Minimum and maximum permissible wagers
3. Payout on each form of wager
4. Procedures to be followed on occurrence of irregularities in play
5. Prohibitions on side betting between and against player and against the house
6. Hours of operation

Summaries of the rules for the method of play and payouts on winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station.

B. The Tribal Gaming Commission shall also adopt specifications (may be provided by the equipment manufacturer or supplier) applicable to gaming equipment for:

1. Physical characteristics of chips; and
2. Physical characteristics of the following:
 - a. Cards (including procedures for receipt and storage)
 - b. Blackjack tables
 - c. Blackjack layouts
 - d. Dealing shoes (including procedures for receipt and storage)
 - e. Such other equipment as may be required for use in the game.

C. The Tribal Gaming Commission shall establish and provide to the State for review the rules and procedures for use of drop boxes at each gaming station to include: security, transportation to and from gaming stations, storage, counting and recording contents.

D. The Tribal Gaming Commission shall establish and provide to the State the duties, responsibilities and operating procedures for supervisors, pit bosses, floor managers, security and surveillance personnel.

III. INTERNAL CONTROLS

The Tribal Gaming Commission shall develop rules, policies, procedures and regulations for house banked blackjack, consistent with industry standards, that include provisions for the following:

1. Dealer Qualifications and Training Procedures
2. Shuffling, Cutting and Dealing Procedures
3. Specific Game Procedures & Rules
4. House Bank Rules (stake/chair or table rental if any)
5. Bet/Wager Limit By Table or Game
6. Card Inventory, Security, and Storage
7. Replacing Decks
8. Destruction of Used Decks
9. Qualifications and Training for Floor Supervisors and Pit Bosses
10. Chips
 - a. Denominations
 - b. Storage and Security
 - c. Table Inventory
 - d. Replacement Procedures (changing chip design)
 - e. Payment Procedures for Replaced Chips

11. Accepting Tips by Dealers
12. Federal and State Tax Reporting
13. Distributing gaming chips to gaming stations
14. Procedures for opening and closing gaming stations
15. Procedures for removing chips and coins from gaming stations
16. Table Identification

IV. TRAINING

A. The Tribal Gaming Commission shall require each blackjack supervisor, each pit boss, each blackjack dealer and all surveillance personnel to be trained either by a training school, academy or college recognized under industry standards or through an in-house training program such that the supervisor, pit boss, dealer or surveillance employee has the knowledge and skills required under industry standards for the job function that employee performs.

B. If blackjack dealers are trained through an in-house training program, the Tribes and State must agree that the training program meets the following minimum standards:

1. A minimum of 96 hours of instruction.
2. The instruction shall consist of a combination of lecture and laboratory.
3. The instruction shall be provided by an instructor licensed by the Tribal Gaming Commission.
4. The curriculum must be designed to provide students with the knowledge and skills necessary to satisfy entry level requirements common in the industry.

C. Each blackjack supervisor, pit boss and surveillance officer, shall receive training sufficient to meet industry standards in the areas of game protection, player money management and betting, card counting, and detection of other cheating methods.

D. The Tribal Gaming Commission may license blackjack trainers. At a minimum those licensees shall demonstrate sufficient skills, and meet minimum requirements that are consistent with industry standards, in the area of house banked blackjack. The Gaming Commission shall impose appropriate requirements for trainer licensing, such as graduation from a training school, academy or college recognized by the industry as having expertise in the areas of casino management and house banked blackjack, or an acceptable substitute of actual experience and references and a demonstrated ability to teach blackjack dealing skills and/or blackjack theory and games protection.

E. Training standards and programs shall be submitted to the State for review and comment. If the State determines that the Tribes' training standards or programs do not meet industry standards, or that the standards are not met in dealer or supervisor training, dispute resolution may be initiated.

V. SURVEILLANCE SYSTEMS

A. SURVEILLANCE SYSTEMS (GENERAL)

1. The purposes of a gaming facility surveillance system is to safeguard assets, to deter, detect and prosecute criminal acts, and to maintain public confidence and trust that Tribal gaming is conducted honestly and free of criminal elements and activity.
2. The Tribal Gaming Commission shall develop a surveillance system plan, and install, maintain and operate the gaming facility surveillance system in accordance with the standards set forth in this Appendix. The surveillance system plan shall be approved by the Tribal Gaming Commission if it satisfies the minimum standards.
3. The Tribal Gaming Commission shall submit the surveillance system plan to the State for review within 30 days after the date of execution of this amendment.
4. The plan shall include a description of all equipment utilized in the surveillance system; a blueprint or diagram that shows all of the areas to be monitored and the placement of surveillance equipment in relation to the activities being observed; a description of the procedures utilized in the operation of the gaming facility surveillance system; a description of the qualifications, training, and procedures of surveillance personnel; organizational reporting structure for surveillance personnel; and any other information required by the standards set forth in this Appendix.
5. The State shall review the proposed surveillance system plan submitted by the Tribes and advise the Tribal Gaming Commission and the Primary Management Official whether the minimum standards are satisfied. The State shall review the installation of the surveillance system when a review and inspection is performed. The State shall advise the Tribal Gaming Commission and the Primary Management Official whether the surveillance system has been installed, maintained, and operated according to the minimum standards. The Tribes agrees that the surveillance system will be altered as necessary to meet the minimum standards. If the Tribes currently has a surveillance system in place, the surveillance plan may use a combination of current equipment and new to meet the standards, if there is no compromise of picture and recording quality.

6. In addition to the access granted under section 9.B.1. of the Compact, the State may review the operation of the surveillance system at least twice each year during an announced compliance audit. The State shall have access at any time to all surveillance records, tapes, reports and monitoring rooms at any time for the purpose of monitoring compliance with minimum standards and to confirm gaming integrity or security.

7. At the completion of any random or scheduled inspection the State will report its findings concerning the surveillance system to the Tribal Gaming Commission and the Primary Management Official. The Tribes and the State agree that the results of the inspection are for the internal use of the Tribes and the State and, to the extent allowed under Oregon law, shall not be disclosed to anyone other than the Tribal Gaming Commission and the Primary Management Official unless such disclosure is necessary for resolution of a dispute pursuant to the procedures in Section 16 of the Compact, or to provide evidence for a criminal prosecution.

8. The Tribes shall separate management of the functions of security and surveillance within the gaming facility.

9. The State shall perform a background investigation on all personnel employed as surveillance personnel, as provided in section 7 of the compact.

B. SURVEILLANCE SYSTEMS MINIMUM STANDARDS

1. SURVEILLANCE SYSTEM EQUIPMENT

- a. The surveillance system equipment must be able to identify each player, the dealer, and be of sufficient resolution and clarity to read individual cards and money denomination.
- b. The surveillance system shall be a combination of fixed cameras and pan-tilt-zoom (PTZ).
- c. The cameras and monitors may be either black and white, color or a combination of both. (The State recommends, but does not require, a combination of black/white and color.)
- d. The primary surveillance room and monitors must have override capabilities.

- e. Gaming Facility management shall establish communications systems on the gaming floor that are capable of immediately alerting surveillance personnel.
 - f. Telephones on the gaming floor shall have the capability of a direct line or extension to the surveillance personnel.
 - g. Surveillance personnel in the surveillance room shall have radio communication with security personnel if security officers have radio communication with each other.
 - h. Surveillance equipment shall include a means of alerting surveillance personnel of money transfers prior to the transfer taking place and a means to advise surveillance personnel of the locations, table number, time, date, and amount of transfers, and to whom the transfers will be made.
 - i. All monitors being recorded must display time and date on screen
 - j. All fixed cameras will be continuously taped/all PTZ cameras will have the capability for taping of what is being monitored.
2. SURVEILLANCE SYSTEM EQUIPMENT LOCATIONS. At a minimum, surveillance cameras must provide:
- a. Main cashier
 - (1) Overview of cage working area
 - (2) Ability to identify patrons and employees
 - (3) PTZ or fixed camera allowing identification of cash transactions at each cash drawer
 - (4) Camera over file window

- b. Soft count room
 - (1) Clear view of entire count room
 - (2) Camera directly over count table to identify dollar amounts
 - (3) Clear view of vault
 - (4) Clear view of drop box
 - (5) Ability to read counting scale/meter

- c. Hard count room (if used)
 - (1) Clear view of entire count room
 - (2) Clear view of wrapping and/or counting machine

- d. Pit
 - (1) Ability to determine chip value and card value
 - (2) Clear view of playing surface
 - (3) Ability to identify patron, employee and table number

- e. Card Game Tables
 - (1) Fixed camera at each table
 - (2) Same view and identification requirements as pit cameras

JAA01A2D

EXHIBIT I
MEMORANDUM OF UNDERSTANDING
PURSUANT TO
TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF
THE WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON

This Memorandum of Understanding (MOU) is entered into at the same time as Amendment I to the Tribal-State Compact for Class III Gaming between the parties is executed. This MOU is to furnish certain operating guidelines for the Class III Gaming Compact. The parties to this document are the Confederated Tribes of the Warm Springs Reservation (hereinafter referred to as the Tribes) and the Oregon State Police (hereinafter referred to as the State).

This document constitutes the MOUs contemplated by sections 7 and 10 of the Compact.

I. The purpose of this MOU is:

- A. To establish procedures for performance of the agreed responsibilities identified in the Compact;
- B. To address the obligations of the Tribes to reimburse the State for the cost it incurs in doing background checks pursuant to Section 7.C. of the Compact and for monitoring of the Tribal Gaming Operations under Section 10 of the Compact; and
- C. To identify any additional law enforcement, gaming security and gaming regulation assistance as may be provided by the State or requested by the Tribes from time to time. The parties to this MOU acknowledge that this document satisfies the obligations of the Tribes and the State pursuant to the Compact.

II. THE STATE'S COMMITMENTS

- A. The State shall conduct background investigations on each prospective Primary Management Official and High Security Employee as provided by Section 7.A.4.a. of the Compact. The State shall provide a written report to the Tribal Gaming Commission on the findings of said background investigation within a reasonable period of time. Every effort will be made to complete the investigation within 30 days, but at no time will the investigation exceed 60 days without the consent of the Tribal Gaming commission. In the event that a background investigation exceeds 30 days, the Tribal Gaming Commission will be provided a briefing, upon the Commission's request, that will outline the investigation, concerns and approximate conclusion date of the investigation.
- B. The State may, at the request of the Tribes, perform background investigations on any prospective Low Security Employee as requested by the Tribal Gaming Commission as provided in Section 7.A.4.b. of the Compact within the time frame in paragraph A above.
- C. The State may perform a background investigation on each contract applicant for a Class III Gaming Contract as provided in Section 7.B. of the Compact. The State shall also provide its review and comment on any such contract. The State will not commence a background investigation on a vendor, management company, or contractor until a notice of intent to conduct business is received from the Tribes. The State shall conduct an update investigative review annually of each vendor, management compact and gaming contractor. The annual investigative review will be conducted at the expense of the vendor, management company or gaming contractor. The Tribes shall include in any future contracts a request that the contractor agrees to pay for the annual review.
- D. The State shall monitor the Tribal Gaming Operation to insure that it is being operated in compliance with the provisions of the Compact. The State acknowledges that the Tribes may request removal of any state law enforcement officer or monitor placed at the Tribal Gaming Facility as provided in Section 9.B.1. of the Compact.
- E. The State agrees to provide services to the Tribes as part of its oversight functions as agreed to by the parties in the Compact. The State acknowledges that the extent of oversight is related directly to the size and scope of gaming. Specifically, the State agrees to provide review of the Compact security measures, which oversight will be furnished by a member of the Oregon State Police Indian Gaming Unit, up to but not to exceed 875 hours for the period from October 1,

1995 through June 30, 1996. This oversight shall include, but is not limited to, the following:

1. Assurance that proper procedures are followed as outlined in Appendix A of the Compact.
2. Kobotron testing of the E-prom chip from each video lottery terminal operating at the Gaming Facility regulated by the Compact.
3. Provide unannounced on-site facility inspections, minimum of two per month.
4. Review gaming surveillance tapes of cash transfers from the video lottery terminals (VLTs) to the cash rooms at the facility and procedures for storage and retention of tapes. Review procedures of securing tapes in the event of a Player contested incident, security breach, or major incident at the gaming facility.
5. Review tapes of cash counting procedures and policies.
6. Review records kept by the Tribes to assure that VLT hard meter readings match the cash flow.
7. Immediately notify the Tribes of any discrepancy in the E-prom signature and cash count or any deviation from the rules found in Appendix a to the Compact.
8. Review and inspection of authorized video gaming devices.
9. Review of authorized access to sensitive records and logs.
10. Review of all security measures, rules and regulations.
11. Review of proper procedures dealing with the retention and destruction of sensitive materials and records.
12. Inspection of procedures followed on security issues, action taken, and reporting on incidents occurring at the gaming facility.
13. Review and inspection of accounting procedures.

14. Review of methods established to resolve disputes with players and reporting of same.
 15. Review of all games to ensure compliance with the requirements of the Compact and the Indian Gaming Regulatory Act.
 16. Assist the Tribes in enforcing sanctions imposed by the Tribal Gaming commission against non-Indians.
- F. It is understood that the State's presence at the gaming site shall be at various times and shall be dedicated to the activities identified in the Compact and this MOU. The State shall not be responsible for the day to day policing and surveillance of the gaming site for activities such as preventing theft or other similar violations of law.

III. THE TRIBAL COMMITMENTS

The Tribes agrees to the following as its obligations under Section 10 of the Compact in exchange for the background investigations and other services provided by the State described above.

- A. The Tribes will advance \$10,000 to the Oregon State Police for the purpose of payment of expenses to be incurred by the State in performance of its responsibility under the Compact. Payment for expenses under this MOU shall first be charged against this advance, and when the advance is depleted charged to and paid by the Tribes.
- B. The Tribes agrees to reimburse the State for the following expenses incurred by the State:
 1. **Direct Service Hours.** Direct service hours will be billed by the State and paid by the Tribes at a maximum rate of \$80 per hour, as determined by the State. Direct service hours are actual time spent by Tribal Gaming Unit personnel in performing employee background checks, performing contract applicant background checks (unless paid by the contract applicant), performing Compact monitoring functions and traveling to and from the Gaming Facility or the site of a contract applicant background investigation, for the Tribes. Direct service hours spent performing background checks for Class III gaming contract applicants will first be billed to the applicant, and the Tribes will be responsible for payment only if the applicant fails to pay the costs charged.

2. Recoverable Fees. Recoverable fees paid by the Tribal Gaming Unit will be billed by the State and paid by the Tribes at actual cost. Recoverable fees are: fees for processing fingerprint cards, fees for processing credit history checks, and actual per diem expenses (transportation, lodging, food) expenses incurred by Tribal Gaming Unit personnel in connection with direct service hours to the Warm Springs Tribes.
 3. The Tribes agrees to pay for up to 875 direct service hours for the period beginning on October 1, 1995, and ending June 30, 1996, for the performance of Compact monitoring functions identified in the Compact, the amendments thereto, and the MOU between the Tribes and the State. The Tribes must agree in writing to pay for any additional hours. However, if any investigation of criminal law violations, Compact violations or other regulatory matters, results from the action, review, or inspection by the Tribal Gaming Unit during its monitoring activities, and that investigation requires additional hours of direct service beyond the limit stated in this paragraph, the Tribes agrees to pay the State for the expenses incurred in that investigation. An investigation may be initiated by the Tribal Gaming Unit in its sole discretion. Cost of an investigation of a contractor or management company shall first be billed to the contractor or management company.
- C. Costs included in the base direct service hour rate of \$80 are salary, benefits, services and supplies, capital outlay, administrative supervision and support, vehicle and equipment lease or rental expenses, training costs, legal services charges, bookkeeping expenses, and all other fixed expenses of the Tribal Gaming Unit. The State agrees to provide to the Tribes a budget summary and explanation of the hourly rate for direct services hours prescribed in this MOU.
- D. In addition to the time and charges described in paragraph B. above, the Tribes agrees to pay the direct service hour rate for any time that personnel of the Tribal Gaming Unit perform law enforcement, security consultation, gaming regulatory consultation or other gaming related services not identified in the Compact or the MOU, if requested by the Tribal Gaming Commission or the Tribes.
- E. If a dispute arises as to the correctness of an assessment under this Exhibit, the Tribes and the State agree that the Tribes will pay any undisputed amount and that the parties will follow the dispute resolution process set forth in section 16 of the Compact. If the Tribes fails to make any payment within 30 days of the date it is due (except for a partial payment of an assessment under dispute under this paragraph) the State may suspend any background checks that are in process or

withhold permission for the shipment of equipment. Failure to pay an assessment in a timely manner shall be considered a violation of the Compact.

- F. The Tribes agrees to provide the State a notice of intent to do business with all vendors, management companies, and gaming contractors prior to signing any contract. Any costs incurred by the State while conducting a background investigation of a vendor, management company, or gaming contractor shall be reimbursed by the Tribes to the State if the prospective contractor fails to reimburse the State. Cost of background investigations shall be paid whether or not a contract is awarded.
- G. The Tribes agrees to provide appropriate training in Tribal culture, customs, laws and rules to any State officers stationed at or assigned to the Gaming Facility.

IV. PARI-MUTUEL WAGERING

Any off track pari-mutuel wagering on races held at race courses inside or outside the State shall be conducted in compliance with Appendix C of the Compact and the applicable provisions of the Interstate Horse Racing Act of 1978 as amended (15 U.S.C. sections 3001 to 3007). The State and the Tribes agree to confer with the Oregon Racing Commission in the establishment of pari-mutuel wagering with continued oversight provided by the State. The amount of hours necessary for oversight are included in the hours identified in paragraph III.B.3. above.

V. TRIBAL POLICE FORCE

The Tribes and the State agree to negotiate a separate MOU that addresses the respective responsibilities of the State and the Tribes for law enforcement services at the Gaming Facility.

VI. PROCEDURE FOR ASSESSMENTS

- A. In order to provide an established and orderly procedure for assessment of costs incurred by the State under the Compact and this MOU, the parties agree that the State will furnish to the Tribes an itemized statement of the hours worked on tribal business by State employees, as well as an accounting of all recoverable fees incurred by the State during performance of its duties under the Compact and this MOU. It is understood and agreed that expenses incurred by the State prior to the execution of this MOU will be assessed to and paid by the Tribes.

- B. The State will first deduct its costs from the advance paid by the Tribes under paragraph III.A. above. The State will provide an accounting to the Tribes within 30 days following each calendar quarter. The Tribes has the right to contest any expense incurred by the State as provided in paragraph III.E. above.
- C. Once the advance paid by the Tribes is exhausted, the State shall furnish an accounting to the Tribes within 30 days after each calendar quarter. The Tribes shall remit payments (or partial payments) not contested no later than 30 days following receipt of the accounting provided by the State. Such payments shall be delivered to the Oregon State Police.

VII. EXPIRATION

This MOU shall expire June 30, 1996. Thirty days before the expiration date of this MOU the parties shall meet to re-negotiate the terms of the MOU and to address any change in circumstances to which this MOU applies. If the State and the Tribes have not re-negotiated a replacement MOU by the expiration date of this MOU, this MOU shall continue in effect until such time as a new MOU is executed.

ACKNOWLEDGED BY:

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON

Bruce Brunoe, Sr., Chairman
Warm Springs Tribal Council

Date

OREGON STATE POLICE

LeRon Howland, Superintendent

Date

**ADDENDUM TO MEMORANDUM OF UNDERSTANDING
PURSUANT TO
TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF
THE WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON**

This Addendum sets forth matters beyond the scope of the MOU executed pursuant to Section 7.C.2. of the Compact, but reflects the further understanding and intentions of the parties.

As a sovereign federally recognized Indian tribe, Tribes intends and expects to develop its gaming regulatory expertise in order to undertake and conduct gaming regulatory activity to the fullest extent authorized by applicable federal law. In the future, Tribes may seek to assume increased responsibility for regulatory activity through renegotiation of the Compact.

The State acknowledges the above objective of the Tribes. To the extent that the State has knowledge and experience that would assist in the development of the Tribes' expertise in gaming regulation, gaming security and gaming law enforcement, the State agrees to share that knowledge and experience with Tribal personnel in the course of performing the State's duties under the Compact and the MOU.

Unless modified by mutual agreement, this Addendum shall have the same term as the term of the MOU.

**CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON**

By: _____
Bruce Brunoe Sr., Chairman
Warm Springs Tribal Council

Date: _____

OREGON STATE POLICE

By: _____
LeRon Howland, Superintendent

Date: _____

AGS03830

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE KLAMATH TRIBES AND
THE STATE OF OREGON**

AMENDMENT II

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact.

WHEREAS, the Class III Gaming Compact between the Klamath Tribes and the State of Oregon provides that the operation of the compact is dependent upon the Secretary of the Interior taking certain land into trust for the Tribes by December 31, 1995; and

WHEREAS the Tribes have made all reasonable efforts to have the land taken into trust; and

WHEREAS the land has not been taken into trust for reasons beyond the control of the Tribes; and

WHEREAS the Tribes have requested an extension of the deadline for taking the land into trust; and

AND WHEREAS, the State agrees that the circumstances justify this Amendment;

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Section 13.F as amended by Amendment I to the Compact is further amended to read:

F. Location Eligible for Class III Gaming. The State has negotiated and executed this Compact pursuant to the process established under 25 USC § 2710(d)(3), with knowledge that the Gaming Location

identified in Exhibit II is not currently held in trust by the United States for the benefit of the Klamath Tribes. This compact is effective only at the time the United States takes the land described in Exhibit II to this Compact into trust for the Tribes. Operation of this Compact is dependent upon the described land being taken into trust as a result of the Bureau of Indian Affairs fee-to-trust process. Operation of this Compact is further dependent upon the described land being taken into trust no later than [~~December 31, 1996~~] **July 1, 1997**. Operation of this Compact is further dependent upon a determination by the Secretary of the Interior, in connection with review and approval of this Compact, that the Gaming Location is eligible to be used by the Tribes for the purpose of gaming as described in 25 USC § 2719. If at any time it is determined by the Secretary or other competent authority that the Gaming Location is not eligible to be used by the Tribes for the purpose of gaming as described in 25 USC § 2719, this Compact shall no longer authorize gaming at that location.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

John Kitzhaber, Governor

Jeff Mitchell, Chairman

Date:_____

Date:_____

APPROVED BY THE SECRETARY OF THE INTERIOR

By:_____

Date:_____

November 4, 1996

VIA FAX (503) 297-0168

William J. Soltman
Governance Coordinator
The Klamath Tribes
P.O. Box 436
Chiloquin, OR 97624

Re: Amendment to Compact

Dear Bill:

Enclosed is a draft Amendment II, that extends the time for taking land into trust by 6 months to July 1, 1997. Please review and let me know whether it needs any changes.

Sincerely,

ELIZABETH S. HARCHENKO
Special Counsel to the Attorney General

Enclosure

ESH:krq/JAA0210A

c: Chip Lazenby
Greg Willeford

DEPARTMENT OF JUSTICE

Interoffice Memorandum

DATE: November 13, 1996

TO: Chip Lazenby
Governor's Legal Counsel

FROM: Elizabeth S. Harchenko
Special Counsel to the Attorney General

RE: Klamath Extension

Please have the Governor and the Tribal Chair sign all four copies. We keep one and give the other three to the Tribe. They are responsible to send copies for signature to the Secretary of the Interior.

Please ask Diane to send me, Lt. Sitton and Greg a copy of the signed extension. THANKS

**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF
THE WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON**

AMENDMENT II

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original Compact, or Amendment I thereto.

WHEREAS, the Tribes wishes to extend the terms of Amendment I to the Compact which provides for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment,

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Section VI. of Amendment I to the Compact, is amended as follows:

VI. Paragraph IV of this amendment expires on [~~June 30, 1996~~] June 30, 1997. However, if the compliance review described in Section 4.H.9. of the Compact (added by this Amendment) is completed before October 1, 1996, Paragraph IV of this amendment shall expire on December 31, 1997. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

II. The following new paragraph 9 is added to Subsection H of Section 4 of the Compact (added by Amendment I):

9. The Tribes and the State agree that the State shall conduct a comprehensive compliance review of the tribal gaming operation, as described in Section 9.B.1. of the Compact, to be completed no later than October 1, 1996.

III. Paragraph 3 of Subsection H of Section 4 of the Compact (added by Amendment II) is amended to read:

3. The Tribes shall establish an initial wager limit of [~~\$50~~] \$100 per hand except that the Tribes may offer a maximum [~~\$75~~] \$500 wager limit on [~~one table~~] two tables. [~~After a period of two months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribes may change the initial wager limit from \$75 to \$100 for one table.~~] After any period of six months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribes may request a change in the initial wager limits. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection. The amount of any increase in the wager limit must be agreed to by both the State and the Tribes.

IV. Paragraph 1 of Subsection B of Section 9 of the Compact is amended to read:

1.
 - a. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officers' or monitor's duties shall not be the basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribes agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of

understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribes as provided in the memorandum of understanding entered into pursuant to this Compact. In addition to the State's regular monitoring functions, the Tribes agrees that the State may conduct the following activities, which shall also be assessed to the Tribes:

- 1) A comprehensive annual review of the gaming operation, which shall be planned and conducted jointly with the tribal gaming commission, to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the tribal gaming commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
- 2) Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
- 3) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise.

b. As provided in Section 5 of this Compact, the Tribes' law enforcement agency is responsible for investigation of criminal law violations. The Tribes and the State agree that the Tribes' criminal law jurisdiction shall not prevent the State from investigating possible violations of this Compact or other gaming regulatory matters. The Tribes and the State agree that their respective law enforcement agencies shall cooperate in any investigation that involves or potentially involves both criminal and regulatory violations.

V. Section 6.A. of the Compact is amended as follows:

A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribes' gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribes. The Tribes and the State agree that both of them have responsibility to protect the patrons of the Tribes' gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribes, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of [their] the Gaming Facility, including those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all [~~of the Tribes'~~] decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribes, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation, the Tribes, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribes' gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business

decisions concerning the operation of the gaming enterprise. The Tribes, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.

4. Regulation and operation of the Tribes' gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation.

VI. Subparagraph 6.B.5.a. of the Compact is amended as follows:

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the [~~Tribes~~] Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall recommend specific action or actions the State believes will prevent substantial harm from occurring. The State and the Tribal Gaming Commission shall meet and confer, in person or by conference call, within 24 hours after the commission, or any member thereof, receives the notice. The Tribal Gaming Commission shall consider the State's recommendation, and immediately thereafter shall take such action that addresses the State's concern as is necessary to protect the honesty, integrity, fairness and security of the Tribal gaming operation. Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact after the commission has taken action.

VII. Subparagraph 6.B.5.d. of the Compact is amended as follows:

- d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:

- (1) A criminal indictment is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;
- (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
- (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
- (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
- (5) The physical safety or security of patrons is seriously at risk;
- (6) A continuing pattern of failure by the Tribes, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.

VIII. The Tribes and the State agree to amend the Memorandum of Understanding adopted under Amendment I to the Compact, as set forth in Exhibit I to this Amendment.

IX. This amendment is effective as an extension under Paragraph VI of Amendment I to the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, both as to the Tribe's ability to offer house banked blackjack and the State's and the Tribe's responsibility to implement the regulatory amendments contained herein.

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON

John Kitzhaber, Governor

Joe Moses, Chairman
Warm Springs Tribal Council

Date:_____

Date:_____

APPROVED BY THE SECRETARY OF THE INTERIOR

By:_____

Date:_____

EXHIBIT I
MEMORANDUM OF UNDERSTANDING
PURSUANT TO
TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING
BETWEEN THE CONFEDERATED TRIBES OF
THE WARM SPRINGS RESERVATION OF OREGON AND
THE STATE OF OREGON

1. Paragraph 3 of Subsection B of Section III of the Memorandum of Understanding (MOU) executed contemporaneously with Amendment I to the Compact is amended as follows, effective July 1, 1996:

3. The Tribes agrees to pay for up to ~~[875]~~ 1,200 direct service hours for the period beginning on ~~[October 1, 1995, and ending June 30, 1996,]~~ July 1, 1996, and ending June 30, 1997, for the actual, reasonable and necessary costs of the performance of Compact monitoring functions identified in the Compact, the amendments thereto, and the MOU between the Tribe and the State. The Tribes agrees to pay for up to 400 direct service hours during the same period for performance of one comprehensive compact compliance review. ~~[The Tribes must agree in writing to pay for any additional hours.]~~ If the State determines that more hours are necessary for Compact monitoring functions, the State shall notify the Tribes and the parties agree to meet and negotiate a new limit in writing on direct service hours for monitoring functions. However, if any investigation of criminal law violations, Compact violations or other gaming regulatory matters, results from the action, review, or inspection by the Tribal Gaming Unit during its monitoring activities, ~~[and that investigation requires additional hours of direct service beyond the limit stated in this paragraph,]~~ the Tribes agrees to pay the State for the actual, reasonable and necessary expenses incurred in that investigation separately from and without regard to the limit on the number of direct service hours stated in this paragraph. An investigation may be initiated by the Tribal Gaming Unit in its sole discretion. Cost of an investigation of a contractor or management company shall first be billed to the contractor or management company.

2. Section VII of the MOU executed contemporaneously with Amendment I to the Compact is amended as follows, effective July 1, 1996:

VII. EXPIRATION

This MOU shall expire [~~June 30, 1996~~] June 30, 1997. Thirty days before the expiration date of this MOU the parties shall meet to renegotiate the terms of the MOU and to address any change in circumstances to which this MOU applies. If the State and the Tribes have not re-negotiated a replacement MOU by the expiration date of this MOU, this MOU shall continue in effect until such time as a new MOU is executed.

3. The remainder of the MOU executed contemporaneously with Amendment I to the Compact shall remain in effect until July 1, 1997, unless amended sooner.

ACKNOWLEDGED BY:

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON

Joe Moses, Chairman
Warm Springs Tribal Council

Date

OREGON STATE POLICE

LeRon Howland, Superintendent

Date

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN
THE BURNS – PAIUTE TRIBE
AND THE STATE OF OREGON**

AMENDMENT III.

This amendment is made to the Class III Gaming Compact between the Burns – Paiute Tribe of Oregon and the State of Oregon executed on December 12, 1996, and approved by the Secretary of the Interior on February 25, 1997. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I or II thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment II to the Compact regarding house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

WHEREAS, the Tribe and the State agree that the State functions of monitoring and oversight of tribal gaming operations will be funded by the tribal gaming industry and wish to amend Section 9 of the Compact with respect to assessment of state costs;

NOW THEREFORE, the Tribe and the State hereby approve the following amendments to the Compact:

I. Paragraph 4 of Subsection E of Section 4 of the Compact, as amended in Amendment II, is amended as follows:

4. The authorization in this Compact for house banked blackjack shall expire on ~~June 30, 1999~~ March 31, 2000 unless an amendment authorizing the play of house banked blackjack beyond that date has been negotiated and executed.

II. Section 9 of the Compact is amended as follows:

SECTION 9. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

~~A. Imposition of assessment for State law enforcement and regulatory expenditures. The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating gaming operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to~~

~~subsection 6.C. of this Compact shall be subtracted from the amount of the assessment.~~

~~B. Procedure for Assessments. The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties of this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.~~

~~C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 15 of this Compact.~~

A. Assessment for State Monitoring, Oversight and Law Enforcement Costs

1. The Tribe agrees that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribe agrees to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.
2. During the development of its biennium budget, the Oregon State Police shall distribute a draft of the Tribal Gaming section portion of the budget to the Oregon Gaming tribes for their review and comment prior to submission of the budget to either the Governor or the Legislature. The Oregon State Police shall give full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming tribes to comment on the Tribal Gaming Section budget before it is finalized within the Oregon State Police, each Tribe retains the right to participate in any public review by either the governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.
3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribes to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribes to pay for any other governmental services rendered by or received from the State.
4. The Tribe's monthly payment to the Oregon State Police shall be computed as follows:

- a) The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."
- b) Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes, which sum shall be referred to as the "Adjusted OSP Monthly Payment." The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.
- c) The Tribe's monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to Burns-Paiute Tribal Gaming Operations		Adjusted		OSP			Tribes Share of
	X	Monthly	=	Payment			OSP Monthly
Total No. of Direct Service Hours Billed to All Oregon Tribal Gaming Operation.							Payment

- d) Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.
5. As used in this section
- a) "Oregon Gaming Tribes" means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.

b) "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. This definition is in no way intended to limit OSP's activities authorized pursuant to this Compact. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.

6. The methodology for the payment of Oregon State Police costs shall begin on January 1, 1999.
7. For the time period beginning January 1, 1999, this provision supersedes the terms of any and all Memoranda of Understanding entered into between the Tribe and OSP pursuant to Section 9 of the Compact, as those terms relate to payment of OSP costs.

B. If the Tribes dispute the amount of the assessment under this Section, the Tribes shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute. If the parties have not resolved the dispute within 15 days, the Tribes shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon authorization by both the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in section 4F(2) of this Compact.

If the Tribes fail to pay the disputed amount into escrow or timely pay the undisputed amount, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for Compact violations available under this Compact.

III. This amendment is effective, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

EXECUTED as of the date and year below.

STATE OF OREGON

BURNS – PAIUTE TRIBE

John A. Kitzhaber, M.D., Governor

Wanda Johnson, Chairperson
Tribal Council

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE KLAMATH TRIBES AND
THE STATE OF OREGON**

AMENDMENT III

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendment II thereto.

WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the tribal gaming operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations related to licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribes rests on mutual trust and the recognition that each has a primary duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribes wish to amend the Compact to provide for regulation of house banked blackjack during the start up phase of its gaming facility;

AND WHEREAS, the Tribes and the State agree that the circumstances justify this Amendment;

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

- I. Section 7.B.6. is amended by adding a new subparagraph j, as follows:
 - j. Notwithstanding subparagraphs a, b, or c of this paragraph, if a Class III Gaming Contract application is required to be denied under subparagraphs a, b, or c of this paragraph, because a person previously associated with the applicant or an employee of the applicant has been convicted of a crime, the Tribes may enter into a contract with the applicant if the applicant has severed its relationship with that person or employee. Before the Tribes may enter into a contract under this subparagraph, the State and the Tribes must agree that the relationship

between the applicant and the person or employee has been severed. For purposes of this subparagraph, a relationship is severed if the person or the employee has no continuing connection with the direction or control of any aspect of the business of the applicant, and the person or employee is no longer employed by the applicant in any capacity. The burden of showing to the satisfaction of the Tribes and the State that a relationship has been severed is on the applicant.

II. Section 7.A.8.a. (Temporary Licensing of Employees.) is amended to read:

- a. The Tribes may issue a temporary license to High Security Employees ~~[30]~~ seven days after submission of the application to the Oregon State Police. The Temporary license shall expire and become void upon completion of the background check and award or denial of a permanent license.

III. Appendix A. I. is amended to read:

Section 177-100-070

(1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. ~~[Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribe's gaming enterprise.]~~

IV. Subsection E of Section 4 is amended to read:

E. Temporary Gaming Facility.

1. The Tribes is authorized to develop a temporary Gaming Facility on the site designated for the permanent Gaming Facility under the Compact.
2. Type of Facility. The temporary Gaming Facility will consist of a ~~[Chief Steel Building]~~ rolled steel building and one or more modular buildings and will include, in addition to the gaming floor, a surveillance room, cage, money count room, utility room, ~~[delicatessen]~~ kitchen, buffet and two bathrooms. ~~[A diagram of the building is attached as Exhibit II to this Compact.]~~

3. Layout of Facility. The total square footage of the temporary Gaming Facility shall be no more than [~~6,000~~] 19,000 square feet, of which the square footage of the modular buildings shall be approximately 3,000 square feet. The proposed floor plan for the building is attached as Exhibit II to this Compact.
4. Class III Gaming. The only Class III games that will be conducted in the temporary Gaming Facility will be video lottery terminals as defined in this Compact, and blackjack as defined in this Amendment. The Tribes may install up to [~~150~~] 300 video lottery terminals and up to six blackjack tables in the temporary Gaming Facility. Blackjack may be offered only until December 31, 1997, unless this Compact is further amended to extend that date.
5. Duration of Temporary Gaming. Gaming under this subsection may be conducted for a period of no more than [~~one year~~] two years beginning after the [~~effective date of this Compact~~] date the temporary Gaming Facility is opened to the public and ending before the opening of the permanent Gaming Facility.
6. Access to Temporary Facility. Access to the temporary Gaming Facility shall be provided subject to the conditions imposed in Section 11.B of this Compact. The Tribes shall consult with the Oregon Department of Transportation and appropriate local officials so that access from State Highway 97 will meet appropriate standards. The Tribes is responsible to provide adequate parking off Highway 97 for patrons of the temporary Gaming Facility.
7. Alcohol Policy. [~~No alcohol will be served in the temporary Gaming Facility.~~] If the Tribes decide to serve alcohol in the temporary Gaming Facility, the Tribes shall enter into a memorandum of understanding with the Oregon Liquor Control Commission as provided in Section 8.F. of the Compact.
8. Security. The Tribes shall consult with the Oregon State Police to assure that all security and surveillance requirements of the Compact are fully satisfied before opening the temporary Gaming Facility.
9. Applicability of Compact Requirements: Except as explicitly provided in this subsection, all terms of this Compact, and of this Amendment, shall apply to the operation of the temporary Gaming Facility.

V. Section 4 is amended to add a new Subsection H and Appendix D, as follows:

H. Temporary Authority for Additional Game.

1. In addition to the games identified in Subsection B of Section 4 of the Compact, and subject to the conditions prescribed in this subsection, the Tribes may engage in house banked blackjack as described in Appendix D, at the gaming facility during the period specified in this section.
2. Before the Tribes begin to offer house banked blackjack at the gaming facility, the Tribal Gaming Commission shall:
 - a. Develop rules and procedures for a system of internal controls that meets the minimum standards established in Appendix D.
 - b. Provide appropriate training for all dealers, supervisors and surveillance personnel involved in house banked blackjack, and for the Tribal Gaming Inspector, according to the minimum training standards established in Appendix D.
 - c. Establish a security and surveillance plan that meets the minimum standards established in Appendix D.
 - d. Adopt rules of operation for house banked blackjack that meet the minimum standards established in Appendix D, including rules of play, standards for equipment.
 - e. Adopt a dispute resolution procedure that provides for investigation and review of any player complaint.
3. The Tribes shall establish an initial wager limit of \$50 per hand, except that the Tribes may offer a maximum \$100 wager limit on one table. After any period of six months of operation of house banked blackjack in full compliance with the requirements of this subsection, and upon agreement between the Tribes and the State, the Tribes may change the initial wager limit. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection.
4. The Tribes may operate a maximum of six tables of house banked blackjack at the temporary Gaming Facility during the term of this agreement. The Tribes also agrees that during the term of this amendment, and so long as the Tribes is operating six blackjack tables, the Tribes will not increase the number of video lottery terminals beyond

300. The Tribes may increase the number of video lottery terminals by decreasing the number of blackjack tables on the gaming floor and vice versa, up to the maximum number of tables specified in this paragraph. An increase of eight video lottery terminals is permitted for each decrease of one blackjack table.

5. The Tribes agrees to cooperate with State law enforcement on the investigation and prosecution of any gambling crime committed at the temporary gaming facility. The Tribes and the State agree to cooperate in establishing a state-wide system to identify and monitor persons excluded from the temporary gaming facility or from any other tribal gaming facility in this State.
6. Except as specifically provided in this amendment, this amendment does not operate to modify Subsection B of Section 4 of the Compact in any other way.
7. The Tribes and the State agree that the State shall conduct a comprehensive compliance review of the tribal gaming operation, as described in Section 9.C.1. of the Compact, to be completed no later than six months after the temporary gaming facility opens.

VI. Paragraph 1 of Subsection B of Section 9 of the Compact is amended to read:

1. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal Gaming Operation. The Tribes agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribes as provided in the memorandum of understanding entered into pursuant to this Compact. In addition to the State's regular monitoring functions, the Tribes agrees that the State may conduct the following activities, which shall also be assessed to the Tribes:

- a. A comprehensive annual review, which shall be planned and conducted jointly with the tribal gaming commission, of the gaming operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the tribal gaming commission, including at a minimum review in the following areas, if they involve Class III gaming activities in any way: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;
- b. Periodic review of any part of the gaming operation that involves Class III gaming in any way in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
- c. Investigation of possible violations of this Compact or other gaming regulatory matter that involves Class III gaming in any way, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise; and
- d. Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise.

VII. Section 6.A. of the Compact is amended as follows:

- A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribes' gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribes. The Tribes and the State agree that both of them have the responsibility to protect the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the

Tribes, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of ~~[their]~~ the Gaming Facility, including those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all ~~[of the Tribes']~~ decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribe, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation, the Tribes, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribes' gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribes, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
4. Regulation and operation of the Tribes' gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation.

VIII. Subparagraph 6.B.5.a. of the Compact is amended as follows:

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the ~~[Tribes]~~ Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to prevent substantial harm from

occurring. The State and the Tribal Gaming Commission shall confer as soon thereafter as possible to discuss alternative ways to address the State's concern. If such consultation does not result in mutually acceptable action, the Tribes agrees that the Tribal Gaming Commission shall act according to the State's recommendation, unless the commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness and security of the Tribal gaming operation. Nothing in this subparagraph shall preclude the Tribes from invoking the dispute resolution procedures provided in this Compact.

IX. Subparagraph 6.B.5.d. of the Compact is amended as follows:

- d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:
 - (1) A criminal indictment for an offense listed in subparagraph 7.A.5.a. of the Compact is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons is seriously at risk;
 - (6) A continuing pattern of failure by the Tribes, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of

this Compact, or the regulations and internal controls governing the gaming operation.

- X. The provisions of Section V of this amendment expire on December 31, 1997. Unless an extension of the provisions of Section V of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

John Kitzhaber, Governor

Jeff Mitchell, Tribal Chairman

Date:_____

Date:_____

APPROVED BY THE SECRETARY OF THE INTERIOR

By:_____

Date:_____

**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE KLAMATH TRIBES
AND THE STATE OF OREGON**

APPENDIX D

HOUSE BANKED BLACKJACK

I. DEFINITIONS

As used in this Amendment and Appendix the following definitions shall apply:

Blackjack. "Blackjack" is a card game in which the object of the game is to accumulate cards with a total count nearer to 21 than that of the dealer.

Industry Standard. "Industry standard" refers to standards accepted or approved by the Nevada Gaming Control Board and the Nevada Gaming Commission. If the Nevada Gaming Control Board and Nevada Gaming Commission have no accepted or approved standard, "industry standard" refers to the commonly used practice in the gaming industry in the State of Nevada.

II. ADOPTION OF RULES FOR HOUSE BANKED BLACKJACK

A. The Tribal Gaming Commission shall adopt rules to govern the conduct of house banked blackjack at the temporary gaming facility. Current copies of the game rules in effect shall be provided to the State. The rules shall include:

1. Procedures of play
2. Minimum and maximum permissible wagers
3. Payout on each form of wager
4. Procedures to be followed on occurrence of irregularities in play
5. Prohibitions on side betting between and against player and against the house
6. Hours of operation

Summaries of the rules for the method of play and payouts on winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station.

B. The Tribal Gaming Commission shall also adopt specifications (may be provided by the equipment manufacturer or supplier) applicable to gaming equipment for:

1. Physical characteristics of chips; and
2. Physical characteristics of the following:
 - a. Cards (including procedures for receipt and storage)
 - b. Blackjack tables
 - c. Blackjack layouts
 - d. Dealing shoes (including procedures for receipt and storage)
 - e. Such other equipment as may be required for use in the game.

C. The Tribal Gaming Commission shall establish and provide to the State for review the rules and procedures for use of drop boxes at each gaming station to include: security, transportation to and from gaming stations, storage, counting and recording contents.

D. The Tribal Gaming Commission shall establish and provide to the State the duties, responsibilities and operating procedures for supervisors, pit bosses, floor managers, security and surveillance personnel.

III. INTERNAL CONTROLS

The Tribal Gaming Commission shall develop rules, policies, procedures and regulations for house banked blackjack, consistent with industry standards, that include provisions for the following:

1. Dealer Qualifications and Training Procedures
2. Shuffling, Cutting and Dealing Procedures
3. Specific Game Procedures & Rules
4. House Bank Rules (stake, chair or table rental if any)
5. Bet/Wager Limit By Table or Game
6. Card Inventory, Security and Storage
7. Replacing Decks
8. Destruction of Used Decks
9. Qualifications and Training for Floor Supervisors and Pit Bosses

10. Chips
 - a. Denominations
 - b. Design
 - c. Table Inventory
 - d. Replacement Procedures (changing chip design)
 - e. Payment Procedures for Replaced Chips
11. Accepting Tips by Dealers
12. Federal and State Tax Reporting
13. Distributing gaming chips to gaming stations
14. Procedures for opening and closing gaming stations
15. Procedures for removing chips and coins from gaming stations
16. Table Identification

IV. TRAINING

- A. The Tribal Gaming Commission shall require each blackjack supervisor, each pit boss, each blackjack dealer and all surveillance personnel to be trained either by a training school, academy or college recognized under industry standards or through an in-house training program such that the supervisor, pit boss, dealer or surveillance employee has the knowledge and skills required under industry standards for the job function that employee performs.
- B. If blackjack dealers are trained through an in-house training program, the Tribe and State must agree that the training program meets the following minimum standards:
 1. A minimum of 96 hours of instruction.
 2. The instruction shall consist of a combination of lecture and laboratory.
 3. The instruction shall be provided by an instructor licensed by the Tribal Gaming Commission.
 4. The curriculum must be designed to provide students with the knowledge and skills necessary to satisfy entry level requirements common in the industry.
- C. Each blackjack supervisor, pit boss and surveillance officer, shall receive training sufficient to meet industry standards in the areas of game protection, player money management and betting, card counting, and detection of other cheating methods.
- D. The Tribal Gaming Commission may license blackjack trainers. At a minimum those licensees shall demonstrate sufficient skills, and meet minimum requirements that are consistent with industry standards, in the area of house banked blackjack. The Gaming Commission shall impose appropriate requirements for trainer licensing, such as graduation from a training school, academy or college recognized by the industry as having

expertise in the areas of casino management and house banked blackjack, or an acceptable substitute of actual experience and references and a demonstrated ability to teach blackjack dealing skills and/or blackjack theory and games protection.

E. Training by the Tribe is not required under this Section IV. for employees who have previous experience in their assigned job function if the employee has been evaluated by gaming management under rules adopted by the Tribal Gaming Commission. The rules of the commission shall be consistent with industry standard, and shall provide, at a minimum, that an experienced employee be tested for knowledge of all applicable rules, procedures and internal controls, and for proficiency in the skills necessary for the assigned job function.

V. SURVEILLANCE SYSTEMS

A. SURVEILLANCE SYSTEMS (GENERAL)

1. The purposes of a gaming facility surveillance system is to safeguard assets, to deter, detect and prosecute criminal acts, and to maintain public confidence and trust that Tribal gaming is conducted honestly and free of criminal elements and activity.

2. The management of the gaming facility shall develop a surveillance system plan, and install, maintain and operate the gaming facility surveillance system in accordance with the standards set forth in this Appendix. The surveillance system plan shall be approved by the Tribal Gaming Commission if it satisfies the minimum standards.

3. The management of the gaming facility shall submit the surveillance system plan to the State for review [*within 30 days after the date of execution of this amendment.*] **no later than 90 days before the date the gaming facility is scheduled to open to the public.**

4. The plan shall include a description of all equipment utilized in the surveillance system; a blueprint or diagram that shows all of the areas to be monitored and the placement of surveillance equipment in relation to the activities being observed; a description of the procedures utilized in the operation of the gaming facility surveillance system; a description of the qualifications, training, and procedures of surveillance personnel; organizational reporting structure for surveillance personnel; and any other information required by the standards set forth in this Appendix.

5. The State shall review the proposed surveillance system plan submitted by the Tribe and advise the Tribal Gaming Commission and the management of the gaming facility whether the minimum standards are satisfied. The State shall review the installation of the surveillance system when a review and inspection is performed. The State shall advise the Tribal Gaming Commission and the management of the gaming facility whether the

surveillance system has been installed, maintained, and operated according to the minimum standards. The Tribe agrees that the surveillance system will be altered as necessary to meet the minimum standards. If the Tribe currently has a surveillance system in place, the surveillance plan may use a combination of current equipment and new to meet the standards, if there is no compromise of picture and recording quality.

6. In addition to the State's right of access provided in section 9.C.1. The State may review the operation of the surveillance system at least twice each year during an announced compliance audit. The State shall have access at any time to all surveillance records, tapes, reports and monitoring rooms at any time for the purpose of monitoring compliance with minimum standards and to confirm gaming integrity or security.

7. At the completion of any random or scheduled inspection the State will report its findings concerning the surveillance system to the Tribal Gaming Commission and the gaming facility management. The Tribe and State agree that the results of the inspection are for the internal use of the Tribe and the State and, to the extent allowed under Oregon law, shall not be disclosed by the State to anyone other than the Tribal Gaming Commission and gaming facility management unless such disclosure is necessary for resolution of a dispute pursuant to the procedures in Section 16 of the Compact, or to provide evidence for a criminal prosecution.

8. The gaming facility management shall separate management of the functions of security and surveillance within the temporary gaming facility.

9. The State shall perform a background investigation on all personnel employed as surveillance personnel, as provided in section 7 of the compact.

B. SURVEILLANCE SYSTEMS MINIMUM STANDARDS

1. SURVEILLANCE SYSTEM EQUIPMENT

- a. The surveillance system equipment must be able to identify each player, the dealer, and be of sufficient resolution and clarity to read individual cards and money denomination.
- b. The surveillance system shall be a combination of fixed cameras and pan-tilt-zoom (PTZ).
- c. The cameras and monitors may be either black and white, color or a combination of both. (The State recommends, but does not require, a combination of black/white and color.)
- d. The primary surveillance room and monitors must have override capabilities.
- e. Gaming Facility management shall establish communications systems on the gaming floor that are capable of immediately alerting surveillance personnel.
- f. Telephones on the gaming floor shall have the capability of a direct line or extension to the surveillance personnel.
- g. Surveillance personnel in the surveillance room shall have radio communication with security personnel if security officers have radio communication with each other.
- h. Surveillance equipment shall include a means by which surveillance personnel may observe and videotape all money transfers between the cashier and the gaming floor as transfers occur. The surveillance plan shall provide a means by which surveillance personnel can verify the locations, table number, time, date, and amount of transfers, and to whom the transfers were made.
- i. All monitors being recorded must display time and date on screen
- j. All fixed cameras will be continuously taped. All PTZ cameras will have the capability for taping of what is being monitored.

2. SURVEILLANCE SYSTEM EQUIPMENT LOCATIONS. At a minimum, surveillance cameras must provide:

- a. Main cashier

- (1) Overview of cage working area
 - (2) Ability to identify patrons and employees
 - (3) PTZ or fixed camera allowing identification of cash transactions at each cash drawer
 - (4) Camera over file window
- b. Soft count room
- (1) Clear view of entire count room
 - (2) Camera directly over count table to identify dollar amounts
 - (3) Clear view of vault
 - (4) Clear view of drop box
 - (5) Ability to read counting scale/meter
- c. Hard count room (if used)
- (1) Clear view of entire count room
 - (2) Clear view of wrapping and/or counting machine
- d. Pit
- (1) Ability to determine chip value and card value
 - (2) Clear view of playing surface
 - (3) Ability to identify patron, employee and table number
- e. Card Game Tables
- (1) Fixed camera at each table
 - (2) Same view and identification requirements as pit cameras

JAA01FC8

November 29, 1996

Bill Soltman
8180 SW Birchwood
Portland, OR 97225

Re: Revised Draft Amendment III

Dear Bill:

Enclosed is a revised draft Amendment III to the compact. I have made the changes we discussed at our last meeting. I have deleted the Memorandum of Understanding from the amendment. As the Tribes' prior MOU has already expired, I will leave it to the Tribes and the State Police to negotiate the new MOU.

Please let me know if this draft is acceptable to the Tribes. All changes to the 8/22/96 draft are either underlined (new material) or bracketed and italicized (deletions). As you can see, part IV is new - we are amending the existing compact provisions concerning the temporary facility.

Sincerely,

ELIZABETH S. HARCHENKO
Special Counsel to the Attorney General

Bill Soltman
Page 18
November 27, 1996

c: Chip Lazenby
 Greg Willeford

**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING BETWEEN THE
CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION
OF OREGON AND THE STATE OF OREGON**

AMENDMENT III.

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I and II thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment I and II to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment,

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Section I of Amendment II is amended as follows:

Paragraph IV of this Amendment I expires on ~~June 30, 1997~~. However if the compliance review described in Section 4.H.9 of the Compact (added by this Amendment) is completed before October 1, 1996, paragraph IV of this amendment shall expire on ~~December 31, 1997~~. April 30, 1998. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation, the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

II. This amendment is effective as an extension under paragraph IX of Amendment II and paragraph VI of Amendment I of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, both as to the Tribe's ability to offer house banked blackjack and the State's and the Tribe's responsibility to implement the regulatory amendments contained herein.

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE WARM
SPRINGS RESERVATION OF OREGON

John Kitzhaber, Governor

Joe Moses, Chairman
Warm Springs Tribal Council

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

AGS03829

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN
THE BURNS – PAIUTE TRIBE
AND THE STATE OF OREGON**

AMENDMENT IV.

This Amendment is made to the Class III Gaming Compact between the Burns-Paiute Tribe of Oregon and the State of Oregon executed on December 12, 1996, and approved by the Secretary of the Interior on February 25, 1997. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II or III thereto.

WHEREAS, the Tribe wishes to extend the terms of Amendment III to the Compact regarding house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

NOW THEREFORE, the Tribe and the State hereby approve the following amendments to the Compact:

I. Section 4(E)(4) of the Compact, as amended in Amendment III, is amended as follows:

4. The authorization in this Compact for house banked blackjack shall expire on ~~March 31, 2000~~ December 31, 2001, unless an amendment authorizing the play of house banked blackjack beyond that date has been negotiated and executed.

II. Section 4(B)(1) is amended as follows:

B. Authorized games.

Subject to the provisions of this Compact, the Tribe may engage in only the following Class III games: Video lottery games of chance as described in ~~Appendix A the Appendix~~, keno as described in ~~Appendix B the Appendix~~ and house banked blackjack as described in ~~Appendix C the Appendix~~ and as further limited under subsection E of this section.

III. Section 7 is amended as follows:

SECTION 7. REGULATIONS FOR OPERATION AND MANAGEMENT OF CLASS III GAMES.

~~A. Video Lottery Games of Chance. The acquisition, use and operation of all video lottery games of chance and keno authorized under this Compact shall be in accordance with the rules and regulations set forth in Appendices A and B. Appendices A and B are hereby incorporated into and made a part of this Compact.~~

~~B. Blackjack. The rules and regulations governing the play of house banked blackjack authorized under this Compact shall be those set forth in Appendix C which is hereby incorporated into and made a part of this Compact.~~

A. Video Lottery Games of Chance; Keno; Blackjack. The acquisition, use and operation of all video lottery games of chance, and keno *and blackjack* authorized under this Compact shall be in accordance with the **standards** rules and regulations set forth in Appendices A and B. Appendices A and B are hereby incorporated into and made a part of this Compact *the Appendix.*

B. The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribe and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.

IV. This Amendment is effective, upon execution by the State and the Tribe, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

EXECUTED as of the date and year below.

STATE OF OREGON

BURNS – PAIUTE TRIBE

/s/ John A. Kitzhaber

/s/ Wanda Johnson

John A. Kitzhaber, M.D., Governor

Wanda Johnson, Chairperson
Tribal Council

31 March 2000
Date: _____

29 March 2000
Date: _____

APPROVED BY THE ASSISTANT SECRETARY OF INDIAN AFFAIRS:

/s/ Kevin Gover
By: _____

18 May 2000
Date: _____

[Note: Amendment effective 5/31/2000, 65 Fed Reg (5-31-2000)]

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE KLAMATH TRIBES
AND THE STATE OF OREGON**

AMENDMENT IV

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16, 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, and III thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment III to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment,

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Paragraph X of Amendment III is amended as follows:

The provisions of ~~Section V~~ of this amendment expire on ~~December 31, 1997~~. March 31, 1998. Unless an extension of ~~Section V~~ of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

II. This amendment is effective as an extension under paragraph X of Amendment III of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

John Kitzhaber, Governor

Jeff Mitchell, Chairman

Date:_____

Date:_____

APPROVED BY THE SECRETARY OF THE INTERIOR

By:_____

Date:_____

**TRIBAL-STATE GOVERNMENT-TO-GOVERNMENT COMPACT
FOR REGULATION OF CLASS III GAMING BETWEEN THE
CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION
OF OREGON AND THE STATE OF OREGON**

AMENDMENT IV

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II and III thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment I, II and III to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment,

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Section I of Amendment III is amended as follows:

Paragraph IV of Amendment I expires on ~~April 30, 1998~~ March 31, 1999. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation, the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

II. This amendment is effective as an extension under paragraph IX of Amendment II and paragraph VI of Amendment I of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, ~~both as to the Tribe's ability to offer house banked blackjack and the State's and the Tribe's responsibility to implement the regulatory amendments contained herein.~~

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE WARM
SPRINGS RESERVATION OF OREGON

John Kitzhaber, Governor

Joe Moses, Chairman
Warm Springs Tribal Council

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

AGS03828

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE KLAMATH TRIBES
AND THE STATE OF OREGON**

AMENDMENT V

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16, 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, III and IV thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment III and IV to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment,

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Paragraph I of Amendment IV is amended as follows:

The provisions of this amendment expire on ~~March 31, 1998~~ March 31, 1999. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

II. This amendment is effective as an extension under paragraph X of Amendment III of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

John Kitzhaber, Governor

Jeff Mitchell, Chairman

Date:_____

Date:_____

APPROVED BY THE SECRETARY OF THE INTERIOR

By:_____

Date:_____

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE
CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION
AND THE STATE OF OREGON**

AMENDMENT V.

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon and the State of Oregon executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, III and IV thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment IV to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

WHEREAS, the Tribes and the State agree that the State functions of monitoring and oversight of tribal gaming operations will be funded by the tribal gaming industry and wish to amend Section 10 of the Compact with respect to assessment of state costs;

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Section I of Amendment IV is amended as follows:

Paragraph IV of Amendment I expires on ~~March 31, 1999~~ March 31, 2000. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation, the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

II. Subsections A, B and C of Section 10 of the Compact are amended as follows:

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT.

~~A. **Imposition of Assessment for State Law Enforcement and Regulatory Expenditures.** The State shall make annually an assessment sufficient to~~

~~compensate the State for the reasonable and necessary costs of regulating gaming operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs of fringe benefits for personnel. Fees received with respect to the submission of gaming licenses and contracts pursuant to subsection C of Section 7 of this Compact shall be subtracted from the amount of the assessment.~~

~~**B. Procedure for Assessments.** The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.~~

~~**C.** If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 16 of this Compact.~~

A. Assessment for State Monitoring, Oversight and Law Enforcement Costs

1. The Tribes agree that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribes agree to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.
2. During the development of its biennium budget, the Oregon State Police shall distribute a draft of the Tribal Gaming section portion of the budget to the Oregon Gaming tribes for their review and comment prior to submission of the budget to either the Governor or the Legislature. The Oregon State Police shall give full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming tribes to comment on the Tribal Gaming Section budget before it is finalized within the Oregon State Police, each Tribe retains the right to participate in any public review by either the governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.
3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribes to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribes to pay for any other governmental services rendered by or received from the State.

4. The Tribes' monthly payment to the Oregon State Police shall be computed as follows:

- a) The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."
- b) Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes. The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.
- c) The Tribes' monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to CTWSR Tribal Gaming Operations		OSP		Tribes Share of
		X Monthly	=	OSP Monthly
<hr/>		Payment		Payment
Total No. of Direct Service Hours Billed to All Oregon Tribal Gaming Operation.				

- d) Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.

5. As used in this section

- a) "Oregon Gaming Tribes" means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.
- b) "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor

or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. This definition is in no way intended to limit OSP's activities authorized pursuant to this Compact. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.

6. The methodology for the payment of Oregon State Police costs shall begin on January 1, 1999.
7. For the time period beginning January 1, 1999, this provision supersedes the terms of any and all Memoranda of Understanding entered into between the Tribes and OSP pursuant to Section 10 of the Compact, as they relate to payment of OSP costs.

- B. If the Tribes dispute the amount of the assessment under this Section, the Tribes shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute. If the parties have not resolved the dispute within 15 days, the Tribes shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon authorization by both the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in section 6B(3) and (4) of this Compact.

If the Tribes fail to timely pay the disputed amount into escrow or timely pay the undisputed amount, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for Compact violations available under this compact or IGRA.

III. This amendment is effective as an extension under Paragraph IX of Amendment II and Paragraph VI of Amendment I Subsection G of Section 4 of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF OREGON

John A. Kitzhaber, M.D., Governor

Olney Patt, Jr., Chairman
Warm Springs Tribal Council

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

AGS01758

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN
THE KLAMATH TRIBES
AND THE STATE OF OREGON**

AMENDMENT VI.

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16, 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, III, IV and V thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment V to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

WHEREAS, the Tribes and the State agree that the State functions of monitoring and oversight of tribal gaming operations will be funded by the tribal gaming industry and wish to amend Section 10 of the Compact with respect to assessment of state costs;

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Paragraph I of Amendment V is amended as follows:

The provisions of this amendment expire on ~~March 31, 1999~~ March 31, 2000. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

II. Subsections A, B and C of Section 10 of the Compact are amended as follows:

SECTION 10. STATE ASSESSMENT OF COSTS FOR OVERSIGHT

A. ~~Imposition of Assessment for State Law Enforcement and Regulatory Expenditures. The State shall make annually an assessment sufficient to compensate the State for the reasonable and necessary costs of regulating Gaming Operations and conducting state law enforcement investigations pursuant to this Compact. The State shall assess only those costs related to gaming. The State acknowledges expressly herein that the extent of oversight is related directly to the size and scope of gaming. Such assessment shall include any costs of fringe benefits for personnel. Fees received with respect to the submission of gaming~~

~~licenses and contracts pursuant to subsection C of Section 7 of this Compact shall be subtracted from the amount of the assessment.~~

~~B. Procedure for Assessments. The procedure for assessments shall be determined and agreed upon annually in a Memorandum of Understanding between the parties to this Compact. Such agreement shall include provisions for adjustments of excess assessments and underpayment of costs.~~

~~C. If the parties fail to agree to the assessments under this section, such dispute shall be resolved pursuant to Section 16 of this Compact.~~

A. Assessment for State Monitoring, Oversight and Law Enforcement Costs

1. The Tribes agree that the Oregon Gaming Tribes have the collective responsibility to pay for the cost of performance by OSP of its activities authorized pursuant to this Compact, including associated overhead. The Tribes agree to pay its fair share of the Oregon State Police costs pursuant to the formula set forth in this Section within 30 days of billing.
2. During the development of its biennium budget, the Oregon State Police shall distribute a draft of the Tribal Gaming section portion of the budget to the Oregon Gaming tribes for their review and comment prior to submission of the budget to either the Governor or the Legislature. The Oregon State Police shall give full consideration to the Oregon Gaming Tribes' comments on the Tribal Gaming Section budget. Notwithstanding the right of the Oregon Gaming tribes to comment on the Tribal Gaming Section budget before it is finalized within the Oregon State Police, each Tribe retains the right to participate in any public review by either the governor or the Legislature on the Oregon State Police budget as well as before the Emergency Board for any increase in the Oregon State Police budget.
3. Because of the government-to-government relationship between the Tribes and the State, the parties recognize that the obligation of the Tribes to pay for the Oregon State Police costs as provided by this Compact is unique. Nothing in this Compact is intended to, nor shall be construed as, creating a responsibility for the Tribes to pay for any other governmental services rendered by or received from the State.

4. The Tribes' monthly payment to the Oregon State Police shall be computed as follows:

- a) The biennium budget for the Tribal Gaming Section shall be divided by 24 to determine the total monthly payment that must be made by the Oregon Gaming Tribes to the Oregon State Police for Compact related activities. This payment shall be referred to as the "OSP Monthly Payment."
- b) Amounts received by the Oregon State Police from Class III Gaming Contractor license applicants, or any other gaming vendor license applicant, and from the payment for the assignment of Tribal Gaming Section officers to non-tribal gaming duties, shall reduce the OSP Monthly Payment owed by the Oregon Gaming Tribes. The reduction in the OSP Monthly Payment owed by the Oregon Gaming Tribes shall occur in the month the Oregon State Police receives such payments from third party sources.
- c) The Tribes' monthly payment to the Oregon State Police shall be computed as follows:

No. of direct Service Hours billed to Klamath Tribal Gaming Operations		OSP		Tribes Share of
		X Monthly	=	OSP Monthly
<hr/>		Payment		Payment
Total No. of Direct Service Hours Billed to All Oregon Tribal Gaming Operation.				

- d) Every six months, or biennium quarter, the Oregon State Police shall reconcile the total payments received from the Oregon Gaming Tribes and third party sources during the six month period. The total of these payments should equal one-fourth of the Oregon State Police/Tribal Gaming Section biennium budget. Any underpayment or overpayment shall adjust the amount owed by the Oregon Gaming Tribes the month following the reconciliation.

5. As used in this section

- a) "Oregon Gaming Tribes" means any federally recognized Indian Tribes in Oregon engaged in Class III gaming pursuant to a Tribal-State Compact.

- b) "Direct Service Hours" means the actual time spent by Oregon State Police personnel in performing employee background checks, performing background checks on Class III Gaming Contractors or other gaming vendors (unless paid by the Class III Gaming Contractor or other gaming vendor), performing Compact monitoring functions (including the annual comprehensive compact compliance review), conducting an investigation, and traveling to and from the Gaming facility or the site of a Class III Gaming Contractor background investigation, for a particular Tribal Gaming Operation. This definition is in no way intended to limit OSP's activities authorized pursuant to this Compact. The Oregon State Police shall keep direct service hour billing records setting forth the date work is performed, a brief description of the work performed and the amount of time spent.
- 6. The methodology for the payment of Oregon State Police costs shall begin on January 1, 1999.
 - 7. For the time period beginning January 1, 1999, this provision supersedes the terms of any and all Memoranda of Understanding entered into between the Tribes and OSP pursuant to Section 10(B) of the Compact, as those terms relate to payment of OSP costs.
- B. If the Tribes dispute the amount of the assessment under this Section, the Tribes shall timely pay the undisputed amount and within thirty (30) days of billing, shall notify OSP in writing of the specific nature of the dispute and the disputed amount. The parties shall meet and attempt to resolve the dispute. If the parties have not resolved the dispute within 15 days, the Tribes shall pay the disputed amount into an off-reservation escrow, mutually agreeable to the parties, with escrow instructions providing that the funds are to be released only upon the mutual authorization of the Tribes and the Oregon State Police. The parties shall share the reasonable costs of the escrow. The dispute shall then be resolved pursuant to the procedures set forth in section 6b(3) and (4) of this Compact.

If the Tribes fail to timely pay the disputed amount into escrow or timely pay the undisputed amount, OSP shall send written notice to the Chairman of the Tribes, informing him of OSP's authority to take further action. Fifteen days after such notice is sent by OSP, the Oregon State Police may suspend any background checks that are in process or withhold authorization for the shipment of equipment, and/or pursue other remedies for Compact violations available under this Compact or IGRA.

III. This amendment is effective as an extension under paragraph X of Amendment III of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribes that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, both as to the Tribes' ability to offer house banked blackjack and the State's and the Tribes' responsibility to implement the regulatory amendments contained herein.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

John A. Kitzhaber, M.D., Governor

Jeff C. Mitchell, Chairman

Date: _____

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN**

THE KLAMATH TRIBES

AND THE STATE OF OREGON

AMENDMENT VII

This amendment is made to the Class III Gaming Compact between the Klamath Tribes and the State of Oregon executed on December 16, 1994, and approved by the Secretary of the Interior on February 24, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, III, IV, V and VI thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment V and VI to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

NOW THEREFORE, the Tribes and the State hereby approve the following amendment to the Compact:

I. Paragraph I of Amendment V is amended as follows:

The provisions of this amendment expire on ~~March 31, 2000~~ December 31, 2001. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

II. Section 8A of the Compact is amended to add the following language:

The provisions of the Appendix, "Tribal/State Minimum Internal Control Standards," are hereby incorporated into and made a part of this Compact. The Tribes and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.

III. This amendment is effective as an extension under paragraph X of Amendment III of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribes that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, both as to the Tribes' ability to offer house banked blackjack and the State's and the Tribes' responsibility to implement the regulatory amendments contained herein.

EXECUTED as of the date and year below.

STATE OF OREGON

THE KLAMATH TRIBES

/s/ John A. Kitzhaber

/s/ Allen Foreman

John A. Kitzhaber, M.D., Governor

Allen Foreman, Chairman

31 March 2000
Date: _____

28 March 2000
Date: _____

APPROVED BY THE ASSISTANT SECRETARY OF INDIAN AFFAIRS:

/s/ Kevin Gover
By: _____

18 May 2000
Date: _____

AGS03992

[Effective 5/31/00; 65 Fed Reg 34727 (5/31/00)]

**TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE
CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION
OF OREGON AND THE STATE OF OREGON**

AMENDMENT VII

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon (Tribes) and the State of Oregon (the State) executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, III, IV, V and VI thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment VI to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

NOW THEREFORE, the Tribes and the State hereby approve the following amendment to the Compact:

I. Section I of Amendment VI is amended as follows:

Paragraph IV of Amendment I expires on ~~September 30, 2000~~ February 1, 2001. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact

amendment is under negotiation, the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

- II. A. The provisions of the Appendix, “Tribal/State Minimum Internal Control Standards,” are hereby incorporated into and made a part of this Compact, modified as noted in the Appendix. The Tribes and the State agree that the minimum standards set forth in the Appendix may be modified or supplemented by mutual agreement of the parties, and that subsequent amendment of this Compact shall not be necessary for any such modification or supplementation of the minimum standards set forth in the Appendix.

- B. With respect to Section VI, paragraph A(10), Section VI, paragraph C(3) and Section VII, paragraph T(10), the parties recognize that there may be extraordinary circumstances in which it will be impractical to have three count team members present, such as in cases of extreme inclement weather. In such rare circumstances, and as long as the annual gross gaming revenues of the Tribal Gaming Operation do not exceed ten million dollars, the Tribal Gaming Operation may operate with two count team members, and shall notify the Oregon State Police in writing within 10 days of the occurrence.

III. This amendment is effective as an extension under Paragraph IX of Amendment II and Paragraph VI of Amendment I Subsection G of Section 4 of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF
OREGON

John A. Kitzhaber, M.D., Governor

Olney Patt, Jr., Chairman
Warm Springs Tribal Council

Date: _____

Date: _____

APPROVED FOR LEGAL SUFFICIENCY:

Stephanie L. Striffler
Special Counsel to the Attorney General

Date

APPROVED BY THE SECRETARY OF THE INTERIOR

By: _____

Date: _____

APPENDIX

TO AMENDMENT VII

TO THE TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON AND THE STATE OF OREGON

TRIBAL/STATE

MINIMUM STANDARDS FOR INTERNAL CONTROLS

Published: January 1997

Revised March 1, 1998

Revised April 12, 1999

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SECTION I TRIBAL GAMING OPERATION

A. ORGANIZATION

1. The tribal gaming operation will have a system of internal controls, policies and procedures or regulations that includes the following:
 - a. Administrative control, which includes but is not limited to the plan of organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions; and
 - b. Accounting control which includes the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:
 - i. Transactions are executed in accordance with the management's general and specific authorization, which will include the requirements of these standards;
 - ii. Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and with these standards, and to maintain accountability for assets;
 - iii. Access to assets is permitted only in accordance with management's authorization which will include the requirements of these standards; and
 - iv. The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
2. The tribal gaming operation's system of internal control will provide for:
 - a. Personnel with an understanding of prescribed procedures; and
 - b. The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties.
3. The tribal gaming operation will, at a minimum, establish the following departments:
 - a. A security department supervised by the head of the security department who will co-operate with, yet perform independently of, all other departments and will report directly to the General Manager of the tribal gaming operation

regarding matters of policy, purpose, and responsibilities. The head of security will be responsible for, but not limited to the following:

- I. Security of the gaming facility;
 - ii. Ensure compliance with policies, procedures, and the law;
 - iii. Safeguards assets transported within the gaming facility and cage/vault;
 - iv. Insures safety of employees and guests; and
 - v. Assures security of property and gaming facility;
 - vi. Establish an evidence storage area that has security controls that assure the chain of possession and integrity of stored evidence.
- b. A surveillance department supervised by the head of the surveillance department who will co-operate with, yet perform independently of, all other departments and will report directly to the Tribal Gaming Commission or other department or entity independent of operations regarding matters of policy, purpose, and responsibilities. The head of surveillance will be responsible for, but not limited to the following:
- I. The clandestine surveillance of the operation and conduct of the games;
 - ii. The clandestine surveillance of the operation of the cashier's cage;
 - iii. The audio-video taping of activities in the count rooms;
 - iv. The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;
 - v. The video taping of illegal and unusual activities monitored; and
 - vi. The notification of appropriate gaming facility supervisors, the Tribal Gaming Commission who will notify the Oregon State Police upon the detection and taping of cheating, theft, embezzlement, or other illegal activities.
- c. A gaming facility department supervised by a gaming facility manager who will perform independently of all other departments and will report directly to the General Manager. The gaming facility manager will be responsible for the operation and conduct of all Class III activities conducted in the gaming facility.
- d. A gaming facility accounting department supervisor who will report directly to the General Manager. The supervisor responsibilities will include, but not be limited to, the following;
- i. Accounting controls;
 - ii. The preparation and control of records and data required by these standards;
 - iii. The control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the gaming operation and required by these standards; and
 - iv. The control and supervision of the cashier's cage.

- e. A cashier's cage supervised by a cage supervisor who will supervise cage cashiers and co-operate with, yet perform independently of, the gaming facility and security departments, and will be under the supervision of, and report directly to the Controller. The cashier's cage will be responsible for, but not limited to the following:
 - i. The custody of currency, coin, patron checks, gaming chips, and documents and records normally associated with the operation of a cashier's cage;
 - ii. The approval, exchange, redemption and consolidation of gaming chips received in conformity with the gaming operation's standards;
 - iii. The receipt, distribution and redemption of gaming chips in conformity with these standards; and
 - iv. Such other functions normally associated with the operation of a cashier's cage.
- 4. The tribal gaming operation's personnel will be trained in all accounting and internal control practices and procedures relevant to each employee's individual function. Special instructional programs will be developed by the tribal gaming operation in addition to any on-the job instruction sufficient to enable all members of the departments required by this standard to be thoroughly conversant and knowledgeable with the appropriate and required manner of performance of all transactions relating to their function.

B. ADOPTION OF RULES FOR CLASS III ACTIVITIES

- 1. The tribal gaming operation will submit for approval to the Tribal Gaming Commission who will provide rules to the Oregon State Police to govern the conduct of Class III activities operated in the tribal gaming facility. Copies of game rules in effect will be provided to the Oregon State Police 60 days prior to implementation. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets will be visibly displayed in the gaming facility and betting limits applicable to any gaming station will be displayed at such gaming station. Game rules approved by the Tribal Gaming Commission will include in addition to the rules of play:
 - a. Specifications provided by the equipment manufacturer or supplier applicable to gaming equipment:
 - i. Physical characteristics of chips; and
 - ii. Physical characteristics of such other gaming equipment as may be required for use in authorized Class III gaming.
- 2. Rules for each authorized game, to include:

- a. Procedures of play;
- b. Minimum and maximum permissible wagers;
- c. Shuffling, cutting and dealing techniques, as applicable;
- d. Payout odds on each form of wager;
- e. Procedures to be followed on occurrence of irregularities, including definition of irregularities as applicable to each game; and
- f. Prohibitions on side betting between and against player and against the house.

SECTION II ACCOUNTING STANDARDS

A. ACCOUNTING RECORDS

1. The tribal gaming operation will maintain complete, accurate, legible and permanent records of all transactions relating to the revenues and costs of the gaming operation.
2. General accounting records will be prepared and maintained according to generally accepted accounting principles on a double entry system of accounting with transactions recorded on the accruals basis, and detailed, supporting, subsidiary records, sufficient to meet the requirements of paragraph 4.
3. The forms of accounts adopted should be of a standard form, which would ensure consistency, comparability, and effective disclosure of financial information.
4. The detailed, supporting and subsidiary records will include, but not necessarily be limited to:
 - a. Statistical game records to reflect drop and win amounts for each station, for each game, for each shift, or daily for each type of table game, and individual and statistical game records reflecting similar information for all other games;
 - b. Records of investments in property and services, including equipment used directly in connection with the operation of Class III gaming;
 - c. Records of accounts payable by the tribal gaming operation;

- d. Records that identify the purchase, receipt and destruction of gaming chips used in wagering.
- e. Video lottery terminal analysis reports compare actual hold percentages to theoretical hold percentages by each machine;
- f. Journal entries prepared by the gaming facility;
- g. The records required either by these minimum internal control standards or by the gaming facility's system of internal control; and
- h. Any other supporting source documents that are specifically required to be maintained.

B. AUDITING FINANCIAL STATEMENTS

1. Each gaming facility will prepare financial statements covering all financial activities of the gaming facility for each fiscal year.
2. Each Tribe will engage an independent accountant licensed to practice within the State of Oregon. The accountant will examine the statements in accordance with generally accepted auditing standards.
3. If a gaming facility changes its fiscal year, the gaming facility will prepare and submit to the Tribe audited or reviewed financial statements covering the "stub" period from the end of the previous fiscal year to the beginning of the new fiscal year. The submission will be made in a timely manner after the end of the stub period or incorporated the financial results of the stub period in the statements for the new fiscal year.
4. The annual financial statements will be prepared on a comparative basis for the current and prior calendar or fiscal year and will present the financial position and results of operations in conformity with generally accepted accounting principles.
5. Two copies of the audited financial statements, together with the report thereon of the tribal gaming operation's independent accountant will be filed with the Tribal Gaming Commission and made available to the Oregon State Police at a location determined by the Tribal Gaming Commission not later than 120 days following the end of the calendar or fiscal year. Extensions may be granted by the Tribal Gaming Commission for extenuating circumstances.
6. The tribal gaming operation will require its independent accountant to render the following additional reports:

- a. A report on material weaknesses in accounting and internal controls. Whenever, in the opinion of the independent account, there exists no material weaknesses in accounting and internal controls, the report will say so; and
 - b. A report expressing the opinion of the independent accountant that, based on his or her examination of the financial statements, the tribal gaming operation has followed, in all material respects, during the period covered by his or her examination, the system of accounting and internal control on file with the Tribal Gaming Commission. Whenever, in the opinion of the independent accountant, the tribal gaming operation has materially deviated from the system of accounting and internal controls filed with the Tribal Gaming Commission, or the accounts, records, and control procedures examined are not maintained by the tribal gaming operation in accordance with the Compact and these standards. The report will enumerate such deviations of the areas of the system no longer considered effective and will make recommendations in writing regarding improvements in the system of accounting and internal controls.
7. Two copies of the reports required by paragraph (6) and two copies of any other reports on accounting and internal control, administrative controls, or other matters relating to the tribal gaming operation's accounting or operating procedures rendered by the tribal gaming operation's independent accountant, will be filed with the Tribal Gaming Commission and made available to the Oregon State Police at a location to be determined by the Tribal Gaming Commission by the Tribal gaming operation within 120 days following the end of each fiscal year or within thirty (30) days of receipt whichever is earlier. Provided, extensions may be granted for extenuating circumstances by the Tribal Gaming Commission.

C. SYSTEM OF INTERNAL CONTROL

1. Each gaming facility will establish administrative and accounting procedures for the purpose of determining effective control over the gaming facility's internal fiscal affairs. These will be submitted to the Tribal Gaming Commission and be made available to the Oregon State Police at a location determined by the Tribal Gaming Commission. The tribal gaming operation will submit to the Tribal Gaming Commission and the Oregon State Police a description of its system of internal procedures and administrative and accounting controls at least 60 days before any new gaming operations are to commence. The system of internal procedures and administrative and accounting controls will meet or exceed the minimum standards set forth in the Compact agreement. No new games will be put into play or offered to the public until the controls meet or exceed these standards. The procedures will be designated to reasonably ensure that:
 - a. Assets are safeguarded;

- b. Financial records are accurate and reliable;
 - c. Transactions are performed only in accordance with management's general or specific authorization;
 - d. Transactions are recorded adequately to permit proper reporting of gaming revenue, and to maintain accountability for assets;
 - e. Access to assets is permitted only in accordance with the Tribes specific authorization;
 - f. Recorded accountability for assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies; and
 - g. Functions, duties, and responsibilities are appropriately segregated in accordance with sound practices by competent, qualified personnel.
2. Each such submission will contain both a detailed narrative and diagrammatic representation of the internal control system to be utilized by the tribal gaming operation. Each written system of internal control will include an organizational chart depicting appropriate segregation of functions and responsibilities.
 3. The submission required by paragraph 1 will be signed by the executive responsible for its preparation that the submitted system conforms in all respects to the principles of internal control required by these standards.
 4. Each gaming facility will follow procedural changes as required by the Tribe.
 5. Before making operational changes such as adding or eliminating a game, adding any computerized system that affects the proper reporting of gross revenue, adding any computerized system for monitoring video lottery terminals or other games, or any other computerized associated equipment, the Tribe agrees to:
 - a. Amend its accounting and administrative procedures and its written system of internal control to comply with these standards and have the amendment signed by the gaming operations Senior Financial Officer and General Manager or similar position.
 - b. Comply with any written requirements imposed by the Tribe regarding administrative approval of computerized associated equipment; and
 - c. Provide copies of the amended accounting and administrative procedures and its written system of internal control to the Oregon State Police.

- d. After paragraphs a, b and c have been complied with, implement the procedures and written system as amended.

D. GROSS REVENUE CALCULATIONS

1. For each table game, gross revenue equals the closing bankroll plus credit slips for cash, chips, or tokens returned to the cage, plus drop, less opening bankroll and fills to the table.
2. For each video lottery terminal, gross revenue equals drop less jackpot/cash slip payout.
3. For each counter game, gross revenue equals:
 - a. The money accepted by the gaming facility on events or games that occur during the month or will occur in subsequent months, less money paid out during the month to patrons on winning wagers; or
 - b. The money accepted by the gaming facility on events or games that occur during the month plus money, not previously included in gross revenue, that was accepted by the gaming location in previous months on events or games occurring in the month, less money paid out during the month to patrons on winning wagers.

E. HANDLING OF CASH

1. Each gaming employee, gaming facility, or Tribe who receives currency (other than tips or gratuities) from a patron in the gaming area of the gaming facility will promptly place the currency in the locked box in the table, or on those games which do not have a locked box, in an appropriate place on the table, in the cash register, in a change wallet, or other approved repository.

F. ACCEPTANCE OF GRATUITIES FROM PATRONS

1. No tribal gaming operation employee with work duties directly related to gaming management, accounting and surveillance will solicit or accept any tip or gratuity from any player or patron.
2. The tribal gaming operation agrees to establish a procedure consistent with state or federal laws for accounting for all tips received by other gaming employees.

3. Upon receipt from a patron of a tip, a croupier or dealer assigned to a gaming station will tap the table or wheel indicating to surveillance that he has received a tip and immediately deposit such tip in the tip box.

G. UNCLAIMED JACKPOTS

1. The tribal gaming operation will have procedures and controls that describe how the gaming operation will handle unclaimed jackpots.

H. MINIMUM BANKROLL REQUIREMENTS

1. Each gaming facility agrees to maintain, in such manner and amount as the Tribe may approve or require, cash or cash equivalents in an amount sufficient to reasonably protect the gaming facility's patrons against defaults in gaming debts owed by the gaming facility. The Tribe agrees to distribute to the gaming facility a formula approved by the Tribe by which a gaming facility determines the minimum bankroll requirements of this section. If at any time the gaming facility's available cash or cash equivalents should be less than the amount required by this section, the gaming facility will immediately notify the Tribe of this deficiency. Failure to maintain the minimum bankroll required by this section, or a higher bankroll as required by the Tribe pursuant to this section, or failure to notify the Tribe of any deficiencies, is not a generally accepted method of operation.

I. FORMS, RECORDS, DOCUMENTS AND RETENTION

1. All information required by these standards are to be placed on a form, record or document in ink or stored data or other permanent form.
2. Whenever duplicate or triplicate copies are required of a form, record or document:
 - a. The original, duplicate and triplicate copies will be color-coded.
 - b. If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy will remain in a continuous unbroken form in the dispenser; and
 - c. If under these standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions will be reported immediately in writing to the Tribal Gaming Commission for investigation.

3. Unless otherwise specified in these standards or exempted by the Tribal Gaming Commission, all forms, records, documents and stored data required to be prepared, maintained and controlled by these standards will:
 - a. Have the title of the form, record, document or stored data imprinted or pre-printed thereon or therein;
 - b. Be located on Tribal Lands or such other location as is approved by the Tribal Gaming Commission; and
 - c. Be retained for a period of at least two (2) years in a manner that assures accessibility to members of the Tribal Gaming Commission and personnel of the Oregon State Police within 24 hours of a written request.

J. PERIODIC PAYMENTS

1. Periodic payment of winnings awarded to a patron will be made if the method of funding for the periodic payment assures such payments to the winning patron. Payment terms shall be conspicuously posted within the gaming facility.

**SECTION III
SURVEILLANCE DEPARTMENT STANDARDS**

A. CLOSED CIRCUIT TELEVISION SYSTEM

1. The tribal gaming operation will install a closed circuit television system according to the following specifications.
2. The closed circuit television system will include, but need not be limited to the following:
 - a. A matrix-type switching system with the capabilities of pan-tilt-zoom and fixed camera position with the capacity to bring up any camera throughout the gaming facility to a designated monitor to effectively and clandestinely monitor in detail and from various vantage points, the following:
 - I. The gaming conducted at each table gaming station in the gaming facility and the activities in the gaming facility pits. The surveillance system equipment will be able to identify each player, the dealers or croupier, and be of sufficient resolution and clarity to read individual cards, game table layout symbols or numbers and money and chip denominations.

- ii. The operations conducted at and in the cashier's cage;
 - iii. All count processes conducted in the count rooms in conformity with these standards.
 - iv. The movement of cash, gaming chips, drop boxes, and bill validator boxes in the establishment;
 - v. The entrances and exits to the gaming facility, unless continuously alarmed, and the count rooms;
 - vi. Secured storage areas for playing cards, chips, tokens, EPROMS and sensitive paper stock or other controlled item;
 - vii. Progressive video lottery terminals.
 - viii. As further designated in these standards to assure game integrity; and
 - ix. Such other areas as the Tribal Gaming Commission designates.
- b. Video units with time and date insertion capabilities for taping what is being viewed by any camera of the system;
 - c. Audio capability in the count rooms; and
 - d. One or more monitoring rooms in the establishment which will be in use at all times by the employees of the surveillance department assigned to monitor the activities in the gaming facility and which may be used as necessary by the members of the Tribal Gaming Commission and accessed by members of the Oregon State Police.
3. Adequate lighting will be present in all areas, including table gaming stations and pits, where closed circuit camera coverage is required.
 4. The tribal gaming operation will be required to maintain a surveillance log of all surveillance activities in the monitor room. The log will be maintained by monitor room personnel and include, at a minimum, the following:
 - a. Date and time of surveillance;
 - b. Person initiating surveillance;
 - c. Reason for surveillance;
 - d. Time of termination of surveillance;
 - e. Summary of the results of the surveillance; and
 - f. A record of any equipment or camera malfunctions.
 5. The surveillance log will be available for inspection at any time by members of the Tribal Gaming Commission and members of the Oregon State Police.

6. Video or audio tapes of sensitive areas and areas accessible to the public will be retained for at least seven (7) days and at least thirty (30) days in the case of tapes of evidentiary value, or for such longer period as the Tribal Gaming Commission may require. In the case of video or audio tapes associated with a criminal investigation or prosecution, the tapes will be retained until the criminal case or prosecution has been concluded.
7. Entrances to the closed circuit television monitoring rooms will not be visible from the gaming ~~facility~~ area.
8. The surveillance room is to be staffed **to allow coverage during** ~~for all shifts and~~ activities in the gaming facility.
9. Changing of surveillance tapes will be performed by personnel not involved in the handling of cash or cash equivalents.
10. The surveillance room will remain locked and access will be limited to authorized personnel as defined by the Tribal Gaming Commission.
11. The primary surveillance room and monitors will have override capabilities.
12. A minimum of one PTZ camera in the count rooms, and all house chip fill cage stations.
13. All fixed cameras for Class III gaming related areas as specifically identified in the MICS will be continuously taped. All PTZ cameras will have the capability for taping of what is being monitored.
14. The Tribal gaming operation will establish communications systems on the gaming floor that are capable of immediately alerting surveillance personnel.
15. Telephones on the gaming floor will have the capability of a direct line or extension to the surveillance department.
16. Surveillance personnel in the surveillance room will have radio communication with security personnel if security officers have radio communication with each other.
17. Gaming operations procedures will include a means of alerting surveillance personnel of money transfers prior to the transfer taking place and a means to advise surveillance of the locations, gaming device/table number, time, date, and amount of transfers, and to whom the transfers will be made.

B. GAMING FACILITY PERIMETERS

1. Internal - All entrances and exits to the gaming facility, unless continuously alarmed, will be monitored by fixed cameras. These fixed cameras do not have the requirement to be continuously ~~tapes~~ **recorded**.
2. External - Cameras and/or security in the parking lot will be positioned to enable coverage of the entire gaming facility.

C. ELEVATORS

1. The interior of elevators used in the transport of cash or cash equivalents and personnel at the same time will be monitored by a fixed camera.

D. VAULT

1. Each vault will have a fixed overhead camera on each work station.
2. Two fixed cross views will be used covering the vault, preventing blind spots.
3. Each vault will have a minimum of at least one pan-tilt-zoom camera.

**SECTION IV
CAGE STANDARDS**

A. CASHIER'S CAGE

1. As part of the gaming operation there will be on, or immediately adjacent to, the gaming floor a physical structure known as the cashier's cage to house the cashiers and to serve as the central location for the following:
 - a. The custody of the cage inventory comprising currency, coin, patron checks, gaming chips, forms, documents and records normally associated with the operation of a cage;
 - b. The receipt, distribution, and redemption of gaming chips in conformity with these standards; and
 - c. Such other functions normally associated with the operation of a cage.

2. The cage will be designed and constructed to provide maximum security including, at a minimum, the following:
 - a. A fully enclosed structure except for openings through which items such as gaming chips, cash, records, and documents can be passed to service the public and gaming stations;
 - b. Manually triggered silent alarm systems that are immediately available to each cashier's cage work station and that are connected directly to the surveillance or security department office;
 - c. Access will be through a locked door.
 - d. Closed circuit television coverage, which will be monitored by the gaming facility surveillance department.
3. The tribal gaming operation will place on file with the Tribal Gaming Commission the names of all persons authorized to enter the cage, those who possess the combination or the keys or who control the mechanism to open the locks securing the entrance to the cage, and those who possess the ability to operate the alarm systems.

B. ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE

1. The assets for which the cashiers are responsible will be maintained on an imprest basis. At the end of each shift, the cashiers assigned to the outgoing shift, will record on a cashier's count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and will reconcile the total closing inventory with the total opening inventory.
 - a. Cashier or Vault functions will be, but are not limited to the following:
 - i. Receive cash and gaming chips from patrons;
 - ii. Receive Slot cash slips from patrons in exchange for cash;
 - iii. Effectively cancel the Slot cash slips to prevent the possibility of future improper payment;
 - iv. Receive gaming chips from patrons in exchange for cash;
 - v. Receive documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cashier's cage; and
 - vi. Receive from security department members, chips removed from gaming stations in exchange for the issuance of a credit;
 - vii. Receive from security department members, requests for fills in exchange for the issuance of a fill and the disbursement of gaming chips;
 - viii. Receive cash from the coin and currency count rooms;
 - ix. Prepare the overall cage reconciliation and accounting records; and

- x. Perform such other functions as necessary to ensure proper accountability consistent with these standards.
2. The Cage and Vault inventories will be counted by at least two persons evidenced by their signatures on the cage accountability/ checkout form.
3. At the conclusion of gaming activity each day, at a minimum, copies of the cashier's count sheet, recapitulation, fill, main, and related documentation, will be forwarded to the accounting department for agreement of opening and closing inventories, and agreement of amounts thereon to other forms, records and documentation required by these standards or for the recording of transactions.

C. TITLE 31 ANTI-MONEY LAUNDERING/CASH TRANSACTION REPORTING

1. The tribal gaming operation will comply with all applicable laws regarding anti-money laundering and cash transaction reporting.

D. SURVEILLANCE STANDARDS - CAGE

1. The following surveillance standards apply to the cashier cage:
 - a. Each cashier station will be equipped with one fixed camera covering the transaction area. Coverage will allow identification of cash transactions at each cash drawer;
 - b. Each cage area will have at a minimum one pan-tilt-zoom camera, which will be used as an overview for cash transactions. This overview should include the customer, the employee and the surrounding area;
 - c. Non-customer areas of the cage will have two fixed stationary cross views preventing any blind spots and at least one pan-tilt-zoom;
 - d. All stationary banks used by change runners on the gaming floor will be covered by a fixed overview camera, covering the bank and general area; and
 - e. One fixed color camera over fill window.

SECTION V COUNT ROOM STANDARDS

A. COUNT ROOM: CHARACTERISTICS

1. As part of the gaming operation, there will be a room(s) specifically designated for counting the contents of drop boxes/buckets, which will be known as the count room(s). The following standards apply to both hard and soft count rooms.
2. The count room will be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein, to include at a minimum, the following:
 - a. A door equipped with locking device(s) securing the interior of the count room.
 - b. Surveillance will be notified prior to any person entering the count room during non-count times.
 - c. The count room will be hardwired and supported by an UPS system. An emergency lighting system that is battery powered should be in place as a back up to the UPS system.
 - d. The count room will be painted in a light single color that contrasts with the color of currency.
 - e. The floor of the count room will be constructed of a material adhered to the base floor of a color contrasting currency.
 - f. If a bathroom is part of the count room, it will be limited to a toilet, sink, bar soap, toilet paper and an electric hand dryer. If wastebaskets are needed, they will be clear. A member of the security department and the count room supervisor will search bathrooms for contraband or currency at the end of each count.
 - g. A table constructed of clear glass or similar material for the emptying, counting and recording of the contents of the drop boxes, which will be known as the "Count Table";
3. Music, which would interfere with audio recording, is not allowed in the count rooms.

B. SURVEILLANCE STANDARDS - COUNT ROOM

1. Closed circuit television cameras and microphones wired to monitoring rooms capable of, but not limited to the following:
 - a. Effective and detailed audio-video monitoring of the entire count process;
 - b. Effective detailed video monitoring of the count room, including storage cabinets or cart/trolleys used to store drop boxes;
 - c. Audio-video taping of the entire count process and any other activities in the count room.
 - d. Each count room will have two fixed cross views preventing blind spots.
 - e. Each count room will have an overhead fixed camera for all workstations.
 - f. Each count room will have one color pan-tilt-zoom camera.

SECTION VI

TABLE GAME STANDARDS

A. DROP BOXES

1. Each gaming station in a gaming facility will have attached to it a metal container known as a "Drop Box", in which will be deposited all cash, fills and credits, requests for fills and credits, and station inventory forms.
2. Each drop box will have:
 - a. One separate lock securing the contents placed into the drop box, the key to which will be different from any other key;
 - b. A separate lock securing the drop box to the gaming stations, the key to which will be different from the key to the lock securing the contents of the drop box;
 - c. An opening through which currency, coins, forms, records and documents can be inserted into the drop box;
 - d. Permanently imprinted or impressed thereon, and clearly visible a number corresponding to a permanent number on the gaming station to which it is attached, and a marking to indicate game and shift, except that emergency

drop boxes may be maintained without such number or marking, provided the word "emergency" is permanently imprinted or impressed thereon and, when put into use, are temporarily marked with the number of the gaming station and identification of the game and shift.

3. The key utilized to unlock the drop boxes from the gaming stations will be maintained and controlled by a department independent of the table games department. Persons authorized to drop the table game drop boxes are precluded from having access to drop box contents keys. Only persons authorized to remove drop boxes from the table games are allowed access to the release keys. However, the count team members may have access to the release keys during the count in order to reset the drop boxes.
4. The key to the lock securing the contents of the drop boxes will be maintained and controlled by a department independent of the table games department. Only authorized count team members are allowed access to drop box contents keys and only during the soft count process.
5. The physical custody of the keys needed to access stored full drop box contents requires involvement of persons from two separate departments.
6. Access to the drop box content keys at other than scheduled count times shall require the involvement of at least three persons from separate departments, including management, and the reason for access shall be documented with signatures of all participants and observers.
7. A person independent of the table games department is required to accompany drop box storage rack keys and observe each time drop boxes are removed from or placed in storage racks. Persons authorized to obtain drop box storage rack keys are precluded having access to drop box contents keys (with the exception of the count room team.)
8. All duplicate keys will be maintained in a manner, which provides the same degree of control over drop boxes as is required for the original keys.
9. The involvement of at least two persons independent of the cage department is required to access stored empty drop boxes.
10. At least three count team members are required to be present at the time count room and other soft count keys are issued for the soft count.
11. Logs will be maintained to document authorization of personnel accessing keys.

B. DROP BOXES, TRANSPORTATION TO AND FROM GAMING STATIONS AND STORAGE IN THE COUNT ROOM

1. At the end of each shift, all locked drop boxes shall be removed from the gaming tables by an individual independent of the pit shift being dropped.
2. A separate lock box shall be placed on each table each shift or a gaming operation may utilize a single drop box with separate openings and compartments for each shift.
3. All drop boxes removed from the gaming stations will be transported, at a minimum, by ~~three~~ **two** persons, ~~two~~ **one** of which must be a security department member or Gaming Commission directly to, and secured in, the count room. Only one gaming station at a time will be subject to drop. **The setting out of empty drop boxes and the drop shall be a continuous process.** This procedure does not apply to emergency drops of two boxes or less.
4. A security department member will remain with the trolley/drop cart and receive full drop boxes and dispense empty boxes.
5. Security will advise surveillance upon the start of the drop, when the drop cart/trolley is moved, and when the cart is secured in the soft count room.
6. All drop boxes, not attached to a gaming station, will be stored in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley.
7. The drop cart/trolley will be secured after being emptied and upon being filled by a keyed locking system.
8. Gaming Tables, when not in use during a shift may store attached drop boxes on the gaming stations provided that there is adequate security. If adequate security is not provided during this time, the drop boxes will be stored in the count room in an enclosed storage cabinet or trolley as required in paragraph 6.
9. The entire drop process will be monitored and taped by the surveillance department. Drop tapes will be held for at least seven days. If an unusual incident occurs during the drop the tape will be placed in evidence until a full review of the incident is concluded.
10. If an emergency occurs during the drop process, the drop box will be returned to the soft count room and secured.
11. Drop and count team authorized persons ~~shall~~ **may** maintain separate duties, **or in the event any drop and count team personnel are the same, the drop box content keys and the keys securing drop boxes to gaming devices must be signed in before any count keys are signed out.**

C. STANDARDS FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

1. The contents of drop boxes will be counted and recorded in the count room in conformity with this standard.
2. The tribal gaming operation will notify the Tribal Gaming Commission whenever the contents of drop boxes removed from gaming stations are to be counted and recorded, which, at a minimum, will be **at least once every third** each gaming day. The gaming operation may satisfy this standard by providing the Gaming Commission with a schedule in advance of drop/count times. Any variance of the scheduled times requires notification of the Tribal Gaming Commission.
3. The opening, counting and recording of the contents of drop boxes will be performed by three or more employees assigned by the tribal gaming operation for the conduct of the count ("Count Team") who have ~~incompatible~~ functions **dissimilar from the drop team, except as provided in Section VI(B)(11)**. The Count Team will be rotated so that the count team members are not the same for more than seven (7) consecutive days.
4. Immediately prior to the opening of the drop boxes, the doors to the count room will be securely locked.
5. At no time, other than in an emergency, will a soft count team member be replaced by a new member after the count has commenced.
6. Except in an emergency, those persons allowed to enter or leave the count room during the count process will not do so until unverified cash is counted and recorded.
7. Members of the Tribal Gaming Commission will be allowed immediate access to the count room during the count process. The Tribal Gaming Section will not be denied access in an emergency situation during the count process.
8. Immediately prior to the commencement of the count, one count team member will notify surveillance that the count is about to begin. Surveillance will make an audio-video recording, with the time and date inserted thereon, of the entire counting process which will be retained by the surveillance department for at least seven days from the date of recording unless otherwise directed by the Tribal Gaming Commission.
9. Minimum procedures and requirements for conducting the count will be the following:
 - a. As each drop box is placed on the count table, one count team member will announce, in a tone of voice to be heard by all persons present and to be

recorded by the audio recording device, the game, station number, and shift marked thereon;

- b. The contents of each drop box will be emptied and counted separately on the count table, which procedures will be at all times conducted in full view of the closed circuit television cameras located in the count room. This subparagraph not applicable to an automatic count system.
- c. Immediately after the contents of a drop box are emptied onto the count table, the inside of the drop box will be held up to the full view of a closed circuit television camera for at least two seconds, and will be shown to at least one other count team member to confirm that all contents of the drop box have been removed, after which the drop box will be locked and placed in the storage area for drop boxes;
- d. The drop boxes shall be individually emptied and counted in such a manner to prevent the commingling of funds with other drop boxes until the count has been recorded.
- e. As the contents of each drop box is counted, one count team member will record in ink or verify on a master game report, by game, station number, and shift, the following information:
 - i. The total amount of currency counted;
 - ii. The amount of the opener;
 - iii. The amount of the closer;
 - iv. The serial number and amount of each fill;
 - v. The total amount of all fills;
 - vi. The serial number and amount of each credit;
 - vii. The total amount of all credits; and
 - viii. The win or loss.
- f. Corrections to information originally recorded by the count team on the master game report or other documentation will be made by crossing out the error, entering the correct information and then obtaining the initials of two other count team members who verify the change. Crossing out errors will be made in ink and be done with one line in a manner that leaves the crossed out portion visible. Initials will be placed in a manner not to interfere with the legibility of the document.
- g. After the contents of each drop box have been counted and recorded, one member of the count team will record by game and shift, on the master game report, the total amounts of currency, station inventory slips, fills and credits counted, and win or loss, together with such additional information as may be required on the master game report by the tribal gaming operations. Any unreconciled discrepancies of \$100 or more will be immediately brought to

the attention of the Controller and a report generated to the Tribal Gaming Commission. The surveillance tape of the count will be secured by surveillance and stored in evidence until the discrepancy is corrected.

- h. Notwithstanding the requirements of sub-paragraphs (e) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the recording on the master game report of fills, credits, and station inventory slips by cage cashiers prior to the commencement of the count, a count team member will compare for agreement the serial numbers and totals of the amounts recorded thereon to the fills, credits, and station inventory slips removed from the drop boxes;
 - i. Notwithstanding the requirements of sub-paragraphs (e) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the count team functions to be comprised only of counting and recording currency and credits' accounting department employees will perform all other counting, recording and comparing duties herein;
 - j. After completion and verification of the master game report, each count team member will sign the report attesting to the accuracy of the information recorded thereon;
10. Minimum procedures and requirements at the conclusion of the count for each gaming shift will be the following:
- a. All cash removed from each drop box after the initial count will be presented in the count room by a count team member to a cashier who, prior to having access to the information recorded on the master game report and in the presence of the count team, will count in detail all loose currency and bulk count all strapped bundles of currency, after which the cashier will sign the report evidencing the fact that both the cashier and count team have agreed on the total amount of cash counted. If an unreconciled variance of \$100 or more is found, surveillance will be notified and a count team member and cashier independent of the first cashier and count team will recount the currency. If there is still a variance, a member of the gaming commission will be notified.
 - b. The original copy of the master game report, after signing, and the requests for fills, the fills, the requests for credits, the credits, and the station inventory slips removed from drop boxes will be transported directly to the accounting department and will not be available to any cashier's cage personnel;
 - c. If the tribal gaming operation's system of accounting and internal controls does not provide for the forwarding from the cashier's cage of the duplicate of the fills, credits, request for credits, request for fills, such documents recorded

or to be recorded on the master game report will be transported from the count room directly to the accounting department.

11. The originals and copies of the master game report, request for fills, fills, request for credits, credits and station inventory slips will on a daily basis, in the accounting department be:
 - a. Compared for agreement with each other, on a test basis, by persons with no recording responsibilities and, if applicable, to triplicates or stored data;
 - b. Reviewed for the appropriate number and property of signatures on a test basis;
 - c. Accounted for by series number, if applicable;
 - d. Tested for proper calculation, summarization, and recording;
 - e. Subsequently recorded; and
 - f. Maintained and controlled by the accounting department.
12. No personal items are allowed into the count rooms.
13. While the soft count is in process, all personnel in the Soft Count room will wear pocketless coveralls. The coveralls will have loosely fitted sleeves and pant legs with no cuffs or collars and they will zip in the front. The zipper will be maintained fully closed at the top.
14. All trash in the count room will be placed in a transparent bag for disposal. The material will be removed at the end of the count and received by a member of the security department for disposal.

D. STANDARDS FOR ACCEPTING CASH AT TABLE GAMING STATIONS

1. The cash will be spread on the top of the table gaming station, with each bill separated from each other, by the croupier or dealer, accepting it in full view of the patron who presented it and the facility supervisor specifically assigned to such gaming station.
2. The amount of cash, if \$100 or over, will be announced by the croupier or dealer accepting it in a tone of voice calculated to be heard by the patron who presented the cash and the facility supervisor specifically assigned to such gaming station.

3. Immediately after an equivalent amount of gaming chips has been given to the patron, the cash will be taken from the top of the gaming station and placed by the croupier or dealer into the drop box attached to the gaming station. After completion of the transaction, the dealer or croupier will clear their hands.

E. STATION INVENTORIES AND STANDARDS FOR OPENING STATIONS FOR GAMING

1. Whenever a gaming station is opened for gaming, operations will commence with an amount of gaming chips to be known as the "Station Inventory" and the tribal gaming operation will not cause or permit gaming chips to be added to or removed from such station inventory during the gaming day except:
 - a. In exchange for cash;
 - b. In payment of winning wagers and collections of losing wagers made at such gaming station;
 - c. In exchange for gaming chips received from a patron having an equal aggregate face value; and
 - d. In conformity with the fill and credit procedures described in these standards.
2. Each station inventory and the station inventory slip prepared in conformity with the procedures set forth in these standards will be stored during non-gaming hours in a separate locked, clear container which will be clearly marked on the outside with the game and the gaming station number to which it corresponds. The information on the station inventory slip will be visible from the outside of the container. All containers will be stored either in the cashier's cage during non-gaming hours or secured to the gaming station subject to arrangements for security approved by the Tribal Gaming Commission. If transferred to the cage, it will be done through a transfer accountability process.
3. The keys to the locked containers containing the station inventories will be maintained in a lock box that requires sign-in and sign-out by the pit supervisor. At no time will the station inventory container keys be accessible to any cashier's cage personnel or to any person responsible for transporting such station inventories to or from the gaming stations.
4. Whenever gaming stations are to be opened for gaming activity, the locked container securing the station inventory and the station inventory slip will be unlocked by the pit supervisor assigned to such station.

5. A croupier or dealer assigned to the gaming station will count the contents of the container in the presence of the pit supervisor assigned to such station and will agree the count to the opener removed from the container.
6. Signatures attesting to the accuracy of the information on the opener will be placed on such opener by the croupier or dealer assigned to the station and the pit supervisor that observed the croupier or dealer count the contents of the container.
7. Any discrepancy between the amount of gaming chips counted and the amount of the gaming chips recorded on the opener, will be immediately reported to the pit manager, assistant pit manager, or gaming facility shift manager in charge at such time, the security department and the Tribal Gaming Commission. Security will complete a security report in writing and immediately forward a copy to the Tribal Gaming Commission.
8. After the count of the contents of the container and the signing of the opener, such slip will be immediately deposited in the drop box attached to the gaming station by the croupier or dealer after the opening of such station.

F. STANDARDS FOR DISTRIBUTING GAMING CHIPS AND COINS TO GAMING STATIONS

1. A request for fill ("Request") will be prepared by a pit supervisor to authorize the preparation of a fill slip ("Fill") for the distribution of gaming chips to gaming stations. The request will be prepared in a duplicate form and restricted to pit supervisors.
2. On the original and duplicate of the request, the following information, at a minimum, will be recorded:
 - a. The date, time and shift of preparation;
 - b. The denomination of gaming chips or coins to be distributed to the gaming stations;
 - c. The total amount of each denomination of gaming chips or coins to be distributed to the gaming stations;
 - d. The game and station number to which the gaming chips or coins are to be distributed;
 - e. The signature of the pit supervisor; and
 - f. The signature of the security department member.

3. After preparations of the request, one part of such request will be transported directly to the cashier's cage.
4. One part of the request will be placed by the croupier or dealer in public view on the gaming station to which the gaming chips are to be received. Such duplicate copy will not be removed until the chips are received, at which time the request and fill are deposited in the drop box.
5. A fill will be prepared by a cashier whenever gaming chips are distributed to the gaming stations from the cashier's cage.
6. Fills will be serially pre-numbered forms, and each series of fills will be used in sequential order, and the series of numbers of all fills received by a gaming facility will be separately accounted. All the originals and duplicates of void fills will be marked "VOID" and will require the signature of the preparer.
7. The following procedures and requirements will be observed with regard to fills:
 - a. Each series of fills will be in triplicate form to be kept in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still located in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser;
 - b. Access to the triplicate copy of the form will be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of fills, placing fills in the dispensers and removing from the dispensers.
8. On the original, duplicate and triplicate copies of the fill, the preparer will record, at a minimum, the following information:
 - a. The denomination of the gaming chips being distributed;
 - b. The total amount of the gaming chips being distributed;
 - c. The total amount of all denominations of gaming chips being distributed;
 - d. The game and station number to which the gaming chips are being distributed;
 - e. The date and shift during which the distribution of gaming chips occur; and
 - f. The signature of the preparer.

9. Upon preparation, the time of preparation of the fill will be recorded, at a minimum, on the original and the duplicate.
10. All gaming chips distributed to the gaming stations from the cashier's cage will be transported directly to the gaming stations from the cashier's cage by a security department member who will agree the request to the fill and sign the original of the fill, maintained at the cashier's cage, before transporting the gaming chips and the original of the fill for signature.
11. The surveillance department will be notified when there is a fill so that they can monitor the transaction.
12. The container used to move the chips will be made of a clear material to include the rack that contains the actual chips.
13. Signatures attesting to the accuracy of the information contained on the original of the fills will be, at a minimum, of the following personnel at the following times:
 - a. The cashier upon preparation;
 - b. The security department member transporting the gaming chips to the gaming station upon receipt from the cashier of gaming chips to be transported;
 - c. The croupier or dealer assigned to the gaming station upon receipt;
 - d. The pit supervisor assigned to the gaming station, upon receipt of the gaming chips at such station.
14. Upon meeting the signature requirements as described in paragraph (14), the security department member that transported the gaming chips and the original copy of the fill to the station, will observe the immediate placement by the croupier or dealer of the fill and request in the drop box attached to the gaming station to which the gaming chips were transported.
15. The original and duplicate "VOID" fills, the original request and the duplicate fill will be maintained and controlled and forwarded to:
 - a. The count team for agreement with the copy of the fill and copy of the request removed from the drop box after which the original and duplicate copy of the request and the original duplicate copy of the fill will be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or
 - b. The accounting department on a daily basis for reconciliation and comparison of all copies of the fill/ credit slip and the request for fill/ credit.

G. STANDARDS FOR REMOVING GAMING CHIPS AND COINS FROM GAMING STATIONS

1. A request for credit ("Request") will be prepared by a pit supervisor to authorize the preparation of a credit ("Credit") for the removal of gaming chips to the cashier's cage. The request will be in duplicate form and access to such form will, prior to use, be restricted to gaming facility supervisors.
2. The surveillance department will be notified when there is a credit and observe the transaction.
3. On the original and the duplicate copy of the request the following information, at a minimum, will be recorded:
 - a. The date, time and shift of preparation;
 - b. The denomination of gaming chips to be removed from the gaming station;
 - c. The total amount of each denomination of gaming chips to be removed from the gaming station;
 - d. The game and station number from which the gaming chips are to be removed; and
 - e. The signature of the pit supervisor and croupier or dealer assigned to the gaming station from which gaming chips are to be removed.
4. Immediately upon preparation of a request and transfer of gaming chips to a security department member, a pit supervisor will obtain on the original and duplicate copy of the request, the signature of the security department member to whom the gaming chips were transferred and the croupier or dealer will place one part of the request in public view on the gaming station from which the gaming chips are to be removed, and such request will not be removed until a credit is received from the fill bank at which time the request and credit are deposited in the drop box.
5. One part of the request will be transported directly to the cashier's cage by the security department member who will transport the gaming chips removed from the gaming station.
6. A credit will be prepared by a fill bank cashier whenever gaming chips are removed from the gaming stations to the cashier's cage.
7. Credits will be serially pre-numbered forms, each series of credits will be used in sequential order, and the series number of all credits received by a gaming facility will be separately accounted for.

8. The following procedures and requirements will be observed with regard to credits:
 - a. Each series of credits will be a three-part form and will be inserted in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still locked in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser; and
 - b. Access to the triplicate will be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of credits, placing credits in the dispensers, and removing from the dispensers.
9. On the original, duplicate and triplicate copies of a credit, the preparer will record, at a minimum, the following information:
 - a. The denomination of the gaming chips removed from the gaming station to the cashier's cage;
 - b. The total amount of each denomination of gaming chips removed from the gaming station to the cashier's cage;
 - c. The total amount of all denominations of gaming chips removed from the gaming station to the cashier's cage;
 - d. The game and station number from which the gaming chips were removed;
 - e. The date and shift during which the removal of gaming chips occurs; and
 - f. The signature of the preparer.
10. Upon preparation, the time of preparation of the credit will be recorded, at a minimum, on the original and duplicate copy.
11. Signatures attesting to the accuracy of the information contained on the duplicate copy of a credit will be, at a minimum, the following personnel at the following times:
 - a. The fill bank cashier upon preparation;
 - b. The security department member transporting the gaming chips to the cashier's cage;
 - c. The croupier or dealer assigned to the gaming station upon receipt at such station from the security department member; and

- d. The gaming facility supervisor assigned to the gaming station upon receipt at such station.
12. Upon meeting the signature requirements as described in paragraph (11), the security department member transporting one part of the credit to the gaming station, will observe the immediate placement by the croupier or dealer of the credit and the request in the drop box attached to the gaming station from which the gaming chips are removed. One part of the credit and request will be maintained together, and controlled by employees independent of the table game department.
 13. The original and duplicate copy of "VOID" credits and the original request and duplicate request for credit, maintained and controlled in conformity with paragraph (12) will be forwarded to:
 - a. The count team for agreement with the original credit and the duplicate request removed from the drop box, after which the original and duplicate request and the original and duplicate credit will be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or
 - b. The accounting department for agreement, on a daily basis, with the duplicate copies of the credit and request removed from the drop box and the triplicate.

H. STANDARDS FOR SHIFT CHANGES AT GAMING STATIONS

1. Whenever gaming stations are to remain open for gaming activity at the conclusion of a shift, the gaming chips remaining at the gaming stations at the time of the shift change will be counted by the pit supervisor assigned to the outgoing shift, and the pit supervisor assigned to the incoming shift. Prior to leaving the table, dealers and croupier will clear their hands.
2. The gaming chips counted will be recorded on the station inventory slip by the pit supervisor assigned to the gaming station of the outgoing shift or the pit supervisor assigned to the gaming station at the time of the drop box shift change.
3. Station inventory slips will be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate, which is maintained and controlled by the pit supervisor will record the following:
 - a. The date and identification of the shift ended;
 - b. The game and station number; and

- c. The total value of each denomination of gaming chips remaining at the station.
4. Signatures attesting to the accuracy of the information recorded on the station inventory slips will be of the pit supervisors assigned to the incoming and outgoing shifts.
5. Upon meeting the signature requirements as described in paragraph (4), the closer will be deposited in the drop box that is attached to the gaming station immediately prior to the change of shift at which time the drop boxes will then be removed and the opener will be deposited in the replacement drop box that is to be attached to the same gaming station immediately following the drop. The triplicate will be forwarded to the accounting department. If a shift compartment type box is used, that shift slot will be closed after dropping the closer and the next slot will be opened and the opener slip will be inserted.

I. STANDARDS FOR CLOSING GAMING STATIONS

1. Whenever the daily gaming activity at each gaming station is concluded, the gaming chips on the gaming station will be counted by the croupier or dealer and observed by a pit *supervisor* assigned to the gaming station. The closing table game inventory will be recorded or the station float will be brought back to the imprest value if required.
2. If the bank is to remain on the table, the inventory will be documented by denomination and totaled and signed by the dealer and the pit supervisor. This slip will be placed under the securing lid in a place that can be easily read through the glass. If the table inventory is to be stored elsewhere, the following procedures outlined under paragraphs 3-10 of this section apply:
3. The gaming chips counted will be recorded on a station inventory slip by the pit supervisor assigned to the gaming station.
4. Station inventory slips will be forms (closer, opener and triplicate) which are maintained and controlled by the pit supervisor who will record the following:
 - a. The date and identification of the shift ended;
 - b. The game and station number;
 - c. The total value of each denomination of gaming chips remaining at the stations; and
 - d. The total value of all denominations of gaming chips remaining at the gaming stations.

5. Signatures attesting to the accuracy of the information recorded on the station inventory slips at the time of closing the gaming stations will be of the croupier or dealer and the pit supervisor assigned to the gaming station that observed the croupier or count the contents of the station inventory.
6. Upon meeting the signature requirements specified in paragraph (4), the closer will be deposited in a drop box attached to the gaming station immediately prior to the closing of the station.
7. The triplicate copy of the station inventory slip will be forwarded to the accounting department.
8. Upon meeting the signature requirements specified in paragraph (4), the opener and the gaming chips remaining at the station will be placed in the clear container provided for that purpose as specified in these standards after which the container will be locked.
9. At the end of each gaming day, if the locked containers are transported to the cashier's cage, a cage cashier will determine that all locked containers have been returned or, if the locked containers are secured to the gaming station, a pit supervisor will account for all the locked containers.
10. The station inventory may also be removed from the table by a credit to the cage (see credit procedures).

J. TABLE GAMES COMPUTERIZED STANDARDS *The following standards shall apply for gaming operations that employ a computer system for table games:*

1. The computer system shall be capable of generating adequate documentation of all information recorded on the source documents and transaction details.
2. This documentation shall be restricted to authorized personnel and shall include at a minimum;
 - a. System exception information;
 - b. Personnel access listing including employee name, identification number, and listing of functions employee can perform.
3. For any authorized computer application utilized, alternate documentation and/or procedures which provide at least the level of control described by the standards in this section will be acceptable.

K. STATISTICS

1. Records reflecting hold percentage by table and type of game shall be maintained by shift, by day, cumulative month-to-date, and cumulative year-to-date.
2. This information shall be presented to and reviewed by management independent of the pit department on at least a monthly basis.
3. The independent management shall investigate any unusual fluctuations in hold percentage with pit supervisory personnel. At a minimum, investigations are performed for all statistical percentage fluctuations from the base level for a month in variation of more than $\pm 3\%$.

L. MISCELLANEOUS

1. Playing cards, and dice, not yet issued to the pit, will be maintained in a secure location to prevent unauthorized access and prevent tampering. This area will be under constant monitoring by surveillance department personnel. The exit and entrance to this area will be viewed by one fixed camera. A sign-in and sign-out sheet will be filled out by individuals entering, except by Gaming Commission personnel. Surveillance will be notified when persons request entry into this area. At no time will a single individual be allowed to enter this area alone.
2. Used cards and dice will be maintained in a secure area until permanently marked, scored, drilled or destroyed to prevent unauthorized access and the possibility of tampering. This area will be under constant monitoring by surveillance department personnel. Used cards and dice will be permanently marked, scored, drilled or destroyed within seven (7) days of being taken out of service. This process will be viewed by surveillance unless performed by the Gaming Commission.
3. Playing cards used will have only one playing cycle and this will not be any longer than 24 hours. Any playing card that is marked, altered, flawed, scratched, nicked, crimped, or discolored in any way will be permanently removed from play.
4. Gaming chips will be maintained in a secure location to prevent unauthorized access. This area will be under constant monitoring by surveillance department personnel.
5. The destruction or defacing of chips will be witnessed by representatives of the management, security and accounting departments and the documentation thereof maintained for a period of three years.
6. The Tribal Gaming Commission will assure the gaming operation maintains an ongoing perpetual inventory of cards and dice that allows for the immediate verification of balances.

7. All Class III used cards must be accounted for prior to destruction. Any discrepancies will be immediately investigated and a report forwarded to the Tribal Gaming Commission.

M. SURVEILLANCE STANDARDS - TABLE GAMES

1. All table games will have sufficient camera placement to determine chip/token/card value, a clear view of the playing area and the ability to identify patrons, employees and gaming device/station number.
2. All Class III card games will have a minimum of one fixed camera over the gaming table and PTZ coverage that has the capability of the requirements listed in standard 1 above.
3. All craps tables will have two fixed cross view cameras covering both ends of the table and one dedicated PTZ per table.
4. All roulette areas will have one overhead fixed camera covering the roulette wheel and will also have one fixed camera overview of the play of the table. There will be PTZ coverage that has the capability of the requirements listed in standard 1 above.
5. All big wheel games will have one fixed camera viewing the wheel and PTZ camera coverage that has the capability of the requirements listed in standard 1 above.

**SECTION VII
VIDEO GAMING DEVICE STANDARDS**

A. GENERAL

3. The purpose of these Video Lottery Terminal (VLT) Standards is to set forth the procedure for VLT certification, VLT transportation into the State of Oregon as well as the hardware and software requirements of VLT's and other electronic games of chance. Each of these procedures are relevant to the manufacture and transport of VLT's before they get to a tribal gaming facility. While the primary focus of these MICS govern gaming operations within the gaming facility, the VLT standards set forth below have been included in these MICS to better inform the Tribes on the requirements VLT's must meet in order for them to be licensed and put into play at their Tribal gaming facility.

2. Access to keys, locked cabinets, and counting areas will be limited to those people specified in writing. A list of authorized persons will be kept at the lock box where the keys are maintained. Keys issued will be signed in and out at the end of an employee's shift and not transferred directly to the on coming designated key person.
3. The Drop Team will, at a minimum, consist of ~~three~~ **two** members, **accompanied by a** ~~At least one member will be~~ from the security department who will ~~provide security over~~ **accompany** the drop cart. All members of the drop team will be independent of the VLT slot department.
4. ~~Any money found in the gaming facility will be turned over to the security department and received into the vault area.~~ **The tribal gaming operation will have written procedures regarding the handling of found money.**
5. Any access to any video lottery terminal for any reason **other than the daily drop**, will be logged on a Machine Entry Authorization Log and returned to the inside of the machine prior to securing the door. This log and entry will include the date, time, reason for access, and the legible first initial and last name of the person gaining access. These logs will be securely maintained by the tribal gaming operation for a period of one (1) year.

B. AUTHORIZED VIDEO LOTTERY GAMES

1. Video lottery terminals may offer any video lottery game that satisfies the elements of prize, chance and consideration as described in Op. Atty. Gen. No. 6336, September 25, 1989.

C. CERTIFICATION OF A VIDEO LOTTERY TERMINAL

1. A manufacturer or its distributor will not distribute a video lottery game or terminal for placement in a Tribal Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the Tribal Gaming Commission and the Oregon State Police. Only approved manufacturers may apply for certification of a video lottery terminal.
2. The Oregon State Police and the Tribal Gaming Commission will agree on an independent laboratory to conduct certification testing of all equipment submitted for approval. Upon request the manufacturer will submit any technical data and any other information required for testing by the State's designated laboratory.
3. Hardware that does not meet the criteria of the Compact or these standards will not receive approval.

D. QUALIFICATIONS OF INDEPENDENT GAMING TEST LABORATORY

1. To meet the qualifications of a State designated independent gaming test laboratory the laboratory will be approved by the State. The approval will be determined through a background investigation to meet the suitability requirements outlined in the Compacts, and determination of the State's satisfaction of the qualifications of the laboratory to perform the requirements of testing as set forth in the Compact and its appendices, and to determine the level of independence from possible outside influences in its testing procedures. The expenses related to this investigation will be reimbursed to the State by the gaming test laboratory subjected to the investigation.

E. TRANSPORTATION OF VIDEO LOTTERY TERMINALS WITHIN, INTO OR THROUGH THE STATE

1. The Tribe and no other person will ship or transport video lottery terminals within or into the state of Oregon without first obtaining a written authorization or notification and approval from the Oregon State Police. Transporting or shipping within the State means the starting point and termination point of a trip are both within the boundaries of the State. Transportation or shipping into the State means the starting point is outside the State and terminates in the State.

2. The Tribe and no other person will ship or transport video lottery terminals through the State without first obtaining a written authorization from the nearest port of entry immediately upon arrival in the State.
3. The written authorization required above will include:
 - a. The serial number of each terminal being transported; and
 - b. The full name and address of the person, manufacturer, distributor or venue to whom the machines are being sent or transported and the dates of shipment or transport within, into or through the State.
4. The written authorization will accompany, at all times, the terminal or terminals in transport. A copy of this authorization will be forwarded to the Tribal Gaming Commission.
5. Once shipment has been received at a tribal gaming facility, in the event the terminals are sold or traded between compacted tribal gaming operations within the State, written notice is to be forwarded to the Oregon State Police not less than ten (10) days prior to the date written approval is requested for transportation. Verification that the machines are not altered and meet the Compact requirements are required either from a manufacturing representative or the Oregon State Police prior to the machines being placed into play at a different tribal gaming facility.

F. HARDWARE REQUIREMENTS FOR VIDEO LOTTERY TERMINALS

1. No Physical Hazard. Electrical and mechanical parts and design principles may not subject a player to any physical hazards.
2. Surge Protectors. A surge protector will be installed for all power that is fed to the device.
3. Battery Backup. A battery backup, or an equivalent, for the electronic meters will be capable of maintaining accurate reading for 180 days after power is discontinued from the device for all information regarding current and total tallies of amounts wagered and paid out, records of access to the logic board compartment, and records of access to the cash compartment. The backup device will be located within the locked logic board compartment and will not be accessible to the manufacturer or distributor after the initial installation of the equipment.
4. Power Switch. A power switch will be located in an accessible place within the interior of the game that controls the electrical current used in the operation of the game.

5. Resistance to Electromagnetic Interference. The operation of the video lottery terminal will not be adversely affected by static discharge, radio frequency interference or other electromagnetic interference.
6. Secure Cabinets. The internal space of the video game of chance will not be readily accessible when the door is closed.
7. Secure Electronic Components. Logic board and software erasable programmable read only memory chips (EPROMS) and other game logic control components will be located in a separate compartment within the video game of chance and that compartment will be locked with a different key than is used for the main cabinet door.
8. Secure Cash Compartment. The currency/coin/token compartment will be secured with a different key than is used for the main cabinet door or logic area.
9. No Hardware Modification of Pay Tables or Payouts. No hardware switches (DIP Switches) may be installed which alter the pay tables or payout percentages for the game.
10. Printed Record of Credits and Payouts Required. A single printing mechanism will be capable of printing an original ticket and retaining an exact, legible copy with the game, which records the following information when credits accrued on the game are redeemed for cash. The number of credits won and its redeemable cash value will be reflected in both written and numerical formats.
11. Video Lottery Terminals will have both electronic and electro-mechanical meters. VLT meters will have at least six digits. The VLT meters will accumulate the same values in electronic digital storage and provide the means for an on-demand display of the stored information. The cash-in meter will accumulate all cash transactions. The credit-out meter will accumulate all cash and credit transactions paid for winning combinations. The jackpots-paid meter will reflect the cumulative amounts of jackpots paid out by the machine.
12. No VLT machines may have a mechanism that causes the electronic accounting meters to clear automatically when an error occurs. A VLT's meters will be maintained at all times, regardless of whether the machine is being supplied with power. Meter readings will be recorded before and after the electronic accounting meter is cleared.
13. Electro-mechanical meters will have an accuracy rate of 99 percent or better. Electronic meters will have an accuracy rate of 99.99 percent or better.
14. A VLT will be designed so that replacement of parts or modules required for normal maintenance does not require replacement of the electro-mechanical meters.

15. The following information will be recorded and stored on meters:
 - a. The number of credits wagered;
 - b. The number of credits won;
 - c. The number of credits available for wagering; and
 - d. The number of credits based on currency, token/coins accepted.
16. Display of Rule of Play. The rules of play for a VLT will be displayed on the machine face or screen. Rules of play will be kept under glass or another transparent substance. At no time may stickers or other removable devices be placed on the terminal face except as authorized elsewhere by these standards.
17. Each video lottery terminal certified for placement in the Gaming Facility will display a Tribal Gaming Inventory Decal which certifies it conforms to the exact specifications of terminal prototypes tested and certified for the State. The decal will be affixed to the machine prior to the machine being placed into play.
18. No persons other than authorized Tribal personnel or their agents may affix or remove a Tribal Gaming Inventory Decal. The placement of the Tribal Gaming Inventory Decal represents that the terminal has been certified, inspected, and approved for the operation in the State. The placement of the Tribal Gaming Inventory Decal on any equipment by the Tribal personnel constitutes documentation that the certification has been and will be kept on file by the Tribe. No persons other than authorized Tribal personnel may affix or remove the Tribal Gaming Inventory Decal.
19. Within 10 days of the initial installation of a VLT at a Tribal Gaming Center, the Tribal Gaming Commission, or its representative, will report to the Oregon State Police the following information for each VLT, including, but not limited to:
 - a. The type of VLT;
 - b. The game's serial number;
 - c. The games manufacturer; and
 - d. The unique identification number assigned by the Tribe.
20. No terminal may be transported off Tribal land until the Tribal Gaming Inventory Decal has been removed. The Tribal Gaming Decal shall not be transferred to another machine.

21. A terminal will not be moved out of the State approved gaming facility without prior notification to the Oregon State Police.
- ~~22. The age restriction will clearly be shown on the face of the terminal.~~
22. The Tribe solely regulates the minimum and maximum wager of a VLT placed at a Tribal Gaming Center.
23. Each game will display the amount wagered and the amount awarded for the occurrence of each possible winning occurrence based on the number of credits wagered. Each game will provide a method for player to view payout tables.

G. WIDE AREA PROGRESSIVE VIDEO LOTTERY TERMINAL/SYSTEM

1. The wide area progressive system will be adequately restricted to prevent unauthorized access (e.g., changing passwords at least quarterly, access to EPROMS and physical access to computer hardware, etc.)
2. Procedures are developed, implemented and documented for:
 - a. Reconciliation of meters and jackpot payouts;
 - b. Collection/drop of video lottery terminal funds;
 - c. Jackpot verification and payment procedures that include a requirement that a member of the Tribal Gaming Commission or their designee be present for independent prize verification and payment.
 - d. System maintenance;
 - e. System accuracy; and
 - f. System security.
3. Reports adequately documenting the procedures above are generated and retained.
4. The hardware requirements of this section will not be construed to prevent the operation of the VLT as part of a network with an aggregate prize or prizes; provided:
 - a. A VLT capable of bi-directional communication with external associated equipment will utilize communication protocol that insures the erroneous data or signals will not adversely affect the operation of the game. The operation

of the local network will be approved by the State designated independent gaming test laboratory; and

- b. Where the network links the Tribe's VLT's to other machines at other State or State's approved Tribal Gaming Centers, each Tribe participating in the network will have in force a Class III Gaming Compact authorizing such gaming as part of a network and all segments of the network will utilize security standards agreed between the Tribes and the State.
5. Approved Token/Coin and Bill Acceptors. At least one bill acceptor for denomination determined by the Tribe will be installed in or on each VLT. The devices may also contain electronic token or coin acceptors, denominations to be determined by the Tribe. Prior to operation, all models of token/coin and bill acceptors installed will have been tested and approved in writing by the gaming laboratory designated by the State.
6. Restrictions on Hopper and Token/Coin Drop. No VLT's in the State, or at any Tribal Gaming Center will be equipped with a token/coin hopper which enables the device to dispense any winnings of token or coin directly to the player of such device.
7. All VLT's operated in approved tribal gaming facilities will be equipped with a door open light or candle. While the door is open a light will be visible on top of the machine visible to surveillance cameras.

H. IN-HOUSE PROGRESSIVE CONTROLLER NETWORK

1. Any progressive system that links one or more electronic gaming devices must meet the same standards set forth in this section for Software Requirements for Electronic Games of Chance. Those include the requirement for testing by an independent laboratory, randomness testing for systems with a random number generator, and the ability to verify the EPROM through assigned signatures.
2. During the normal mode of progressive electronic gaming devices, the progressive controller, or other approved device must continuously monitor each machine on the link for inserted funds by a patron and must multiply the accepted funds by the rate of progression and denomination in order to determine the correct amounts to apply to the progressive jackpot. The progressive display must be constantly updated to display the accumulated progressive jackpot amounts.
3. Each progressive controller system must be housed in a secure compartment requiring locking entry and authorization logs in a manner approved by the gaming Commissions.

4. In addition to other funding requirements for gaming facilities, each gaming facility will maintain an amount sufficient to fully fund the present value of all amounts currently reflected on the progressive displays.

I. SOFTWARE REQUIREMENTS FOR ELECTRONIC GAMES OF CHANCE

1. Randomness testing. Each electronic game of chance will have a microprocessor based random number generator that will determine the occurrence of the specific card, symbol, number or stop position to be displayed. A selection process will be considered random if it meets all the following requirements:
 - a. Chi-square Analysis. Each card, symbol, number or stop position which is wholly or partially determinative of the outcome of the game satisfies the 99 percent confidence limit using the standard chi-square analysis;
 - b. Runs Test. Each-card, symbol, number or stop position does not as a significant statistic produce predictable patterns of game elements or occurrences. Each card, symbol, number, or stop position will be considered random if it meets the 99 percent confidence level with regard to the "runs test" or any generally accepted pattern of testing statistic;
 - c. Correlation Analysis. Each card, symbol, number or stop position is independently chosen without regard to any card, symbol, number, or stop position, drawn within that game play. Each card, symbol, number, or stop position is considered random if it meets the 99 percent confidence level using standard correlation analysis;
 - d. Serial Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position on the previous game. Each card, number, or stop position is considered random if it meets the 99 percent confidence level using standard correlation analysis; and
 - e. Live Game Correlation. Electronic games of chance that are representatives of live gambling games will fairly and accurately depict the play of the live game.
2. Software Requirements for Continuation after Game Malfunction. Each game will be capable of continuation of the current game with all current game features after a game malfunction is cleared. This provision does not apply if the game is rendered totally inoperable; however, the current wager and all player credits prior to the malfunction will be returned to the player.

J. TESTING OF ELECTRONIC GAMES OF CHANCE

1. Testing and approval of VLT's. No VLT may be purchased, leased or otherwise acquired by the Tribe unless:
 - a. The VLT or prototype thereof, has been tested, approved or certified by the State's designated test laboratory as meeting the requirements and standards as set forth herein. For purposes of these standards, a gaming test laboratory will be designated by the State as competent and qualified to conduct scientific tests and evaluations of VLT's and related equipment.
2. If required by the gaming test laboratory, the State will require the manufacturer or distributor to transport not more than two working models of the electronic games of chance and related equipment to a location designated by the laboratory for testing, examination, and analysis. In addition, the manufacturer or distributor will supply copies of illustrations, schematics, block diagrams, circuit analysis, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in the base-16 format), and any other information requested by the gaming laboratory. The State will require the manufacturer or distributor to pay for any and all costs for the transportation, testing, examination, and analysis. The testing, examination, and analysis may include the entire dismantling of the VLT's and related equipment and some tests may result in damage or destruction to one of more electronic components of the devices. If required by the laboratory, the State will require the manufacturer to provide specialized equipment or the services of an independent technical expert to assist the testing, examination, and analysis.
3. Report of Test Results. At the conclusion of each test, the laboratory will provide to the State and Tribal Gaming Commission designee a report that contains findings, conclusions, and determination that the VLT and related equipment conforms or fails to conform to the hardware and software requirements of these standards. If modifications can be made which would bring the VLT or related equipment into compliance, the report may contain recommendations for such modifications. A report from the laboratory stating that the machine is an eligible VLT gaming device under the technical standards defined herein will qualify for application to the State for shipment to an authorized gaming facility.
4. Modifications of Approved VLT's. No modification to the assembly or operational functions of any VLT or related equipment may be made after testing and installation unless a gaming test laboratory certifies to the State that the modified VLT conforms to the standards set herein. Any proposed modifications will be subject to the requirements of the paragraphs above, before the modification may be implemented.

K. CHANGING/REPLACING VLT's ERASABLE PROGRAMMABLE READ ONLY MEMORY (EPROM) CHIPS.

1. After being tested through the independent gaming test laboratory as meeting the requirements of the Compact and these standards, the approved EPROM chips may be shipped by the manufacturer or distributors directly to the Tribal Gaming Commission. Once received the possession and security of the EPROM chips will be the responsibility of the Tribal Gaming Commission.
2. Prior to being installed or replaced and placed into play in a VLT, the Tribal Gaming Commission or representative of the Oregon State Police, will verify the EPROM internal signature as assigned by the manufacturer and verified by the independent laboratory is accurate.
3. The EPROM chip will be placed on the VLT logic board under the direct supervision of the Tribal Gaming Commission or an Oregon State Police representative. The EPROM chip will be sealed with a uniquely numbered tape by the State or Tribal Gaming Commission.
4. The security tape will be secured and available to only the Tribal Gaming Commission personnel, or Oregon State Police members. The agency installing the EPROM chip will maintain accurate and complete records including the following:
 - a. The serial number of the machine the EPROM is being installed in;
 - b. The date;
 - c. The machine type and manufacturer;
 - d. The Tribal Gaming Center;
 - e. The EPROM chip type;
 - f. The approved signature result;
 - g. The name and authority of person conducting testing; and
 - h. The Tribal Gaming Inventory Decal number.
5. Documentation of initial EPROM chip installation or replacement conducted by the Tribal Gaming Commission along with the required information will be forwarded to the Oregon State Police within 10 days after completion. Nothing in this section is meant to restrict the access of either the Tribal Gaming Commission or the State from random access and verification of EPROM chip security.

L. EPROM DUPLICATION

1. If duplication of gaming device program storage media is performed and approval has been obtained, or the gaming facility is a licensed manufacturer, procedures are developed and implemented for the following:
 - a. Removal of EPROMS from devices, the verification of the existence of errors as applicable, and the correction via duplication from the master game program EPROM;
 - b. Copying one gaming device program to another approved program;
 - c. Verification of duplicated EPROMS prior to being offered for play;
 - d. Destruction, as needed, of EPROMS with electrical failures; and
 - e. Securing the EPROM duplicator and master game EPROMS from unrestricted access.
2. The master game program number, par percentage and the pay table are verified when initially received from the manufacturer to the par sheet.
3. Video lottery terminals with potential jackpots in excess of \$100,000 will have the circuit boards locked and physically sealed. If a seal is used to secure the board to the frame of the gaming device, it will be pre-numbered.
4. Prior to being installed or replaced and placed into play in a VLT, the Tribal Gaming Commission or representative of the Oregon State Police, will verify the EPROM internal signature as assigned by the manufacturer and verified by the independent laboratory is accurate.
5. The EPROM chip will be placed on the VLT logic board under the direct supervision of the Tribal Gaming Commission or an Oregon State Police representative. The EPROM chip will be sealed with a uniquely numbered tape by the State or Tribal Gaming Commission.
6. The security tape will be secured and available to only the Tribal Gaming Commission personnel, or Oregon State Police members. The agency installing the EPROM chip will maintain accurate and complete records including the following:
 - a. The serial number of the machine the EPROM is being installed in;
 - b. The date;
 - c. The machine type and manufacturer;

- d. The Tribal Gaming Center;
- e. The EPROM chip type;
- f. The approved signature result;
- g. The name and authority of person conducting testing;
- h. The Tribal Gaming Inventory Decal number.

M. CONFORMITY TO TECHNICAL STANDARDS

- 1. The State will require the manufacturer or distributor to certify, in writing, that upon installation each VLT:
 - a. Conforms precisely to the exact specifications of the electronic game of chance or prototypes tested and approved by the gaming test laboratory; and
 - b. Operates and plays in accordance with the technical standards set forth in these provisions.

N. VLT RECORDS

- 1. Records shall be maintained for each video lottery terminal, which shall include the following:
 - a. Date installed
 - b. Manufacture's serial number
 - c. Manufacture's name
 - d. Program number
 - e. Disposition of permanently removed EPROM's
 - f. Seal #, if applicable
 - g. Current denomination of machine
 - h. Any changes to the machine number or denomination
 - i. Theoretical Hold percentages

O. THEORETICAL/ACTUAL HOLD

1. Accurate and current theoretical hold work sheets are maintained for each video lottery terminal.
2. For those video lottery terminals or groups of identical machines with differences in theoretical payback percentage exceeding a four percent (4%) spread between the minimum and maximum theoretical payback, and which contain meters require:
 - a. On a quarterly basis, read the meters that records the number of plays by wager (i.e., one coin, two coins, etc.);
 - b. On an annual basis, calculate the theoretical hold percentage based on the distribution of plays by wager type; and
 - c. On an annual basis, adjust the machine(s) theoretical hold percentage in the video lottery terminal statistical report to reflect this revised percentage.
3. Records are maintained for each machine which indicate the dates and type of changes made and the recalculation of theoretical hold as a result of the changes.
4. Records are maintained for each machine which indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations.
5. For those video lottery terminals that accept coin or tokens will contain a functioning "coin-in" meter.
6. All currency acceptors will contain functioning "bill-in" meters that record the dollar amounts or number of bills accepted by denomination.
7. Video lottery terminal in-meter readings are recorded, manually or electronically, at least weekly immediately prior to or subsequent to a video lottery terminal drop. Exception: the time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six days.
8. The employee who records the in-meter readings either is independent of the hard count team or is assigned on a rotating basis unless the in-meter readings are randomly verified quarterly for all video lottery terminal currency acceptors by someone other than the regular in-meter reader.
9. Upon receipt of the meter-reading summary, the accounting department reviews all meter readings for reasonableness using pre-established parameters.

10. Prior to final preparation of statistical reports, meter readings that do not appear reasonable are reviewed with slot department employees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected.
11. A report is produced at least monthly showing month-to-date and year-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed.
 - a. If practicable, the report should include the actual hold percentage for the entire time the machine has been in operation.
 - b. Each change to a video lottery terminal's theoretical hold percentage, including progressive percentage contributions, results in that machine being assigned a new number and treated as a new machine in the statistical reports.
 - c. $\text{Actual hold} = \text{dollar amount of win} \div \text{dollar amount of coin in}$.
12. The statistical reports are reviewed by both slot department management and management employees independent of the slot department on at least a monthly basis.
13. Large variances in excess of 3% between theoretical hold and actual hold are investigated and resolved with the findings documented in a timely manner.
14. Computerized video lottery terminal monitoring system data file maintenance will be performed by a department independent of the slot department or may be performed by slot supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the slot department on a monthly basis.
15. Updates to the computerized video lottery terminal monitoring system to reflect additions, deletions or movements of video lottery terminals are made at least weekly prior to in-meter readings and the weigh process.

P. PAYMENT OF PRIZES

1. No payment for prizes awarded on a terminal may be made unless the cash slip meets the following requirements:
 - a. It is fully legible and meets all the Tribe's security requirements;
 - b. It will not be mutilated, altered, unreadable, or tampered with in any manner;

- c. It will not be counterfeit in whole or part; and
 - d. It has been presented by a person authorized to play under the terms of the Tribal/State Compact and these standards.
2. The Tribal Gaming operation shall develop and implement procedures to control VLT ticket paper. These procedures shall include;
- a. Inventory control of the VLT ticket paper; and
 - b. Destruction of all unused VLT ticket paper.

Q. METHOD OF PAYMENT

1. The gaming management will designate employees authorized to redeem cash slips during the Tribe's business hours of operation. Prizes will be immediately paid in cash, by check or by established annuity payment after verification of the jackpot occurrence and jackpot amount when a player presents a cash slip for payment meeting the requirements of these standards. No prizes may be paid in tokens or chips.

R. HAND PAY JACKPOT PAYOUT STANDARDS

1. For hand pay jackpot payouts a three-part payout form/documentation will be used that includes:
- a. Date and time;
 - b. Machine number;
 - c. Dollar amount of payout (both alpha and numeric);
 - d. Game outcome (including reel symbols, card values and suits, etc) and type of jackpot;
 - e. Signatures of at least two employees verifying and witnessing the payout;
 - f. Preprinted or concurrently-printed sequential numbers;
 - g. ~~Jackpot payouts over \$500 require the additional signature and verification of a member of the security department; and~~ **Jackpot payouts of \$500-\$1199 require two authorizing signatures which may include a member of the security department; jackpot payouts of \$1200 or more require three signatures including a member of the security department.**

- ~~h. Jackpot payouts over \$10,000 require the additional signature and verification of a security department supervisor and member of the Tribal Gaming Commission or if required by the Gaming Commission, a signature of a management member independent from security or the slot departments.~~
Jackpot payouts exceeding \$10,000 require an additional management signature and EPROM verification and notification of the Tribal Gaming Commission.
2. For short pays of \$20 or more, the payout form will include:
 - a. Date and time;
 - b. Machine number;
 - c. Dollar amount of payout (alpha and numeric); and
 - d. Signatures of at least two employees verifying and witnessing the payout;
3. Computerized jackpot systems will be restricted to prevent unauthorized access and fraudulent payouts by one individual.
4. Payout forms will be controlled and routed in a manner that precludes any one individual from producing a fraudulent payout by forging signatures, or by altering the amount paid out subsequent to the payout, and misappropriating the funds.

S. VIDEO LOTTERY TERMINAL - STORAGE & RELOCATION

1. The Tribal Gaming Commission will be notified by the Tribal Gaming Operation if video lottery terminals are moved, taken out of service, placed back in service or if there is a change in the denomination. Hard and soft meter readings will be taken and forwarded to the accounting department with notification of the change. No video lottery terminal printer paper or EPROM will remain in any machine that is taken out of play. VLT terminal printer paper will be either returned to inventory or destroyed.
2. When machines are temporarily removed from the floor, slot loads are protected to preclude the misappropriation of stored funds.
3. When machines are permanently removed from the floor, the slot loads are counted and recorded by at least two employees with appropriate documentation being routed to the accounting department for proper recording.
4. The Oregon State Police will have access to any storage area for video lottery terminals or any part thereof.

5. Detailed perpetual inventory records of video lottery terminal printer paper inventory will be maintained at all times. Video lottery terminal printer paper stock cases will be hand numbered with a sequential identification number in indelible ink upon storage.
6. Payout printer paper will be stored under lock and key with access limited only to authorized personnel.
7. Effective controls will exist for the secure storage and accounting of EPROM chips, logic boards, printer paper and other sensitive device items when machines are taken out of play or stored off the gaming floor for any reason.
8. Effective controls will exist for the secure storage, accounting and destruction of EPROM chips, logic boards, printer paper and other sensitive device items.
9. Each Tribe will maintain a current listing of all gaming devices (leased or owned) including the game type, game serial number, EPROM chip identification number, tribal identification number and location.

T. CURRENCY/COIN/TOKEN ACCEPTOR DROP BOXES

1. Each video lottery terminal in the gaming facility will have a locked container known as a "Currency Acceptor Drop Box" or "Coin/Token Drop Box", in which will be deposited all cash, coin or token resulting from the play of the device.
2. Each video lottery terminal will have a lock securing the drop box cabinet. These keys, and any duplicates, will be maintained and controlled by a department independent of the VLT slot department. Two employees (separate from key custodian) are required to accompany these keys and observe each time slot machine drop cabinets are accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period.
3. Each such drop box will have:
 - a. One separate lock securing the contents placed into the drop box, the key to which will be different from any other key;
 - b. A separate lock securing the drop box to the gaming device, the key to which will be different from the key to the lock securing the contents of the drop box; and
 - c. Permanently imprinted or impressed thereon, and clearly visible a number corresponding to the video lottery terminal to which it is attached.

4. The key utilized to unlock the drop boxes from the gaming devices will be maintained and controlled by a department independent of the VLT slot department. Persons authorized to drop VLT boxes are precluded from having access to drop box contents keys **except for members of the count team during the count as provided in Section VI(B)11 and VI(C)3**. Only persons authorized to remove drop boxes from VLT's are allowed access to the release keys.
5. The key to the lock securing the contents of the drop boxes will be maintained and controlled by a department independent of the VLT slot department. Only authorized count team members are allowed access to drop box contents keys and only during the count process.
6. The physical custody of the keys needed to access stored full drop box contents requires involvement of persons from two separate departments.
7. Access to the drop box content keys at other than scheduled count times shall require the involvement of at least three persons from separate departments, including management, and the reason for access shall be documented with signatures of all participants and observers.
8. A person independent of the VLT slot department is required to accompany drop box storage rack keys and observe each time drop boxes are removed from or placed in storage racks. Persons authorized to obtain drop box storage rack keys are precluded having access to drop box contents keys (with the exception of the count team.)
9. All duplicate keys will be maintained in a manner that provides the same degree of control as is required for the original keys.
10. At least three count team members are required to be present at the time count room and other count keys are issued for the count.
11. Logs will be maintained to document authorization of personnel accessing keys.

U. DROP BOX, TRANSPORTATION TO AND FROM GAMING DEVICES AND STORAGE IN THE COUNT ROOM

1. All drop boxes removed from the gaming devices will be transported, at a minimum, by three persons, **one of which must be a security department member**, ~~two of which must be security department members~~ or Tribal Gaming Commission directly to, and secured in, the count room. Only one bank of video lottery terminals will be subject to a drop team at any one time.
2. The security department member will remain with the drop cart/trolley and receive full drop boxes and dispense empty drop boxes.

3. Security will advise surveillance upon the start of the drop, when the drop cart/trolley is moved, and when the cart is secured in the soft count room.
4. All drop boxes, not attached to a gaming device, will be stored in the count room, or other secure location, in an enclosed storage cabinet or trolley and secured in such cabinet or trolley.
5. The drop cart/trolley will be secured after being emptied and upon being filled by a locking system.
6. The entire drop process will be monitored and taped by the surveillance department. Drop tapes will be held for at least seven days. If an unusual incident occurs during the drop the tape will be placed in evidence until a full review of the incident is concluded.
7. If an emergency occurs during the drop process, the drop box will be returned to the soft count room and secured.
8. At no time, other than in an emergency, will a soft count team member be replaced by a new member after the count has commenced.
9. Drop and count team authorized persons shall maintain separate duties.

V. STANDARDS FOR COUNTING AND RECORDING CONTENTS OF BILL VALIDATOR BOXES (SOFT COUNT)

1. The contents of bill validator boxes will be counted and recorded in the count room in conformity with these standards.
2. The tribal gaming operation will notify the Tribal Gaming Commission whenever the contents of bill validator boxes removed from gaming stations are to be counted and recorded, which should be **at least** once ~~each~~ **every three** gaming days. The gaming operation may satisfy this standard by providing the Gaming Commission with a schedule in advance of drop/count times. Any variance of the scheduled times requires notification to the Tribal Gaming Commission.
3. The opening, counting and recording of the contents of bill validator boxes will be by three or more employees assigned by the tribal gaming operation for the conduct of the count ("Count Team") who have ~~incompatible~~ functions **dissimilar from the drop team except as provided in Section VI(B)(11)**. The Count Team will be rotated so that the count team members are not the same for more than seven (7) consecutive days.

4. Immediately prior to the opening of the bill validator boxes, the doors to the count room will be securely locked.
5. Except in an emergency, those persons allowed to enter or leave the count room during the count process will not do so until unverified cash is counted and recorded.
6. Members of the Tribal Gaming Commission will be allowed immediate access to the count room during the count process. Members of the Tribal Gaming Section will not be denied access in an emergency situation during the count process.
7. Immediately prior to the commencement of the count, one count team member will notify surveillance that the count is about to begin. Surveillance will make an audio-video recording, with the time and date inserted thereon, of the entire counting process which will be retained by the surveillance department for at least seven days from the date of recording unless otherwise directed by the Tribal Gaming Commission.
8. Minimum procedures and requirements for conducting the count will be the following:
 - a. As each bill validator box is placed on the count table, one count team member will announce, in a tone of voice to be heard by all persons present and to be recorded by the audio recording device, the bill validator box number. This sub-paragraph is not applicable to an automated count system.
 - b. The contents of each bill validator box will be emptied and counted separately on the count table, which procedures will be at all times conducted in full view of the closed circuit television cameras located in the count room;
 - c. Immediately after the contents of a bill validator box are emptied onto the count table, the inside of the box will be held up for a minimum of two seconds to the full view of a closed circuit television camera, and will be shown to at least one other count team member to confirm that all contents of the box have been removed, after which the box will be locked and placed in the storage area for bill validator boxes;
 - d. The contents of each bill validator box will be segregated by a count team member into separate stacks on the count table by denominations of currency. This sub-section is not applicable to an automated count system.
 - e. The bill validator boxes shall be individually emptied and counted to prevent the commingling of funds with other drop boxes until the count has been recorded.

- f. As the contents of each bill validator box is counted, one count team member will record in ink on a count sheet, cash tally slip or other report, by box number the total amount of currency counted. Corrections to information originally recorded by the count team on bill validator count documentation will be made by crossing out the error, entering the correct figure, and then obtaining the initials of two other count team member who verify the change. Crossing out errors will be made in ink and be done with one line in a manner that leaves the crossed out portion visible. Initials will be placed in a manner not to interfere with the legibility of the document.
 - g. After the contents of each bill validator box have been counted and recorded, the count sheets will be added together and all of the cash will be strapped and counted. The total cash should equal the total of the count sheets. Any unreconciled discrepancies of \$100 or more will be immediately brought to the attention of the Controller and a report generated to the Tribal Gaming Commission. The surveillance tape of the count will be secured by surveillance and stored in evidence until the discrepancy is corrected.
 - h. After completion and verification of the count, each count team member will sign a report attesting to the accuracy of the information recorded thereon.
7. Minimum procedures and requirements at the conclusion of the count for each gaming shift will be the following:
- a. All cash removed from each bill validator box and the count sheets after the initial count will be presented in the count room by a count team member to a cashier who, prior to having access to the information recorded on the final count report and in the presence of the count team, will re-count, either manually or mechanically, the cash received, after which the cashier will sign the report evidencing the fact that both the cashier and count team have agreed on the total amount of cash counted. If an unreconciled variance of \$100 or more is found, surveillance will be notified and a count team member and cashier independent of the initial cashier and count team will recount the currency. If there is still a variance, a member of the Tribal Gaming Commission will be called to investigate the variance.
 - b. The original copy of the final count report, after signing, will be transported directly to the accounting department and will not be available to any cashier's cage personnel;
8. The originals and copies of the final count report, will on a daily basis, in the accounting department be:
- a. Compared for agreement with each other, on a test basis, by persons with no recording responsibilities and, if applicable, to triplicates or stored data;

- b. Reviewed for the appropriate number and property of signatures on a test basis;
 - c. Accounted for by series number, if applicable;
 - d. Tested for proper calculation, summarization, and recording;
 - e. Subsequently recorded; and
 - f. Maintained and controlled by the accounting department.
9. No personal items are allowed into the count rooms.
 10. While the soft count is in process, all personnel in the Soft Count room will wear pocketless coveralls provided by the Tribal Gaming Operation. The coveralls will have loosely fitted sleeves and pant legs with no cuffs or collars and they will zip in the front. The zipper will be maintained fully closed at the top.
 11. All trash in the count room will be placed in a transparent bag for disposal. The material will be removed at the end of the count and received by a member of the security department for disposal.

W. COIN/TOKEN DROP EQUIPMENT STANDARDS (HARD COUNT) *The following standards apply for gaming operations that employ such equipment:*

1. A weigh scale calibration module is secured to prevent unauthorized access (e.g., pre-numbered seal, lock and key etc.).
2. Someone independent of the cage, vault, slot and count team function is required to be present whenever the calibration module is accessed.
3. Such access is documented and maintained.
4. If a weigh scale interface is used, it is adequately restricted to prevent unauthorized access (passwords, keys, etc.).
5. If the weigh scale has a “zero adjustment mechanism,” it is either physically limited to minor adjustment (e.g. weight of a bucket) or physically situated so that any unnecessary adjustment to it during the weigh process would be observed by other count team members.
6. The weigh scale and weigh scale interface (if applicable) are tested by someone else who is independent of the cage, vault, and slot departments and count team

at least semi-annually. The above test is performed by internal audit in accordance with the internal audit standards.

7. During the slot count at least two employees verify the accuracy of the weigh scale with varying amounts of previously counted coin for each denomination to ensure the scale is properly calibrated. (Varying weights/coin from drop to drop is acceptable).
8. The preceding weigh scale and weigh scale interface test results are documented and maintained.
9. If a mechanical coin counter is used (instead of a weigh scale), procedures are equivalent to those described in the standards 5, 6, and 7.

X. VIDEO LOTTERY TERMINAL - HARD COUNT AND WRAP STANDARDS *The following standards apply for gaming operations that employ such equipment:*

1. The contents of coin/token drop boxes will be counted and recorded in the count room in conformity with these standards.
2. The hard drop and count will be conducted by a separate count team and as a distinctly separate activity from the soft drop and count.
3. The tribal gaming operation will notify the Tribal Gaming Commission whenever the contents of coin drop boxes removed from gaming stations are to be counted and recorded, which should be once each gaming day. The gaming operation may satisfy this standard by providing the Gaming Commission with a schedule in advance of drop/count times. Any variance of the scheduled times requires notification to the Tribal Gaming Commission.
4. The recording of the contents of the coin drop buckets will be performed by three or more employees assigned by the tribal gaming operation for the conduct of the count. One member of the count team will be from the accounting department. The Count Team will be rotated so that the count team members are not the same for more than seven (7) consecutive days.
5. Immediately prior to the weighing of the coin drop buckets, the doors to the count room will be securely locked. Persons entering and exiting the count room will be scanned or searched by a metal detection device.
6. Members of the Tribal Gaming Commission and of the Oregon State Police will be allowed immediate access to the count room during the count process.
7. The initial weigh/count is performed by a minimum of three employees.

8. The slot count team is independent of the generation of the slot revenue and the subsequent accountability of slot count process.
9. The following functions are performed in the counting of the slot drop:
 - a. Recorder function that involves the recording of the initial slot count;
 - b. Count team supervisor function that involves the control of the slot weigh and wrap process; and
 - c. The amount of the slot drop from each machine is recorded in ink on a slot count document by the recorder or mechanically printed by the weigh scale. If a weigh scale interface is used, the slot drop figures are transferred via direct line or computer storage media.
10. The recorder and at least one other count team member sign the slot count document or weigh tape attesting to the accuracy of the initial weigh/count.
11. At least three employees who participate in the weigh/count and/or wrap process sign the slot count document or a summary report to attest to their presence. If all other count team members do not sign the slot count document or a summary report, they sign a supplemental document evidencing their participation in the weigh/count and/or wrap.
12. The coins/tokens are wrapped and reconciled in a manner that precludes the commingling of slot drop coin/token with coin/token (for each denomination) from the next slot drop.
13. At least three employees are present throughout the wrapping of the slot drop. If the slot count is conducted with a continuous mechanical count meter which is not reset during the count and is verified in writing by at least three employees at the start and end of each denomination count, then this requirement is not applicable.
14. If the coins/tokens are not wrapped immediately after being weighed/counted, they are secured and not commingled with other coin. The term "wrapped slot drop" includes wrapped, bagged (with continuous metered verification), and racked coin/tokens.
15. If the coins/tokens are transported off the property, a second (alternative) count procedure will be performed before the coins leave the property and any variances are documented.
16. Transfers out of the count room during the slot count and wrap process are either strictly prohibited, or if transfers are permitted during the count and wrap, each transfer is recorded on a separate multi-part pre-numbered form (used solely for

slot count transfers) which are subsequently reconciled by the Accounting Department to ensure the accuracy of the reconciled wrapped slot drop.

17. Transfers, as noted above, are counted and signed for by two members of the count team, and by someone independent of the count team who is responsible for authorizing the transfer.
18. If the count room serves as a coin room and coin room inventory is not secured so as to preclude access by the count team, then the next two requirements (#19 & 20) are satisfied:
19. At the commencement of the slot count the following standards are met:
 - a. The coin room inventory is counted by at least two employees, one who is a member of the count team and the other is independent of the weigh/count wrap procedures.
 - b. The above count is recorded on an appropriate inventory form.
20. Upon completion of the wrap of the slot drop, the following standards are met:
 - a. At least two members of the count team (wrap team), independently from each other, count the ending coin room inventory;
 - b. The above counts are recorded on a summary report(s) which evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the coin room;
 - c. The same count team members as discussed above compare the calculated wrap to the initial weigh/count, recording the comparison and noting any variances on the summary report;
 - d. A member of the cage/vault department counts the ending coin room inventory by denomination. This count is reconciled to the beginning inventory, wrap, transfers and initial weigh/count on a timely basis by the cage/vault or other department independent of the slot department and the weigh/wrap procedures; and
 - e. At the conclusion of the reconciliation, two count/wrap team members, and the verifying employee sign the summary reports(s) attesting to its accuracy.
 - f. If the count room is segregated from the coin room, or if the coin room is used as a count room and the coin room inventory is secured to preclude access by the count team, the following requirement is satisfied:
21. Upon completion of the wrap of the slot drop:

- a. At least two members of the count/wrap team count the final wrapped slot drop independently from each other;
 - b. The above counts are recorded on a summary report;
 - c. The same count team members as discussed above (or the accounting department) compare the final wrap to the weigh/count, recording the comparison and noting any variances on the summary report;
 - d. A member of the cage/vault department counts the wrapped slot drop by denomination and reconciles it to the weigh/count;
 - e. At the conclusion of the reconciliation, at least two count team members and the cage/vault employee sign the summary report attesting to its accuracy; and
 - f. The wrapped coins (exclusive of proper transfers) are transported to the cage, vault or coin vault after the reconciliation of the weigh/count to the wrap.
22. Large or unusual variances between the weigh/count and wrap in excess of 2% are investigated by management personnel independent of the slot department, count team and the cage/vault functions on a timely basis. Any such variances will be immediately brought to the attention of the Controller and a report generated to the Tribal Gaming Commission.
23. The results of such investigation are documented and maintained and subject to review by the Oregon State Police.
24. All slot count and wrap documentation, including any applicable computer storage media, is immediately delivered to the accounting department by other than the cashier's department. Alternatively, it is adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved or received by the accounting department.
25. Corrections on slot count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of one other count team employee. If a weigh scale interface is used, corrections to slot count data are made using the following method:
- a. Crossing out the error in ink on the slot document, entering the correct figure, and then obtaining the initials of at least two count team employees. Crossing out the error is done with one line in a manner that leaves the crossed out portion visible. Initials will be placed in a manner not to interfere with the legibility of the document. If this procedure is used, an employee independent of the slot department and count team enters the correct figure into the computer system prior to the generation of related slot reports;

- b. During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, an exception report is generated by the computer system identifying the slot machine number, the error, the correction and the count team employees testifying to the correction; and
26. The hard count will be recorded on videotape by the Surveillance Department in the same manner as the soft count process.
27. No personal items are allowed into the count rooms.
28. While the hard count is in process, all personnel in the count room will wear pocket less coveralls provided by the Tribal Gaming Operation. The coveralls will have loosely fitted sleeves and pant legs with no cuffs or collars and they will zip in the front. The zipper will be maintained fully closed at the top.
29. All trash in the count room will be placed in a transparent bag for disposal. The material will be removed at the end of the count and received by a member of the security department for disposal.

Y. SURVEILLANCE STANDARDS - VIDEO LOTTERY TERMINALS

1. Every video lottery terminal located in the gaming facility will be able to be viewed by at least one pan-tilt-zoom camera.
2. The top of every video lottery terminal will contain a number readily observable by a surveillance camera for the purpose of identifying a particular device.
3. Fixed cameras will be placed to view all banks of two or more progressive electronic gaming devices to include clarity to identify game play and jackpot results. This video footage will be taped on a 24-hour basis to a dedicated recording device.
4. The locked and secure storage area for slot printer paper stock and EPROM's will be under a fixed camera.

Z. SLOT AUDIT PROCEDURES *The following standards apply for gaming operations that employ such systems:*

1. For computerized jackpot/fill systems, accounting/auditing employees will perform the following procedures at least one day per month:

- a. Foot jackpot and fill slips for all cashiers and trace totals to those produced by the system; and
 - b. Review all slips written (from the restricted copy) for continuous sequencing.
2. For computerized player tracking systems, an accounting/auditing employee will perform the following procedures at least one day per month:
 - a. Foot all points-redeemed documentation and trace to the system-generated totals.
 - b. Review all points-redeemed documentation for propriety.
 3. For computerized slot monitoring systems, procedures are performed at least monthly to verify the continuing accuracy of the meter readings as recorded in the slot statistical report.
 4. For weigh scale interface systems, for at least one-drop period per month, accounting/auditing employees will compare the weigh tape to the system-generated weigh, as recorded in the slot statistical report, in total. Discrepancies should be resolved prior to generation/distribution of slot reports.
 5. For currency acceptors, for each drop period, accounting/auditing personnel will compare the "bill-in" meter reading to the currency acceptor drop amount. Discrepancies should be resolved prior to generation/distribution of slot statistical reports.
 6. Accounting/auditing employees review exception reports for all computerized slot systems on a daily basis for propriety of transactions and unusual occurrences.
 7. All slot auditing procedures and any follow-up performed is to be documented and retained for a minimum of twelve months.

SECTION VIII CHIPS AND TOKEN INTEGRITY

A. CHIPS AND TOKENS

1. Use of Chips and Tokens: Chips and tokens are solely representative of value which evidence a debt owed to their custodian by the Tribe that issued them and are not the property of anyone other than the Tribe.
2. A Tribe that utilizes chips or tokens at its gaming establishment will:

- a. Issue chips or tokens only to patrons of its gaming establishment;
- b. Promptly redeem its own chips and tokens from its patrons by cash or check drawn on an account of the Tribe;
- c. Post conspicuous signs at its establishment notifying patrons that the use of the Tribe's chips or tokens outside the establishment for any monetary purpose whatever is prohibited, and that the chips or tokens issued by the Tribe are the property of the Tribe only; and.
- d. Promotional chips and tokens may be used for promotions and tournaments as long as each chip and token (with a numerical figure) conspicuously bears the inscription "No Cash Value".

B. REDEMPTION AND DISPOSAL OF DISCONTINUED CHIPS AND TOKENS

1. A Tribe that permanently removes from use or replaces chips or tokens at its gaming establishment, or that ceases operating its gaming establishment, will redeem within the period designated by the Tribe discontinued chips or tokens that remain outstanding at the time of discontinuance.
2. The destruction or defacing of chips and tokens will be witnessed by representatives of the management, security and accounting departments and the documentation thereof maintained for three years.

**SECTION IX
KENO (MANUAL)**

A. PHYSICAL CONTROLS OVER EQUIPMENT UTILIZED

1. The keno write and desk area is restricted to specified.
2. There is effective periodic maintenance planned to service keno equipment.
3. Keno equipment maintenance is independent of the keno function.
4. Keno maintenance reports irregularities to management personnel independent of keno, either in writing or verbally.

B. GAME PLAY STANDARDS

1. The individual-controlling inside tickets either:
 - a. Is precluded from writing and making payouts, including during writers break periods; or
 - b. Has all winning tickets written by him with payouts exceeding \$25 verified, re-graded, and compared to the inside ticket by another keno employee. Additionally, this individual writes tickets out of his own writer's station and bank (unless a community bank is used).
2. At no time shall a keno game with annual write greater than \$500,000 be operated by one person.
3. Both inside (ticket presented by customer for play) and outside (receipt ticket given customer by keno writer) keno tickets are stamped with the date, ticket sequence number, and game number (as applicable to the system being used). The ticket will indicate that it is a multi-race ticket (if applicable).
4. The game openers and closers are stamped with the date, ticket sequence number, and game number. An alternative that provides the same controls is acceptable.
5. Controls exist to ensure that inside tickets have been received from outstations prior to calling of a game.
6. Controls exist to prevent the writing and voiding of tickets after a game has been closed. A ticket may be canceled or voided provided it is canceled from the system prior to the start of the game.
7. A legible restricted copy of written keno tickets is created (carbonized locked box copy, microfilm, videotape, etc.) for, at a minimum, all winning tickets exceeding \$30. If there are no restricted copies of winning tickets of \$30 or less, then the desk person does not write tickets.
8. Procedures are established for locking out or closing down all mechanisms for ticket writing/filming and time stamp equipment while keno balls for that race are being selected.
9. When it is necessary to void a ticket that contains the sequence number, the ticket is designated as "VOID" and initialed or signed by at least one person.

C. NUMBER SELECTION

1. A video camera is utilized to film the following both prior to, and subsequent to, the calling of a game: Empty rabbit ears, date and time, game number, and full rabbit ears.
2. The videotape picture of the rabbit ears on the camera provides a legible identification of the numbers on the balls drawn. These tapes will be maintained for a minimum of seven days.
3. Keno personnel will produce a draw ticket as numbers are drawn, and such tickets contain the race number, numbers drawn and date. The draw ticket is verified to the balls drawn by a second keno employee.
4. Procedures are in effect that prevents unauthorized access to keno balls in play.
5. Backup keno ball inventories are secured in a manner to prevent unauthorized access.
6. Effective procedures are established for inspecting new keno balls put into play as well as for those in use.

D. WINNING TICKET VERIFICATION AND PAYMENT

1. All winning tickets are compared with the draw ticket by the writer before being paid, marked with evidence that the ticket was "paid" and marked with the amount of payout.
2. Payouts over a predetermined amount (not to exceed \$30) are verified by actual examination of the inside ticket.
3. Winning tickets \$1,500 and over also require the following:
 - a. Approval of management personnel independent of the keno department evidenced by their signature;
 - b. Examination of videotape of "rabbit ears" prior to and after the game is called to determine that the same numbers called were not left up from the prior game and to verify the accuracy of the draw ticket;
 - c. Regrading of the inside ticket and comparison of both the winning ticket presented for payment and the inside ticket to the restricted copy (machine copy, microfilm, videotape, etc.); and
 - d. Procedures described above are documented for later verification and reconciliation by the keno audit process on a ball check form.

4. Published payoff schedules will be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.
5. A player is eligible to receive only the highest prize per game played on a ticket.

E. CHECK OUT STANDARDS

1. A cash summary report (count sheet) is prepared for the end of every shift that includes:
 - a. Computation of cash proceeds for the shift by bank (i.e., community bank or individual writer banks, whichever is applicable); and
 - b. Signatures in ink of two employees who have verified the cash proceeds recorded in the above computation.

F. STATISTICS

1. Records are maintained which include (for each game) win, write, and win-to-write hold percentage for:
 - a. Each shift;
 - b. Each day;
 - c. Month-to-date; and
 - d. Year-to-date.
2. Non-keno management reviews keno statistical information at least on a monthly basis and investigates any large or unusual statistical fluctuations.
3. Such investigations are documented and maintained for a minimum of twelve months.

G. KEY CONTROL

1. Keys to locked box tickets are maintained by a department independent of the keno function.
2. A member of the security department is required to accompany such keys to the keno area and observe repairs or refills each time locked boxes are accessed.

3. The master panel, which safeguards the wiring that controls the sequence of the game is locked at all times to prevent unauthorized access.
4. Master panel keys are maintained by a department independent of the keno function.
5. A member of the security department is required to accompany such keys to the keno area and observe repairs, etc., each time the master panel is accessed.
6. Microfilm machine keys are maintained by personnel who are independent of the keno writer function.
7. A member of the security department is required to observe each time the microfilm machine is accessed by keno personnel.
8. Keno equipment discussed above is always locked when not being accessed. The keys to this locked area will be maintained in a double lock box designated for key storage.
9. All electrical connections are wired in such a manner to prevent tampering.
10. Duplicate keys to the above areas are maintained independently of the keno department.

H. KENO AUDIT

1. The keno audit function is independent of the keno department.
2. Keno audit personnel foot write (either inside ticket or restricted copy) and payouts (customer copy) to arrive at an audited win/loss by shift.
3. Keno audit personnel obtain an audited win/loss for each bank (i.e., individual writer or community bank).
4. The keno receipts (net cash proceeds) are compared with the audited win/loss by keno audit personnel.
5. Major cash variances (i.e., overages or shortages in excess of \$25) noted in the proceeding comparison are investigated on a timely basis.
6. On a sample basis (for at least one race per shift or ten races per week) keno audit personnel perform the following, where applicable:
 - a. Re-grade winning tickets utilizing the payout schedule and draw tickets and compare winning tickets (inside and outside) to restricted copies (locked box

copy; developed microfilm, videotape, etc.) for 100% of all winning tickets of \$100 or greater and 25% of all winning tickets under \$100 for those races selected; and

- b. Either review sequential numbering on inside tickets (microfilm and videotape systems) to ensure that tickets have not been destroyed to alter the amount of write, or computer write from developed film and compare to write computed from inside tickets.
 - c. Review restricted copies for blank tickets and proper voiding of voids.
7. In addition to the above audit procedures, when a keno game is operated by one person:
- a. At least 25 percent (25%) of all other winning tickets are regraded;
 - b. At least 10 percent (10%) of all tickets are traced to the restricted copy; and
 - c. Film of rabbit ears is randomly compared to draw tickets for at least 25 percent (25%) of the races.
8. Draw tickets are compared to "rabbit ears" film for at least five races per week with payouts that do not require draw ticket verification independent of the keno department. (The draw information can be compared to the rabbit ears at the time the balls are drawn provided it is done without the knowledge of keno personnel and it is subsequently compared to the keno draw ticket.)
9. Documentation (e.g., logs, checklists, etc.) is maintained evidencing the performance of all keno audit procedures.
10. Non-keno management reviews keno audit exceptions, performs investigations into unresolved exceptions and documents results.

I. MISCELLANEOUS

1. Copies of all keno tickets and the videotape of the rabbit ears are maintained for at least seven (7) days.
2. All copies of winning keno tickets of \$1,500 or more are maintained for a minimum of twelve months. This includes restricted copies and ball check forms.

J. MULTI-RACE

1. Procedures are established to notify keno personnel immediately of large multi-race winners to ensure compliance with Standard #D.3. - Winning Ticket Verification and Payment.
2. Controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift.

SECTION X KENO (COMPUTERIZED)

A. MAINTENANCE

1. There is effective maintenance planned to service keno equipment, including computer program updates, hardware servicing, and keno ball selection equipment (e.g., service contract with lessor).
2. Keno equipment maintenance (excluding keno balls) is independent of the keno function.
3. Keno maintenance reports irregularities to management personnel independent of keno.

B. GAME PLAY STANDARDS

1. The computerized customer ticket includes the date, game number, conditioning, ticket sequence number and the station number (including multi-race if applicable).
2. Concurrently with the generation of the ticket the information on the ticket is recorded on a restricted transaction log or computer storage media.
3. When it is necessary to void a ticket, the void information is input in the computer and the computer documents the appropriate information pertaining to the voided wager (i.e., void slip is issued or equivalent documentation is generated).
4. Controls exist to prevent the writing and voiding of tickets after a race has been closed and after the number selection process for that race has begun. A ticket may be canceled or voided provided it is canceled from the system prior to the start of the game.
5. The controls in effect for tickets prepared in outstations (if applicable) are identical to those in effect for the primary keno game.

6. Keno tickets will be sold only during the hours of operation of the gaming facility. The selection of winning numbers will take place at established intervals.

C. NUMBER SELECTION: RABBIT EAR SYSTEM

1. A video camera is utilized to film the following both prior to, and subsequent to, the calling of a game:
 - a. Empty rabbit ears;
 - b. Date and time;
 - c. Game number; and
 - d. Full rabbit ears.
2. The videotape picture of the rabbit ears on the camera provides a legible identification of the numbers on the balls drawn.
3. Keno personnel immediately input the selected numbers in the computer and the computer documents the date, game number, the time the game was closed and the numbers drawn.
4. Procedures are in effect that prevents unauthorized access to keno balls in play.
5. Backup keno ball inventories are itemized and secured in a manner to prevent unauthorized access. When a complete set of keno balls is replaced, the used balls will be destroyed.
6. Effective procedures are established for inspecting new keno balls put into play as well as for those in use.

D. NUMBER SELECTION: RANDOM NUMBER GENERATOR

1. The random number generator is linked to the computer system and directly relays the numbers selected into the computer for preparation of a draw ticket without manual input.
2. The number generating device will meet the requirements of the Tribal-State Compact and these minimum standards pertaining to contracts with manufacturers and suppliers, security, terminal specifications, equipment testing, procurement, duties of manufacture and requirements for randomness testing.

E. WINNING TICKET VERIFICATION AND PAYMENT

1. The sequence number of tickets presented for payment is input into the computer, and the payment amount generated by the computer is given to the patron.
2. Procedures are established to preclude payment on tickets previously presented for payment, unclaimed winning tickets (sleepers) after a specified period of time, voided tickets, and tickets which have not been issued.
3. All payouts are supported by the customer (computer-generated) copy of the winning ticket (payout amount is indicated on the customer ticket or a payment slip is issued.)
4. A manual report is produced and maintained documenting any payments made on tickets that are not authorized by the computer.
5. Winning tickets \$1,500 and over also require the following:
 - a. Approval of a department supervisor independent of Keno evidenced by their signature.
 - b. Retention by surveillance of the tape for seven days in order to verify the legitimacy of the draw and the accuracy of the draw ticket.
 - c. Comparison of the winning customer copy to the computer reports.
 - d. Regrading of the customer copy using the payout schedule and draw information.
 - e. Documentation of the performance of all of the above on a ball check (or proof of win) form. Alternatively, if the computer adequately records the above, the resulting documentation may be substituted.
6. When one person operates the keno game, all winning tickets in excess of an amount to be determined by management (not to exceed \$1,500) will be reviewed and authorized by someone independent of the keno department.
7. Published payoff schedules will be made available to the public at all times throughout the facility and in a conspicuous place immediately adjacent to the game.
8. A player is eligible to receive only the highest prize per game played on a ticket.

F. CHECK OUT STANDARDS

1. A cash summary report (count sheet) is prepared for each shift which includes:
 - a. Computation of cash proceeds for the shift by bank (i.e., community bank or individual writer banks, whichever is applicable); and
 - b. The signature of at least two employees who have verified the cash proceeds recorded in the above computation.

G. STATISTICS

1. Records are maintained which include win and write by either individual writer for each shift or for each race during the shift.
2. Records are maintained which include win, write, and win-to-write hold percentage for:
 - a. Each shift;
 - b. Each day;
 - c. Month-to-date; and
 - d. Year-to-date.
3. Non-keno management reviews keno statistical information at least on a monthly basis and investigates any large or unusual statistical fluctuations.
4. Such investigations are documented and maintained.

H. SYSTEM SECURITY STANDARDS

1. Access to the computer system is adequately restricted (i.e., passwords are changed at least quarterly, access to computer hardware is physically restricted, etc.).
2. Keys to sensitive computer hardware in the keno area are maintained by a department independent of Keno.
3. A member of the security department is required to accompany such keys to the keno area and observe changes or repairs each time the sensitive areas are accessed.

I. DOCUMENTATION

1. Adequate documentation of all pertinent keno information is generated by the computer system.
2. This documentation is restricted to authorized personnel.
3. The documentation is to include, at a minimum:
 - a. Ticket information duplicated;
 - b. Payout information;
 - c. Race information (number, ball draw, time, etc.);
 - d. System exception information, including:
 - i. Voids;
 - ii. Late pays; and
 - iii. Appropriate system parameter information (i.e., changes in pay tables, ball draws, payouts over a predetermined amount, etc.).
 - e. Personnel access listing that includes at a minimum:
 - i. Employee name;
 - ii. Employee identification number; and
 - iii. Listing of functions employee can perform or equivalent means of identifying the same.

J. KENO AUDIT

1. The keno audit function is independent of the keno department.
2. For at least one shift every other month keno audit performs the following:
 - a. Foot the customer copy of the payouts and trace the total to the payout report.
 - b. Re-grade at least one percent (1%) of the winning tickets using the payout schedule and draw ticket. (This procedure can be reduced if an adequate

alternative software analysis is performed to the satisfaction of the Audit Division).

3. Keno audit also performs the following:

- a. On a sample basis (a minimum of five races per week) compare the film of the rabbit ears to the draw ticket (or equivalent document) and computer transaction summary;

Note: If a random number generator is used, then at least weekly the number generator report is reviewed for potential numerical patterns.

- b. Compare net cash proceeds to the audited win/loss by shift and investigate any large cash overages or shortages (i.e., in excess of \$25);
- c. Review and re-grade all winning tickets greater than or equal to \$3,000, including all forms that document that the proper authorizations and verifications were obtained and performed;
- d. Review the documentation for payout adjustments made outside the computer and investigate large and frequent payments; and
- e. Review all other pertinent documentation, as applicable (i.e., system exception information, etc.).

4. When one person operates the keno game:

- a. All winning tickets in excess of \$100 and at least five percent (5%) of all other winning tickets (inside and customer copies) are re-graded and traced to the computer payout report;
- b. Videotape of rabbit ears is randomly compared to computer draw tickets for at least ten percent (10%) of the races during the shift (not applicable for a random number generator); and
- c. Keno audit personnel review winning tickets for proper authorization pursuant to Standard #E.5. - Winning Ticket Verification and Payment.

5. In the event any person performs the writer and deskman functions on the same shift, the procedures described in Standard 4 (a) and 4 (b) above (using the sample sized indicated) are performed on tickets written by that person.

6. Documentation (i.e., a log, checklist, etc.) is maintained evidencing the performance of all keno audit procedures.

7. Non-keno management reviews keno audit exceptions, and performs and documents investigations into unresolved exceptions.

K. MISCELLANEOUS

1. Copies of all keno tickets, computer storage media, and the videotape of rabbit ears are maintained for at least seven days.
2. All copies of winning keno tickets of \$1,500 or more are maintained for inspection. This includes restricted copies.

L. MULTI-RACE

1. Procedures are established to notify keno personnel immediately of large multi-race winners to ensure compliance with Standard #E.5. - Winning Ticket Verification and Payment.
2. Controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift.

**SECTION XI
PARI-MUTUEL & OFF-TRACK**

A. SYSTEM SECURITY STANDARDS

1. Access to the computer system is adequately restricted (e.g., passwords are changed at least quarterly, access to computer hardware is physically restricted, etc.).
2. Procedures have been developed for use in case of hardware failure, power failure, fire, etc.

B. BETTING TICKET AND EQUIPMENT STANDARDS

1. All Pari-Mutuel and Off-Track wagers will be transacted through a computer system.

C. WAGERING STANDARDS

1. Whenever a betting station is opened for wagering or turned over to a new writer/ cashier, the betting ticket writer/ cashier signs on and the computer documents the writer's/ cashier's identity, the date and time, and the fact that the station was opened on either the unused ticket that is first in sequence or in a separate report.
2. Whenever the betting station is closed or the writer/ cashier is replaced, the writer/ cashier signs off and the computer documents the date and time, and the fact that the station was closed out on either the unused ticket that is next in sequence after the last ticket written or in a separate report.
3. Upon accepting a wager a betting ticket is created which consists of at least three parts:
 - a. An original which is transacted and issued through a printer and given to the patron; and
 - b. A copy which is recorded concurrently with the generation of the original ticket either on paper or other storage media (e.g., tape or diskette); and
 - c. An internally recorded copy to which access by employees is adequately restricted.
4. If a writer/ cashier voids a betting ticket then:
 - a. The word "void" is immediately written/stamped and the date and time at which the ticket was voided is stamped on the original; and
 - b. The writer/ cashier and the supervisor sign the ticket at the time of voiding.
5. The computer system will adequately document supervisory approval for appropriate transactions, as applicable.

D. PAYOUT STANDARDS

1. Prior to making payment on a ticket the writer/ cashier shall input the ticket for verification and payment authorization.
2. Upon computer authorization of payment the patron is paid, the patron's copy is marked "paid," noted with the amount of payment, and date stamped.

E. CHECKOUT STANDARDS

1. For each writer/ cashier station:
 - a. The system indicates the amount of cash that should be in a given drawer.
 - b. Writers/ cashiers are not permitted access to this information without supervisory approval.
2. For each writer/ cashier station a summary report is completed at the conclusion of each shift including:
 - a. Computation of net cash proceeds for the shift; and
 - b. Signatures of two employees who have verified the cash turned in for the shift.
3. For each writer/ cashier station a summary report is completed at the conclusion of each shift including:
 - a. Computation of cash turned in for the shift; and
 - b. Signatures of two employees who have verified the cash turned in for the shift.

F. COMPUTER REPORTS

1. At least the following types of reports are maintained (if applicable):
 - a. Write transaction report;
 - b. Payout transaction report;
 - c. Results report;
 - d. Futures report;
 - e. Unpaid winners report;
 - f. Exception report (e.g., past-post voids, past-post writes, voids, odds changes);
 - g. Daily recap report; and
 - h. Personnel access listing.

G. ACCOUNTING AND AUDIT FUNCTIONS

1. The Pari-Mutuel and Off-Track accounting and audit procedures shall be performed by personnel who are independent of the transactions being audited/accounted for.
2. Documentation shall be maintained evidencing the performance of all accounting and auditing procedures performed.

SECTION XII GLOSSARY

Accounting Department

Is that established in the tribal gaming operation's system of organization in accordance with these standards.

Actual Hold

Means coins-in and cash-in less coins-out and cash ticket payouts, less manual payouts less hopper fills.

Bank (Bankroll)

The inventory of currency, coins, chips and tokens in the cage, pit area, change booths, electronic gaming devices and on the playing tables used to make change and pay winning bets.

Base Jackpot

The fixed, minimum amount of a progressive gaming or electronic gaming device payout for a specific combination.

Base Level

The table games hold percentages that are calculated from the previous business year and are used to compare current table games hold percentages.

Bill Validator Box

Means a locked container securely attached to the electronic gaming device for the purpose of collecting bills. The machine number is clearly visible on the box.

Bill Validator Box Rack

Means a locked cabinet or rack where bill validator boxes are securely stored when not attached to an electronic gaming device.

Booth Cashier

An employee who is the custodian of a change booth fund.

Boxman

A pit supervisor assigned to an individual craps table.

Cage

A secure work area within the gaming facility for cashiers and a storage area for the gaming facility bankroll.

Cage Cashiers

Are the cashiers performing any of the functions in the Cashier's Cage as set forth in these standards.

Calibration Module

The section of a weigh scale used to set the scale to a specific amount or number of coins to be counted.

Card Game

A game in which the gaming facility is not party to wagers and from which the gaming facility receives compensations in the form of a rake-off, a time buy-in, or other fee or payment from a player for the privilege of playing, and include but is not limited to the following: poker, bridge, whist, solo and panguingui.

Cash Count Sheet

The form used to record the contents of the bankroll as they are counted.

Cash Equivalent

Means a treasury check, personal check, travelers check, wire transfer of funds, money order, certified check, cashiers check, a check drawn on the tribal gaming operation payable to the patron or to the tribal gaming operation, or a voucher recording cash drawn against a credit card or charge card.

Cash Loads

The initial currency, coins, chips, and tokens issued from a bankroll to a gaming table or an electronic gaming device.

Cashier's Count Sheet (check out sheet)

An itemized list of the components that make up the cage accountability.

Cashier's Count Sheet Reconciliation

A detailed reconciliation of the beginning to the ending cage accountability.

Change Booth

A booth or small cage in the gaming area that is used to provide change to customers, store change banks, make electronic gaming device fills, account for jackpot payouts, and make gaming receipt payouts.

Change Person

A person who has an imprest fund of coins, tokens and currency for making change for customers.

Chip

Means a non-metal or partly metal representative of value issued by a Tribe for use at table games.

Chip and Token Float

Means the dollar value of chips and tokens held by customers.

Class II

Means Class II gaming as defined in the Indian Gaming Regulatory Act.

Class III

Means Class III gaming as defined in the Indian Gaming Regulatory Act.

Closer

Means the original of the table inventory slip upon which each table inventory is recorded at the end of each shift.

Coins-In

Means the total amount wagered which includes physical coins-in and credits played. See also Handle.

Combined Pari-Mutuel Pools, or "Combined Pools"

Means the pari-mutuel wagers at one or more off-track wagering facilities being contributed into the pari-mutuel pools of a host association.

Commission

Means the Tribal Gaming Commission.

Compact

Means the Tribal-State of Oregon Gaming Compact adopted pursuant to the Indian Gaming Regulatory Act, 25U.S.C. s2706 et seq.

Count

The total funds counted for a particular game, electronic gaming device, shift, or other period.

Counter Game

Means keno, race and sports book and off-course mutuel wagering.

Credit

Means the smallest unit of value that may be used to play a game on an electronic game of chance or that may be redeemed in currency.

Credit Slip (known as a "Credit")

Is the document reflecting the removal of gaming chips from a gaming station in accordance with these standards.

Customer Deposits

The amounts placed with a cage cashier by customers for the customers' use at a future time.

Dealer

An employee who conducts a table game in a gaming facility.

Distributor

Means a person who obtains an electronic game of chance from a manufacturer and who intends to furnish it to the Tribe.

Drop

In table games, it is the total amount of cash and chips contained in the drop box. In electronic gaming devices, the "drop is the total amount of money removed from the drop bucket and bill validator box.

Drop Box

Is the metal container attached to a gaming station for deposit of cash drop/rake and certain documents received at a gaming station as provided by these standards. The game type, table number, and shift are indicated on the box.

Drop Bucket

A container located beneath an electronic gaming device for the purpose of collecting coins and tokens from the device.

Drop Count Card

A document prepared by the count team to record the amount of cash or chips by denomination, in a drop box.

Electronic Gaming Device

Means a microprocessor-controlled electronic device which allows a player to play games of chance, some of which are affected by skill, which device is activated by the insertion of a coin, token or currency, or by the use of a credit, and which awards game credits, cash, tokens, or replays, or a written statement of the player's accumulated credits, which written statements are redeemable for cash. A video lottery terminal.

Electronic Gaming Devices Supervisor

An individual with responsibility for electronic gaming device area and jackpots but does not include a person within the security department.

EPROM

Means an erasable programmable read only memory chip.

False Drop

The amount of cash or cash equivalents used to purchase chips at a gaming table at which the customer does not play.

Fill

A transaction whereby a supply of chips, coins and tokens is transferred from a bankroll to a table or an electronic gaming device.

Fill Slip (known as a "fill")

Is the document reflecting the distribution of gaming chips to a gaming station as provided in these standards.

Fiscal Year

Means the annual period used by a Tribe for internal accounting for its gaming operations.

Floor Person

For tables games, the first-level supervisor responsible for the operation and conduct of a game. In electronic gaming devices, the supervisor who approves jackpots and observes floor activity.

Foreign Chips

Chips that are redeemed for money or house chips by other than the issuing gaming facility.

Game Bankroll (table bankroll)

The inventory of gaming chips and tokens stored in the chip tray for each table game. Game bankrolls may be under the control of the bankroll or under separate general ledger controls.

Gaming Facility

Means any gaming facility as defined in the Compact in which a tribal gaming operation is conducted.

Gaming Facility Supervisor

Is a reference to a person in a supervisory capacity and required to perform certain functions under these standards, including but not limited to, Slot Managers, Slot Shift Supervisors, Lead Slot Technicians, Keno Managers, Keno Supervisor, Pit Bosses, Gaming Facility Shift Managers, the Assistant Gaming Facility Manager and the Gaming Facility Manager.

General Manager

Is the senior executive of the tribal gaming operation exercising the overall management or authority over all the operations of the tribal gaming operation and the carrying out by employees of the tribal gaming operation of their duties'.

Gross Gaming Revenue

The net win from gaming activities, which is the difference between gaming wins and losses before deducting costs and expenses.

Handle

The total amount wagered.

Hard Count

The count of the contents in a drop bucket.

Hold

See gross gaming revenue.

Hold Percentage

The relationship of hold to drop or handle.

Host, Host Association, or Host Track

Means the racetrack conducting a licensed race meet that is being simulcast.

House

A gaming facility.

House Bank Game

Each player opposes the gaming facility and the gaming facility opposes each player on behalf of the Tribe.

Imprest Basis

Means the basis on which Cashier's Cage funds are replenished from time to time by exactly the amount of the net expenditures made from the funds and amounts received and in which a review of the expenditure is made by a higher authority before replenishment.

Incompatible Function

Means a function, for accounting and internal control purposes, that places any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties. Anyone both recording transactions and having access to the relevant assets is in a position to perpetrate errors or irregularities.

Independent Accountant

Means a professional accountant suitably qualified and sufficiently independent to act as auditor of the tribal gaming operation.

Inspector

Means an employee of the Tribal Gaming Commission duly appointed by the Commission as an inspector.

Intrastate Wagering

Means pari-mutuel wagering at an off-track wagering facility on Oregon racing events being run at an Oregon host association.

Jackpot Payout

The portion of a jackpot paid by gaming facility personnel. The amount is usually determined as the difference between the total posted jackpot amount and the machine payout. May also be the total amount of the jackpot.

Jackpot Payout Slip

A form on which the portion of a jackpot paid by gaming facility personnel is recorded.

Junket Office

A satellite office of a gaming facility that organizes trips (travel) to the gaming facilities.

Key Control Ledger

A ledger which authorized personnel sign to receive keys to sensitive areas, such as drop boxes, count room and cashier's cage.

Key Employee

As defined by the Tribal-State Compact agreement.

Leakage Current

Means an electrical current which flows when a conductive path is provided between exposed portions of an electronic gaming device and the environmental electrical ground when the electronic gaming device is isolated from the normal AC power ground.

Limit

The maximum amounts that a customer may wager at a particular table.

Logs

Document used for recording and tracking information and activity.

Machine Payout

The amount paid out to the customer by a coin/currency operated gaming device as the result of a winning combination.

Manufacturer

Means a person who manufactures, produces, or assembles an electronic game of chance, and who intends to furnish it to a distributor or the Tribe.

Master Game Report

(Game count sheet, stiff sheet, pit report) a form used to record, by shift and day, each table games' winnings and losses. This form reflects the opening and closing table inventories, the fills and credits, and the drop and win.

Matrix

Computer operated unit used to receive video signals from a camera and then routes those signals to a viewing monitor.

Meter

An electronic or a mechanical apparatus in an electronic gaming device. May record the number of coins wagered, the number of coins dropped, the number of times the handle was pulled, or the number of coins paid out to winning players.

Meter Reading Summary

A report reflecting the meter readings on electronic gaming devices. The number is recorded when the drop bucket and/or bill validator is removed from the cabinet.

Monitor

Television type viewing unit used specifically for closed circuit television.

Non-House Banking Card Game

Means a card game where the house does not participate in or have any interest in the outcome of the wager.

Off-Track Wagering

Means pari-mutuel wagering conducted on a race at a location other than the racecourse where the race is actually held.

Off-Track Facility, Intrastate Wagering Facility or Extended Wagering Facility

Means physical premises utilized for the conduct of pari-mutuel wagering on racing events being run elsewhere.

Opener

Means the duplicate copy of the table inventory slip upon which each table inventory is recorded at the end of each shift and serves as the record of each table inventory at the beginning of the next succeeding shift.

Oregon State Police

Means those members of the Oregon State Police, or their designated agents, specifically assigned by the Superintendent of State Police to tribal gaming regulatory duties.

Paid Outs

The total amount of money paid to customers as winnings on various games.

Pan-Tilt-Zoom (PTZ)

A camera that has the capabilities of panning 360 degrees right to left, up and down, and focusing closer to specific area.

Par Sheet

Means a document, provided by the electronic gaming device manufacturer, which depicts the possible outcomes from the play of an electronic gaming device, the probability of occurrence of each, and the contribution of each winning outcome to the payback percentage of the electronic gaming device.

Payout

The amount paid out on a winning wager.

Payout Schedule

(Award schedule card, award schedule) a statement printed on cards, paper, Plexiglas, and so on, of the payoffs or awards applicable to a particular game or device.

Pit

Means the area enclosed or encircled by an arrangement of table gaming stations in which gaming facility personnel administer and supervise the games played at the tables by the patrons located on the outside perimeter of the area.

Pit Clerk

Can be an employee in the pit who reports to the cage cashier and who prepares documentation such as requests for fills and credits, etc.

Pit Supervisor

The employee who supervises all games in a pit.

Player

Means one person to whom a hand has been dealt.

Policy

A plan or course of action designed to influence and determine decisions and actions.

Procedure

A way of performing, or a method used, in dealing with the affairs of a business.

Progressive Controllers

A progressive controller is any collateral or support equipment that links two or more electronic gaming devices to create a value representation on the screen of the gaming device different from the normal values. Progressive jackpot means a gaming machine payoff that increases and over time, solely as a function of funds played on a machine or group of machines.

Progressive Electronic Gaming Machine

An electronic gaming machine, with a payoff indicator, in which the payoff increases as it is played.

Race

Means the individual pari-mutuel race event.

Race Meet

Means the duration of a pari-mutuel race season at each individual racetrack.

Rake

Means the fee the gaming facility charges a customer for using a position at a gaming table.

Ram or "Random Access Memory"

Means the electronic component used for computer work space and storage of volatile information in an electronic gaming device.

Randomness

Means the unpredictability and absence of patten in the outcome of an event or sequence of events.

Random Number Generator

Means hardware, software, or combination of hardware and software devices for the generating number values that exhibit characteristics of randomness.

Recording Device

A video cassette recorder used to record video footage from a camera.

Reel Strip Settings

Setting positions on electronic gaming machine reels so that they correspond to the calibrations regulating winning combinations and payoffs.

Request For Credit

A document prepared by a pit supervisor or pit clerk to authorize the preparation of a credit slip.

Request For Fill

Is the document reflecting the request for the distribution of gaming chips to a table gaming station as provided in these standards.

ROM or "Read Only Memory"

Means the electronic component used for storage of non-volatile information in an electronic gaming device, including programmable ROM and erasable programmable ROM.

Runner

Means a gaming employee who transports chips/cash to and from a gaming table to a cashier.

Runs Test

Means a mathematical statistic that determines the existence of recurring patterns within a set of data.

Security Department

Means a department within, or utilized by, a gaming operation whose employees assist in maintaining compliance with all internal controls but do not participate in operating table games or electronic gaming devices, and do not participate in cashier cage operations.

Security Department Member

Means any person who is a member of the Security Department as provided in the organization of the tribal gaming operation in accordance with these standards.

Shift Boss

(Manager) the executive with overall responsibility for gaming facility operations during a shift.

Shill

Individuals used to encourage poker or other non-house banking card games play or maintain the minimum number of players required to sustain the game. Also, called a proportional player.

Short Pay

A payoff from an electronic gaming device that is less than the listed amount.

Simulcast or Simulcasting

Means live audiovisual electronic signals emanating from a race meeting and transmitted simultaneously with the running of the racing events at that meeting, and includes the transmission of pari-mutuel wagering odds, amounts wagered and payoff on such events, and other racing programming relating to the race animals or participants.

Slip Dispenser (Whiz machine)

A locked device used primarily in a cage to dispense fill and credit slips in numerical sequence.

Slot

A term often used to describe an electronic video lottery terminal.

Soft Count

The count of the contents in a drop box or bill validator.

Standard Chi-Squared Analysis

Means the sum of the squares of the difference between the expected result and the observed result.

Standard Operating Procedure

Refers to an established procedure to be followed in a given situation. Give step by step instructions so that anyone coming into the operation would be able to follow the instructions and actually perform the task.

Stationary Camera

A camera fixed into a set position and can only be moved manually.

Surveillance/Observation Room

Designated area to monitor surveillance equipment.

System of Internal Control

Plan of organization and all of the coordinated methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Table Chip Tray

A container used to hold coins and chips at a gaming table.

Table Game

Means any Class III game allowed under this Compact except video lottery games, keno, off-race course mutuel wagering, and race and sports book.

Table Game Drop

Means the sum of the total amounts of currency removed from a drop box.

Table Game Win or Loss

Is determined by adding the amount of cash, the amount recorded on the loser, removed from a drop box, plus credits, and subtracting the amount recorded on the opener and the total of the amounts recorded on fills removed from a drop box.

Table Inventory

Total coins and chips at a table.

Theoretical Hold

The intended hold percentage or win of an individual electronic gaming device as computed by reference to its payout schedule and reel strip settings.

Theoretical Hold Sheet (Par Sheet)

A form that lists the characteristics of an individual electronic gaming device, such as reel settings, award schedule, number of coins that may be played, number of reels, theoretical hold, and other data applicable to an electronic gaming device.

Tilt Condition

Means a programmed error state for an electric gaming device which occurs when the electronic gaming device detects an internal error, malfunction, or attempted cheating. The electronic gaming device ceases processing the further input, output, or display information other than that indicating the tilt condition itself.

Token

A metal representative of value issued by a tribe for use in electronic gaming devices or at table games at the tribal gaming facility.

Tribal Gaming Operation

Means the economic entity that is licensed by the Tribe, operates the games, receives the revenues, issues the prizes, and pays the expenses involving the Class III games authorized under the Tribal-State Compact. A gaming operation may be operated by a tribe directly; by a management contractor; or, under certain conditions, by another person or other entity.

Tribe

The respective federally recognized Tribe, Band, Nation, Pueblo, Rancheria or any of its authorized entity(s), body(s), official(s), agent(s) or representative(s).

Vault

A secure area within the gaming facility where currency, coins, chips and other sensitive items are stored.

Video Gaming Device/Video Lottery Terminal/VLT

Means gaming equipment that is electric or electronic which plays a game involving an element of prize, chance and consideration, some of which are affected by skill, which device is activated by insertion of currency, or by the use of credit, and which awards game credits, which are redeemable by a written statement or ticket redeemable for cash. The gaming equipment may be linked to a central computer for purposes of security, monitoring, and auditing. An electronic gaming device. (Video gaming device, video lottery terminal, and VLT are all interchangeable.)

Wager

A sum of money or thing of value risked on an uncertain occurrence.

Weigh Count

The value of coins and currency counted by a weigh machine.

Weigh Scale

A scale that calculates (by weight) the amount of money in a given bucket/bags from an electronic gaming device/slot.

Work Papers

Documents containing the evidence to support the auditors or Compact compliance review findings, options, conclusions, and judgements.

Wrap

The procedure of wrapping coins. May also refer to the total amount or value of the wrapped coins.

**TRIBAL STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN THE
CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION
OF OREGON AND THE STATE OF OREGON**

AMENDMENT IX

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Warm Springs Reservation of Oregon (Tribes) and the State of Oregon (the State) executed on January 6, 1995, and approved by the Secretary of the Interior on March 6, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I, II, III, IV, V, VI, VII and VIII thereto.

WHEREAS, the Tribes wish to extend the terms of Amendment VIII to the Compact which provide for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment, and

NOW THEREFORE, the Tribes and the State hereby approve the following amendment to the Compact:

I. Section I of Amendment VIII is amended as follows:

Paragraph IV of Amendment I expires on ~~May 1, 2001~~ **December 31, 2001**. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agree to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation, the Tribes may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

II. This amendment is effective as an extension under Paragraph IX of Amendment II and Paragraph VI of Amendment I Subsection G of Section 4 of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribes that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior.

III. Section 7A4a is amended as follows:

4. a. The Tribes shall forward the applicant information to the State, along with the State required portion of the application fee as described in subsection C of this Section. The Oregon State Police shall conduct a background investigation on all prospective Primary Management Officials and High Security Employees, and provide a written report to the Tribal Gaming Commission within a reasonable period of time, but in no event shall such background checks exceed ~~thirty (30)~~ **sixty (60)** days without notice to and consent of the Tribes. **Upon agreement of the Oregon State Police and the**

Tribal Gaming Commission, the Tribal Gaming Commission may perform the background investigations. In the event that the Tribal Gaming Commission conducts a background investigation, it shall submit the completed report to the Oregon State Police within sixty (60) days, including the investigative report, criminal history report, credit report, one photograph, and available relevant tribal court records.

IV. Section 9B2 is amended as follows:

2. **Access to Records.** ~~The State is authorized hereby to review and copy, during normal business hours, and upon reasonable notice, all records maintained by the Tribal gaming operation; provided, that any copy thereof and any information derived therefrom, shall be deemed confidential and proprietary financial information of the Tribes to the extent provided under ORS 192.410 to 192.505. Any records or copies removed from the premises shall be returned to the Tribes after use. Only the State employee(s) formally designated by the State, and approved by the Tribes, shall be authorized to access Tribal gaming records pursuant to this subsection. Nothing in this subsection precludes the State or the Tribes from disclosing information subject to the Rules of Civil Procedure or Evidence in connection with litigation, a prosecution or a criminal investigation.~~
 - (a) **The Tribe and the State agree that the Oregon State Police shall be permitted and allowed to inspect and copy, during normal business hours, and upon reasonable notice, any and all Tribal records pertaining to the operation, management, or regulation of Class III Gaming by the Tribe, including but not limited to all Tribal Gaming Commission reports related to Class III gaming, all Class III related gaming contracts and documents related to employee or contractor license applications and background investigations, whether those records are prepared or maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation.**
 - (b) **The Oregon State Police shall return to the Tribes copies of tribal documents related to background investigations within 60 days of obtaining the copies. The Oregon State Police shall be entitled to retain copies of the following: the Tribal Gaming Commission investigative report, a photograph of the applicant, and information release forms. The Oregon State Police will not retain records of information regarding applicants developed by the Tribal Gaming Commission solely from tribal records which are not accessible in any other manner.**
 - (c) **The State acknowledges that records created and maintained by the Tribe, the Tribal Gaming Commission or the Tribal Gaming Operation, belong to the Tribe.**
 - (d) **The Tribe acknowledges that any records created or maintained by the State, including any records created or maintained in connection with the performance of the State's duties and functions under this Compact, other than copies of records obtained by the Oregon State Police in accordance with the foregoing sections, belong to the State and may be subject to the State Public Records Law,**

ORS 192.410 to 192.505. Information about the Tribe's Class III gaming activities, whether obtained from the Tribe or from any other source, that is included in a document prepared, owned, used or retained by the State in connection with its duties and functions under this Compact may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.

Examples of the kind of information that may be withheld from disclosure by the State under appropriate circumstances include:

- (1) "Trade secrets" as defined in ORS 192.501(2);**
- (2) Investigatory information compiled for criminal law purposes as described in ORS 192.501(3);**
- (3) Information submitted in confidence, as provided in ORS 192.502(3);**
- (4) Any information the disclosure of which is specifically prohibited by state or federal law.**

The parties agree that any dispute as to the State's disclosure of documents to third parties is governed by ORS 192.410 to 192.505.

- (e) Applications submitted to and retained by the Oregon State Police for Class III gaming licenses are State records and may be subject to disclosure under ORS 192.410 to 192.505 unless the State would be permitted to withhold that information from disclosure under ORS 192.410 to 192.505.**
- (f) The Tribe has agreed to allow the Oregon State Police access to sensitive financial, security and surveillance information that the Tribe considers confidential. The State acknowledges that the Tribe has voluntarily given the State access to this information and that the Tribe would not otherwise be required by law to do so. The State acknowledges that this information should be considered confidential. To the extent such information is included in any State records that are subject to disclosure, the State hereby obliges itself not to disclose this information when the public interest, including the public interest in maintaining the honesty, integrity, fairness and security of the Tribe's Class III gaming activities, would suffer by such disclosure.**
- (g) The State agrees to notify the Tribe promptly of any request for disclosure of documents containing information about the Tribe's Class III gaming activities. If the State is required to release any documents that contain information about the Tribe's Class III gaming activities, the State will notify the Tribe at least five (5) working days before any disclosure is made.**

- (h) **Nothing in this subsection precludes the State or the Tribe from disclosing information pursuant to state, tribal or federal rules of civil procedure or evidence in connection with litigation, a prosecution or a criminal investigation.**

EXECUTED as of the date and year below.

STATE OF OREGON

CONFEDERATED TRIBES OF THE
WARM SPRINGS RESERVATION OF
OREGON

/s/ John A. Kitzhaber

/s/ Olney Patt, Jr.

John A. Kitzhaber, M.D., Governor

Olney Patt, Jr., Chairman
Warm Springs Tribal Council

May 4, 2001

Date: _____

May 4, 2001

Date: _____

APPROVED BY THE SECRETARY OF THE INTERIOR

/s/ James M. McDivitt

By: _____
Deputy Assistant Secretary – Indian Affairs

June 20, 2001

Date: _____

Summary of HB 3659: Early Childhood System of Supports



HB 3659 represents a comprehensive investment policy for Oregon's youngest children and their families beginning with firstborn children. It builds on legislation passed in 1999 (SB 555) and has three primary policy elements:

1. It defines the goals and essential elements of an Early Childhood System of Supports;
2. It defines coordinated state and local responsibilities in carrying out the Early Childhood System; and
3. It builds on existing programs and links them together into a coordinated and efficient system.

Key Policy Element #1: Goals and essential elements of an Early Childhood System.

Bill Reference	Summary
Sections 1-4	<ul style="list-style-type: none"> • Legislative findings about the importance of the first years of life in the long-term development of the child. • Outlines the goals of Oregon's Early Childhood System: <ul style="list-style-type: none"> • Prevent abuse/neglect • Improve health and development • Promote bonding and attachment • Support parents • Ensure child readiness to learn • Ensure quality childcare • Integrate services

Key Policy Element #2: State and local responsibilities in carrying out the Early Childhood System

Bill Reference	Summary
<p>Section 5 (amends and clarifies early childhood portion of SB 555)</p>	<ul style="list-style-type: none"> • State Commission on Children and Families, Department of Human Services and Department of Education work together to: <ul style="list-style-type: none"> • Adopt benchmarks and outcomes • Consolidate administrative functions • Establish training and technical assistance • Identify research-based, age-appropriate screening and assessment tools • Develop a plan for evaluating outcomes & linking families to services • Adopt quality assurance standards for local programs and systems • Ensure the coordination of local plans • Connect with services to older children/families • Adopt rules • Report to the Legislature and Governor • Essential elements of the Early Childhood System are outlined. Participation in any or all services is <u>voluntary</u>. Services are provided to families who give their express written consent. <ul style="list-style-type: none"> • Early identification of children/families who need support • Home visiting services • Community-based services • Quality child care • Preschool • Health services • Mental health services • Alcohol and other drug treatment • other
<p>Section 7</p>	<ul style="list-style-type: none"> • State Commission on Children and Families, Department of Human Services and Department of Education develop a plan to share and link statistical data. Information may only be used to evaluate program outcomes and link families to services. <ul style="list-style-type: none"> • Conform with data directives set by the Legislature through the Statewide Enterprise Information Technology Strategy • Ensure confidentiality • Report to interim Joint Legislative Committee on Information Management and Technology

Section 8 | Section 8 was deleted by amendment. Subsequent sections were not renumbered.

- Section 9** |
- Local Commissions on Children and Families (as part of SB 555 planning) lead and coordinate the development of a local early childhood plan. The plan shall be put together by a broad range of participants representing parents and providers.
 - The plan itself shall:
 - Coordinate early childhood programs
 - Include components outlined in Section 5
 - Build on existing programs
 - Ensure culturally appropriate services
 - Use of private non-profit organizations is encouraged to raise awareness and support
 - Involvement of the medical community is encouraged

Key Policy Element #3: Build a coordinated and efficient system, based on existing programs

Bill Reference	Summary
Section 10	<ul style="list-style-type: none"> • Clarifies purpose of existing Family Resource Center statute. • Links Family Resource Centers to local plan (see section 9) • States requirement for express written consent for services
Section 11	<ul style="list-style-type: none"> • Housekeeping language that clarifies the word “entities” in existing statute
Section 12	<ul style="list-style-type: none"> • Links Relief Nurseries to local plan (see section 9) • Links Parents-as-Teachers programs to local plan (see section 9)
Section 13	<ul style="list-style-type: none"> • Amends existing Great Start grant stream so that funded programs are community-based and proven successful and are available to serve children who are newborn through eight years of age
Section 14	<ul style="list-style-type: none"> • Amends existing Healthy Start program to serve as the primary home visiting element of the Early Childhood System and to ensure that services are <u>voluntary</u> and non-stigmatizing. Makes the program consistent with the goals and elements of the Early Childhood System. • Ensures that information gathered in conjunction with voluntary screening is limited to statistical data and service provision.

- Adds to Healthy Start Statute:
 - Link to mental health and alcohol and drug services
 - Independent evaluation
 - Statewide training and quality assurance
 - Nurse home visitors
 - Coordination with local health departments
 - Disciplinary procedures for violation of confidentiality requirements and policies for voluntary participation by families

- Sections 15-22**
 - Removes “parents as teachers” program from Oregon Prekindergarten/Head Start statute.
 - Requires Oregon Prekindergarten services to be coordinated with the local plan (see Section 9)
 - Requires interface of data in order to track outcomes
 - Clarifies that all state and federal guidelines must be met

- Sections 23-24**
 - Sections 23 and 24 were deleted by amendment. Subsequent sections were not renumbered.

- Sections 25-27**
 - Requires Early Intervention /Early Childhood Special Education Services to be coordinated with the local plan (see Section 9)
 - Requires interface of data in order to track outcomes
 - Clarifies that all state and federal guidelines must be met, and all eligible children served

- Section 28**
 - Requires Commission for Child Care to create a Task Force for the purpose of recommending mechanisms to finance quality childcare. Recommendations must be made to appropriate interim committee(s) by October 2002
 - Requires recommendations on a long-term plan to provide quality child care that is driven by local needs

- Section 29-31**
 - Housekeeping to repeal citations in the printed bill, and remove “parents as teachers” program (see Section 15).

- Section 32**
 - Operative provisions
- Section 33**
 - Emergency Clause

HB 3659: Legislatively Approved Budget



HB 3659 represents a comprehensive investment policy for Oregon's youngest children and their families, beginning with firstborn children. The Legislatively Approved Budget for the Oregon Children's Plan contains \$60m (the Governor had proposed \$66m) to support the essential elements of the Early Childhood System of Supports as defined in Section 5 of SB 965. The \$60m includes \$21.3m in total new funds and \$38.7m in total funds redirected from budget cuts.

Essential Element of HB 3659 (Section 5)	Legislatively Approved Budget for Oregon Children's Plan
<ul style="list-style-type: none"> • Early Identification 	\$1.3 million (Oregon Commission on Children and Families and Dept. of Human Services)
<ul style="list-style-type: none"> • Home Visiting Services 	\$29.3 million (Oregon Commission on Children and Families and Dept. of Human Services)
<ul style="list-style-type: none"> • Community Based Services 	\$8.3 million (Oregon Commission on Children and Families)
<ul style="list-style-type: none"> • Preschool 	\$5.9 million to expand Oregon Prekindergarten/Head Start (Oregon Dept. of Education)
<ul style="list-style-type: none"> • Mental Health and Alcohol & Drug Treatment 	\$11 million (Dept. of Human Services)
<ul style="list-style-type: none"> • Evaluation and Technical Assistance 	\$ 3.4 million (Oregon Commission on Children and Families)

Funding for the Oregon Children's Plan will be on delayed roll out. Existing Healthy Start counties remain at 60% of full funding until January 2003. Counties currently without Healthy Start get 60% of full funding February 2002, and all counties will be funded at 80% of full funding January 2003. The legislature expects communities, businesses, and foundations to contribute the balance of funding.



Prenatal/At-Birth Screening

Assessment and Family Support
In-Home Support
Substance Abuse and Mental Health Treatment
Early Learning
Community Programs

Prenatal/At-Birth Screening

No. 1 in a series

Screening newborns and their families, on a voluntary basis, for medical and significant social risks can help assure that Oregon children are healthy and thriving. All families can use support when a baby is born. Not every family requires the same degree of assistance, however. Screening helps target the most appropriate services and supports for each individual family.

Public health departments, physicians, the Oregon Healthy Start Program, and others have been utilizing screening for a number of years. Screening and assessment has been utilized to provide families with an opportunity to take advantage of services and supports for which they are eligible. The Oregon Children's Plan (OCP) builds on these efforts in an attempt to reach more families and to match all families with the most appropriate services and supports.

Research findings show that critical physical brain development occurs by the age of three and that early experiences directly affect the way the brain develops. Comprehensive screening and assessment combined with early intervention for families at risk for poor child and family outcomes can give children the opportunity to succeed in life and in school. For example, the unborn child of a pregnant inmate would be identified as being at risk. Such early identification of a child's risk followed by appropriate treatment or social support can help him/her achieve optimal development and avoid future problems such as drug addiction, school failure, delinquency or incarceration.

The Governor's budget allocates \$4 million in new funds to screen all first-born children as early as possible under the OCP. Physicians, nurses, family support personnel and others will use a common tool to provide voluntary screening. If risks are found, a more thorough assessment will be considered and a plan for services will be developed, if desired by the family.

The goal of the OCP is to screen and provide follow-up support to all families who need and want it. The proposal in the Governor's budget is woefully underfunded, however, and predicted to reach only about 40% of those families needing it. Out of the 44,300 births in Oregon each year, 18,400 are first births. First births are initially targeted because many of the social risks for first births, if addressed, will be addressed for subsequent children as well. In addition, by considering a single cohort initially, the success of the entire OCP can be evaluated more accurately. Nevertheless, Oregon must continue to strive to provide all children in the state with access to the support provided by the OCP.



Prenatal/At-birth Screening
Assessment and Family Support

In-Home Support
Substance Abuse and Mental Health Treatment
Early Learning
Community Programs

Assessment and Family Support

No. 2 in a series

More than half of Oregon's families with newborns will have significant risks that warrant additional support. In its report of January 2001, the Interim Task Force on Children and Families emphasized that services should be delivered seamlessly to families through collaboration and coordinated services.

The coordination of services for families occurs on multiple levels--from individual service providers, between programs, at the policy and planning level, and through the connection of services and projects to the community at large.

A key feature of the Oregon Children's Plan (OCP) is the coordination of existing programs into a system of supports for children and families. The Plan recognizes noteworthy efforts already in place throughout the state and seeks to make coordination and collaboration Oregon's standard for all early childhood services. For example, if after voluntary screening newborns are found to have significant risks, a more thorough assessment will be conducted to determine the level of need, family strengths and the best type of support to be provided. A multi-disciplinary team will work with the family through the assessment and will also serve as a point of contact for referral from physicians and other organizations.

Coordinated services are most effective in responding to the full range of a child's needs and circumstances. The most effective service coordination requires collaboration and communication among all system partners. To this end, the OCP emphasizes coordination at three levels:

1. The development of a plan to support the family
2. Integration of family centered services
3. Comprehensive community planning

Family Support Plan

Case management is a core organizing principle for family support programs. Vulnerable families often struggle with the cumulative effects of multiple risks. Families with multiple risks, whether short in duration or long-term, benefit from the development of an individualized family support plan that is regularly reviewed and updated by the family and monitored by a team. No single service strategy becomes a "stand-alone" intervention. Multiple needs are addressed by multiple services within the individualized support plan and bound together through the case management of a multi-disciplinary team.

Because the needs of overburdened families are complex, it is inadvisable for one individual alone to be responsible for assessing, and managing a complex support plan. There are a number of key dimensions (which may require more than one person's interaction with the family) including health, child development, parenting skills, mental health, substance abuse, and ability to meet basic needs. Whenever possible, the family support plan will provide for general family support with specialists available to offer more in-depth assessments and resources as needed. For example, children of incarcerated parents present special challenges which can be met through a coordinated family support plan. A comprehensive approach might include coordination of services to the children and their caregivers in the community while improving inmates' parenting skills and their interaction with their children. A coordinated approach is particularly critical for these families where caregivers often are not biological parents and many times are single parents.

In conceptualizing the team case management approach, home visitors are seen as the main contact point with a family, but the entire team should participate in assessment, planning and services. By using specialists as a resource to the entire team, those team members with specific training and skills are not locked into a single small caseload. Instead, they are able to utilize their skills on behalf of those who need it most

Family-centered Service Integration

Each day in Oregon, hundreds of children and their families face a multitude of problems associated with personal crisis or ongoing difficulties. The problems families face are interrelated at a variety of levels and in complex ways. Children and families at risk of one problem are often at risk for a number of other problems. It is often difficult to distinguish between problem areas. To the extent that the dynamics of individual and social problems are interrelated, it makes sense that solutions to these problems must also be integrated and multidimensional.¹

Integrating services recognizes that everyone plays a part in the success (or failure) of children and families. Family-centered systems of services vary according to the needs of each community and the availability of resources, but they are always:

1. **Comprehensive.** A variety of opportunities and services respond to the full range of child and family needs.
2. **Preventive.** The bulk of resources are provided at the front end to prevent problems, rather than at the back end for more costly crisis intervention services.
3. **Family centered and family driven.** The system meets the needs of whole families not just individuals and assumes every family has strengths. Families have a major voice in setting goals and deciding what services they need to meet them. Service delivery features, such as hours or location, serve family needs rather than institutional preferences.
4. **Integrated.** Separate services are connected by common intake, eligibility determination and individual family service planning, so that each family's range of needs is addressed.
5. **Developmental.** Assessments and plans are responsive to families changing needs.
6. **Flexible.** Frontline workers respond quickly to family needs.
7. **Outcomes oriented.** Performance is measured by improved outcomes for children and families, not by the number and kind of services delivered.²

Comprehensive Community Planning

The Oregon Children's Plan uses the framework of SB555, established by the 1999 legislature, which directs state and local commissions on children and families to facilitate the development of a coordinated comprehensive plan for children 0-8 and their families. The Oregon Children's Plan further defines the essential elements of the local planning process. This planning process:

1. Is based on local needs and strengths
2. Promotes collaboration and innovation, not the development of yet another program
3. Mobilizes communities to work toward a vision for their children and families

Communities work to achieve the vision by integrating the service delivery system in neighborhoods close to where families live and children attend school. Services are financed by providing flexible funds and tying expenditures to results. Families, neighborhood residents and community stakeholders are involved in decisions that affect their well-being.³

Success is the result of proven interventions employed by local design and the responsibility communities assume to improve the well-being of their residents. Effective Community planning leads to:

1. More supports and services available to families and children
2. Services the communities want
3. Services that are more accessible to families
4. Children showing improved outcomes
5. Community members with increased decision making about services and supports
6. Communities that are more aware of and are using more neighborhood services.⁴

Presently, the degree of coordination of early childhood services varies around the state. The Oregon Children's Plan supports successful efforts already in place. It calls for communities to mobilize their public and private partners in an effort to develop coordinated, family centered service systems that meet the needs of their children.

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1. "Collaboration: The Prerequisite for School Readiness and Success"
http://www.ed.gov/databases/ERIC_Digests/ed/356906.htm
 2. Melaville, A., Blank, M.J. and Asayesh, G. "Together We Can: A Guide for Crafting a Profamily System of Education and Human Services."
 3. "Improving Services for Children in Working Families - Missouri"
<http://www.acf.dhhs.gov/programs/ofa/ngachn/child~18.htm>
 4. *Ibid.*



Prenatal/At-birth Screening
Assessment and Family Support

In-Home Support

Substance Abuse and Mental Health Treatment
Early Learning
Community Programs

In-Home Support

No. 3 in a series

Providing services in the home offers a unique opportunity to transmit information and support for families. Home visiting delivers services where the family is most comfortable and enables the visitor to achieve a holistic view of the family. It also allows the visitor to better consider family circumstances when tailoring support. This is especially important when families are geographically, socially, or psychologically isolated.

Oregon has a long history of providing in-home support for families. Public Health nurses have been visiting families in their homes since 1915. Early Intervention/Early Childhood Education has been assisting children with developmental delays and other disabilities since the late 60's. The Oregon Healthy Start program, which consists of voluntary, intensive home visits provided by family support workers, has been supporting families in select counties since 1993.

The Joint Interim Task Force on Children and Families, in its January 2001 report, recommended that voluntary, universal home visitation services be provided in all Oregon counties to ensure that every newborn baby and its family receive appropriate community support.¹ The Oregon Children's Plan's (OCP) is based on this recommendation and builds on Oregon's existing in-home services.

A 1999 Rand report verified the value of in-home visits.² The authors found that in eight of ten model programs reviewed in their study of early intervention programs, home visitation was an important component. The study concluded that funds invested early in the lives of children could result in decreasing costs associated with drug treatment and justice system programs for delinquent youth. Without intervention, children of incarcerated parents for example, are five times more likely to be incarcerated than are their peers.³

Oregon's Healthy Start Evaluation found that for every dollar invested in early home visiting services, \$4.25 is saved through improved educational attainment, reduction in child maltreatment, and increased use of preventative health care.⁴

Under OCP, each community will provide, at the family's request, in-home services for children and families who have medical or significant social risks. Eligible children with disabilities, delays, or who are medically fragile will receive special education, therapy and other needed services. These services will be provided by nurses, social workers, early childhood specialists, and family support workers.

The Oregon Children's Plan will ensure that children of incarcerated parents receive needed services after their parents are released from prison as well as during the time of the parent's detention. The OCP acknowledges that it is important for these children to receive these integrated supports such as home visiting, to minimize the significantly higher risks that they face. A community corrections aspect of the program will build on the reality that the biggest home-visiting program in the state involves parole and probation officers. The OCP will train parole and probation officers who will work with offenders in child welfare awareness.

Of the \$66 million allocated in the Governor's 2001-2003 budget, \$4.1 million in new funds and \$29.2 million in redirected funds will go to the in-home element of the OCP. The OCP will include regular, voluntary contact during the first eight years of the child's life if needed. As such, the OCP will achieve the Legislature's desired goal of expanding Healthy Start to all 36 counties.

Furthermore, \$89.3 million is continued for services for eligible children with developmental delays and other disabilities through the existing Early Intervention/Early Childhood Education (EI/ECSE) program. These services may be provided in the home or other settings based on the individual needs of the family by licensed professionals (speech therapists, hearing specialist, vision specialists, etc.).

¹ Report of the Interim Task Force on Children and Families. (2001). "Oregon's Early Childhood Investment Strategy: It's About Time."

² Karoly Lynn A., et al. (1999). "Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Intervention. Rand Corporation, Santa Monica, CA.

³ Oregon Department of Corrections.

⁴ Helmick, Sandra A. (2000). "The Monetary Benefits and Costs of Oregon Healthy Start, 1997-1999." Oregon State University Family Policy Program, Corvallis.



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Substance Abuse & Mental Health Treatment

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Mental health services for young children and alcohol and drug treatment for their families are essential in assuring that children have ample opportunity to succeed. The Oregon Children's Plan includes both of these elements.

Mental Health Services for Young Children

Early childhood mental health interventions can help reduce risk factors, enhance protective factors, and support young children and their families in achieving optimal levels of development and functioning.

Sixty percent of Oregon's children evidence risk factors at birth that are correlated with later behavioral, educational, interpersonal, vocational, criminal, mental health and substance abuse problems. Identifying and addressing these multiple risks – early and simultaneously – can increase the likelihood of positive outcomes for children. It can provide them with an opportunity to succeed in school and avoid future problems such as drug addiction, school failure, delinquency or incarceration.

The need for early childhood mental health services is clear. Twelve to 22% of children aged 0 to 8 have diagnosable mental or emotional disorders. The Surgeon General's Conference on Children's Mental Health concluded that only 1 out of every 5 children with mental health conditions actually receives services.¹ World Health Organization evidence indicates that "by the year 2020, childhood neuropsychiatric disorders will rise proportionately by over 50% to become one of the five most common causes of morbidity, mortality and disability among children."² Childhood mental health conditions also persist into adulthood. Proceedings from the U.S. Surgeon General's 2000 Conference indicate that an estimated 74% of 21-year-olds with mental disorders had prior conditions in childhood.

Recent brain research confirms that if trauma, stress and early onset mental health conditions are recognized and addressed during the first few years of life, structural and functional changes in the brain that would otherwise compromise the child's success and self-sufficiency can be avoided or reversed.³

Growing evidence confirms that specific mental health interventions in early childhood, coupled with other social supports to young children and their families, can lead to positive outcomes for

children, families, schools and communities. These benefits accrue across the life-span, and can include: improved school readiness, lower utilization of special education, fewer grade repetitions, higher educational achievements, lower rates of criminal behavior, reduced emergency room visits, enhanced parent-child relationships, decreased rates of child abuse, improved maternal reproductive health, decreased maternal substance abuse, lower welfare usage, and higher rates of employment.⁴

Alcohol and Drug Services for Families

Parents or other family members who abuse drugs or alcohol constitute a significant risk to a child's chances of achieving success in life. While prenatal exposure to alcohol and other drugs has received much attention, many more children are harmfully exposed through the behavior of their parents and through the environment in which they grow up.

Nationally, 13 million children live with a parent who reportedly has used illicit drugs, and some 28.6 million children are living in alcoholic households.⁵ Sixty to seventy percent of the nearly two million inmates in American prisons test positive for substance abuse on arrest. These inmates are the parents of 2.3 million children, all of whom are disproportionately likely to follow their parent to jail.⁶ In a recent survey administered by the Oregon Department of Corrections, 55% of incarcerated women and 31% of incarcerated men report that their children have observed substance abuse in their homes.⁷

In Oregon, one out of seven adults abuses or depends on alcohol or other drugs - and most of these are parents. Their children may be at significant risk of maltreatment. Sixty percent of child abuse and neglect cases involve alcohol or other drugs, and two of every three children in foster care in Oregon come from families where a parent or parents abuse alcohol and/or other drugs.⁸ Parental alcohol and drug use also significantly interferes with the family's ability to secure and maintain employment.

Parental attitudes and behavior toward alcohol and other drug use and crime clearly influence the attitudes and behavior of children. In families where parents use illegal drugs, or where they are heavy users of alcohol or are tolerant of children's use, children are more likely to become drug abusers in adolescence.⁹ The risk is further increased if parents involve children in their own drug or alcohol-using behavior.

In spite of the clear correlation between parental substance abuse and the profound impact on their children, there are few treatment opportunities in Oregon to treat families affected by addiction. Most existing treatment models work effectively with individuals, but often do not provide services in the context of the entire family. National models identify and encourage a family-centered approach, which emphasizes strategies that support, strengthen, and empower families. A few such models have been implemented in Oregon. The need for these services greatly outweighs availability despite obvious success. RMC Research Corporation noted in a 2000 study "One persistent finding is the high degree of success achieved by this sample of clients in your (Oregon) treatment facilities...over 70% of the sample evidenced declines or remained abstinent in their use of alcohol or illicit drugs..."¹⁰ For every dollar invested in treating addiction, taxpayers save an average of \$5.62.¹¹

Oregon Children's Plan

Identifying and addressing the risks to children created by the early onset of mental disorders and the existence of parental substance abuse will increase the likelihood of positive outcomes for children. It will provide them with an opportunity to succeed in school and avoid future problems such as drug addiction, school failure, delinquency or incarceration.

As part of the effort to give Oregon's children the services and supports they need to become healthy, successful and productive members of their communities, the Oregon Children's Plan (OCP) allocates \$14 million in new funds for services. The dollars will allow families to access resources for mental health treatment and/or substance abuse treatment. Research supported models such as in-home and school-linked services, parent-child attachment facilitation, behavior management training, preventative skill building services for children, and other wraparound supports will be available as well as traditional alcohol /drug and mental health clinical care. These services will not duplicate existing services.

Sadly, there is far too little treatment available to protect Oregon's children. The 1999 Oregon Household Survey found that more than 400,000 Oregonians (380,000 adults and 25,000 youth) need access to alcohol or other drug treatment – and nearly half of these need state help to pay for their treatment. Yet, the state was able to treat only 75,000 per biennium.¹²

In 1999 the Legislature allocated \$10 million to cover the costs of state supported treatment. An additional \$56 million is needed. Over the last biennium, the need for substance abuse treatment has risen sharply for two reasons. First, Oregon's population has increased. And second, the increase in the percentage of the population needing state supported treatment has grown.

One of the guiding principles of an ideal mental health system is that mental health needs should be identified at the earliest point possible and at the youngest age possible. The Oregon Children's Plan will help make this ideal a reality for many of Oregon's children and families.

¹ *Report of the Surgeon General's Conference on Children's Mental Health: A National Action Agenda*. U.S. Public Health Service, Washington, D.C. (2000).

² *Ibid.*

³ *Homeostasis, Stress, Trauma and Adaptation: A Neurodevelopmental View of Childhood Trauma in Stress in Children*. Bruce Perry and Ronnie Pollard.7: 1, January 1998.

⁴ *Investing in Our Children: What We Know and What We Don't Know About the Costs and Benefits of Early Childhood Intervention..* Lynn A.Karoly, et al..Rand Corporation, Santa Monica, CA. (1999).

⁵ *Responding to Alcohol and Other Drug Problems in Child Welfare*. Nancy K.Young, et al. (1998).

⁶ *The War on Addiction*. Jonathan Alter, Newsweek, February 12, 2001.

⁷ *Children of Incarcerated Parents Project*, Dept. of Corrections, Research and Evaluation, May, 2000.

⁸ *The Status of Children in Oregon's Child Protection System, - 1999*. Department of Human Services, Services for Children & Families (April 2000) .

⁹ *Relationships Between Adolescent Drug Use and Parental Drug Behaviors*, G. M. Johnson; F.C. Schoutz; & T.P. Locke (1984). Adolescence, 19, 295-299 as cited in *Kids in the Middle, Status of Oregon's Children, County Data Book 2000*.

¹⁰ *Why Should You Care About Addiction?* Department of Human Services, Office of Alcohol and Drug Abuse Programs. (February 2001).

¹¹ *Societal Outcomes & Cost Savings of Drug & Alcohol Treatment in the State of Oregon..* Michael Finigan, Office of Alcohol and Drug Abuse Programs, OR Dept. of Human Resources, Salem, OR. February 1996.

¹² Estimates using fiscal year 98-99 and 99-00 data.



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Early Learning

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Oregonians understand the importance of a good education. For many, educational opportunity paves the road to economic success and personal fulfillment. One important ingredient for future success is participation in an early learning program. Early learning opportunities provide a strong connection between early childhood supports and involvement in a school classroom. There is no doubt that the provision of quality early learning experiences will improve child outcomes. The Oregon Children's Plan will give children the opportunity to succeed in school by supporting access to quality child care and preschool learning experiences.

Access to Preschool

Preschool children range in age from three years to school entry. Preschools provide an enriched environment in which children have opportunities to learn and grow, through a planned schedule of activities, that promotes school readiness. To this end, preschools must include developmentally appropriate standards, curriculum and practices that address the following developmental dimensions:

1. Social emotional development
2. Physical well being
3. Language usage
4. Positive approaches to learning
5. Cognitive and general knowledge
6. Motor development

“High quality” preschools are key to achieving the outcome of school readiness. Preschool environments include private, faith-based, and cooperative preschools in addition to Title 1, Head Start and child care preschools. Achieving high quality in all preschool environments must be addressed in order to reach the “readiness to learn” benchmark.

Although children's readiness is a necessary part of defining school readiness, it is not sufficient for school success. Readiness in the child must be accompanied by:

1. School's readiness for children
2. Family and community supports that contribute to children's readiness

Oregon Head Start Prekindergarten programs serve families at or below the federal poverty level. These are Oregon's highest need and lowest income children. Each program strives to improve the child's social competence and school readiness through the following key program components:

1. Enhancing children's growth and development
2. Strengthening families as the primary nurturers of their children
3. Providing children with educational, health and nutritional services
4. Linking children and families to needed community services
5. Ensuring well-managed programs that involve parents in decision-making

Research indicates that children who participate in Oregon Head Start Prekindergarten are ready for school.¹ The typical four-year old child completing Head Start has knowledge and skills in early literacy and numbers, as well as social skills signifying readiness to learn in kindergarten. Children show familiarity with storybooks, understanding of print, and comprehension of a simple story. Head Start Prekindergarten four-year olds also perform above the levels expected for children from low-income families who have not participated in preschool. Almost 90% of parents are very satisfied with Head Start Prekindergarten program services, safety and promotion of child growth and development. In the Comprehensive Plans of October 2000, coordinated through the local children and families commissions, one of the most frequently reported needs was preschools that meet parents' needs.

Every Oregon child, particularly those at high risk or from low-income families, should have the chance to participate in an early learning setting or pre-school such as Oregon Head Start Prekindergarten and Early Head Start. Currently only 50 percent of eligible 3-and 4-year-old children in Oregon are enrolled in Oregon Head Start Prekindergarten. By allocating \$5.9 million in new funds (plus existing funds), the OCP has the targeted goal of serving at least 60 percent of eligible children in the next biennium. In addition, Oregon will work with the federal Head Start program to identify efficiencies that could lead to a greater enrollment by the end of the next biennium.

Quality Child Care

Child care is a critical community support for families in their efforts to achieve economic stability while fostering the physical, emotional and cognitive development of their children. For parents to find and retain employment, they must have access to child care that accommodates the demands of the workplace. For shift workers this means care available during non-traditional hours, or extended hours of care. It means care for children who are sick and care for infants and toddlers.

Child care must be available and affordable. When it isn't, families often are forced to make choices that either jeopardize their employment or create high levels of stress within the family. An inadequate supply of child care may lead to families putting together a patchwork of care arrangements that involves moving children among multiple caregivers, or choosing care solely on the basis of cost. This can be stressful for children and can have adverse impacts on the developing brain.

In addition to the convenience of the hours of care, parents are concerned with the adequacy of adult supervision, whether their children are happy in the arrangement and whether they get the opportunity to learn new things.²

The quality of the care and the competence of the child care provider most often drops in priority when balanced against the economic survival of the family. At the same time, however, we know that the years before a child enters school are critical to long-term social, emotional, and intellectual development. Consistency and quality of early care promotes later success in interpersonal relationships, in school, and ultimately in the workplace.

Providers need training in the basics of health and safety for children, as well as training in early child development to ensure that children in their care have a learning environment that promotes healthy development. Children need steady quality care from their families and from child care providers. The Governor and other advocates for children have been working since 1999 to ensure the health and safety of children in child care.

The supply of specific types of child care is inadequate. Contained in the Comprehensive Plans of October 2000, this message from all counties was virtually identical. Both rural and urban counties repeatedly mentioned shortages of infant and toddler care, special needs care, care for sick children, and care for children during non-traditional hours. In addition, the lack of affordable child care was a common theme for most working families. Finally, there was a consistent concern expressed about quality of available child care and the need to link quality care to provider training and professionalism.

The Oregon Children's Plan addresses these issues. Effort is being made this legislative session to ensure that all children in registered child care be in a facility that is reviewed for health and safety. OCP provides flexible funding for child care and other early learning environments through the Commission on Children and Families. The Child Care Division of the Employment Department will continue as the lead agency to increase and stabilize the supply and quality of child care.

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1. FACES Head Start Study directed by The Research, Demonstration and Evaluation Branch in the Administration on Children, Youth and Families in the US Department of Health and Human Services. Complete study may be accessed at: Website: <http://www.acf.dhhs.gov/programs/rde>.
 2. Sonenstein, F., Wolf, D. (1990). "Parents' Child Care Preferences: Patterns Among Welfare Mothers". The Urban Institute.



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Community Programs

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The Oregon Children's Plan (OCP) directs flexible funds to counties for use in stabilizing or expanding community-based programs for young children and their families. The flexibility of these funds will allow communities to build program models that:

- ? Provide ongoing connections between families and service providers
- ? Reflect the culture of the community being served
- ? Have an array of services that span developmental stages
- ? Provide links for the transitions of early childhood¹

Research suggests that positive growth is best supported when children are firmly grounded in their present stage of development and are appropriately challenged to move to the next stage. In contrast, too much change, inappropriate expectations, or abrupt change may interfere with development. Thus, the task facing home, school, and community partnerships is twofold: 1) to offer a stable base to children by connecting the home with service settings, and 2) to connect service settings to smooth transitions or changes.

Creating continuity means building bridges for the transitions young children and their families must naturally make.² The OCP will adjust the Great Start Program so that each county will be able to use flexible funds for research-proven services to children ages 0-8 years. This funding strategy will provide resources for community-based services and provide a smooth transition into school for the youngest, highest risk children. Community-based services are an important part of the OCP because some families prefer or want services outside the home.

The Oregon Commission on Children and Families (OCCF) will work with stakeholders to identify research-based, proven approaches in serving young children and their families. Communities will identify priorities and build program models that integrate appropriate proven approaches into their system of supports for young children.

Communities will be encouraged to seek other public and private partners and to combine funding streams to further expand these services. A growing number of very effective programs are already the result of communities working to develop a system of coordinated care for young children at the local level. This has been accomplished by Oregon's Crisis/Relief Nurseries, school-based teen parent programs, Early Head Start, targeted parent education models, and others.

Community-based programs complement home visitation supports by providing a supportive environment that encourages families to practice new skills and gain the input of others. Parents need an opportunity to process, practice, and integrate the lessons learned in family support programs. As parents learn new skills, community-based programs help prepare the children to respond to new approaches. For this reason it is important that parent and child services be coordinated. For many families, the anxieties of resolving day to day issues are reduced through linkages with community resources and the new skills they develop.

Community-based programs are an important element in the Oregon Children's Plan because they:

1. Provide an array of services supporting families
2. Replicate key proven approaches or program elements
3. Engage families through classes and groups resulting in improved family functioning
4. Utilize appropriately trained and skilled staff
5. Build family skills³

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1. "Continuity in Early Childhood: A Framework for Home, School, and Community Linkages". Developed by the Regional Educational Laboratories' Early Childhood Collaboration Network. November 1995.
 2. *Ibid.*
 3. Carrilio, T. "Investing in Families through Family Support Home Visiting". Social Policy Institute, January 2001. <http://www.sdsu-spi.org>



Measuring Success

The Oregon Children's Plan takes a comprehensive look at measuring the success of the system of services and supports for families with children birth to age eight. Performance measurement will be integrally tied to planning and community implementation. Performance measurement seeks to establish the extent to which planned activities were conducted, expected outputs were produced, and anticipated results were achieved. Effective utilization of information from performance measurement is realized through a quality improvement cycle of planning, implementation, and evaluation.

Utilizing performance measurement findings is dependent on several factors:

1. Commitment by top leadership—philosophically and with needed resources and technical assistance
2. Commitment by leadership, staff, and advocates to “continuous improvement” in which findings are used primarily to strengthen programs and initiatives—not primarily to inform budget cutting
3. Clear relevance of performance information to planning and implementation decisions
4. Effective, communication of findings¹

The Oregon Children's Plan strengthens efforts to measure success by:

1. Setting the well-being and success of Oregon's young children as a top priority
2. Demonstrating commitment at all levels of leadership—legislative, governmental, service providers, and parents
3. Identifying a common set of benchmarks for population outcomes*
4. Identifying a set of intermediate outcomes shared across the state system of services**
5. Developing a statewide data system to track and analyze outcomes

The Health Division will be responsible for maintaining the FamilyNet data system to track services and outcomes for young children and their families. This statewide system will allow accurate information that is easy to analyze with regard to effectiveness of multiple interventions, services and supports across the state. FamilyNet data analysis, together with data analysis from other DHS services, the Department of Education, census data, and other relevant data sources, will increase Oregon's capacity to assess the success of our children.

The coordinated data system will build on and expand the FamilyNet data system maintained by the Oregon Health Division. It will be developed in phases paralleling the developmental process of a child. Phase One focuses on the voluntary identification and screening process. As families participate in screening either prenatally or in the hospital as their child is born, FamilyNet will be used to connect the family with needed supports or services through local coordinated efforts. The second phase of development focuses on ensuring 1) that the child/family receives needed services through a family support plan; and 2) determining whether the service results in a positive change for the child and family.

In addition, benchmarks, outcomes from the statewide data system, and an independent third party's evaluation of the Oregon Children's Plan will be conducted. The Department of Corrections inmate parent education and structured visitation program—a program for children of incarcerated parents—will also be continually evaluated by the Oregon Social Learning Center (OSLC).

The Oregon Children's Plan will improve the success and well-being of our children by taking advantage of the earliest opportunities. Many programs and initiatives are needed to realize this ambitious vision. Oregon will reach this goal by taking steady, deliberate steps through hundreds of small and large community programs, collaborations, and other efforts. Indicators of progress from statewide benchmarks to individual program performance indicators are essential to guide each step toward these goals. Carefully planned, built on a solid empirical base, and consistently evaluated, these multiple community efforts will create a more positive environment for all Oregon children and families.²

*The success of the Oregon Children's Plan will be measured by the following high-level outcomes:

1. Decreased rate of child abuse and neglect
2. Decreased infant mortality
3. Decreased percent of infants whose mothers used alcohol and/or tobacco during pregnancy
4. Increased percent of children entering school ready to learn
5. Increased percent of children fully immunized at age two
6. Increased percent of women accessing early prenatal care

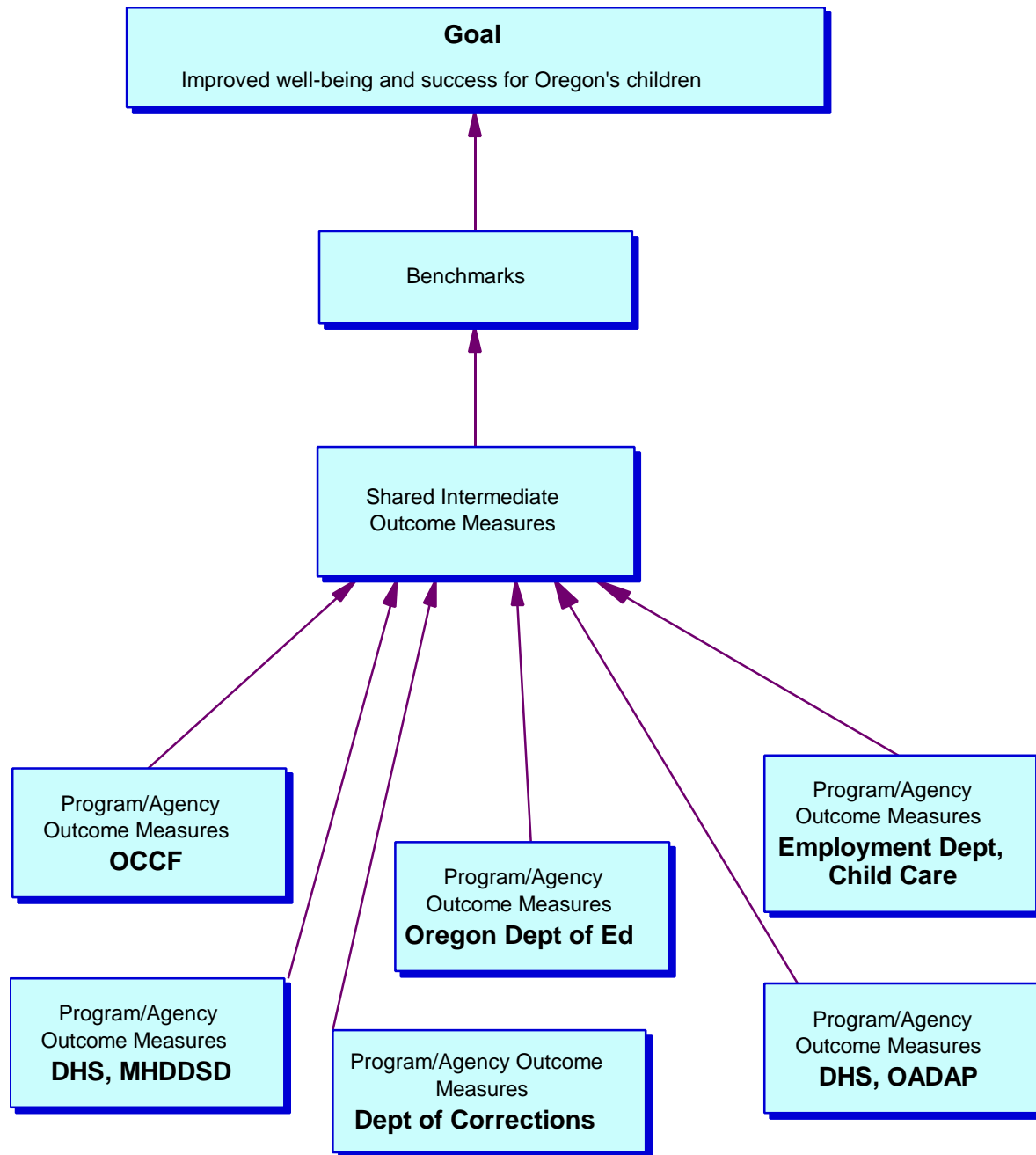
**Intermediate outcomes:

1. Percent of children who show improved patterns of growth and development
2. Percent of families reporting increased skills in parenting their children
3. Percent of families who regularly read to their children
4. Percent of families who have a primary health care provider
5. Percent of children receiving regular well-child check ups
6. Percent of children who are diagnosed with a disability and who are receiving early intervention services
7. Percent of families who are working and have income above 185 percent federal poverty level
8. Percent of children living in foster care or other alternative out of home setting
9. Percent of child care slots per 100 children under age thirteen
10. Percent of children in quality child care settings
11. Percent of children with special needs who receive care appropriate to their needs in normal child care settings

1 Pratt, C., Katzev, A, Henderson, T, Ozretich, R., Building Results III: Measuring Outcomes for Oregon's Children, Youth and Families. January, 1998.

2 Pratt, C., Katzev, A, Henderson, T, Ozretich, R., Building Results: From Wellness Goals to Positive Outcomes for Oregon's Children, Youth and Families. August 1997.

The following graphic illustrates the process for measuring the success of the Oregon Children's Plan. Using benchmarks and the outcomes listed on the previous page, state agencies and independent third parties will evaluate the effort to achieve the overall goal of the Plan.



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Day of Prayer and Remembrance

Opening Remarks by Gerry Frank

September 14, 2001

Salem, Oregon

Ladies and gentlemen, it goes without saying that the last few days have been amongst the most difficult for all of us who are privileged to live in this great country. The dastardly attacks on our nation succeeded only in one way - materially - and that doesn't really matter. They failed on the human side. The idea was to divide us and to scare us, and the opposite has been true.

Our nation today, ladies and gentlemen, is more united than ever before in the history of our great country. We see the great American flag waving in front of us - and ladies and gentlemen, as a symbol of that, did you know that there have been more American flags sold and flown in this country than ever before in the history of the United States?

We are a great melting pot in this country. That is what has made America great. And this is the time when we join hands and join our hearts and reach out to folks of all colors and all faiths. That is happening on the streets of Salem, Corvallis, Eugene, and Portland - all over the state of Oregon, and indeed, all over the United States.

The human toll in this wicked crime has been unbelievable. We heard of a gentleman who rode the rubble down 62 floors in the building in New York. We heard about a young girl whose father was killed who said to her mother, "Will daddy call me on my cell phone from heaven?" We heard of brave firemen and policemen carrying the cripples down the stairways in the World Trade Center. The stories of heroism are legendary. It makes us all so proud to be Americans, and today we are saluting those folks, those brave folks, who have done so much in these past few days.

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Day of Prayer and Remembrance

Remarks by Senator Peter Courtney of Salem

September 14, 2001

Salem, Oregon

The sky was so very blue and sun was shining so brightly, as it probably does on a Tuesday in late summer when all those individuals got on those planes. When that woman said goodbye to her three little girls to work in that building that was ever so tall. When those individuals who were on the night shift, as their fathers had been on the night shift, and their sons, and maybe even their grandsons, and were exchanging with the other shifts in the fire department. The police officer who was about to go on duty, too. And the soldiers who had gone to that odd-shaped pentagon of a building, which symbolizes our military strength and the ultimate sacrifice we pay to defend our way of life.

Tuesday is a good day of the week. Usually. Then all of a sudden that blue sky, it was not blue any more. And that sun that had been shining was not shining. It was Armageddon for so many of our fellow countrymen and Americans. And today, there are individuals walking around the streets of New York City with pictures of loved ones begging people - begging people - to say whether or not they had seen them or heard from them. And there are valleys in their cheeks from tears, unspeakable pain.

Today when I went to work, a woman called into a talk show and said "I don't know what to do, I can't go back to being normal, so I called my grandmother, because grandmothers and grandfathers have wisdom, and said when will things be getting back to normal? Will it ever be back to normal?" And grandmother recited some things in history and said, "One day things do go back to normal." But then the grandmother said something that was very sad. Of course, she told her granddaughter, those who lost loved ones as well as those who lost their lives will never be normal again.

That is something that is so very important. That little soccer game that is coming for that little girl, and that little football game at the boys and girls club. And that little girl who leaves the field says if only daddy were here to see how well I played today as her grandmother and mother hug her. And that little boy says you know coach, my other coach would have been so proud of me. They are gone.

That dance recital - true story. She was working so hard to make her mother happy, that mother who was working in that tall building, but now it will be her grandfather with tears streaming down his cheeks who goes to that dance recital to tell her how pretty she looks and tell her how much her mother would have loved what she had done.

How about Thanksgiving? There will be a place set at the table, oh yes. I know that part of the country and the holiday. And there will be different generations there for Thanksgiving and they will do what they do, but no one will sit at that chair because the grandfather is gone. And on Christmas, that mother and daughter with beautiful blond hair, they will never open those presents that they put under that tree; they will never open another present again. I could go on and on.

How about this one - It's July 4th. It will come. There is nothing like a July 4th parade. Only this time, in that July 4th parade back there, and maybe even out here, there will be a gap in the parade. Because you see, the fire trucks, and the companies of individuals in the fire trucks - they are all gone. They are gone forever.

I would not want any of you here or anyone else not to go back to a normal way of life. But whatever we do, we can never have it so normal that we forget those who died so tragically and those who are grieving so much.

You know this little tie I am wearing? I am known to wear cute, funny ties. I was wearing this tie on Tuesday. I bought this tie two or three years ago. You know, it has firefighters on it and fire equipment. I was wearing this tie on Tuesday. I will keep this tie for the rest of my life, and I will wear it occasionally, but it will never be cute or fun again. It will be a memorial. Not only to those firefighters who unbelievably went back, those police officers who are still hanging in there, the military personnel - it is a memorial. We are part of them and they are part of us. We are their extended family. Normalcy, yes; but never so normal that we ever again forget or don't remember.

God bless Oregon! God bless America!

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By Chief Jeffrey D. Johnson
Tualatin Valley Fire & Rescue
September 14, 2001
Salem, Oregon

At the turn of the century, Edward Croker, then fire chief of the City of New York, spoke about members of that organization who had been killed in a fire. He stated that when someone became a firefighter, their act of bravery had already been accomplished and that everything they did after that was simply in the line of duty.

The department Chief Croker once headed has now been struck by the worst tragedy in the history of the American fire service.

And make no mistake about it we all acutely feel the loss and share the sense of horror and grief. The fire service is a small family in a large country a family that learns, plays, and works together.

Last Tuesday morning, several hundred firefighters, police officers, EMTs, and military personnel, America's domestic defenders, charged headlong into the very face of danger. In spite of the odds, against all human instinct, they advanced to get people out of those buildings and attempt to stop what, for most of us, would be the catastrophe of a lifetime.

They advanced against an onslaught of people literally scrambling for their lives who cheered and encouraged the firefighters as they watched them climb toward their objective.

Their fateful advance was not born by ignorance of the dangers or some inherent absence of fear...but rather, the conscious, thoughtful and deliberate decision to risk their lives to save others. Bravery is not the absence of fear; it is the ability to move forward in spite of it.

What do you call people who thoughtfully contemplate:

Leaving their spouse a widow.

Their loved ones alone.

Their children parentless.

Their aspirations abandoned.

Their lives, not fully lived?

Yet, in spite of all personal risk, consciously risk their lives for people who they've never met.

We call them heroes.

Our public safety personnel are often not given a second thought until we need them. While Tuesday's events brought national attention to their work, we need them every day. Sadly, they also die and get injured with often-unrecognized regularity. Recent events here in Oregon have reminded us of just those risks.

We know that our job is not one that affords us a "do-over." When we are called, we've got to do it right the first time or lives are lost. And we live with the full knowledge that even getting it right doesn't guarantee a positive outcome.

Even when we're brave, even when we do everything right, the cards are sometimes tragically stacked against us. But for most of us our work is more than a job—it is a calling; and what happened Tuesday morning in New York City was an acknowledgment of that by hundreds of public safety professionals. Many lives were lost—but many lives were saved because, as a firefighter once put it, "It's what we do."

A German philosopher once rhetorically asked the question, "What, then, is your duty?" and responded "What the day demands." Last Tuesday, duty demanded the highest price ever of those who daily defend America against the force of nature and human malevolence. We mourn them, share our condolences with those who survive them, and perform our duty in their continuing memory.

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Prayer By Lane Shetterly
Oregon State Representative
September 14, 2001
Salem, Oregon

God our creator,

Who sees what we cannot see,

Knows what we do not know,

Comprehends the things we cannot begin to fathom,

We have seen within the borders of this great nation this week the unspeakable
fruit of hatred:

Lives shattered,

Bodies broken,

Families torn apart,

Sons and daughters, fathers and mothers, friends ripped away in an awful
instant,

- Death and destruction, pain and agony on a scale we are afraid even to contemplate.

We have felt fear.

- Our sense of safety and security has been torn from us.

Like the Psalmist, we have cried out "My God, My God, why have you forsaken me? Trouble is near and there is none to help."

But in these days that have seen such great evil, and brought us such great sorrow, we rejoice that we have also seen so much that is good.

- We have seen strangers helping strangers, risking their lives for the lives of others.

We are in grateful awe of the courage and selflessness of the firefighters, police, military personnel, emergency medical technicians, nurses, doctors, iron workers, heavy equipment operators, blood donors and countless others who have seen their neighbor in need, and have answered the call.

- We thank you for these saints, and we ask for your protection over them as they continue their efforts in the days and weeks, and months to come. Bless them. Give them strength and hope to persevere.

We pray for those who have suffered the loss of family members, friends, loved ones and colleagues. Comfort them in these dark days, and give them courage to face tomorrow.

- We pray for the injured. Heal their bodies, and bind-up their hearts.

We pray for this nation and the people who make it great. Sustain us in hope, and in the liberty and freedom our forbears fought and died to win.

- We pray for the President, and his administration; our leaders in Congress and the military; our Governor, and the leaders of our state. Give them the wisdom and judgment to guide us in these difficult times.

Renew us, God. Restore us. Give us hope. Give us courage. Draw us close to each other and bring us closer to you. Unite us with new resolve to persevere through these dark days of tragedy.

- Help us remember, as we go from here today, these words of hope and victory.

God is our refuge and strength, a very present help in time of trouble.

- Therefore we will not fear though the earth should change,

Though the mountains shake in the heart of the sea,

- Though its waters roar and foam,

Though the mountains tremble with its tumult.

- There is a river whose streams make glad the city of God.

The holy habitation of the most high.

God is in the midst of her; she shall not be moved;

God will help her right early.

The nations rage, the kingdoms totter,

He makes wars cease to the end of the earth,

- He breaks the bow, and shatters the spear; he burns the chariots with fire!

Be still and know that I am God.

I am exalted among the nations,

I am exalted in the earth.

The Lord of hosts is with us,

The God of Jacob is our refuge.

Amen.

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Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.

Water Resources Department

http://www.wrd.state.or.us/drought_watch/index.shtml

- 1) Drought Emergency Permits and Limited Licenses

As of June 7, 2001, the Department has approved 58 emergency ground water well permits and 12 limited licenses for drought-related ground water pumping, with a total water production potential of some 75,000 acre-feet. Permitting staff are detailed to our Klamath Falls watermaster office every week to provide assistance and ground water staff are reviewing applications on a priority basis. Applications are being turned around in 10 days or less. Staff time estimates are 5 FTE per week, with some \$75,000 in salary and expenses to date. The Department has also budgeted \$75,000 to rebate the drought permit application fees (averaging some \$800 per permit).

- Point of Contact:
Dwight French, Water Rights Section Manager
(503)378-8455 ext. 268
Dwight.W.French@wrds.state.or.us

- 2) Well Permit Use Extensions

The Department is extending the term of use of some 40 wells that had been previously issued for a five-year use period set to expire July 31, 2001. The use period will be extended to December 31, 2002 to allow the wells to be used for both this year's and next year's irrigation season while the Department completes its ground water studies and resolves longer term permit concerns.

- Point of Contact:
Dwight French, Water Rights Section Manager
(503)378-8455 ext. 268
Dwight.W.French@wrds.state.or.us

- 3) Ground Water Evaluations

The Department has three major ground water evaluations underway totaling some \$1.7 million in expenditures and approximately 4 FTE:

- a) Basin-wide cooperative study with Bureau of Reclamation, California Water Resources Department and local governments to characterize the aquifer, determine balance between aquifer recharge and withdrawals, and identify potential for sustainable ground water development and use. The three year effort to date has involved some \$780,000 in expenditures and 1.5 FTE.

b) The Shasta View demonstration project began with preliminary evaluations of four areas in the Basin for the potential to develop ground water for irrigation supply. The Shasta View area was selected, a monitoring well was drilled and a new pump installed in an existing production well, now being test pumped on a long-term basis to determine aquifer response and potential effects on other wells. The three year effort to date has involved some \$510,000 in expenditures and 1.5

FTE.

c) The Bonanza Springs project involves detailed monitoring and evaluation in the Bonanza area to assess potential for new development of ground water and identify actions necessary to avoid or mitigate potential effects on other surface and ground water users. This five year effort to date has involved some \$400,000 in expenditures and 1 FTE.

Point of Contact:

Fred Lissner, Ground Water Section Manager
(503)378-8455 ext. 204
Frederick.G.LISSNER@ wrd.state.or.us

4) Klamath Basin Drought Plan

The Department is currently engaged in a one-year project to develop a drought contingency plan for the Basin in cooperation with the Bureau of Reclamation, state and local agencies, and water user organizations. This effort will involve expenditures of some \$125,000 and 1.5 FTE.

• Point of Contact:

Barry Norris, Technical Services Division Administrator
(503)378-8455 ext. 246
Barry.F.NORRIS@ wrd.state.or.us

5) Water Resource Information Data Base

The Department has focused heavily on the Klamath Basin in terms of collecting, organizing and displaying water resource information in a user friendly, easily accessible manner. This includes development of a drought web page; the Klamath Basin stewardship and supply pilot project; well log data; GIS mapping; drought permit tracking; and customer service technology stations in our Klamath watermaster's office. Information made available through this effort has been key to fast-tracking new ground water development in both Oregon and California. Expenditures to date have totaled some \$160,000 with 1.5 FTE.

• Point of Contact:

Bob Devyldere, Information Services Section Manager
(503)378-8455 ext. 325
Bob.J.DEVYLDERE@ wrd.state.or.us

6) Klamath Basin Adjudication; Alternative Dispute Resolution; and Mediation Processes

The Department is the leader in a number of efforts and forums attempting to resolve long-term water allocation and management issues in concert with water quality improvements, watershed restoration, and species recovery to provide for long-term sustainability of all interests in the Basin. This multi-year effort to date has involved expenditures of some \$2 million with varying FTEs.

• Point of Contact:

Meg Reeves, Deputy Director
(503)378-8455 ext. 247
Meg.R.REEVES@ wrd.state.or.us

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Department of Human Services

<http://www.klamathbasin crisis.org/>

Services Needed

Some have estimated the total economic loss to the community to be as much as \$250 to \$350 million. Given this impact, 2,200 agricultural employees (1,200 of whom are reported to be ineligible for regular unemployment benefits) and 1,400 farmers or ranchers and their families will be in need of economic assistance, supplemental food, social services, substance abuse services and mental health services.

Assessing workforce impacts and disaster assistance application

A survey of needs and of resources available for drought response started in Klamath Falls on May 29, 2001 by the Federal Emergency Management Agency and Oregon Emergency Management. The survey involves the local office of the Oregon Human Development Corporation (OHDC) which will provide information on both seasonal and migrant farm workers and the number of persons affected.

The Klamath Lake Training Institute (known locally as The Work Connection) has hired four local farmers/ranchers to gather information on drought effects and available resources and to disseminate it to the farmers and ranchers of the area.

The Department of Community Colleges and Workforce Development is seeking Legislative approval to apply for a \$3,425,000 grant from the U.S. Department of Labor, Employment and Training Administration which will aid in retraining workers.

If the Klamath drought is declared a disaster by the President of the United States, that would allow Oregon to apply for a FEMA grant for a crisis-counseling programs in the area. This will also allow certain qualified Klamath residents to receive disaster unemployment assistance.

Department of Human Services readiness

DHS Director Bobby Mink has appointed Bob Marsalli, Adult and Family Service district manager for Klamath and Lake counties, to be the point person for the Department's response.

Marsalli will work with others in the community to determine how we can best do outreach, how we can expedite eligibility when appropriate, and how we can get itinerant teams to outlying areas.

The Department is also taking action to prepare the area's mental health system for any increase in demand for services.

The Department and its local partners will focus on outreach and crisis counseling for particularly vulnerable persons including children, the elderly, persons in various ethnic groups, persons with severe and persistent mental illness and those whose livelihoods are directly affected by the disaster.

Some strategies will include mobile outreach workers; services delivered in physicians' offices, home-based counseling, school-based counseling and education about drought effects, and community educators on the effects of stress on individuals and families.

Other DHS activities in the Klamath area

- An AFS family service worker will be out-stationed at the Merrill Health Clinic one day each week to assist folks in determining need and signing up for programs.
- Meetings with Malin/Merrill Town Councils to discuss ways to identify and address local needs.
- Considering a possible contract for training of community members in peer counseling.
- Local mediation center is developing projects to help parents and children in conflict.
- Ongoing contact with the Klamath County Farm Services Agency.
- Working with County Public Health Director on possibility of hosting a teen suicide prevention summit.
- Exchanging agency web links with the <http://www.klamathbasincrisis.org> web page coordinator and community action team lead, Cindy Deas.

Contacts

Bob Marsalli, Adult and Family Services Division, Klamath Branch, Oregon Department of Human Services, (541) 883-5542.

Jim Neely, Adult and Family Services Division, Oregon Department of Human Services (503) 945-9499

Madeline Olson, Office of Mental Health Services, Mental Health and Developmental Disability Services Division, Oregon Department of Human Services, (503) 945-9499.

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Employment Department

The Employment Department is committed to working with the Governor's office and the citizens of the Klamath Basin as we collectively address the disaster resulting from the water shortage in the Klamath Basin.

The Employment Department has four major program areas that may come into play in the Klamath County drought situation.

1. Our Unemployment Insurance program will provide unemployment benefits to those who are out of work as a result of the drought, providing that the employer with whom they were employed was covered by Unemployment Insurance. Specific information on which employers in the area are covered is available from our Klamath Falls office. Any worker who becomes unemployed as a result of the drought is encouraged to contact our office to determine their eligibility for benefits.

Our office is located at 801 Oak Avenue in Klamath Falls, (541) 883-5630, and at 18 S "G" Street Room 207 in Lakeview (541) 3501.

Additionally, should the President issue a Presidential Disaster Declaration, then Disaster Unemployment Assistance (DUA) insurance benefits become available for those workers who are not otherwise eligible for unemployment insurance including self-employed workers. The Employment Department estimates that approximately 880 citizens worked in non-covered employment during 2000. The attached document "Disaster Unemployment Assistance" provides more information on the specifics of the DUA program.

2. Our Employment Services program provides assistance to workers who are unemployed through our Claimant

Re-employment services, and for those who are still working through our regular Employment Services programs. These programs work with customers to help them locate current job openings for persons with their skills within the community or in other parts of the state should they be willing to relocate. The Employment Department staff also work with claimants to identify transferable skills for moving into different industries, and they identify training needs should they wish to move into different occupations. Our partnerships with other employment and training providers within the community enables us to refer claimants to other organizations who may have services and/or benefits available as well.

3. Our Labor Market Information program, delivered through Kevin Sicard, our Regional Economist in Klamath Falls, provides specific information on the industries within the area, the employment levels within those industries, and the projected job growth for those industries. This information is used by local elected officials, other employment and training organizations, and community based organizations to tailor their requests for assistance or program services for their citizens or customers. Kevin may be reached at the Klamath Falls office, (541) 883-5643 ext. 241, or by email at Kevin.G.Sicard@state.or.us
4. Our Child Care program can offer information and assistance to those who are interested in establishing a child care center. We are also able to refer interested customers to local agencies that can provide referrals to certified child care providers within the local area. If members of farming families decide to seek employment outside their farm, the need for quality child care may become of critical importance. Child care services to the Klamath Basin are provided out of our Medford office. They can be reached by calling (541) 734-7526.

Detail on funds, staff time, and other agency resources committed:

- Within the Klamath Basin, the Employment Department has 13.75 FTE engaged in the delivery of unemployment services and employment services to claimants; one Regional Economist; and one Unemployment Tax Auditor (our on-site tax auditor is Richard J. Bloomer). He can be reached at (541) 883-5628 or by email Richard.J.Bloomer@state.or.us

The department's local contact in Klamath Falls is Roger Rutledge, the manager of the Klamath Falls office. Roger can be reached at (541) 883-5642 ext 226. Roger's email is William.R.Rutledge@state.or.us

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Economic and Community Development Department

Oregon Business Development Fund Information:

<http://www.econ.state.or.us/businessfinance/subordin.htm>

Oregon Economic and Community Development Dept. Drought Assistance:

http://www.econ.state.or.us/0601PR/01_02806.htm

The Economic & Community Development Department, with 12 Regional Development Officers around the state and five regional teams, has been very active in working with communities and individuals affected by the drought.

Major activities include:

1. \$500,000 of Community Development Block Grants funds was made available to Klamath County to establish a revolving loan fund to assist farmers in drilling wells to expand the supply of groundwater for irrigation.
2. \$1 million from the Oregon Business Development Fund for farm and business loans are available for drought assistance statewide. Farm and business loans are available for up to 40 percent of costs for any drought-related problems, including drilling wells, purchasing feed, providing working capital or any business, ranching, or farming need.
3. Our Regional Development Officer in Klamath Falls has organized and attended many meetings on the water crisis in Klamath County including a meeting with the Klamath Irrigation District to discuss the delivery of emergency ground water to district customers. This would involve using the department's Special Public Works program.
4. Our Regional Development Officer from Marion County has attended many meetings in the North Santiam Canyon to discuss the water crisis at Detroit Lake, including a Town Hall meeting last Tuesday which identified 17 businesses that need assistance and meeting this next week with the Small Business Development Center, Mid Willamette Council of Governments, and the Departments Business Finance staff to discuss Detroit Lake business community needs.
5. Our Regional Development Officer and Business Finance staff met with Mike McArthur, Sherman county Judge, to discuss farmers' needs in that county. Judge McArthur requested that Department funds be identified to refinance existing lines of credit for farmers which will be needed in August.

The Department's point of contact is Tom Brumm, Intergovernmental Relations Manager. His phone number is (503) 986-0205

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Oregon Department of Agriculture

<http://oda.state.or.us/oda/drought.html>

ODA's role in drought disaster response focuses on four areas of effort--

- Creating the initial requests to USDA for disaster declaration;
 - Determining economic impact, in collaboration with OSU and USDA;
 - Assessing immediate, on-going, and long-term needs of the affected ag community; and,
 - Working with state and federal agencies to find resources to address needs.
1. Since early January, ODA staff have been monitoring the snow pack, stream flow, and lake level data from the Bureau of Interior, OR Water Resources Department, and other sources to evaluate the impact on agriculture in Klamath County and around the state.
 2. ODA prepared the initial economic impact analysis of water restrictions in Klamath County. This data was used in correspondence between the Governor and federal agencies. The economic impact analysis was also provided to the Drought Council meeting on March 23.
 3. ODA was instrumental in getting the Drought Council to recommend to the Governor to declare a State disaster declaration for Klamath County to enable the Bureau of Interior to seek additional funds for payment to irrigators.
 4. ODA has had extensive and on-going discussions with USDA/FSA about what assistance might be available through USDA programs in a prevented planting situation facing Klamath growers.
 5. ODA drafted the request to Sec. Veneman for a drought declaration; the draft was reviewed by Klamath County Commissioners and forwarded to the Governor for signature. On April 19, Sec. Veneman issued a letter to Gov.

- Kitzhaber designating Klamath County a disaster area.
6. April 11-12: ODA Director Ward accompanied the Governor to Klamath Falls and met with irrigators in small meetings as well as with the general public at county fairgrounds.
 7. Based on discussions with irrigators and others, ODA drafted additional letters requesting immediate federal assistance from the Secretaries of Commerce, Agriculture, and Interior. These letters were sent on April 16. The correspondence requested:
 - Payment to irrigators in lieu of water not delivered.
 - Assistance in seeding cover crops to prevent erosion and help with weed control.
 - When appropriate, USDA release surplus feed stocks from Commodity Credit Corp. (CCC) for animal feed to dairies and livestock operations.
 - USDA transportation assistance or CCC credit for moving livestock or shipping feed.
 - USDA assistance/cost-share for replanting perennials next year (mint, alfalfa, pasture) due to damage from drought.
 - USDA assistance in monitoring grasshopper levels over the next 12-18 months and control assistance if necessary.
 - Ensure SBA programs are available to non-farm businesses impacted by the farm situation.
 8. ODA provided information to grower/irrigator representatives about federal income tax issues due to drought affecting crop and livestock production. ODA is also working with the Oregon Revenue Department on issues relative to Oregon tax code for disaster situations.
 9. ODA staff are working with OSU on refinements to economic impacts as well as drought management information for growers, including topics such as dealing with weed control, fertilization, livestock and other concerns. This information is in the publication "Drought Strategies for Farmers" on our web site at: <http://www.oda.state.or.us/oda/Drought.html>
 10. ODA reviewed draft letter and proposals from Attorney General to Federal Judge Coffin on proposed mediation of water issues.
 11. ODA staff are in daily contact with the Klamath Soil and Water Conservation District, determining where/how technical assistance is needed. The Soil and Water Conservation Commission approved a special allocation of \$6,000 of technical assistance funding for the Klamath SWCD to hire temporary staff to assist with the implementation of the Emergency Watershed Protection (EWP) Program. The EWP Program is providing cost-share funding for landowners to plant cover crops for erosion control.
 12. April 30 -- ODA facilitates the allocation of \$6,000 to Klamath SWCD to hire additional temporary assistance for working with producers in land management, cover crop establishment, and other issues during drought/non-irrigation.
 13. May 1 -- ODA followed on requests from irrigators, urging WRD to quickly resolve any outstanding issues holding up permits for well drilling and emergency water usage from groundwater sources. WRD is working on rebating permit application fees if wells cannot be used. WRD is also extending the terms of 40 existing 5-yr. well permits through 12/31/02. Irrigators are generally very complimentary of WRD efforts.
 14. May 7 -- Director Ward met directly with Sec. Veneman in Chicago to discuss Klamath situation and urge immediate action and assistance.
 15. May 10 -- Director Ward sends letter to Sec. Veneman requesting urgent attention to assisting Klamath growers on FSA, NRCS, and other programs (posted on web site <http://www.oda.state.or.us/oda/Drought.html>).
 16. ODA works with the State Board of Licensed Professional Counselors and Therapists to develop list of licensed counselors in Klamath County. This and additional information were provided at an Information Open House on May 18-19. ODA had two staff at this event.
 17. May 15 -- ODA CAFO staff contacts all dairies in Klamath County and assesses feed needs and status of situation. This information is used in letters to USDA for emergency feed assistance.
 18. May 18-19 -- ODA visits with Klamath Co. Extension and tours Klamath area gathering information for further documenting impacts, needs, and Congressional assistance.
 19. May 22 -- ODA develops letter for State Board of Agriculture to Sec. Veneman and Congressional delegation urging action and assistance for Klamath Falls growers and community. (posted on web site: <http://www.oda.state.or.us/oda/Drought.html>)
 20. May 29 -- ODA noxious weed program staff consult with Klamath SWCD about weed control needs and funding

assistance.

21. May 30 -- ODA meets with OECD staff to discuss program development of state funds for well drilling.

The overall point of contact at ODA for information on these activities is:

- Brent Searle
Special Assistant to the Director and ADR Coordinator
Oregon Department of Agriculture
(503) 986-4558
bsearle@oda.state.or.us
<http://www.oda.state.or.us/>

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Department of Environmental Quality

- Although DEQ does not directly administer disaster relief programs for individuals, the Department is able to assist drought communities in the following ways:
 1. Providing technical assistance to people on well water, including identifying potential or actual sources of contamination and potential restrictions on its use,
 2. Assisting in identifying individual or community water conservation practices,
 3. Facilitating the use of properly-treated wastewater effluents for irrigating land, thus reducing the amount of fresh water needed for that irrigation,
 4. Monitoring and assessing ground water and surface water quality for pollutants such as bacteria, nitrogen, and toxic substances,
 5. Providing technical assistance for the management of wastewater treatment plants to ensure they run as efficiently and effectively as possible,
 6. Providing low-interest loans to communities to improve or upgrade their wastewater treatment plants,
 7. Providing low-interest loans to communities to design and implement nonpoint source controls, including water conservation measures,
 8. Responding to complaints that persons have illegally disposed of sewage or other wastewater in ways that may cause significant environmental damage due to the low stream-flow conditions,
 9. Restricting or prohibiting otherwise appropriate wastewater discharges from municipalities and industries that threaten water quality due to low stream-flow conditions.
- Over the long term, DEQ is preparing a corrective action plan known as a "total maximum daily load" (TMDL) for Upper Klamath Lake that will result in improved water quality throughout the basin. This should then result in fewer impacts to fish and wildlife in drought conditions and less impact due to irrigation withdrawals.

The Klamath Basin area is served by DEQ's Eastern Regional Office located at

- 2146 NE Fourth, Suite 104
Bend 97701
(541) 388-6146

There is also a local DEQ office at Klamath Falls at

- 700 Main Street, Suite 202
Klamath Falls, OR 97601
(541) 850-0295

The DEQ services listed above are available on an "as requested" basis by contacting one of the above locations.

-

In addition, DEQ is currently providing technical assistance to the City of Klamath Falls on the treatment and disposal of its effluent. We are also assisting with effluent reuse at the Klamath Cogeneration facility. The City is considering constructing facilities that would provide improved sewage treatment. The resulting high quality water will then be available for use by irrigation districts as well as cooling water for the cogeneration facility.

DEQ Resources Deployed in the Klamath Basin

- DEQ has one full-time employee working on the TMDL out of the Bend office plus additional laboratory resources to collect and analyze water quality samples.

DEQ also has 2-3 employees available to provide assistance on sewage treatment problems as well as other water quality issues.

DEQ's Point of Contact for Klamath Basin

- Interested members of the public should contact Dick Nichols, Water Quality Manager, in the Bend office by phone at (541) 388-6146, X251; and by e-mail at nichols.dick@deq.state.or .

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Oregon Watershed Enhancement Board

www.oweb.state.or.us

Programs or Services Available for drought disaster relief:

-
- [Grants for watershed restoration activities](#)

For details, please visit the OWEB web site

Programs or services that have been delivered to Klamath County:

- 19 Grants for watershed restoration
- Two major conservation easements pending.

Staff time and other agency resources committed:

- One staff person is assigned to the Klamath, Hood River and Deschutes basins

Agency Point of Contact:

Rick Craiger
6574 NW Larch Drive
Redmond, OR 97756
(541) 923-7353

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Department of Energy

<http://www.energy.or.us>.

- The Department offers tax credits, low-interest loans, and grants to homeowners, renters, businesses, farmers, ranchers, and schools and local governments for investments in a wide range of energy- and water-saving equipment, technologies and practices. We participated in the recent Klamath Falls information fair.

Contacts:

Energy tax credits, Suzanne Dillard, 503-373-7565

Energy loans, Larry Gray, 503-378-8607.

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Department of Forestry

We are maintaining a strong communication link with other State, County and Federal agencies within the basin. We took part in the "Drought Relief Information Open House" this past month. At the Open House we were able to sign up four pieces of equipment and five individuals for our emergency fire resource directory. All of the equipment and the individuals were from drought effected farmers within the basin.

We have expanded our outreach to sign up as many of these individuals by placing an advertisement in the local newspaper recruiting people to sign up as fire fighting time keepers, fire camp helpers and several other fire emergency jobs that we would utilize in a large fire emergency. We currently are training the people that responded to our recruiting announcement, 32 people to date. We have two additional training days scheduled for the future.

We have offered our services to assist with hauling water to livestock. To date we have had no request for this service.

Another effort we are working on is in conjunction with the "National Fire Plan" and the Wildland Urban Interface grant money we received locally. We currently have two pilot projects identified, one being in the Klamath Basin "Chiloquin" and the other in Lake County. The grant funds are to be used for fuel reduction near homes with the main goal of creating defensible space. The tie to the drought relief on this project will be to supply a list of local contractors that can do the fuel reduction work to the landowners. Numerous local contractors have hired displace farm workers. Top date we are in the final planning phase of this pilot project with a projected beginning date for project work to begin of June 15th. We have applied for \$100,000 additional grant funds for this project.

Also, we are working with the Bureau of Land Management to receive an additional \$100,000 grant to fund an additional pilot project within the basin.

The primary contacts for information dealing with drought emergency is as follows:

- Bill Hunt, District Forester
- Danny Benson, Protection Unit Forester.

Mailing address for both is 3200 Delap Road, Klamath Falls, Oregon 97601

Phone number is (541) 883-5681.

August 30, 2001

Jim Connaughton, Chair
Council on Environmental Quality
360 Old Executive Office Building
Washington, DC 20500

Dear Jim:

Thank you for taking time to talk to me this morning. The purpose of this letter is simply to summarize my concerns about the need to get both a short-term and a long-term resolution to the crisis in the Klamath as soon as possible.

The mediation must propose a short-term resolution *quickly*. The current proposal of the federal agencies and the mediators is for the mediation to continue until February 2002. We believe it imperative, for a number of reasons, that the mediation proceed much more quickly and be concluded by November 2, 2001 at the latest.

First, people in the Basin have to make business decisions about the 2002 growing season.

Second, federal decisions about the Klamath Operating Plan have to run their procedural course. If anything, the optimal time frame has shortened since we made our initial recommendation.

Third, Senator Wyden's letter of August 14, 2001, to Judge Coffin states that he hopes the mediation effort will recommend any legislation needed for a solution, and press reports since quote the Senator as saying that the six-month time frame currently proposed in the mediation is too long. The Senator may convene a separate group to craft legislation, which would be a missed opportunity for mediation participants. The mediation has to produce some concrete recommendations for legislative action at the sessions on September 5 and 6 and October 3 and 4, at least for the short-term.

Finally, the political situation in the basin is, in my view, deteriorating rapidly. Last night's incident involving the protestors who climbed the fence onto federal property should make it abundantly clear to all of us the volatile nature of the status quo. In the absence of a clearly articulated short-term solution there is no reason for the protests to diminish. In fact the acts of civil disobedience will undoubtedly continue to escalate. This potentially dangerous situation -- which will bring no additional water into the basin -- serves no purpose other than to further polarize an already suffering community.

We have before us a unique opportunity create a road map for resolving this type of situation in a win-win manner. Unquestionably we will be seeing more incidents like this in the future and it is critical that we seize the moment and provide leadership toward a solution rather than simply reacting to events over which we have little or no control.

The federal agencies must lead by example -- they must divulge more about what they are doing, when they are doing it, and what they need from the other participants. The federal agencies have made clear that the Klamath Operating Plan is not subject to negotiation as such -- it is a federal decision that will be "informed" by the mediation efforts. They appear to be looking for commitments from all the entities in the basin that have something to contribute to species recovery, to enable them to exercise more flexibility on water allocation decisions. We can work with that approach, but we need to know what actions and commitments can influence the federal decision, what actions and commitments the other parties to the mediation need, and what actions and commitments the other parties are bringing to the table.

Oregon has distributed a list of commitments it can make today toward augmenting supply, reducing demand and improving habitat in the Basin. So far, Oregon is the only participant in the mediation that has done so. To date the federal government has not proposed even a conceptual solution, will not say when it will do so, and has not signaled which of the activities within their control or the control of the other parties might provide flexibility on the water decisions. The federal government's inability, or unwillingness, to be forthcoming provides cover for the other participants, none of whom have come forward with their needs or their commitments.

The federal government should make clear to all the other parties that the mediation will influence the federal decision. Concern is widespread that federal decisions are actually being made in some other forum while the mediation is proceeding. People are uncertain in what forum to expend limited resources. The federal government should assure the other participants that a successful mediation effort will influence the federal decision.

Jim Connaughton, Chair

August 30, 2001

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It is important that the federal water managers attend mediation sessions. Supply augmentation and demand reduction will certainly be part of the Klamath solution, but the federal water managers are not in attendance at the mediation sessions. If progress is to be made on these fronts, federal water managers, either from the region or the Klamath Project, need to attend.

I believe the crisis in the Klamath is solvable but it will take all the parties in the mediation, including the federal agencies, discussing in as much detail as possible what can and should be done in the basin to raise the environmental baseline, in order for the Services to be able to scientifically justify more flexibility in the water allocation in the basin.

Again, thank you for the time this morning and I stand ready to assist you in any way.

Sincerely,

John A. Kitzhaber, M.D.

JAK/NR/sm

March 26, 2001

The Honorable Ann Veneman
Secretary of Agriculture
U.S. Department of Agriculture
Washington DC 20250

Dear Secretary Veneman:

This letter is being submitted to request a natural resource disaster declaration for Klamath County, Oregon, for losses incurred due to drought, beginning in September 2000 and continuing.

Oregon is experiencing the second driest winter on record, and streamflow into the Upper Klamath Lake, in particular, is estimated to be 29 percent of normal. Precipitation for the rain year from September 1, 2000 through March 16, 2001 was 45 percent of normal. Snow water equivalent for snow pack in the Upper Klamath Basin as of March 23, 2001 is 40 percent of normal.

As a result of the on-going conditions and endangered species listings in this area, irrigators may be left without any water at all. Ninety-five percent of harvested cropland in the Klamath County relies on irrigation. A total of 224,500 acres are at risk, along with repercussions this will have in the local communities. Farmers have already sunk costs into winter wheat planted last fall and without irrigation, this will be totally lost. Because the drought is affecting producers planting decisions this spring, much of the remaining acreage will not go into production at all. This is a "prevented planting" situation, which will mean income lost to producers -- over \$65 million in farmgate value -- as well as to many local businesses where growers purchase inputs, which would otherwise put over \$45 million into the local economy.

Therefore, I hereby request that, as Secretary of Agriculture, you make a determination if losses to producers in Klamath County are sufficient to give this county a natural disaster declaration, making local producers if they qualify eligible for USDA assistance.

Sincerely,

John A. Kitzhaber, M.D.

March 30, 2001

The Honorable Ann Veneman
Secretary of Agriculture
Department of Agriculture
14th St & Independence Ave SW
Washington DC 20250

Dear Secretary Veneman:

I am writing to inform you that I have declared a state of drought emergency in Klamath County, Oregon, and have concurred with the Klamath County Commission's request for federal drought assistance. My state declaration will trigger a number of coordinated assistance activities by various state agencies, including emergency water permitting and transfer authorities of the Oregon Water Resources Department. I would hope to see a parallel effort by the federal government, and request any assistance your agency can provide in this time of critical water shortages in the Klamath Basin.

Given the effects of drought conditions on Basin water supplies, and the demands for water to meet the needs of endangered species, tribal trust obligations, agriculture, and wildlife refuges, it is essential that there be a coordinated state-federal response to the Klamath County drought emergency. This response must also be reflected in other federal agency actions affecting Basin water supplies and demands; in particular, decisions concerning the 2001 operation of the U.S. Bureau of Reclamation's Klamath Project.

In 1998, the State of Oregon encouraged the involved federal agencies to seek maximum flexibility and balance in the operation of the Klamath Project, with full involvement of the Basin's interests in the decision-making processes. This year's water conditions demand an even greater commitment to flexibility, balance and community involvement in the development of the 2001 operation plan. Moreover, the burden of rebalancing water supplies and demands, both for the short-term drought and to provide for long-term sustainability, must not be imposed on any one entity but spread to all parties in the Basin.

The Honorable Ann Veneman

March 30, 2001

Page 2

I encourage your direct involvement in these federal agency decisions to ensure they allow for implementation of a 2001 operation plan that will not irretrievably commit resources to the detriment of endangered species or tribal trust obligations, nor deprive Project irrigators and refuges of water for essential needs. The burdens of the ESA, tribal trust obligations, refuge requirements, and the long-standing commitment to the Basin's irrigation community must be equitably balanced and shared for all to survive this severe water shortage. I appreciate your cooperation and assistance in doing everything possible to help the Basin get through this crisis.

Sincerely,

John A. Kitzhaber, M.D.

JAK/NR/sm

May 7, 2001

The Honorable Ron Wyden
United States Senate
SH-516
Washington DC 20510

Dear Ron:

I want to again thank you and your staff very much for the important discussions we had during my recent trip to the nation's capitol. For the benefit of all Oregonians I look forward to continuing to work with you in partnership to address a number of the issues raised in those talks. I write to you today, however, on one specific matter of importance and immediacy -- obtaining relief for drought-stricken Klamath Basin farmers, their families, and the communities in which they live.

I ask that you consider making an immediate request to the Administration that funding for this relief be included in any supplemental appropriations request to Congress. Efforts are already underway, by my office and yours, among others, to address the desperate needs of the Klamath Basin community utilizing existing funds and programs. We have high hopes that these efforts will provide a useful amount of relief resources. But existing funds and programs can address only a fraction of the whole need, and additional funds must be appropriated. In addition to supplemental funds for FY 2001, additional funds may also be necessary from FY 2002 appropriations.

As usual with disasters of this sort, it is very difficult to arrive quickly at a precise estimate of impacts, including financial losses requiring relief. I have attached to this letter a document briefly summarizing early estimates. These are useful in scoping the approximate amount of financial relief we must seek for Klamath Basin farmers. As you can see, the total amount necessary will be at least \$150 million, and almost certainly will climb past \$200 million. The U.S. Bureau of Reclamation has estimated the impact of no irrigation water at approximately \$250 million. Clearly, these amounts are orders of magnitude beyond what state, local, and private relief efforts can contribute. The fate of Klamath Basin agriculture depends significantly on the federal government's ability to step forward with generous assistance for those hard-hit citizens.

The Honorable Ron Wyden

May 7, 2001

Page 2

As we have discussed previously, a true solution to the web of natural resource problems in the Klamath Basin requires addressing a number of different issues and opportunities relating to habitat restoration and protection, water quality protection, water supply development, water management, and the interrelationships among the many interested parties, both in Oregon and in California. Even as we press ahead at full speed to obtain financial relief for disaster-stricken farmers, we also must consider how immediate investments of public and private capital on these other strategies may be necessary to minimize the chance of such a disaster occurring again.

Thank you for your determination to help the people -- and wildlife -- of the Klamath Basin get through these difficult times. If you have any questions, feel free to give me a call.

Sincerely,

John A. Kitzhaber, M.D.

JAK/NR/sm

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Sharon Kitzhaber
Editorial
June 1, 2000

In May the state reported a 9 percent drop in teenage pregnancy rates from 1994 to 1998. This is significant. More teenagers are taking control of their lives and are making choices that will protect their futures.

But the fact remains that 3,176 girls in Oregon ages 10-17 got pregnant in 1998. That number is still alarmingly high. And girls as young as 10 are contributing to these statistics. Parents, schools, community organizations and teens should recommit themselves to this effort and find new ways to reduce the number of teens that get pregnant each year.

When girls get pregnant they experience serious consequences as a result of their actions: many drop out of school, go on welfare and end up earning less than their peers. We have a responsibility to make sure that Oregon teens are aware of the consequences of early sexual involvement, to ensure that they do not throw away their futures and place their children at risk.

As first lady, I helped bring STARS (Students Today Aren't Ready for Sex) to Oregon five years ago. STARS is an abstinence-based teen pregnancy prevention program. It uses a proven, skills-based curriculum to teach middle school children how to resist social and peer pressures which cause them to engage in sex too early.

We started with a pilot project at four schools in one school district in 1995. That year 3,284 girls ages 10-17 got pregnant in Oregon. Based on national data, we can assume that one third of those girls dropped out of high school and two-thirds of those teen mothers and their families ended up living in poverty. In short, teenage pregnancy cost many of these teens their futures and placed their children at greater risk for lower birth weights, criminal behavior and poor school performance.

Today, five years later, the STARS program is in almost 200 schools across Oregon, has involved over 2,000 teen leaders and reached over 80,000 teens since 1995. During this same time period, teen pregnancy has declined in Oregon. In fact, 660 teens did not get pregnant who would have gotten pregnant had our rates remained as high as they were in 1995.

STARS is just one part of this success story. The Governor's Action Agenda applies a comprehensive approach to teen pregnancy prevention. But we do know that STARS is making a difference and our evaluations and national studies attest to its impact. In post-program evaluations, 70 percent of STARS students indicate that the program helped them abstain from sex until they are older.

STARS is committed to further reducing the number of teens that get pregnant each year. We have set a goal of making the STARS curriculum available to every middle school student by the year 2002. And we have set our sights on delivering STARS not just in the public school classroom but in the community when needed.

Our first community effort is a new Latino outreach program called Estrellas (Spanish for "stars"). Teens in Woodburn experienced this new curriculum for the first time in April at Nuevo Amanecer, a housing development in Woodburn that is home to many Latino families. Estrellas follows the same curriculum as STARS and still utilizes teen mentors to deliver the program. The Estrellas curriculum will be translated into Spanish for the students who are not yet fluent in

English.

We brought STARS to the Latino community because the teen pregnancy rate among Oregon Latina families ages 10-17 has been increasing dramatically since 1990. In 1996, 44 out of every thousand Latina females ages 10-17 got pregnant. This is up from 33 per thousand in 1990. The Latina teen pregnancy rate is the highest of all ethnic groups both nationally and in the state.

I believe that STARS will make a difference in this community and that our work in the schools will further impact the overall teen pregnancy rate in Oregon. I also know that our work is best supported by families and other teens who can share a consistent message with their peers to refrain from sexual involvement and focus on the future. Remember you are their best defense against dangerous behaviors.

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- [Return to Governor's Office](#)

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FOR IMMEDIATE RELEASE

January 16, 2001

Contact:

*Kathy Watson,
STARS Foundation
(541) 386-8870
Sue Van Brocklin,
STARS Marketing Committee
(503) 775-9152*

YOUNG TEENS BETTER PREPARED TO AVOID SEX, NEW STUDY SHOWS

Oregon middle school students show a 73-percent gain in knowledge about the risks of teenage sexual activity, and a 34-percent gain in skills to refuse sex, drugs and alcohol, after taking the five-session STARS program at school, a new study shows. First Lady Sharon Kitzhaber and representatives of the Oregon Health Division announced the findings at a news conference today at Sellwood Middle School in Portland.

The study showed that after receiving instruction through STARS:

- 97% of students knew that a girl can get pregnant the first time she has sex (only 61% knew this before STARS).
- 86% knew that over 80% of Oregon middle school students are not having sex (only 42% new this before STARS).
- 77% knew most boys in middle school are old enough to get a girl pregnant (only 40% knew this before STARS).
- 85% knew that most teens think it is best to wait to have sex until they are older (only 51% knew this before STARS).

In addition, more students after STARS said they would do the following when dealing with unwanted sexual pressure:

- say "no" without making excuses or giving reasons (69% vs. 55% before STARS).
- say "no" again and tell the person how the pressure made them feel if the pressure continues (75% vs. 56% before STARS).

More students learned to:

- say "no" without making excuses or giving reasons (69% vs. 55% before STARS).
- say "no" again and tell the person how the pressure made them feel if the pressure continues (75% vs. 56% before STARS).

The study also showed that students rated the STARS program very highly. About 75% said that it had helped "a lot" in understanding the risks of early sexual involvement, believing in personal rights to set limits, respecting people who say "no," abstaining from sex until older, and refusing to do things that aren't right for them.

"This study gives us concrete and very encouraging evidence that our young teens are better able to make the right decisions about their bodies and their futures," said First Lady Sharon Kitzhaber, founder of the STARS Foundation, which supports the state-delivered STARS program. "Even in the first two weeks after students received the program, some were already dealing with pressures to have sex, or use drugs and alcohol. But they told us that they were able to put the skills they learned in STARS to use, and are better prepared to walk away from those influences."

In a random sample of 20 Oregon schools in the Spring of 2000, 1,396 6th and 7th graders filled out the surveys right before and after participating in the STARS program. They were asked questions about their knowledge of adolescent sexuality, about how they would say "no" to unwanted pressure to have sex or do other things they didn't want to do, and the extent that they had already used the skills.

STARS worked equally well across various groups of students -- very few differences emerged in survey results across various student groups, such as gender, race/ethnicity, grade, school region and size, current school rank, educational plans, and family situation.

"These are very significant improvements in skills and attitudes," said David Dowler, Ph.D. of the Oregon Health Division, lead researcher for the analysis and report. "This is a successful first step in showing that STARS helps to increase the knowledge and skills important for personal decisions to delay sexual involvement."

The STARS program is presented once a week over a five-week period. The STARS curriculum is taught by trained high school students because younger students respond when older teens say, "It's better for teens not to have sex."

STARS (Students Today Aren't Ready for Sex) is an abstinence-only sex education program that is part of Oregon's comprehensive effort to reduce teen pregnancy. The study was sponsored by the Department of Human Services and conducted as a collaboration between the Adult and Family Services Division and the Oregon Health Division.

STARS teen leaders, adult facilitators and sixth- and seventh-grade classroom teachers were also surveyed. Teen leaders rated the program highly, saying it helped develop leadership skills and showed them they can make a difference. Most teen leaders -- 99% -- would encourage their friends to become teen leaders. Adult facilitators and teachers also rated the program highly, saying they were very satisfied with the training of teen leaders and the engagement of students during the sessions.

The STARS program is delivered to about 30,000 6th and 7th grade students within 121 school districts statewide each year. During the 2001 school year, almost 1,800 teen leaders will participate in the program. STARS receives state, federal and foundation funding, and is administered by the Department of Human Services, Adult and Family Services Division and by county health departments.

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FOR IMMEDIATE RELEASE
July 7, 2000

Contact:

Susan Fletcher
(503) 378-6307
Maricela Urzua
(503) 709-1060

**FIRST LADY SHARON KITZHABER TO ATTEND
CELEBRATION FOR STARS LATINO OUTREACH PROGRAM**

Oregon First Lady Sharon Kitzhaber will attend a celebration on **Tuesday, July 11** for teens who participated in Estrellas, the first community-based STARS (Students Today Aren't Ready For Sex) program for Latino teens. The event will be held at **5:30 p.m.** at St. Luke's Parish-Rubis Hall, 417 Harrison Street in **Woodburn**. Families and community members are invited to join the 15 Estrellas graduates.

STARS is an abstinence-based teen pregnancy prevention program aimed at sixth and seventh graders. Estrellas, the new Latino outreach program is Spanish for "stars". Students attended classes for five weeks at Nuevo Amanecer, a housing development in Woodburn that is home to many Latino families. Like STARS, Estrellas trains teen mentors to deliver the message to their younger peers that "it's best for teens not to have sex."

"STARS is working to reduce teenage pregnancies in Oregon communities," Sharon Kitzhaber said. "Estrellas brings STARS' proven approach to teenage pregnancy prevention to the Latino community, which currently experiences the highest teenage pregnancy rate in the state."

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FOR IMMEDIATE RELEASE
May 16, 2000

Contact:

Bob Applegate
(503) 378-6496
Jon Coney
(503) 378-6169
Susan Fletcher
(503) 378-6307

GOVERNOR AND SHARON KITZHABER TO BOWL WITH STARS TEEN LEADERS

Governor John Kitzhaber and First Lady Sharon Kitzhaber will go bowling with 250 STARS (Students Today Aren't Ready for Sex) teen leaders from Portland, Beaverton and Clackamas counties, the North Coast and the Salem area on May 18. The annual event recognizes teens who mentor middle school students in the STARS program and it will be held at the **Hollywood Bowl, 4030 NE Halsey in Portland from 3:30 to 6 p.m.** Gov. Kitzhaber and Sharon Kitzhaber will attend the event from 4 to 5 p.m.

"Young people look up to and listen to their natural role models -- older teens," said Sharon Kitzhaber, founder and board member of the STARS Foundation. "STARS is able to provide those role models and give teens the skills they need to resist sex and other peer pressures such as drugs and alcohol, tobacco and criminal behaviors."

Gov. Kitzhaber said "teenage pregnancy rates have dropped 9 percent from 1994 to 1998 and STARS is certainly part of that success. Spending time with these teen leaders gives me hope that we can see that figure drop even further."

STARS is an abstinence-only teen pregnancy prevention program aimed at sixth and seventh graders. Trained teen mentors deliver the message to their younger peers that "it's best for teens not to have sex." STARS uses a proven, skills-based curriculum that teaches middle school children how to resist social and peer pressures which cause them to engage in sex and other destructive behaviors. The program has grown from a small demonstration project in four schools in Multnomah County to a program having reached over 80,000 children since 1995.

STARS is a public private partnership supported by Adult and Family Services, Multnomah County Health Department, Oregon Health Division, and the STARS Foundation. The teen leader celebration at Hollywood Bowl will be sponsored by the STARS Foundation and hosted by the state Teen Advisory Board Chair, Amy Lilly, a Barlow High School student.

All Figures From September 2002 Forward Are Preliminary

	2001-03			2003-05
	Legislatively Adopted Budget	September 2002 Forecast	Net	Preliminary*
GF & LF Resources	\$12,070	\$10,379	-\$1,691	\$12,069
GF & LF Expenditures	\$11,974	\$10,861	-\$1,113	\$13,453
Ending Balance	\$96	\$0		\$121
SHORTFALL	\$0	-\$482		-\$1,505

\$ In Millions

*If Cigarette Tax Measure passes (Sept. 17, 2002), approximately \$200 million in permanent revenue would be available in 2003-05.

**2001-03 Legislatively Approved Budget (General Fund Only)
Updated for actions through the Third Special Session**

	<u>LAB General Fund</u>	<u>\$482 Million Reduction</u>
Education Program Area		
Community Colleges & Workforce Dev.	\$404,500,221	\$20,049,068
State School Fund	\$4,073,213,303	\$201,888,962
Dept. of Education	\$258,044,631	\$12,789,991
Higher Education	\$784,254,664	\$38,871,610
Student Assistance Commission	\$39,351,013	\$1,950,434
OHSU (DAS)	\$3,300,000	\$163,565
Education Program Area Total	\$5,562,663,832	\$275,713,631
Human Services Program Area		
Blind Commission	\$1,280,778	\$63,482
Comm. On Children and Families	\$57,460,570	\$2,848,035
Disabilities Commission	\$296,033	\$14,673
Dept. of Human Services	\$2,438,516,634	\$120,865,164
Insurance Pool Governing Brd.	\$454,735	\$22,539
Long Term Care Ombudsman	\$623,394	\$30,899
Psychiatric Security Review Board	\$724,927	\$35,931
Human Service Program Area Total	\$2,499,357,071	\$123,880,722
Public Safety Program Area		
Dept. of Corrections	\$835,218,761	\$41,397,648
Criminal Justice Comm.	\$19,234,806	\$953,374
District Attorneys and Deputies	\$9,566,348	\$474,156
Dept. of Justice	\$24,528,742	\$1,215,768
Military Dept.	\$13,744,675	\$681,255
Parole and Post Prison Supervision	\$3,151,391	\$156,199
State Police	\$179,241,529	\$8,884,113
Oregon Youth Authority	\$227,831,706	\$11,292,487
Public Safety Program Area Total	\$1,312,517,958	\$65,054,999
Economic & Community Dev. Program Area		
Economic & Community Dev.	\$2,608,516	\$129,291
Employment Dept.	\$1,970,468	\$97,666

State Fair	\$1,395,471	\$69,167
Historical Society	\$1,270,697	\$62,982
Housing & Community Services	\$7,580,345	\$375,720
Oregon Public Broadcasting (DAS)	\$3,166,440	\$156,945
Veteran's Affairs	\$2,576,557	\$127,707

Economic & Community Dev. Program Area Total	\$20,568,494	\$1,019,478
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Natural Resources Program Area

Agriculture	\$18,987,178	\$941,100
Columbia River Gorge Commission	\$718,457	\$35,610
Office of Energy	\$491,000	\$24,336
Environmental Quality, Dept. of	\$38,746,568	\$1,920,475
Fish and Wildlife, Dept. of	\$17,694,838	\$877,045
Forestry, Dept. of	\$37,568,318	\$1,862,075
Geology and Mineral Industries, Dept. of	\$3,061,133	\$151,725
Land Conservation and Development, Dept. of	\$10,137,746	\$502,478
Land Use Board of Appeals	\$1,261,747	\$62,539
State Lands, Division of	\$130,352	\$6,461
Water Resources Dept.	\$23,208,610	\$1,150,336
Oregon Watershed Enhancement Board	\$1,036,753	\$51,387

Natural Resources Program Area Total	\$153,042,700	\$7,585,567
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Transportation Program Area

Transportation, Dept. of	\$18,602,530	\$922,035
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Consumer & Bus. Svcs. Program Area

Bureau of Labor and Industries	\$12,055,249	\$597,519
Spinal Cord Injury Research Board	\$1	\$0

Consumer & Bus. Svcs. Program Area Total	\$12,055,250	\$597,519
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Administration Program Area

Administrative Services, Dept. of	\$9,053,953	\$448,760
Asian Affairs, Commission on	\$143,002	\$7,088
Black Affairs, Commission on	\$143,085	\$7,092
Employment Relations Board	\$1,344,517	\$66,641
Government Standards and Practices	\$829,188	\$41,099
Governor, Office of the	\$8,284,596	\$410,626
Hispanic Affairs, Commission on	\$139,838	\$6,931
Library, State	\$3,177,093	\$157,473
Revenue, Dept. of	\$122,249,003	\$6,059,276

Secretary of State	\$11,570,825	\$0
Treasurer of State	\$282,116	\$13,983
Women, Commission for	\$142,847	\$7,080
Administration Program Area Total	\$157,360,063	\$7,226,049

Legislative Branch Program Area

Indian Services, Commission on	\$328,645	\$0
Legislative Administration Committee	\$20,349,155	\$0
Legislative Assembly	\$25,793,144	\$0
Legislative Counsel	\$5,896,176	\$0
Legislative Fiscal Officer	\$3,870,026	\$0
Legislative Revenue Officer	\$1,445,855	\$0
Legislative Branch Program Area Total	\$57,683,001	\$0

Judicial Branch Program Area

Council on Court Procedures	\$91,440	\$0
Judicial Dept.	\$379,726,039	\$0
Judicial Fitness, Commission on	\$192,537	\$0
Public Defense Services Commission	\$6,074,068	\$0
Judicial Branch Program Area Total	\$386,084,084	\$0

Miscellaneous Program Area

Emergency Board	\$21,055,636	\$0
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\$10,200,990,619 \$482,000,000

Total Deficit **\$482,000,000**

Less SofS, Leg, Jud and E Board \$9,724,597,073

4.9565%

Actions Taken for 2001-03 LAB

Expenditures*

SSII	Program Cuts	\$419.8
	Non-Program Cuts	\$44.0
<hr/>		
SSIII	Program Cuts	\$28.8
	Unspecified Program Cuts	\$22.7
	K-12 Reductions as Result of Gov's SSIII Veto	\$50.0
<hr/>		
TOTAL		\$565.3

One-Time Revenue & Fund Shifts

SSII	MUPL**	\$131.0
	Senior Deferral Balance	\$20.0
	Decrease GF Ending Balance	\$20.0
	Income Tax Collection Process	\$16.0
	Federal Fund Shifts	\$5.0
	50% of Boardman Sale	\$3.7
	Fund Shift of Corrections Fed. Fund	\$2.5
	GF Reversions	\$1.7
	LEMLA	\$1.0
<hr/>		
SSIII	Tobacco Settlement	\$85.0
	911	\$9.0
	Decrease GF Ending Balance	\$61.0
	Decrease Emergency Fund	\$12.0
	Ed. Stability Fund (Sept 17)	\$150.0
	Common School Fund	\$18.0
	Light Rail Bond Reserve	\$10.0
	Last Community College Payment	\$56.0
	Last K-12 Payment	\$211.0
<hr/>		
TOTAL		\$812.9

Permanent Revenue

SSII	Sunday Sales OLCC	\$3.0
<hr/>		
SSIII	Cigarette Tax (Sept 17)	\$65.0
	Phased-In BM 88***	\$108.0
<hr/>		
TOTAL		\$176.0

*It is estimated that half of the expenditure cuts are permanent cuts and the other half are one-time cuts.

**The total MUPL resources used in 2001-03 LAB is \$347 million.

***Revenue stream to phase-out after 2003-05.

**OFFICE OF THE GOVERNOR
STATE OF OREGON**

PROCLAMATION



WHEREAS; The State of Oregon faces a budget deficit, currently projected to be over \$870 million which must be rebalanced by budget reductions, one-time revenues and new revenues; and

WHEREAS; The State of Oregon needs to deliberate the opportunities for and the implications of economic stimulus initiatives; and

WHEREAS; The State of Oregon is still in need of a school stabilization fund to help tide our schools through economic downturns, and the state should continue to explore new ideas for a school stabilization fund; and

**NOW,
THEREFORE, I, John A. Kitzhaber, Governor of the State of Oregon, pursuant to Article V, section 12, of the Oregon Constitution, hereby proclaim Wednesday, June 12, 2002 at 9:00 a.m. to be**

THE CONVENING OF THE OREGON LEGISLATIVE ASSEMBLY

for the purposes of rebalancing the budget, to further deliberate economic stimulus opportunities and to consider new school stabilization fund proposals.

IN WITNESS WHEREOF, I hereunto set my hand and cause the Great Seal of the State of Oregon to be affixed. Done at the Capitol in the City of Salem in the State of Oregon on this day, June 9, 2002.

/s/ John A. Kitzhaber

John A. Kitzhaber, Governor

ATTEST:

/s/ Paddy McGuire

Paddy McGuire, Deputy Secretary of State

Oregon Administrative Rules
Chapter 122, Division 65

Allotment Reductions to Balance Budget and Prevent Deficit

122-065-0010

- (1) (a) The Department of Administrative Services (Department) has determined that probable receipts from taxes and other revenue sources for 2001-2003 General Fund appropriations will be less than anticipated, and that consequently the amount of General Fund revenue available for the remainder of the 2001-2003 biennium for 2001-2003 appropriations will be less than the amounts estimated or allotted therefor. Pursuant to ORS 291.254, acting on this determination and with the Governor's approval, and following notice to the agencies affected, the Department is reducing allotment amounts for the remainder of the 2001-2003 biennium to balance the state's budget for the 2001-2003 biennium and prevent state government from incurring a deficit in violation of Article XI, Section 7 of the Oregon Constitution.
- (b) The reductions specified in Section 2 of this rule (Selective Reductions) take effect on the date on which the Department files the rule with the Archives Division, Secretary of State and will be reflected in agency allotment estimates, beginning with those submitted to the Department for the fourth quarter of the fiscal year ending June 30, 2002.
- (c) The reductions specified in Section 3 of this rule (Alternative Reductions) take effect if, and on the date that, the Department is legally precluded from implementing all of the Selective Reductions, by action of a court or otherwise.
- (d) If one or more individual allotment reductions made under Section 2 or 3 of this rule is for any reason held to be invalid or unlawful, the remaining reductions shall not be affected but shall remain in full force and effect in accordance with the terms of this rule, and to this end the reductions made by this rule are severable.
- (2) Selective Reductions

<u>Agency</u>	<u>Activity</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Federa Funds</u>
Education				
Community Colleges & Workforce Development	Curry County facility funding	960,000	-	-
	Additional OYCC cuts	18,000	-	-
	Reduce Support Fund	2,316,591	-	-
Oregon University System	Reduce targeted program distribution to Bend Campus	373,630	-	-

	Reduce Campus Public Services distribution	1,000,000	-	-
	Reduce graduate cells distribution	3,130,439	-	-
	Reduce Statewide Public Services funding			
	Agricultural Experiment Station	11,407,218	-	-
	Extension Service	7,875,037	-	-
	Forest Research Laboratory	1,128,340	-	-
	Reduce top-tier engineering distribution	2,375,000	-	-
Oregon Dept. of Education	Reduce State School Fund	20,000,000	-	-
	Education Subtotal		-	-
		50,584,255		
Human Resources				
Commission on Children & Families	Second year funding of Together for Children	300,000	-	-
	Second year funding for Family Resource Centers	400,000	-	-
	Second year funding for Crisis/Relief Nurseries	1,531,000	-	-
Dept. of Human Services	Student day care program reduction	1,009,259	-	-
	Reduce employment & training program			
	JOBS Plus	1,312,500	-	-
	JOBS	2,257,632	-	-
	Funding for the Father Taaffe Foundation	21,731	-	-
	Klamath Adolescent portion of residential care and services	158,048	-	-
	Reduce support for Independent Living Centers	812,500	-	-
	Restructure/ reduce Oregon Project Independence (OPI).	2,989,372	-	(1,711,056)
	Reduce Assisted Living Facility rates to \$1,325 by January 2003.	3,524,928	-	5,250,856
	Second year of Nursing Home rebasing	2,607,152	-	3,855,795

Diagnostic Related Group (DRG) outlier payments reduction	3,100,000	-	4,650,000
Reduce Diagnostic Related Group (DRG) Inpatient/Outpatient reimbursement	4,400,000	-	6,600,000
Reduce OHP pharmacy reimbursement to Average Wholesale Price (AWP) minus 14% and dispensing fee.	1,133,723	-	1,700,585
Subtotal		-	
	25,557,845		20,346,180

Public Safety

Dept. of Corrections	Deschutes County bed rental	133,500	-	-
Oregon Youth Authority	Second year of Deschutes Pilot	813,395	-	-
Oregon State Police	Close rural forensics labs	676,630	-	-
Dept. of Justice	Reduce Domestic Violence grants	500,000	-	-
Oregon Military Dept.	Reduce Youth Challenge program	191,266	522,703	836,938
Oregon Military Dept.	Reduce tuition assistance	544,659	-	-
Subtotal		2,859,450	522,703	836,938

Natural Resources

Oregon Dept. of Fish & Wildlife	Reduce number of hatcheries			
	Trask Hatchery	238,014	-	-
	Salmon River Hatchery	198,492	-	-
	Cedar Creek Hatchery	150,000	-	-
Oregon Dept. of Fish & Wildlife	Oregon Coastal Zone Management Contract	47,000	-	-
Oregon Dept. of Agriculture	Bear Study	75,000	-	-
Oregon Dept. of Agriculture	Predator Control	44,944	-	-
Subtotal		753,450	-	-

Administration

Dept. of
Administrative
Services

Childrens Trust Fund remainder

945,000

-

-

GRAND TOTAL

80,700,000

522,703

21,183,118

(3) Alternative Reductions

Moneys allotted from General Fund appropriations for the final five quarters of the 2001-2003 biennium to agencies subject to the allotment system established in ORS chapter 291 are reduced by .8055%.

Moneys allotted from appropriations made from Other Funds and Federal Funds are reduced to the extent required by the reductions in amounts allotted from General Fund appropriations.

(4) On a schedule to be established by the Department, each agency for which reduced allotments are implemented under this rule must submit to the Department estimates for remaining allotment periods of the 2001-2003 biennium that are consistent with the implemented reductions.

OREGON TRANSPORTATION INVESTMENT ACT - 2002

Last week, the Oregon Transportation Commission released \$400 million to fund over 130 road and bridge projects throughout Oregon through the Oregon Transportation Investment Act (OTIA) of 2001. This was a direct result of a cooperative effort between stakeholders, the legislature and the Governor. When combined with the \$300 million already spent every year on Oregon state highways, over 7,000 family wage jobs for Oregonians are currently supported by these investments in highway projects.

The Oregon Transportation Investment Act of 2002 (OTIA-2002) will address over \$750 million in badly needed road repair and congestion needs, create over 2,000 transportation-related jobs and do it all for \$15 more per year per vehicle. With the cooperation of the legislature, we could provide a real engine for economic recovery, invest utilizing extremely attractive bond rates and build on the excellent policy established in OTIA-1.

What Changes?

- ◆ Raise auto registration fee \$15 per year. (From \$30 to \$60 every two years)
- ◆ Raise weight-mile tax on trucks in an amount sufficient to cover cost responsibility.
- ◆ Oregon is currently 50th in the United States in registration fees. This will place us 45th.
- ◆ Generate \$60 million to \$70 million per year for road and bridge investments.
- ◆ Provide roughly \$40 million next biennium for counties and \$28 million for cities to meet their critical road needs.

What Do We Invest In?

- ◆ Invest \$750 million in road and bridge improvements.
- ◆ Utilize a portion of the state's \$70 million annual commitment for bridge repair and construction to back \$400 million in bonds to meet critical bridge repair needs.
- ◆ Utilize the state's share of the new revenue stream to back \$350 million in bonds for road repair and improvement projects.
- ◆ Geographically spread projects and utilize the good work performed by the Oregon Transportation Commission in reviewing \$1.5 billion in road and bridge projects identified through the OTIA-1 process.
- ◆ Focus on road and bridge improvements that will positively impact Oregon economic development. Reserve significant funds for strategic road investments necessary to retain, expand and recruit Oregon businesses.

Who Benefits?

- ◆ Oregon businesses that want to move products. Oregonians who want to move through congestion. And the state of Oregon and its communities as more funds will allow us to more aggressively pursue federal transportation dollars to make repairs on the interstate highway system.
- ◆ Oregon cities and counties that desperately need more dollars to fix potholes and ensure that farm-to-market roads are passable.
- ◆ Oregon employees and contractors. Conservative estimates from economists tell us that for every \$1 million invested in Oregon roads, roughly 20 family wage jobs are created. This package will create and sustain thousands of jobs over the next three biennia and generate millions for Oregon's economy—all for a \$15 annual fee per car.

**Budget
Box/
Revenue
Shortfall**

Tentative Budget Forecast - Dec. 2001

	GF	LF	GF + LF
Revenue	10,747.5	606.5	11,354.0
Expenditures *	(11,371.2)	(602.7)	(11,973.9)
Ending Balance	(96.4)	0.0	(96.4)
Net Position	(720.1)	3.8	(716.3)

* Includes Emergency Fund

Changes in Anticipated Revenue Since December Forecast

Lottery - Increase in sales	8.0
Dept of Revenue - Temp. shift to collections	3.6

Revised Net Position **(704.7)**

Emergency Board Rebalance Issues

Dept. of Human Resources - December Rebalance	(27.1)
Dept. of Human Resources - Potential Caseload	(60.0)
Dept. of Corrections	(38.0)

Total Emergency Board Rebalance Issues **(125.1)**

Fiscal Position including Emergency Board Issues **(829.8)**

Program and Administrative Reductions

Education Program Area Total		450.4
K-12	304.2	
Community Colleges	38.1	
Oregon University System	84.8	
All other education	23.3	
Human Services Program Area Total		172.3
Public Safety Program Area Total		103.3
Dept. of Corrections	65.6	
Oregon Youth Authority	20.5	
State Police	10.2	
All other public safety	7.0	
Natural Resources Program Area Total		10.3
Administration Program Area Total		2.7
Economic Dev. Program Area Total		11.4
Transportation Program Area Total		0.9
Consumer Services Program Area Total		0.6
Judicial/Legislative/Secretary of State		32.0
Special Purpose Appropriations		3.2
End of Session Bill		0.8
Eliminate transfer to OR Rural Health Assoc. (MUPL)		14.9
Lottery - Administrative reductions		7.0
Lottery - Transfer from the Contingency Reserve		20.0
TOTAL Program and Administrative Reductions		829.8
Fiscal Position after reductions		(0.0)

Percentage of Cuts from Legislatively Adopted Budget

Education Program Area		6.7%
K-12	6.0%	
Community Colleges	8.0%	
Oregon University System	10.4%	
All other education	6.5%	
Human Services Program Area		6.6%
Public Safety Program Area		7.7%
Dept. of Corrections	7.6%	
Oregon Youth Authority	8.9%	
State Police	5.4%	
All other public safety	9.9%	
All Other Program Areas		5.3%

General Fund/Lottery Funds Tentative Budget as of December 2001

	2001-03	2001-03 (Close of December Session)	2003-05 Projected Forecast	2005-07 Projected
Resources	\$12,070.37	\$11,354.05	\$12,622.89 [*]	\$14,292.98
Expenditures	\$11,973.94	\$11,973.94	\$13,503.93 ^{**}	\$15,231.99 ^{**}
Ending Balance	\$96.43	\$96.43	\$133.00	\$149.00
Net Fiscal Position	\$0.00	(\$716.32)	(\$1,014.04)	(\$1,088.01)

^{*} Assumes a \$100 million ending balance from the 2001-2003 biennium.

^{**} Projected expenditures based on 2001-03 regular legislative session adopted budget.

**Program
Cuts**

High political resistance

DECREASES problem in 03 and 05

**One-time
Revenue**

Low political resistance

INCREASES problem in 03 and 05

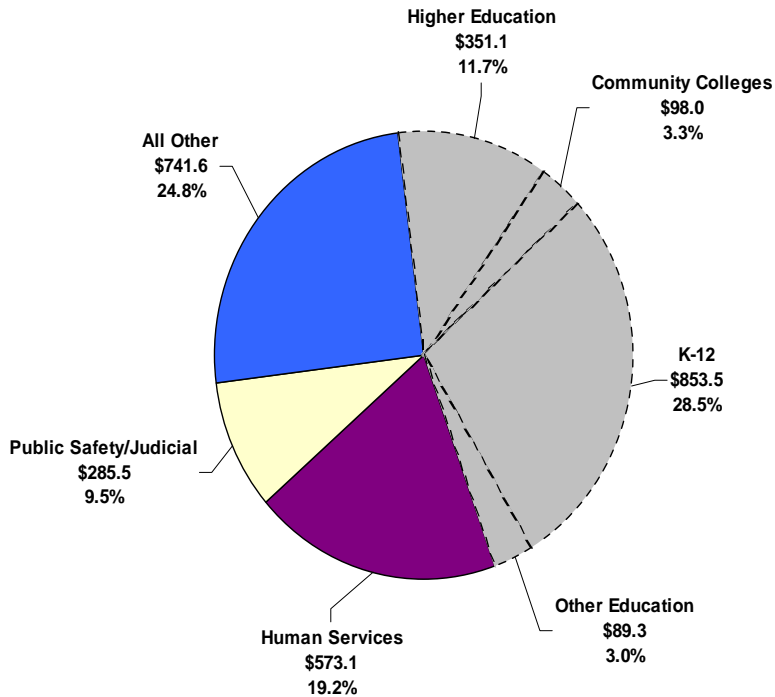
**Permanent
Revenue**

High political resistance

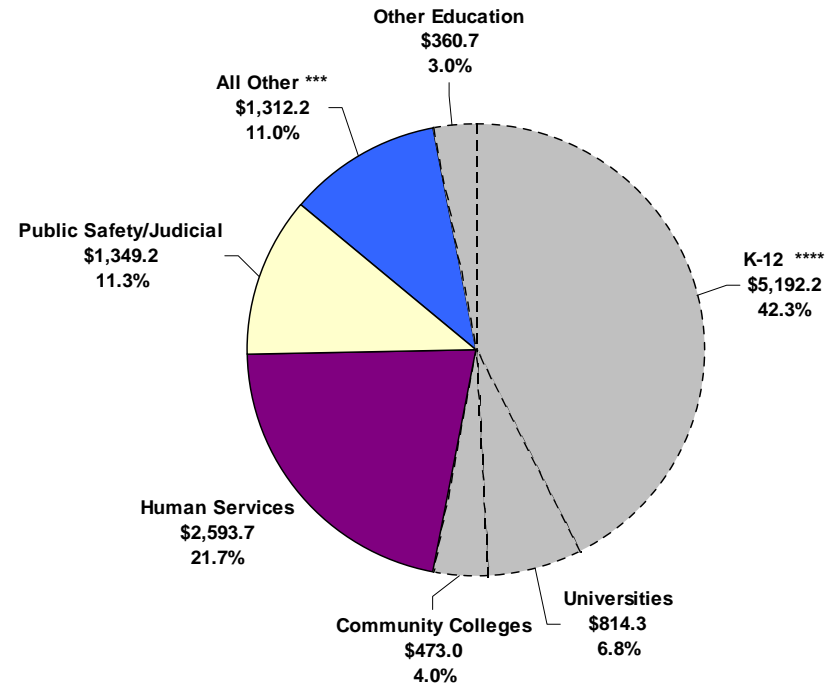
DECREASES problem in 03 and 05

General Fund and Lottery Funds Budget by Program Area*

1981-83**



2001-03



This chart does not include resources left as ending balance or distribution to the Education Endowment Fund.

*Based on the Legislatively Adopted Budget.

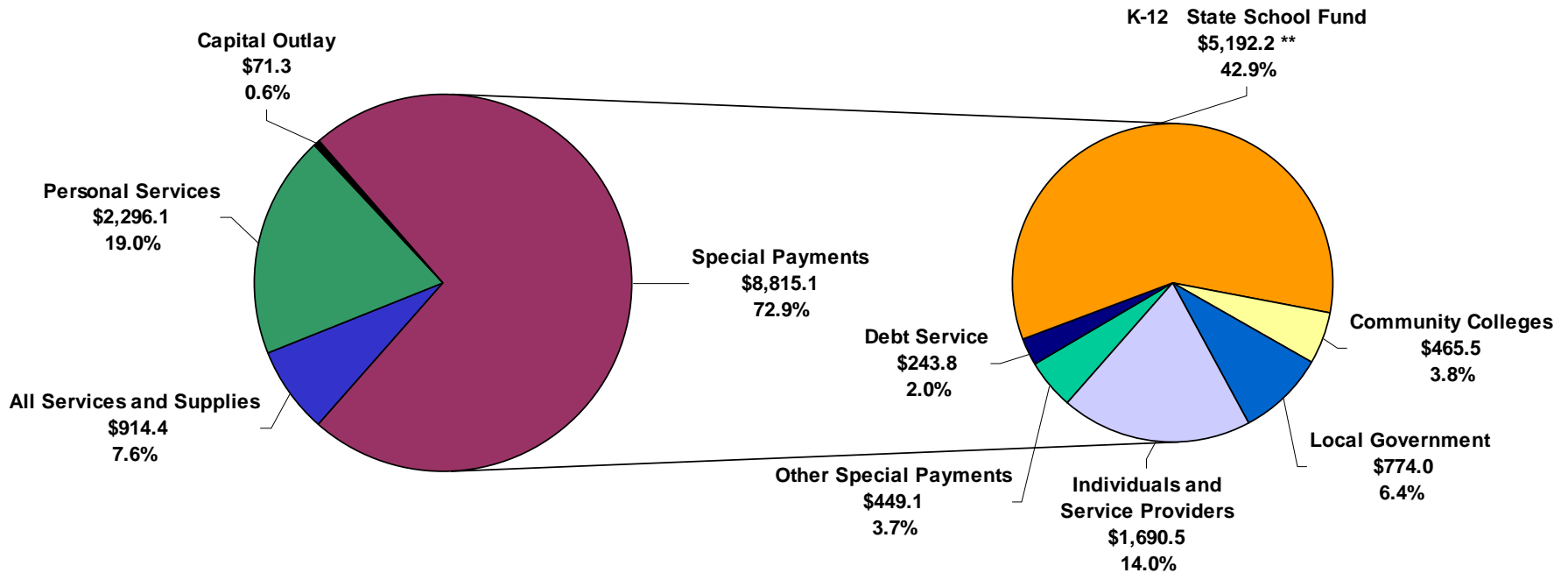
**General Fund only. The Lottery was not in existence.

***Includes: Administration, Economic and Community Development, Natural Resources, Transportation, Consumer and Business Services, Legislative Branch, and Emergency Fund.

****Includes Other State Funds such as MUPL.

2001-03

72 Percent of General Fund and Lottery Fund Revenues go to Local Communities and Individuals*



This chart does not include resources left as ending balance or distribution to the Education Endowment Fund.

* Based on Legislative Adopted Budget.

** Includes Other State Funds such as MUPL



April 26, 2001

Ron Eachus, Chairman
Oregon Public Utility Commission
550 Capitol Street NE STE 215
Salem, OR 97301-2551

Dear Ron:

I was obviously disappointed to read your comments of last week attempting to characterize my reasons for not re-appointing you to the Public Utility Commission (PUC). Your characterizations are without foundation and require me to respond.

You raised the issue of your re-appointment on April 2nd in a meeting with Bill Wyatt, my Chief of Staff, and indicated that while you had heard rumors to the effect that you would not be re-appointed, you wanted to be sure that if that were the case you could have an opportunity to influence the point of transition. Specifically, you indicated that you did not want to leave immediately after the August – September rate cases, because you did not want significant rate increases to be your last remembered action as a PUC Commissioner. Further, you hoped to stay through the end of the year so that you could conclude the implementation of SB 1149, the passage of which represented a milestone of which you are justly proud.

At my request you met with me on April 9th. At that meeting I told you that I would not be re-appointing you to the PUC. I congratulated you on 14 years of service to Oregon and its utility ratepayers on whose behalf you have been a champion. I told you that we would accommodate your desire to stay to the end of the year. You thanked me and left my office. The next day Bill Wyatt notified you that we would be appointing Senator Lee Beyer to the Public Utility Commission in the vacancy created by the conclusion of your term. Senator Beyer's term as a PUC Commissioner was to begin on January 1, 2002.

Ron, you have been a bright, thoughtful and impassioned consumer advocate on the PUC. Oregonians are in your debt, whether they know it or not. In the aftermath of the AT&T breakup, you and the Commission did an excellent job of bringing pressure to bear on U.S. West to improve what had been a rapidly declining level of service. You played a significant role in the development of SB 1149 from last session and helped us avoid the pitfalls of California in the process.

In many respects you have been the Commission's greatest asset; but, it must also be said, you have been its greatest liability as well. You are gone a significant amount, you have a tendency to personalize controversial matters that come before the Commission, and your relations with fellow Commissioners and the Legislature are often unnecessarily tense and difficult. Your comments in the paper only serve to underscore an unhealthy sense that the Public Utility Commission is about you – it isn't.

I have concluded that, under the circumstances, a quick transition would be in everyone's interest and have therefore directed that Roy Hemmingway is nominated for the vacancy created by the conclusion of your term and that he will begin immediately upon confirmation.

Sincerely,

John A. Kitzhaber, M.D.



ENERGY CONSERVATION PACKAGE

Oregon is facing unprecedented energy challenges. Any plan formed to meet those challenges must include energy conservation as an essential ingredient. This energy conservation package focuses on nine means for meeting Oregon's need both for immediate and for longer-term energy savings.

Objectives

1. Trim the average yearly growth of electricity use in Oregon by at least half (50 average megawatts a year)
2. Provide enhanced incentives for homes and businesses to accelerate energy conservation
3. Reduce the energy burden on Oregon's low-income households
4. Improve the efficiency of state government to save energy and reduce the tax bite of the state's energy use

Package

1. Retain on schedule the 3 percent electricity "public purpose" charge to provide a stable, predictable source of funding for conservation and renewable resource investments.
2. Directs \$10 million in lottery bond proceeds to provide public and private building owners with extremely low-interest financing for energy efficiency improvements and technical assistance to accomplish improvements.
3. Continue the residential tax credit to provide incentives to households to buy energy-efficient appliances and install highly efficient space and water heating systems (SB 520)
4. Expand the business energy tax credit to provide enhanced incentives to small businesses to install energy-efficient lighting and heating/cooling systems (SB 521)
5. Require state agencies to conserve energy by 10 percent in existing buildings and by 20 percent in new buildings (amend HB 3788):
 - Require new and remodeled state buildings to incorporate all cost-effective energy-efficiency measures
 - Require state agencies to buy energy-efficient equipment and products
 - Require state agency purchase of renewable-generated power
 - Require development and implementation of a state energy conservation investment plan
1. Review and upgrade the energy provisions of state building codes to incorporate all cost-effective measures.
2. Establish electricity-pricing mechanisms that encourage conservation such as tiered rates and time-of-use pricing.
3. Increase funding for low-income energy programs:
 - Dedicate \$10 million annually for low-income electric bill payment assistance (HB 2075)
 - Support the doubling of funding for federal low-income energy programs
1. Increase federal funding for conservation and renewable resource programs:

- Extend and expand the federal production tax credit for solar, wind, geothermal and biomass power plants
- Establish federal tax credits for the weatherization of homes and for the purchase of energy-efficient home appliances.

ENERGY FACILITY SITING PACKAGE

Oregon is facing unprecedented energy challenges because demand for energy is outstripping supply. Energy conservation can help meet some of that demand, but the state also needs new sources of electricity generation.

Oregon's effective process for the review and siting of new power plants has led to 1300 megawatts under construction today and 2700 megawatts under review. However, that process can be reformed to facilitate quicker development of new electricity supplies without compromising Oregon's environment. This siting reform package proposes changes to the state's energy facility siting process both to stimulate immediate electricity supplies and to speed the development of longer-term investments in generation.

Objectives

1. Achieve 1000 megawatts of new generation from temporary power plants, wind power plants and conventional power plants by this winter.
2. Spur the development of environmentally sound wind, solar and geothermal power plants by easing regulatory requirements.
3. Cut the review time of an application for low-impact conventional power plants from 14 months to nine months.
4. Maintain a strong state role in the siting process to protect public health, safety and the environment and to ensure continued ample opportunity for citizen comment.
5. Provide for quick start-up of emergency generators in the event of power outages.

Short-Term Siting Bill (SB 843)

1. Exempt temporary power plants less than 100 megawatts from state siting review:
 - Power plant developers must get air- and water-quality permits and local land use approval before beginning construction.
 - Power plant developers must meet Oregon's standards for reducing emissions of carbon dioxide.
 - Plants may operate no more than 24 months unless they apply for a permanent site certificate.
1. Exempt emergency, stand-by generators from state siting review under certain conditions:
 - Stand-by units must be independent from the grid, operate only in the event of a power outage and receive local land-use and DEQ approval for air- and water-quality requirements.
1. Speed the development of environmentally sound renewable power generation
 - Raise the size limit for wind, solar and geothermal power plans under state siting review from 25 megawatts to 35 average megawatts
 - Require six-month review for all renewable power plants less than 100 average megawatts
 - Waive the requirement that a developer of a renewable power plant demonstrate compliance with certain state siting review standards.
 - Exempt expansions at sites of wind power plants that begin operation by Dec. 31, 2001, from state siting review.

Long-Term Siting Bill (HB3788)

1. Expedite the siting review process for demonstrably low-impact gas-fired power plants:

- Qualifying plants must be located near an existing industrial or energy facility and must comply with local land use regulations.
 - Qualifying plants must need no more than three miles of associated transmission lines and new natural gas pipelines outside of existing rights-of-way.
 - Qualifying plants must need no new water right or a water right transfer.
 - Qualifying plants must use methods of wastewater disposal that do not require new or significantly amended permits.
1. Allow the potential for extending a temporary plant's operation:
 - Require a plant owner to apply for a state site certificate.
 - Amend air-quality statutes to remove retroactive penalties that hinder a qualifying temporary plant in its application for a permanent site certificate.
 1. Streamline the siting review process by all state agencies:
 - Require state agencies to complete timely review, if necessary, by hiring contractors with funding from the applicant
 - Ensure that state agency reviews occur simultaneously rather than sequentially
 1. Prohibit local governments from imposing taxes on any power plant generation.
 2. Provide local governments the option to offer enterprise zone property-tax exemptions for new power plants.

BUILDING CONSERVATION INVESTMENT PROGRAM

Background

Oregon's public and private buildings offer the best opportunity for achieving significant energy conservation quickly. In the short term, making sure existing building systems operate at their most efficient will yield substantial savings. Additional savings will accrue with longer-term investments in energy-efficient lighting, heating/cooling systems and other equipment. Investments in public building conservation also save tax dollars that can be spent for more essential services.

However, two key barriers stand in the way of widespread building efficiency: Making a building run at its most energy efficient requires an expertise that operators often lack, and building owners often lack the capital for making energy efficiency a priority. The two-year Building Conservation Investment Program will help remove these barriers.

Program Description

- Uses \$10 million in lottery bond proceeds to provide public and private building owners with extremely low financing for energy efficiency improvements and technical assistance to accomplish improvements.
- Provides 2 percent loans for capital improvements through the state's existing Small Scale Energy Loan Program.
- Provides technical assistance services. Technical teams would:

- conduct energy studies to identify cost-effective energy saving measures
- test and tune heating, ventilation and air conditioning systems
- train building staff on best operation of equipment
- find and implement no- and low-cost opportunities to save energy in buildings

- Gives priority to state agency, university, local government and other public buildings.
- Ensures broad geographic distribution of program benefits.

Results

- Stimulate \$55 million in capital improvement projects and additional no-cost, low-cost energy efficiency projects.
- Complete up to 280 capital improvement projects that together will save an estimated \$9 million a year on energy bills and conserve an estimated 100 million kilowatt-hours and 7 million therms.
- Reduce building operation and maintenance costs.

For public buildings, reduce dollars spent for energy by \$6 million a year. Energy dollar savings from projects will exceed agency loan payments.

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Water Availability Committee of Oregon
 Summary by Basin
 March 1, 2001

Basin	SWSI	Precipitation	Snowpack	Streamflow (cumulative runoff)	Reservoir Storage	Streamflow Forecast
Owyhee	-1.1	70-110%	74%	33%	57%	40%
Malhuer	-1.3	70-110%	70-74%	33%	70-80%	60-70%
Grande Ronde	-1.9	67%	61%	60%	60%	54-68%
Umatilla	-1.2	71%	64%	54%	50%	73%
Upper John Day	-1.6	63%	62%	39%	None	65-80%
Upper Deschutes	-0.8	52%	59%	53%	70%	50-69%
Lower Deschutes	-2.5	52%	58%	44%	51%	70-80%
Willamette	-2.5	50%	58%	37%	50%	70-84%
Rogue	-2.1	47%	51%	25%	76%	56%
Klamath	-2	45%	48%	83%	95%	30-50%
Lake	-1.5	64%	65%	50%	73%	33-47%
Harney	-2	64%	63%	64%	None	44-56%
North Coast	-2.6	52%	None	32%	50%	Not Available
South Coast	-2.7	52%	None	30%	None	Not Available

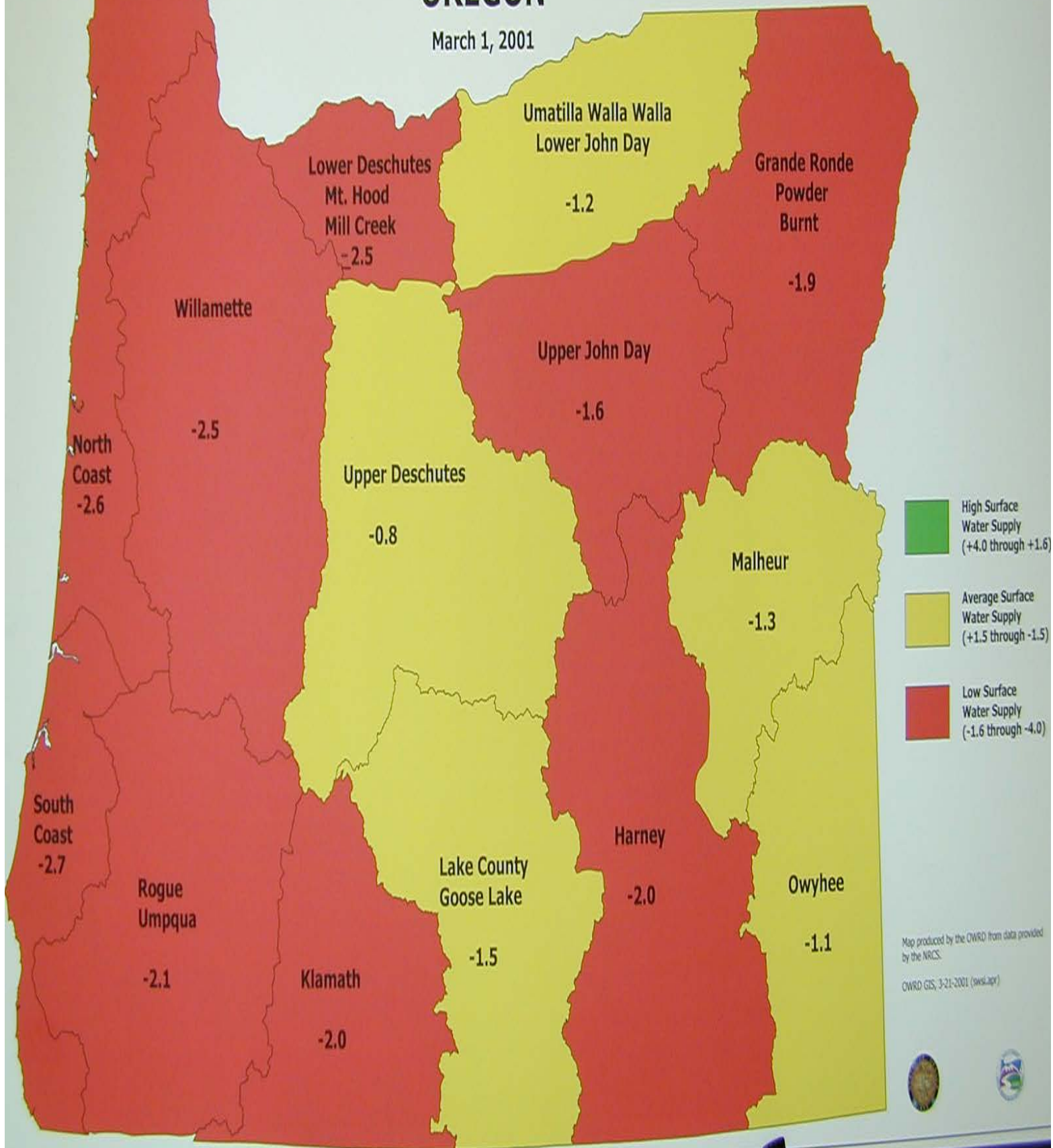
[Oregon State Archives](#) 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.

Water Chart

SURFACE WATER SUPPLY INDEX (SWSI)

OREGON

March 1, 2001



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Governor's December Recommended Budget Resources **\$12,124.20**

March Revised Budget Resource Adjustments	
Cigarette Tax Forecast	(2.11)
March General Fund/Lottery Forecast	(107.28)
Additional Lottery Transfer	25.00
Anticipated Criminal Fines and Assessment Acct. Forecast	3.00
Dept. of Revenue - Action to Increase Revenue	7.80
Revenue Change - Pay Federal Retirees in 1999-2001 and Medicare Upper Limit Action	181.15
Total	<u>107.56</u>

Governor's March Revised Budget Resources **\$12,231.76**

Governor's December Recommended Budget Expenditures **(\$12,022.50)**

Budget Holes Since December Governor's Budget *	(40.71)
Budget Solutions Since December Governor's Budget *	21.52
Subtotal	<u>(19.19)</u>

Education :

OUS-Statewide Public Services	(7.50)
OUS - maintain RAM model	(45.00)
Education Total	<u>(52.50)</u>

Human Services:

SCF-Caseload and Services	(2.10)
SDSD level 15-17 services	(12.50)
SDSD-Oregon Project Independence	(6.80)
Implement Formulary	7.00
Human Services Total	<u>(14.40)</u>

Public Safety:

OYA - Tillamook Boot Camp	(6.40)
OSP - Restore 87 Officers	(9.70)
DOC - Computer Upgrade/AG costs/Legislation impact	(1.70)
Public Safety Total	<u>(17.80)</u>

Natural Resources:

Oregon Plan - Willamette Restoration	(0.67)
Natural Resources Total	<u>(0.67)</u>

Other:

Emergency Fund - Forest Fires	(5.00)
Debt Service - Energy Issues	(2.00)
Judicial/Legislative branch portion of new forecast	4.00
Other Total	<u>(3.00)</u>

Expenditure Adjustments Total (107.56)

Governor's Revised March Expenditures **(\$12,130.06)**

Ending Balance - Unchanged from December Budget (\$101.70)

* See Attachment for Details

All amounts in millions



December 14, 2000

The Honorable Bill Richardson
Secretary of Energy
Fax No 202-586-7573

Dear Secretary Richardson:

I am writing to urge that you take immediate action to deal with the ongoing energy emergency in the western states. I understand the urgency that led you to take the unprecedented action yesterday to require power generators and marketers in the west to ship energy to California in order to avoid imminent blackouts. Mr. Secretary, I am not suggesting that your action was inappropriate – I, too, am concerned about the situation in California and we certainly want to help.

However, I am concerned that this action was taken unilaterally and without any consultation with the other western states – particularly those that come under the Northwest Power Act. Part of the justification for invoking your extraordinary emergency powers was the conclusion that the Northwest is not shipping enough power into the California market. However, the Northwest is not generally an exporter of power to California during winter months. Rather, the Northwest generally depends on just the opposite: power imports from California. This situation raises serious questions.

Mr. Secretary, I respectfully submit that California's failed deregulation experiment has created a crisis not only for California, but for the entire West. Certainly wholesale deregulation and insufficient generating capacity are contributing factors. But the fact is that when California deregulated retail sales and established a market-based mechanism for wholesale transactions, it was never anticipated that wholesale prices would deviate by a hundred-fold from the actual costs of generation. In addition, it is disturbing that, in the face of this crisis, there is so much generation capacity in California that is not currently running.

It was also not anticipated that what happened in California would spill over to neighboring states that had not joined in the California deregulation experiment. With retail utilities now paying prices for power determined by the flawed California market, a financial crisis in the whole regional electricity industry is just across the horizon, threatening our entire system of supplying low-cost energy to customers.

Writing as the governor of a Northwest state, the current situation puts us in great jeopardy economically, environmentally, and in terms of the future reliability of energy to our citizens.

Economics Under your proposed order, our regional utilities must sell power into California at a yet to be determined rate. Some of this power was purchased at a very high price on the open market and these utilities may well suffer a significant financial loss on this transaction, let alone the risk they take of providing power to a system that may not be able to repay them at all. This situation can only lead to significantly increased cost to retail customers.

Reliability As you know, the heart of the Northwest power generation system is the hydroelectric energy marketed by the Bonneville Power Administration (BPA). The stability of our energy future is determined, to a large extent, by the water stored behind the Columbia and Snake River dams. By running the system hard at this time, we run the risk of having too little water in future months to meet energy demand in the region. Indeed, the snowpack in the mountains of the Columbia River Basin is currently well below normal.

Environment Our situation in the Pacific Northwest is complicated by our obligations under both the Endangered Species Act – and under federal treaties with the Northwest Indian Tribes -- to recover dwindling runs of Columbia and Snake River salmon. Without the ability to maintain adequate flows, this effort will be severely compromised.

If no region-wide action is taken soon, the situation threatens to escalate such that the whole West may be short of power throughout a cold and dry winter, and retail utilities may lack the financial resources to purchase needed supplies or to build the generation we all agree is necessary.

While I appreciate the need to assist California in the short term, we cannot manage this crisis through reaction, unguided by a well thought-out strategy that takes into consideration the needs and interest of the entire West.

Events are overtaking us and we run the risk of becoming victims of a set of circumstances which are rapidly moving beyond our control.

While I understand that FERC may impose region-wide price caps in the near future, I do not believe that this action alone will resolve the structural problems in the markets that are at the heart of this crisis.

For these reasons I urge you and Mr. Hoecker, the Chairman of the Federal Energy Regulatory Commission, to convene a forum next week in this region to discuss with the western states what can be done to lay the groundwork for a much needed integrated strategy to resolve this crisis in both the short term and the long term.

Such a strategy must necessarily consider not only the problems with the California market, but also how they impact the demand side of the problem – at both the industrial and residential levels. Without an aggressive interim conservation strategy, it will be difficult to stabilize the system long enough to develop and implement a long term solution.

Thank you for your consideration of this urgent request.

Sincerely,

John A. Kitzhaber, M.D.

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RECOMMENDATIONS OF THE GOVERNORS OF IDAHO, MONTANA, OREGON AND WASHINGTON FOR THE PROTECTION AND RESTORATION OF FISH IN THE COLUMBIA RIVER BASIN



DIRK KEMPTHORNE
GOVERNOR



MARC RACICOT
GOVERNOR



JOHN A. KITZHABER, M.D.
GOVERNOR



GARY LOCKE
GOVERNOR

July, 2000

RECOMMENDATIONS OF THE GOVERNORS OF
IDAHO, MONTANA, OREGON AND WASHINGTON
FOR THE PROTECTION AND RESTORATION OF FISH
IN THE COLUMBIA RIVER BASIN

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RECOMMENDATIONS OF THE GOVERNORS OF IDAHO, MONTANA, OREGON AND WASHINGTON FOR THE PROTECTION AND RESTORATION OF FISH IN THE COLUMBIA RIVER BASIN

I. INTRODUCTION

Almost two decades after Congress passed the Northwest Power Act and nearly a decade after the first Endangered Species Act (ESA) listings of fish in the Columbia River Basin, state and federal agencies and Indian tribes have not agreed on a long-term, comprehensive, effective and coordinated approach to protecting and restoring fish of the Columbia River Basin, particularly salmon and steelhead. Individually and collectively, we governors have the authority to contribute to the efforts currently under way to develop an integrated, regionwide approach to fish recovery.

We acknowledge a broad regional responsibility to protect fish and wildlife species. Such an effort is under way through the Northwest Power Planning Council's (Council) fish and wildlife program amendments. As currently envisioned, the Council's program should be an important preventive component because wise management will help the region avoid future ESA listings.

Because of the work of the last 10 years, including research and on-the-ground efforts, there is regional support for many key elements of fish recovery. In this document, we express our support for these elements as the nucleus of a regional approach to the recovery of ESA-listed aquatic species, particularly salmon and steelhead.

We want to stress that while we intend the consensus recommendations contained in this document to be useful advice and guidance to decision-making entities such as the National Marine Fisheries Service (NMFS), U.S. Fish and Wildlife Service, Environmental Protection Agency and the Northwest Power Planning Council, our recommendations do not constitute a plan that can substitute for the procedural and substantive planning requirements of the Endangered Species Act, Clean Water Act, Northwest Power Act, or other relevant state and federal laws.

We are keenly aware of the extent to which breaching the four lower Snake River dams has become a polarizing and divisive issue. Regardless of the ultimate fate of the dams, the region must be prepared in the near term to recover salmon and meet its larger fish and wildlife restoration obligations by acting now in areas of agreement without resort to breaching the four dams on the lower Snake River. In order to succeed, the region must have the necessary tools including a clear and comprehensive plan, adequate time, and sufficient funding. Our recommendations address some of those necessary tools.

II. KEY ELEMENTS OF A REGIONAL APPROACH

A successful approach to recovery of salmonids and other aquatic species must include a clear goal, objectives that describe and measure the environmental and biological improvements needed to meet the goal, and an aggressive series of explicit strategies and actions designed to achieve the goal.

The approach must address the so-called “Four Hs” of human activities that influence fish and wildlife survival -- habitat, hydropower, harvest and hatcheries and also account for what we call the “Fifth H” -- the impact of these actions on humans. Strategies and actions must be biologically sound, economically sensitive, and sufficiently flexible to accommodate alternative approaches depending on what works best. Finally, the approach must be truly coordinated, in the sense that it must account for and successfully integrate salmon recovery efforts ongoing at the federal, regional, state and local levels.

With these features, this approach will have the public support needed for effective implementation.

RECOMMENDATIONS

Goal

The regional approach must include a clear goal so that, in short, the region can understand what constitutes success. Accordingly, the goal we suggest is protection and restoration of salmonids and other aquatic species to sustainable and harvestable levels meeting the requirements of the Endangered Species Act, the Clean Water Act, the Northwest Power Act and tribal rights under treaties and executive orders while taking into account the need to preserve a sound economy in the Pacific Northwest.

Objectives

The approach must include objectives geared toward accomplishing this goal. Objectives may be qualitative or quantitative. One qualitative objective should be a healthy, functioning ecosystem. In practical terms, this means that we prefer to benefit salmon through strategies and actions that emphasize and build upon natural processes. While we recognize this may not always be feasible, we think it is an important policy decision that will, in turn, clarify the region’s choice of strategies and allow us to make most effective use of our finite financial resources.

It is our understanding that, at least in the federal biological opinion and “All-H Paper” soon to be issued, quantitative objectives, also known as performance standards, will play an important role. The creation and use of performance standards will be critical -- both in terms of allowing the region to move forward with specific strategies and actions and

in measuring their success in achieving the desired environmental and biological improvements. Three criteria can ensure that performance standards are used appropriately:

- Performance standards must be grounded in the best available science. This means the standards must be technically valid as a measure of the success of actions taken to achieve salmon recovery. To that end, we recommend performance standards be subject to scientific peer review.
- Performance standards must be reasonably attainable. This means the standards must be clearly described, measurable and administered by a clearly designated entity with responsibility for compliance. This also requires that the actions to achieve the standards must be adequately funded in order to assure they can be implemented in a timely fashion.
- Performance standards must be implemented in a manner that coordinates the short-, mid- and long- term actions that are necessary to improve overall salmon recovery. Standards focused on near-term measures should describe the immediate on-the-ground actions that benefit fish. Mid-term standards should describe the success of the on-the-ground actions, and long-term standards should describe the overall success in achieving the desired biological response or improvement. Additionally, long-term standards should be crafted, wherever possible, in such a way that if improvement is not achieved, the performance standard would be useful in identifying the problem.

III. HABITAT REFORMS

In addition to the mainstem areas altered and blocked by dams, many key tributaries of the Columbia have inadequate flows for fish, impaired water quality, barriers to fish passage, unscreened water diversions or degraded riparian habitat. With Snake River and other dams in the Federal Columbia River Power System remaining in place, systemwide habitat improvements that respect private property rights, focused particularly in the tributaries and the estuary, become an even more critical component of salmonid and aquatic species recovery.

RECOMMENDATIONS

Partnerships

Because much of the habitat is on non-federal lands, state, tribal and local governments, as well as private landowners, must be full partners in the recovery effort. To date, the National Marine Fisheries Service has not been clear with these entities about the specific improvements needed for recovery and has not conducted regular discussions about how to address issues of mutual concern. We are disturbed by this lack of full partnership in what should be a collaborative effort. As one step to achieve greater collaboration, we recommend the President designate one official in the region to oversee federal agency fish recovery efforts in the Columbia River Basin and serve as the regular point of contact with the states, local and tribal governments.

Water for Fish

Stream and river reaches throughout the Columbia River Basin have flow and water quality problems that impede regional fish recovery efforts. The states are setting water quality standards and preparing implementation plans in accordance with previously established schedules. The states are also reviewing instream flow levels to address biological requirements for ESA-listed aquatic species. We are concerned, however, that the timelines for these tasks be fully consistent with the timeline required for salmon recovery. Therefore, we recommend federal assistance and support be made available to the states to better coordinate these timelines and, where necessary, to accelerate water quality improvements and to establish instream flows that benefit listed aquatic species in the Columbia Basin.

We support voluntary exchanges to obtain needed water for fish and support the development of water markets to effect exchanges among willing buyers and sellers. We believe this strategy has potential to contribute to fish recovery, and we are committed to support changes in state law or policies to facilitate this approach. We also recognize existing efforts to conserve water and support further assistance to promote conservation.

Protecting and recovering salmonids and other aquatic species requires protecting land on and around fish-bearing streams. Building upon successes elsewhere, we endorse creation of salmon sanctuaries that protect key aquatic habitats and related uplands through voluntary conservation easements, leases, land purchases, and tax-incentive donations. The region should attempt to obtain substantial additional habitat protections in the locations that promise the greatest benefits for fish.

Finally, given the major responsibilities that will fall upon private landowners, voluntary habitat improvement programs need to be fully encouraged through the use of a federally funded incentive program. Increased riparian fencing is an obvious place to start.

Local Recovery Plans

We strongly endorse the concept of local planning for recovery of salmonids and other aquatic species. This concept has the advantage of bringing together local and tribal governments with local citizens to develop and implement local recovery plans. A local focus also helps avoid duplication of efforts and “top-down” planning. Recovery plans developed at the local level, whether through state salmon plans, federal agency actions or through the Council’s process, must be complementary. The federal government has a fundamental obligation to assist local efforts in developing fish recovery plans. A premium should be placed on implementation of those plans that meet requirements of the Endangered Species Act, the Clean Water Act and the Northwest Power Act.

To assist the local planning effort, we recommend that state authorities designate priority watersheds for salmon and steelhead and that plans for these watersheds be developed by October 1, 2002. Plans for all watersheds in the Columbia River Basin should be developed by 2005.

We request that by January 1, 2001, the Council provide a report to the states detailing how the Council’s amended fish and wildlife program has addressed the necessary integration of federal, state and regional planning processes. Bonneville funding must be integrated with other funding sources for state and federal recovery initiatives, and the Council should address this issue in its report as well.

Fish Passage

In the Columbia River Basin, over one-half of the original habitat area for salmon and steelhead has been blocked by mainstem and tributary dams. The largest losses occurred from the construction of the dams within Hells Canyon and by Chief Joseph and Grand Coulee dams on the upper Columbia.

For the mainstem Columbia and Snake rivers, we must focus not only on currently accessible habitat, but also look for opportunities to increase the current level of habitat access with all dams remaining in place. A recent study by the Battelle Pacific Northwest National Laboratory and the U.S. Geological Survey (USGS) found a substantial percentage of the historic mainstem riverine habitat for Snake River fall chinook still remains unimpounded upstream of the Hells Canyon complex. Although there is still riverine environment where fall chinook historically spawned, it may not be capable of supporting

fish today because of degraded quality. It must be better understood whether the present quality of the historic habitat is capable of supporting a self-sustaining population of fall chinook above the Hells Canyon complex. The feasibility of reintroduction, including an evaluation of the existing habitat, is being investigated as part of the Federal Energy Regulatory Commission (FERC) relicensing process for the Hells Canyon complex. While mindful of the challenges involved, options and costs should continue to be assessed as part of the relicensing process. A similar challenge confronts reintroduction of migrating salmonids above Chief Joseph and Grand Coulee dams, particularly above Grand Coulee. Nevertheless, we encourage work currently under way to assess the possibility.

Each state commits, by October 1 this year and annually thereafter, to provide a list of priority fish passage projects to the Council for proposed funding. The list could include such things as screening diversions and replacing culverts, as well as removal of, or passage at, tributary dams, as is being done at Condit, Wapatox and Marmot dams.

Estuary

The lower Columbia River estuary has come into focus as a vitally important component of salmon recovery. The region is fortunate that a water quality and fish and wildlife habitat plan has been developed by the Lower Columbia River National Estuary Program (NEP). This plan has identified actions to inventory those habitats critical for salmon health, as well as measures to protect or acquire such habitats. We believe that the federal government must immediately engage the states, tribes and local governments in implementing the NEP plan for the lower Columbia River estuary, including creation of the salmon sanctuaries referenced above.

Predation

The legitimate, but disparate, focus of varying federal laws, including the Endangered Species Act, the Migratory Bird Treaty Act and the Marine Mammal Protection Act present management challenges as we seek to protect ESA-listed juvenile and adult salmon and steelhead that, in turn, are prey for the birds and mammals also protected by these laws. We support actions to improve the coordination among these laws so that they are not working at cross purposes.

We recommend that the U. S. Army Corps of Engineers (Corps), NMFS and the Fish and Wildlife Service develop a long-term management plan to address predation by fish-eating birds and marine mammals. The relocation of Caspian terns within the estuary was a good start but is not sufficient by itself. The number of Caspian terns, as well as that of double-crested cormorants, should be significantly reduced in the Columbia River Estuary. The Caspian tern predation rate on juvenile salmon and steelhead remains unacceptable, as is the inability of the federal agencies to agree upon a common approach and a lead agency status for this effort. We recommend that such an approach be presented to the region by the appropriate federal agencies by the end of the year.

As part of the long-term management strategy for seals and sea lions, we recommend congressional approval of NMFS's proposal to acquire additional authority to take seals and sea lions that persistently impact listed salmonid species.

The Ocean

Recent studies and salmon returns suggest that ocean habitat is a significant factor influencing salmon survival. NMFS should work with the region to conduct an intensive study to address the role of the ocean in fish recovery, including the relative impact on fish mortality due to ocean predation, lack of food sources, temperature problems and harvest regimes. In addition, management of fish in freshwater should reflect new information about the ocean as it is developed. For example, it may be necessary to adjust hatchery production based on a better understanding of changes in ocean carrying capacity.

Interior Columbia Basin

Fully 50-60 percent of the land area in the Columbia River Basin is owned or managed by the federal government, including major headwater areas so important for fish. We believe modifications to management practices on these lands is essential to salmon recovery.

To assure these needed modifications occur, the interior Columbia River Basin needs a balanced strategy that can provide for stable and predictable multiple-use management on federal lands for fish and wildlife and other purposes while permitting needed flexibility, particularly on private lands. The existence of such a strategy is long overdue, and we urge Congress and the Administration to work with the region to have the strategy in place by year's end.

IV. HYDROELECTRIC SYSTEM REFORMS

Dams on the Columbia and Snake rivers provide energy, flood control, transportation, recreation and irrigation benefits to the people and economy of the Pacific Northwest. At the same time, construction and operation of the dams altered the ecosystem in which the once-great fish runs of the Columbia River Basin evolved.

RECOMMENDATIONS

Capital Improvements at Dams

We acknowledge that the Columbia and Snake River hydropower system has been improved for fish passage. Nonetheless, the dams continue to adversely affect fish survival. Therefore, we support further modifications to the configuration and operation of the hydrosystem where appropriate and necessary to benefit fish and so long as the modifications do not jeopardize the region's reliable electricity supply.

To benefit salmon migrants, both upstream and downstream, expedited schedules should be established to design and install passage improvements.

Priority capital improvements must also include those necessary to address water quality issues relating to both temperature and dissolved gas. All capital improvements should benefit the fullest range of salmonid species and should offer demonstrated biological gains. Uncertainty regarding the long-term status of the four lower Snake River dams should not preclude making passage improvements at those four facilities.

Transportation of Juvenile Salmon and Steelhead

Consistent with our preference to emphasize and build upon natural processes, we believe strategies and actions should be implemented that provide the best possible survival for fish that migrate in the river through the reservoirs and past the dams. We recognize that in the short term there are survival benefits from continuing to use fish transportation as a transitional strategy. However, we believe that when ongoing research affirms that survival of listed salmon populations would increase from migration in an improved river environment, an increasing number of juvenile fish should then be allowed to migrate inriver. An immediate evaluation is also necessary of survival rates for fish transported by trucks compared to barges. If survival is lower in trucks and barging is an available alternative, then trucking should be discontinued.

Spill

We recognize the need to improve the riverine character of the mainstem Columbia and Snake rivers as a means of further improving successful salmon migration, spawning and rearing. Spill is important in this regard.

Spill is recognized as a highly effective means of passing juvenile salmon downstream, reducing the mortality associated with passage through many turbine sets and in most bypass systems. The use of spill should be improved -- in duration, timing and quantity -- at all the federal hydropower projects. Experiments testing spill benefits at different levels and times of year should be expanded, and the impacts on juvenile fish survival from these alternative spill operations, including summer spill, should be carefully monitored and evaluated.

Flow

Flow management in the Columbia and Snake mainstems should continue as part of the mainstem strategy. Flow augmentation pursuant to state law, a key component of flow management, remains controversial. But there are ways to reduce the controversy in the future. First, federal agencies must document the benefits of flow augmentation and the precise attributes of flow that may make it beneficial. Second, where the benefits of flow augmentation have been documented, migrating fish should be left in the river to benefit from it. Third, the region should review off-river storage for additional water if flow augmentation is going to continue to be a key strategy. Fourth, flow management should be designed to integrate all water-related statutory mandates, including not only the Endangered Species Act but also the Clean Water Act, and should consider impacts to non-anadromous listed and unlisted species. Fifth, implementation of flow management should fully account for actual water conditions so that, for example, if cool water is provided for temperature benefits, the benefits are not negated by simultaneous releases of warmer water from other sources. Sixth, additional water may be available for flow augmentation if flood control operations can be prudently altered. The Corps and NMFS should work with the region on a study to determine whether flood control rule curves can be reconfigured to allow shaping of flows to improve survival of migrating salmon and steelhead. Finally, the region should explore whether salmon benefits could be achieved through cooperative agreements regarding power peaking operations, such as those currently in place for the Hanford Reach stocks and listed chum salmon spawning below Bonneville Dam.

V. HARVEST REFORMS

Salmon fishing has decreased to a level that represents a mere fraction of what once occurred. We commit to support a recovery approach designed not only to achieve ESA delisting levels but also to rebuild the runs to levels that support treaty and non-treaty harvest. But we believe rebuilding requires that all harvest may have to be reduced in the short term, together with aggressive actions taken to address mortality in the other life stages.

We respect the legal status and cultural importance of Indian treaty fishing rights. Changes in harvest management suggested below must be developed in partnership with the treaty tribes so they are consistent with the ongoing harvest and production litigation under *U.S. v. Oregon*, and also with federal and state governments to comply with the Pacific Salmon Treaty.

RECOMMENDATIONS

Ocean Harvest

The United States and Canada have signed a 10-year Pacific Salmon Treaty that, for the first time, implements an abundance-based ocean harvest regime for chinook and coho salmon. The agreement places special emphasis on further restrictions for fisheries that incidentally harvest weak stocks, and on getting the required number of fish onto the spawning grounds. We agree that this is a critical first step in the overall management of Columbia River stocks, and we recognize that the increased complexity of the management regimes to carry out the intent of the Treaty will require additional funding.

Given that long-term, biologically based management for the ocean is now in place, other steps can be explored to reduce ocean impacts on listed fish through use of more selective fishing techniques and a license buyback program that can reduce the current excess fishing capacity. Additional opportunities may exist to align viable fisheries with the opportunities available through a license buyback program given the excess fishing capacity that currently exists.

Finally, a random-observer program is needed to ensure the collection of information necessary for managers and the industry to reduce salmon bycatch mortality.

Columbia/Snake Mainstem Harvest

We support continuing current levels of tribal ceremonial and subsistence harvest. For commercial and non-treaty sport fisheries, we recommend that harvest rates, gear and timing in the mainstem fisheries be consistent with ensuring survival of the species and providing for their eventual recovery when combined with recovery actions in other sectors.

This means that harvest rates must ensure sufficient escapement to rebuild declining stocks. With inriver harvest rates ranging up to 31 percent for one of the listed stocks, we are not convinced that current practices are compatible with rapid recovery.

To achieve these reductions, we support increasing the selectivity of mainstem harvesting by exploring further gear, timing and location restrictions. The region must initiate research to better understand migration timing and movement of individual stocks to develop better selective fishing techniques.

Financial incentives must be broadened beyond selective fisheries to include economic incentives to reduce impacts to listed stocks, financial assistance for developing “value-added” fishery-related industries and mitigation of economic impacts to fishing-dependent communities.

Finally, hatchery operations must be modified so that excess fish are not being produced for fisheries where they cannot be harvested because of the impacts on weak stocks. Harvest goals must be linked to fish production goals. We expect state, federal and tribal fish agencies to produce a long-term production and harvest plan that protects ESA-listed fish. To that end, we call for a new Columbia River Fish Management Plan to be agreed upon in time for the spring 2001 salmon fishery.

Terminal Fisheries

As another important means of achieving the mainstem reductions described above, as well as replacing lost mainstem fishing opportunities, fisheries should be established in terminal areas below Bonneville Dam and in Zone 6, similar to those currently taking place in Oregon’s Youngs Bay. Commercial harvest opportunities would target the hatchery-produced stocks returning to terminal areas. Reformed hatchery programs, which we address elsewhere in this document, could include establishing these terminal fisheries.

Law Enforcement

The region’s fisheries law enforcement program should be strengthened to ensure accountability and to reduce illegal catch. Increased law enforcement should be concentrated and coordinated with habitat strategies to aid specific watersheds. We recommend this be accomplished through appropriate tribal, state and federal law enforcement programs.

Control Competitor Species

We recommend changing existing sport fishing restrictions to concentrate on species that prey on, and compete with, salmon for food, including northern pikeminnow. Sport fishing regulation changes also should strive to minimize effects of exotic species on native species. The region could experience short-term benefits from increased fishing opportunities for these competitor species.

VI. HATCHERY REFORMS

Since as long ago as the late 1800s, fish hatcheries have been seen as a tool to use in rebuilding fish runs decimated by overfishing or, in more recent times, as a means of producing large numbers of fish to support commercial harvest to mitigate the impact of dams. Yet our region's experience demonstrates that past hatchery practices have contributed to the decline of naturally spawning fish populations, as hatchery stocks increased while the naturally spawning component of the runs continued to decline.

It is time to recognize that hatcheries are used for multiple purposes, primarily producing fish for harvest but also for rebuilding naturally spawning populations through the technique of supplementation and for captive broodstock experiments. Careful thought must be given to how these techniques could maximize the efficiency of fish production to provide treaty, sport and commercial harvest opportunities while also protecting and rebuilding unique fish populations and complying with existing laws and legal processes, such as the *U.S. v. Oregon* litigation.

RECOMMENDATIONS

Implement the Artificial Production Review

The outline for redirecting artificial production of fish in the Columbia River Basin hatchery program is contained in the Council's recommendations in its 1999 Artificial Production Review report to Congress. We support these recommendations to significantly modify hatchery management practices among all federal and state salmon and steelhead hatcheries in the region.

To begin this process of reform, we recommend all hatcheries in the Columbia River Basin be reviewed within three years to determine the facilities' specific purposes and potential future uses in support of fish recovery and harvest. The Council should identify priority hatcheries that need expedited review and complete the reviews within eight months so that modification of hatchery operations can commence by January 1, 2001. Funding for hatchery reforms must be a joint federal, state and Bonneville responsibility. We recommend that, regardless of the funding source, future hatchery funding decisions take into account consistency with Artificial Production Review reforms.

Develop a Comprehensive Plan for Artificial Production

Consistent with the Artificial Production Review, the region's fish managers and tribes should jointly develop a comprehensive supplementation plan that includes aggressive monitoring and evaluation. We commit state agencies to work with tribal fish managers to develop such a plan. The plan should specify watersheds that can be used for supplementation, and also recommend respective tribal, state and federal roles in implementation of the supplementation plan. We support the concept that certain

watersheds, with local cooperation, should be maintained as wild fish refuges as a hedge against uncertainty inherent in artificial propagation, as well as a “control” for evaluating conservation hatchery efforts.

We anticipate this plan would be part of the renegotiated Columbia River Fish Management Plan.

Fish Marking

To facilitate a robust harvest program for hatchery fish in a way that does not impact wild fish, we endorse a program that results in the marking of hatchery fish that pose threats to ESA-listed fish, to the fullest extent consistent with the Pacific Salmon Treaty. We also urge tribal, state and federal fish managers to put such a program in place promptly, as it will be difficult to implement many improved harvest techniques until it is possible to identify hatchery-reared fish.

VII. FUNDING AND ACCOUNTABILITY

Since 1980, the use of ratepayer money to protect and recover fish in the Columbia River Basin has been inconsistent. Sometimes there has been strong oversight and scientific guidance, and at other times little oversight or scientific guidance. While this situation has improved in recent years, too often money has been used to fund bureaucracies and process as opposed to on-the-ground projects.

We anticipate that as the region's state, federal and tribal agencies improve their collaboration and focus on meeting the obligations of the Endangered Species Act, Clean Water Act, Northwest Power Act and tribal rights under treaties and executive orders, it is likely that the cost of the effort will increase. As a result, we expect decision-makers to redouble their efforts to ensure that funding decisions are informed by independent scientific review, all funding is used in an efficient and accountable manner, and funding is prioritized for actions that most directly advance the goal of protecting and restoring salmonids and other aquatic species to sustainable and harvestable levels.

RECOMMENDATIONS

Funding

Fish and wildlife programs should be streamlined, and rules should be more flexible and goal-oriented. We endorse BPA's stated commitment to increase the amount of ratepayer dollars to support salmon recovery. Congress should similarly increase the amount of federal appropriations, in recognition of the fact that fish and wildlife of the Columbia River Basin are national resources and their protection satisfies obligations in federal law, including treaties with Indian tribes and Canada, the Endangered Species Act, the Clean Water Act and the Northwest Power Act.

Federal financial assistance, both from Congress and/or BPA, should be provided to help fund existing activities designed to improve ecosystem health and fish and wildlife health and protection. These include state and tribal on-reservation programs to develop total maximum daily loads (TMDLs), enhance water quality monitoring, secure water and land rights for fish and wildlife benefits, implement the Lower Columbia River Estuary Program, undertake other watershed restoration activities and, where necessary, establish instream flows.

Accountability

We believe the principles and activities in this document will protect the Federal Columbia River Power System and also recover and rebuild Columbia River Basin fish and wildlife. There will be a significant cost, but we expect the power system to pay only its fair share. Having said that, nothing jeopardizes the recovery effort, and the benefits we receive from the Federal Columbia River Power System, more than the perception and the reality of

ratepayer funds being misspent. The region needs a strong program to ensure a far better accounting of the spending than we have received to date.

The Council should continue to work to ensure the accountability of each project it recommends to Bonneville for funding -- accountability in terms of meeting program goals and accountability for the expenditure of ratepayer money.

Accountability for meeting goals:

All projects recommended by the Council should have explicit quantitative goals, and the projects should be rigorously evaluated for their ability to meet these goals.

Accountability for expenditures:

Expenditures by Bonneville, the Council, the Columbia Basin Fish and Wildlife Authority, state agencies and project sponsors may make sense individually, but not when considered in total. Planning and overhead expenses must be kept to a minimum, and project expenditures should focus on activities that benefit fish and wildlife.

Specifically, we recommend that the Council:

- Prepare an Annual Accountability Report:

To better understand Bonneville's expenditures in a basinwide context, and to improve accountability to the ratepaying public, the Council should prepare an annual report to clearly document progress toward meeting fish and wildlife mitigation goals, and how ratepayer money is being spent. A specific breakout should be provided on funding for ESA-listed species.

The report could provide assurance that Bonneville's expenditures are directed toward on-the-ground projects rather than redundant or excessive planning processes and that funding for research is clearly focused and prioritized. By addressing project failures as well as successes, the report could show progress -- or lack of it -- toward goals and demonstrate that projects are being effectively monitored and evaluated.

- Consider Shifting Contract Management:

The Council and Bonneville should study the possibility of transferring project contracting responsibility from Bonneville to a neutral entity.

In its unique regional role, the success of Bonneville depends on maintaining good relations among a wide range of parties, including many of the parties with which it contracts for fish and wildlife project implementation. This need for good relationships creates a potential conflict with the regional interest in accountable and businesslike implementation of fish and wildlife projects, and the enforcement of contractual terms. Simply put, there would be an inherent efficiency in having a neutral entity responsible for project contracting.

Transferring contracting authority to a neutral entity also would avoid complicated, time-consuming federal contracting procedures.

This proposal should not be seen as a criticism of Bonneville's fish and wildlife staff but as a shift of responsibility that would benefit both Bonneville and the fish and wildlife program by increasing the efficiency of program management, reducing the potential for conflicts of interest and improving public accountability for the expenditure of ratepayer dollars. If the shift occurs, a more independent oversight of contract management should be structured in a way that allows Bonneville to ensure its contracts are properly and efficiently carried out.

- Establish a Coordinated Information System

Also under an improved accountability initiative, but singled out for special attention, is the need to establish a coordinated information system. Although the Pacific Northwest is data rich, it is information poor. Data is stored in a random and haphazard fashion in some cases, in highly organized and computerized fashions in other places, and in combinations of these approaches in still other cases. The region needs a standardized information system that is capable of providing answers to basic questions regarding the documentation of progress toward recovery of salmon and other aquatic species. This information needs to be provided in a form accessible to everyone as part of the annual accountability report. Creating such a system is a task for the Council; we ask that it be done by October 1, 2001.

VIII. THE CHALLENGE AHEAD

The Columbia River Basin is a great natural resource and a dynamic economic engine and, for both these reasons, is critical to the well-being of the four states in the region. The Columbia River Basin's hydropower system is part of our legacy in the Northwest, built through the foresight of our leaders and the skill and determination of our workers, on our waterways and across our landscapes.

But we also recognize the impact the hydropower system has had on our fish and wildlife populations, particularly anadromous fish. We have benefited in an economic sense, but we have lost a healthy ecosystem. We wish to restore that healthy ecosystem as part of the Northwest legacy we leave to our children and their children.

This is a challenge of course, and one we accept. It is the federal government's role to administer the Endangered Species Act and to uphold tribal trust responsibilities. But the states also have an important role and responsibilities, as do other regional entities. Agreement on a regional approach, consisting of specific federal, state and regional plans that protect both our salmon and our communities, should be reached and accepted by federal and state officials in consultation with tribal leaders no later than January 1, 2001. Reaching such agreement, as well as implementing the other recommendations in this document, will enable all of us, together, to begin to fulfill our respective roles and responsibilities and meet the challenge that lies ahead.



OFFICES OF THE GOVERNORS

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PREFACE

Almost two decades after Congress passed the Northwest Power Act and nearly a decade after the first Endangered Species Act (ESA) listings of fish in the Columbia River Basin, state and federal agencies and Indian tribes have not agreed on a long-term, comprehensive, effective and coordinated approach to protecting and restoring fish of the Columbia River Basin, particularly salmon and steelhead.

Individually and collectively, we Governors have the authority to contribute to the efforts currently under way to develop an integrated, regionwide approach to recovery of ESA-listed aquatic species. We hereby set forth our recommendations for key elements of a regional approach.

It is the federal government's role to administer the Endangered Species Act and to uphold tribal trust responsibilities. But the states also have an important role and responsibilities, as do other regional entities. Agreement on a regional approach, consisting of specific federal, state and regional plans that protect both our salmon and our communities, as well as implementing the other recommendations in the attached document, will enable all of us to begin to fulfill our respective roles and responsibilities and meet the challenge that lies ahead.

We look forward to the needed collaboration and cooperation among state and federal governments as we plan for the recovery of ESA-listed aquatic species in the Columbia River Basin.

Sincerely,

DIRK KEMPTHORNE
GOVERNOR OF IDAHO

MARC RACICOT
GOVERNOR OF MONTANA

JOHN A. KITZHABER, M.D.
GOVERNOR OF OREGON

GARY LOCKE
GOVERNOR OF WASHINGTON

Elements for a Steens Mountain Protection Bill

(July 11, 2000)

Purpose of the Act:

To designate the Steens Mountain Wilderness Units and the Steens Mountain Cooperative Management and Protection Area in the State of Oregon, to provide for the acquisition of private lands through exchange for inclusion in the wilderness units, to provide for and expand cooperative management activities between public and private landowners in the vicinity of the wilderness units and surrounding lands, to purchase land, development and non-development rights, to designate additional components of the National Wild and Scenic Rivers System, to support efforts to preserve the Redband Trout, and to establish a citizens' management advisory council.

The area of Steens Mountain will be managed to ensure the conservation, protection and improved management of the ecological, social and economic environment of the area. Management shall ensure protection of geological, biological, wildlife, riparian and scenic resources, North American Indian tribal and cultural and archaeological resource sites and additional cultural and historic sites, and recognition and promotion of current and historic recreation use. The purposes are: to maintain and enhance cooperative and innovative management practices between the public and private land managers; to maintain the viability of grazing and recreation operations on private and public land; and to conserve, protect and manage the long-term ecological health and functioning watersheds of Steens Mountain. The Secretary can authorize only such uses on public lands that are consistent with the purposes of the Act.

Steens Mountain Cooperative Management and Protection Area

Purpose of the Steens Mountain Cooperative Management and Protection Area:

An area will be created called the Steens Mountain Cooperative Management and Protection Area (hereafter referred to as the “Steens Mountain Area”). The Steens Mountain Area will be formed to continue existing, and create new and progressive, management programs and strong partnerships between all users that will lead to continued ecological improvements on Steens Mountain. The objectives of the Steens Mountain Area are: to maintain and enhance cooperative and innovative management practices between the public and private land managers; to maintain the viability of grazing and recreation operations on private and public land; and to conserve, protect and manage the long-term ecological health and functioning watersheds of Steens Mountain.

Boundary of Steens Mountain Area: See Map

Management of the Steens Mountain Area:

1. The Secretary, acting through the BLM, shall manage the Steens Mountain Area consistent with the purpose of the Act and allow only such uses on Federal lands within the Steens Mountain Area that will further the purposes for which the Steens Mountain Area was established.
2. The Secretary shall develop a comprehensive plan for the long-range protection and management of the federal lands with the area, in consultations with the Steens Mountain Advisory Council (SMAC) and with full public input and compliance with NEPA. The plan shall describe the appropriate uses and management of the Steens Mountain Area consistent with this Act, incorporate as appropriate decisions contained in any current management or activity plan, and use information developed in previous studies or management plans of land within or adjacent to the area.
3. Incentives or guidance for development, for purchase of development rights or non-development agreements on public and private land with willing landowners or permittees shall apply to lands within the Steens Mountain Area.
4. The Secretary is encouraged to facilitate exchanges of land with willing landowners, provided these exchanges promote the purposes of this Act.
5. The Secretary is encouraged to facilitate the purchase of long-term conservation easements and non-development agreements with willing landowners that promote the purposes of this Act.
6. The SMAC shall give priority in its work to lands within the Steens Mountain Area and may consider issues that involve lands both within and outside the boundary.

Roads and Travel Access within the Steens Mountain Area:

1. The BLM shall prepare an appropriate transportation plan for Federal lands within the Steens Mountain Area that addresses the actions needed to further the purposes for which the Steens Mountain Area was established.

2. All motorized or mechanized vehicle use off-road on Federal lands within the Steens Mountain Area is prohibited, except that vehicles may be used for: construction or maintenance of agricultural facilities; fish and wildlife management; ecological restoration projects; or other authorized administrative purposes and or for emergencies.
3. No new roads or ways may be constructed on Federal land within the Steens Mountain Area, except those necessary for public safety or protection of the environment and then only after consultation with the SMAC. Nothing in this section is intended to limit the construction or maintenance of trails intended for non-motorized or non-mechanized use.
4. Within the boundaries of the Steens Mountain Area and the wilderness units designated by this Act, the Secretary shall provide reasonable access to non-federal land or interests in land, which will provide the owner of such land or interest the reasonable use thereof. Nothing in this Act shall have the effect of terminating any valid existing right-of-way.

Development:

- (a) Development on public and private lands which is different from the current character and uses is inconsistent with the purposes of the Act. No new facilities will be constructed on public lands, with the exception of those structures necessary for: enhancing botanical, fishery, wildlife or watershed conditions; or for public information, health or safety. Nothing in this section is intended to affect rights or interests in real property, nor supersede state law.
- (b) Non-Development Incentives: As consideration for the purchase of land, development or non-development rights or conservation easements:
 - (1) Grazing permittees will be eligible for long-term (up to 30 years) grazing permits when they are coupled with equivalent long-term legally binding conservation easements or non-development agreements on private land within the Steens Mountain Area.
 - (2) The Secretary is specifically authorized to enter into land exchanges and non-development agreements with willing private landowners, irrespective of whether they hold federal grazing permits.
 - (3) The Secretary, in appraising non-federally owned land within the external boundaries of the Steens Mountain Area or wilderness units, shall disregard any adverse impacts on values resulting from the designation of these lands under this Act.

- (c) \$25,000,000 is authorized for the purpose of purchasing long-term legally binding easements, non-development agreements, and land within the designated boundary. This shall apply to all private landowners within the Steens Mountain Area.

Steens Mountain Wilderness Units:

Approximately 143,000 acres will be designated as wilderness and managed under the Wilderness Act, unless otherwise described below.

Units to be designated are:

- Blitzen River
- High Steens
- Little Blitzen Gorge
- South Fork Donner und Blitzen
- Home Creek
- Alvord Peak
- Land bridge acreage
- Current Private Land
- Certain Non-WSA Lands

The Steens Mountain Loop Road and access to private and state property within the wilderness units shall remain open to motorized and mechanized vehicles.

Vehicle use:

The Secretary shall prohibit the use of motorized vehicles in the wilderness units, except in the case of the following roads or ways:

- (a) Steens Mountain Loop Road
- (b) Newton Cabin Road to Indian Creek
- (c) Cold Springs Road
- (d) Access to private lands within the wilderness areas
- (e) Carlson Creek Road (land bridge & power line)
- (f) Bone Creek Road (“ “ “ “ “)

Management Within Wilderness:

The Secretary of the Interior shall manage the wilderness units. Subject to valid existing rights, lands shall be managed in accordance with the Wilderness Act and with Sec. 108, P.L. 96-560, House Report 96-617. The following exceptions may be permitted to promote ecological health:

- (1) Management of juniper species with mechanized tools, after consideration of non-mechanized treatments, and water developments intended and designed to improve

the ecological health of the area when recommended by the Science Committee and with the concurrence of the SMAC. Any management of juniper species with mechanized tools should not occur until non-mechanized treatments have been considered, and until mechanized treatments have been recommended by the Science Committee, with the concurrence of the SMAC.

- (2) Use of aircraft when necessary for livestock and wildlife management.
- (3) In Alvord Peak, there may be up to six water developments.

Wilderness Study Areas:

Those Wilderness Study Areas (WSAs) not included in the Steens Mountain Wilderness Units shall remain WSAs.

Management within WSAs:

It is anticipated that water developments, juniper management, and fencing may be necessary for the purpose of resource protection rather than to accommodate increased numbers of livestock. These improvements must comply with 603(c) of FLPMA. Any management of juniper species with mechanized tools should not occur until non-mechanized treatments have been considered, and until mechanized treatments have been recommended by the Science Committee, with the concurrence of the SMAC. The BLM shall be responsible for installing any fencing required for resource protection.

Water Rights in the Wilderness Units:

- (1) Congress hereby reserves a quantity of water sufficient to fulfill the purposes for which the wilderness units are established. The priority date of such reserved rights shall be the date of the enactment of the Act.
- (2) The Secretary shall take steps necessary to protect the rights reserved by the Act, including the filing by the Secretary of a claim for the quantification of such rights in any present or future appropriate stream adjudication in the courts of the State of Oregon in which the United States is or may be joined and which is conducted in accordance with the McCarran Amendment (43 U.S.C. 666).
- (3) Nothing in the Act shall be construed as a relinquishment or reduction of any water rights reserved or appropriated by the United States in the State of Oregon on or before the date of enactment of the Act.

Special Use Permits:

Existing BLM special-use permits may be renewed consistent with the purposes of the Wilderness Act. However, if current permit conditions are inconsistent with the Wilderness Act, the BLM shall negotiate with permit holders to realize historic permit use consistent with the purposes of the Wilderness Act and this Act.

Grazing:

(a) Grazing Permits Retired: Grazing permits will be permanently retired and livestock will be excluded from the following areas, totaling approximately 100,648 acres:

Blitzen River
High Steens
Little Blitzen Gorge
South Fork Donner und Blitzen

(b) Grazing allowed: Grazing will be allowed to continue in all other wilderness units.

(c) Grazing permit exchanges: Grazing on public lands under the Lothar and Roaring Springs permits (to be delineated) will be retired, and the Secretary shall not reallocate the forage available under such permits for livestock grazing purposes. The Secretary will continue to seek suitable forage for ranchers whose permits have been retired.

Grazing Administration:

The same laws, regulations and executive orders followed by the BLM in issuing and administering grazing permits on other lands under its jurisdiction shall be followed on lands within the Steens Mountain Area, except as provided by the 30/30 grazing option.

Land Acquisition and Disposal:

The Secretary may acquire other non-Federal lands and interests in lands located within the wilderness units from willing sellers.

The Secretary may not administratively dispose of Federal land in the Steens Mountain Area unless the Secretary disposes of the land as part of a land exchange that the Secretary certifies to Congress furthers the purposes of this Act. Congress must specifically authorize any other disposal of Federal land within the Steens Mountain Area.

Land Exchanges:

The land exchange package is critical to the purpose and implementation of this Act. Steens legislation will facilitate land exchanges with willing landowners for the purpose of protecting and consolidating Federal lands within the Steens Mountain Wilderness Units. The land exchanges overall, in combination with other measures, shall result in a net benefit for the public and the environment. Interested parties will have an opportunity to review and comment on the environmental benefit of the overall land exchange package. In addition to landowners and the Bureau of Land Management, an independent party will review the overall land exchange package to ensure that it reflects fair value and benefits the public.

State Lands:

For those lands and mineral interests that are managed by the Division of State Lands and held within the boundaries of the mineral withdrawal area, the State of Oregon and the Secretary shall agree to an exchange of Federal lands or Federal mineral interests that are outside the boundaries of the mineral withdrawal area and are of approximately equal value, or to a monetary payment to the State.

Cultural Site Protection Agreements:

The Secretary may enter into agreements with the Burns Paiute Tribe to protect cultural sites of importance to the Tribe.

Steens Mountain Advisory Council (SMAC):

The Secretary shall establish a council, to be known as the “Steens Mountain Advisory Council (SMAC),” to advise the Secretary in managing the Steens Mountain Area, including those lands designated as wilderness, and in promoting cooperative management programs between the Federal government, private landowners and other parties in the greater Steens Mountain area.

Membership of the SMAC shall be composed of the following:

- 1) A private landowner in the Steens Mountain Area, appointed from nominees submitted by the County Court for Harney County, Oregon.
- 2) Two persons holding federal grazing permits for lands within the Steens Mountain Area, appointed from nominees submitted by the County Court for Harney County, Oregon.
- 3) A person interested in fish and recreational fishing on Steens Mountain, appointed from nominees submitted by the Governor of Oregon.
- 4) A member of the Burns Paiute Tribe, appointed from nominees submitted by the Tribe.
- 5) Two persons who are recognized environmental representatives, one whom shall

represent the State as a whole, and one of whom is from the local area, appointed from nominees submitted by the Governor of Oregon.

- 6) A person who participates in what is commonly referred to as dispersed recreation, such as hiking, camping, nature viewing, nature photography, bird watching, horseback riding, or trail walking, appointed from nominees submitted by the Oregon State Director of the BLM.
- 7) A person who is a recreational permit holder, or is a representative of a commercial recreation operation, in the Steens Mountain Area, appointed from nominees submitted by the County Court and the Oregon State Director of the BLM.
- 8) A person who participates in what is commonly referred to as mechanized or consumptive recreation, such as hunting, off-road driving, hang gliding, or parasailing, appointed from nominees submitted by the Oregon State Director of the BLM.
- 9) A person with expertise and interest in wild horse management on Steens Mountain, appointed from nominees submitted by the Oregon State Director of the BLM.
- 10) A person who has no financial interest in the Steens Mountain Area to represent statewide interests, appointed from nominees submitted by the Governor of Oregon.

The Secretary shall provide the advisory council with necessary administrative support, and shall designate an appropriate officer of the BLM to serve as the Secretary's liaison to the advisory council.

Steens Mountain Advisory Council Activities:

The SMAC is advisory to the Secretary. The advisory council shall utilize sound science, existing management plans, and other tools to formulate new and unique approaches to management of the area of Steens Mountain. The advisory council shall work in conjunction with the Secretary and interested persons to develop cooperative programs and incentives for seamless landscape management that meet human needs and maintain and improve the ecological and economic integrity of the Steens Mountain Area.

The advisory council shall advise the Secretary with respect to preparation and implementation of the management plans for the wilderness areas and other Federal lands in the Steens Mountain Area.

In order for the SMAC to forward recommendations to the Secretary, nine (9) members of the SMAC must be in agreement. Other procedures of organization and operation will be decided by the SMAC.Independent Science Team:

The Secretary shall appoint, as needed or at the request of the SMAC, a team of respected, knowledgeable and diverse scientists to provide advice on questions relating to the management of the Steens Mountain Area to the Secretary and the SMAC. The Secretary shall seek the advice of the SMAC in making these appointments.

Wild and Scenic Rivers:

The Wild and Scenic Rivers Act is amended by including segments of the following creeks, located in the Steens Mountain Wilderness Units:

- 1) Wildhorse Creek
- 2) Mud Creek (South)
- 3) Ankle Creek

Establishment of Donner und Blitzen River Redband Trout Reserve:

The Donner und Blitzen Redband Trout Reserve will be designated for the purpose of conserving, protecting and enhancing the Donner und Blitzen population of redband trout and the unique ecosystem of plants, fish, and wildlife.

Establishment of Fir Groves Management Unit:

Upon completion of the Hammond land exchange, the Secretary shall establish a fir grove management unit in the area of Big Fir Creek, Little Fir Creek, and Fence Creek. The Secretary will protect the outstanding values of the only fir forest on Steens Mountain. The management unit shall be closed to grazing, but the Secretary shall continue to permit the trailing of livestock and maintenance of livestock trails through the unit.

Commercial timber harvest:

Removal of trees from Federal lands within the Steens Mountain Area may take place only if clearly needed for ecological restoration and maintenance, or for public safety. Any management of juniper species with mechanized tools should not occur until non-mechanized treatments have been considered, and until mechanized treatments have been recommended by the Science Committee, with the concurrence of the SMAC. Sale of products from harvest of junipers on Federal lands within the Steens Mountain Area is permitted when part of a scientifically based and approved ecological restoration project.

Hunting, Fishing and Trapping:

Hunting, fishing and trapping shall be permitted on Federal lands in accordance with the laws and regulations of the State of Oregon, except that the Secretary, after consultation with the State, may designate zones where and establish periods when no hunting, trapping or fishing will be allowed for reasons of public safety, administration or public use and enjoyment.

Appropriations:

There is hereby authorized to be appropriated such sums as may be necessary for the administration of the Act.

Mineral Withdrawal:

Subject to valid existing rights, all Federal land within the mineral withdrawal area and all land and interests in land acquired under this Act that are acquired by the United States after the date of enactment of this Act are withdrawn from:

- (1) All forms of entry, appropriation, or disposal under the public land laws;
- (2) location, entry, and patent under the mining laws; and
- (3) operation of the mineral leasing and geothermal leasing laws.

Where consistent with the purpose of this Act and the land use plans for the Steens Mountain Area, development of saleable mineral resources for road maintenance may be permitted in specific locations outside of wilderness units or wilderness study areas where authorized prior to the date of enactment of this Act.

Mineral Withdrawal Boundary: See Map.

Steens Mountain Protection Bill

National Monument versus Steens Mountain Protection Bill

	Monument	Steens Protection Bill
Wilderness	None- Hold Wilderness Harmless, No designation, No Release	Create 143,000 acre Steens Mountain Wilderness Units- From Following Areas Blitzen River High Steens Little Blitzen Gorge South Fork Donner and Blitzen Home Creek Alvord Peak Land Bridge Acreage Current Private Land
Wild and Scenic Rivers	None	3 Wild and Scenic Rivers Wildhorse Creek Mud Creek Ankle Creek
Livestock Grazing	Continue Grazing under existing rules and regulations	Livestock Grazing will be removed from 100,648 acres of Wilderness
Special Wildlife Areas	None	Blitzen Redband Trout Reserve
Ecological Areas	None	Fir Groves Management Unit (Contingent upon Hammond Land Exchange).
Wilderness Study Areas	Retained	Retained unless legislated as Wilderness
Roads	Prohibit Cross Country Vehicle Travel.	No new roads. Prohibits cross-country vehicle travel. Between Wilderness Areas, the Steens Maintain Loop Road, Newton Cabin Road to Indian Creek, Cold Springs Road and Bone Creek Road will remain open in current condition. BLM will develop an overall transportation plan to further the purposes of the act. Reasonable access to private property.
Exchanges	None	Land Exchanges blocking up approximately 125,000 plus acres of contiguous Wilderness
Non-Development Incentives	None	Incentive based programs to encourage non-development

Private Land		Non-Development Easements 30/30 Grazing Permits/Non Development Easements Land Sales to Government
Development Restrictions on Public Land	Facilities permitted if consistent with protection of the monument resources.	No new facilities will be constructed on public lands.
Mining	Withdrawn from all forms of entry -- all locatables, leaseables, saleables, and geothermal.	Withdrawn from all forms of entry -- all locatables, leaseables, saleables and geothermal from 1 million acres, including the Alvord Desert.
Future Fed. Land Sales	No Sale or Exchange of federal land except to further the management purposes of the area.	No Sale or Exchange of federal land except to further the management purposes of the area.
Boundaries	National Monument- Between 500,000 and 1.2 Million Acres	3 Boundaries (approximately) 1) Wilderness Boundary - 143,000 Acres 2) Steens Mountain Cooperative Management and Protection Area Boundary (500,000 acres) 3) Mineral Withdrawal Boundary (1.1 million acres)
Management	Manage for the protection of objects of scientific interest: biological, geological, and cultural resources.	The purposes of the Cooperative Area are: to maintain and enhance cooperative and innovative management practices between the public and private land managers; to maintain the economic viability of grazing and recreation operations on private and public land; and to conserve, protect and manage the long-term ecological health and functioning watersheds of Steens Mountain.
Landholding Pattern	Federal Lands and Private Lands will continue to be intermingled with continued difficulty in providing for landscape management	Approximately 125,000 acres of the High Steens and Blitzen watershed will be blocked up into one contiguous area. There will be a additional wilderness in the Home Creek area.

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- [Fed Agrees to Oregon Health Plan Waivers - March 15, 1996](#)
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- [Election Date Announced to Fill Packwood Senate Seat - September 14, 1995](#)
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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem OR 97310

Dear Secretary of State Keisling:

I am returning herewith Senate Bill 497 unsigned and disapproved.

I support the objective of historic preservation and believe there are opportunities to improve Oregon's current Special Assessment Program for Historic Properties. However, I believe that the potential gains provided by SB 497 towards these objectives are outweighed by what may be lost.

I have concerns about both the substance and the process of the bill. The Special Assessment Program for Historic Properties has issues associated with it that have been debated in court as well as in the Legislature for the last three sessions. Attempts to resolve these controversial issues did not pass the 1997 session, and appeared to be headed for the same end in 1999. In the last days of this session, the bill was entirely rewritten, and the new bill moved through without hearing or opportunity for sufficient review by interested parties. This is an unacceptable process to resolve these complex issues.

Substantively, I am concerned about the potential to lose the integrity of the historic preservation program through a minimization of the actions required to participate in the program and still qualify to receive tax benefits, and also about extending the special historic tax rate to new construction when it is attached to historic buildings. I am also concerned about concluding an ongoing debate about the definition of "frozen value" when there was so little public discussion about an issue with significant financial implications hanging in the balance.

I share the belief that it is important to have effective incentives in place to promote the rehabilitation, restoration, and preservation of historic properties. Incentives provided by the special assessment program have preserved irreplaceable historic buildings and character statewide - from Portland to Baker City. I recognize that Measures 47 and 50 all dramatically reduced the incentive that Oregon's Special Assessment Program for Historic Properties actually provides. I also recognize that certain aspects of the current program may actually be creating a disincentive to participating in the program.

Since the program is sunsetting in 2002, this next year is an appropriate time to take a comprehensive view of the entire program. It is also a good time to evaluate the current set of incentives we have in light of recent property tax changes. Finally, it is an opportunity to look at how we can do more to retain important historic resources within our broader livability goals.

I will request that the Oregon Parks and Recreation Department undertake the program review as well as how the State Historic Preservation Office is facilitating the goals of historic preservation. I will also ask the Community Development Incentive Advisory Board to shape incentives for historic preservation in the context of their identifying appropriate incentives for downtowns and main streets for the 21st Century Community

Incentive Fund. As a result of these two processes, I will propose legislation next session to improve the state historic preservation program to retain our historic resources. I am committed to a comprehensive review of this program and its incentives so that we continue to meet Oregon's public goals for historic resources into the future.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
136 State Capitol
Salem, OR 97310

Dear Secretary Keisling:

I am returning herewith enrolled HB 2942, unsigned and disapproved.

This bill increases funding for Economic Development and provides a framework to increase the Education Endowment Fund principal. These are excellent initiatives.

I welcome the opportunity to refine these concepts in the future with our local government partners. I support community projects to further economic development.

The bill provisions remain too restrictive in the current economic environment.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



September 3, 1999

The Honorable Phil Keisling
Secretary of State
State Capitol 136
Salem OR 97310

Dear Secretary Keisling:

I am returning herewith House Bill 3282 to you unsigned and disapproved.

House Bill 3282 would allow churches that serve urban areas to be located outside urban growth boundaries on land zoned exclusive farm use. With this bill, Speaker Snodgrass has raised a very real problem faced by some congregations.

Large churches that want to cater to the diverse needs of their congregations are branching out to provide an array of community programs beyond the traditional Sunday services. These churches often seek large parcels of inexpensive land to provide youth and family classes throughout the week, gymnasiums for recreation, and large auditoriums for performances and events.

The needs of large churches and other urban uses to find land must be balanced with the need to protect Oregon's 3.52 billion dollar agricultural industry from the encroachment of urban activities that may disrupt farming operations with traffic, noise, and dust. Oregon protects its farmland in two major ways. First, by maintaining an urban growth boundary and establishing protective zoning to separate urban and rural uses. Second, by taxing farmland at a lower rate (a rate friendlier to farming) than land within the urban growth boundary which may be developed more intensively.

These measures have proven effective at protecting large parcels of relatively inexpensive land for farming. They are not intended to entice urban uses outside urban growth boundaries.

Alternatives exist, however, for locating large churches outside urban growth boundaries should that become necessary. Existing state land use laws do not prohibit counties from authorizing churches on rural residential, commercial and industrial land. This is appropriate under certain circumstances because these lands may already be committed to non-farm and non-forest uses.

While I believe churches provide a needed and beneficial service to communities, I cannot support using Oregon's best soils to accommodate them.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 22, 1999

The Honorable Lynn Snodgrass
Speaker of the House
269 State Capitol
Salem, Oregon 97310

Dear Speaker Snodgrass:

I am returning herewith HB 3595, unsigned and disapproved.

HB 3595 would prohibit any local government from subjecting to local taxation attorneys whose only conduct of business within the locality occurs at a city or county courthouse. The bill constitutes a preemption of local governments' authority and singles out attorneys for preferential treatment. It is aimed specifically at the City of Portland's business license tax and it runs contrary to the conclusions reached by my interim tax policy advisory committee chaired by Ron Timpe, Chairman and CEO of Standard Insurance and President of the Portland Chamber of Commerce. This committee recommended a statutory prohibition on such exemptions as one means to lessen local government's reliance upon property tax revenue to pay for needed local services.

Additionally, the bill's exemption for one single profession, namely attorneys, is unwise and operates in a manner contrary to the principle underlying business license fees collected by the City of Portland: the costs of providing municipal facilities, infrastructure, and services should be borne by all citizens who benefit from those services. Enactment of HB 3595 would invite members of other professions to seek similar license fee or tax exemptions, while providing no principled, profession-specific basis for such treatment.

As I indicated in correspondence to the legislature on this bill, this is a matter that should be brought before the Portland City Council, not the legislature. I encourage the proponents of HB 3595, representatives of the City of Portland, and the Oregon Bar Association to jointly review and resolve this issue in the interim.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



July 21, 1999

The Honorable Brady Adams
President of the Senate
State Capitol Salem, OR 97310

Dear President Adams:

I am returning herewith Senate Bill 483, unsigned and disapproved.

SB 483 would allocate \$2 million to the Office of Energy to establish "smart jitney" pilot projects. The testimony on Senate Bill 483 indicates that the Smart Jitney and Advanced Community Information Systems Fund is a concept that has not been successful by others who have tried to establish such a program. According to public testimony during the hearing on the bill, a similar system was tried in Germany but failed.

Recently, the Federal Transit Administration approved grant funding to the Office of Energy for a \$150,000 smart jitney pilot project. This pilot project will be carried out cooperatively between the Oregon Energy Office, the City of Wilsonville, and a private contractor. I believe it is better to learn how this small scale pilot program fares before, investing \$2 million dollars of scarce state resources in a major expansion.

I am concerned that this bill appears to be targeted to benefit a single contractor. Projects under this bill would be exempted from public procurement and contracting requirements. I don't believe that such an exemption is good public policy.

I believe it is in the best interest of Oregonians to allow the Oregon Energy Office and City of Wilsonville to work to create a successful smart jitney pilot project before increasing state investment in such a project.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



June 3, 1999

The Honorable Brady Adams
President of the Senate
S-203 State Capitol
Salem, Oregon 97310

Dear President Adams:

I am returning herewith Senate Bill 3, unsigned and disapproved.

Just over a year ago, the Republican leadership of the legislature requested that I take executive action to re-site the corrections intake center and new women's prison at Day Road in the City of Wilsonville's Urban Reserve. I have diligently worked to keep faith with leadership's request and with the commitments we made to the community of Wilsonville.

After an in-depth study, I decided to support the move to the Day Road site because I believe it is a good site and because I believe that cooperation was important for bringing this issue to a close. At that time, it was clear that strong bipartisan majorities existed to move this prison site from Dammasch to Day Road. With this veto, I am hopeful that the House and Senate leadership will allow consideration of a new bill to site the prison facilities at Day Road, and that the legislature will adopt it in a positive and bipartisan manner. As is well understood, without legislation the prison facilities will be constructed at the Dammasch Hospital site in Wilsonville because it is the state's only legal site, and this facility must be built.

Instead of signing Day Road legislation, I am disappointed to be vetoing Senate Bill 3 for reasons of public safety, cost-efficiency, and fairness.

For reasons of public safety policy, I believe it is crucial to build an accessible intake center in the Willamette Valley, as do our sheriffs. The public safety need for a new and secure women's prison is self evident, given the poor condition of the state's current facility. For cost efficiency reasons, a second men's facility at Umatilla is the right decision because it will operate very efficiently with the Two Rivers Correctional Facility; as it stands, Senate Bill 3 would sacrifice these saving efficiencies. Lastly, it is only fair that the tri-county metropolitan area have a prison site -- the eleven other adult and juvenile siting decisions I have made include every region of the state except the tri-county area.

Having been given the sweeping responsibility of siting all state correctional facilities, I have a deep appreciation and commitment to the idea of regional prison siting because it is perceived as fair and equitable across the state. The comments of citizens of the many communities I have visited, both east and west of the Cascades, affirm the view that it is fair to expect every region to share in the burden and benefits of prison siting. It is also practical to share the prison siting load regionally. A regional distribution of facilities will ensure available and talented staff, necessary infrastructure and reliable professional and medical services. For these reasons, I remain steadfast in the conviction that every region share in the state's prison siting efforts.

My veto holds true in word and deed to the responsibility I was given and to the commitments I have made to many Oregon citizens and communities.

Sincerely,

John A. Kitzhaber, M.D.

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JOHN A. KITZHABER, M.D.
Governor



October 15, 1997

Chairman Henry Hewitt &
Members of the Commission
Oregon Transportation Commission
900 SW 5th Avenue
Portland, OR 97204

Dear Chairman Hewitt:

In light of the failure of the funding package at the legislature, we are faced with the reality that we have considerably less revenue than previously thought and currently needed. As you know, the Oregon Transportation initiative identified maintenance and preservation of our highway system as our highest priority. We need to do all we can to ensure that our investment in the existing transportation system is protected and wisely managed.

This situation must be acted upon immediately, I applaud the Commission's efforts to adjust the development section of the Statewide Transportation Improvement Plan (STIP) to reflect a smaller stream of future revenue. In setting this new course, it is important that we honor all existing project commitments. Still, we must be willing to pursue a new course and work to implement a plan, which maximizes the life of the existing transportation investments. If there is no legislative action forthcoming to provide sufficient funds for both modernization as well as maintenance and preservation, I will seek repeal of ORS 366.507 to eliminate the legislative mandate to earmark funds for modernization projects when projections show they cannot be supported from a fiscally responsible standpoint.

I therefore recommend to the Commission the following course of action:

Submit STIP to FHWA as planned with \$228 million in Capital.

Plan the next STIP update to retain capital expenditures in Years 2000 and 2001, but plan only for preservation work in 2002 and 2003.

Eliminate all ODOT capital projects from the development section. The Commission was planning to eliminate a sizable amount of the \$500 million in projects. I recommend you eliminate all state modernization projects in order to ensure that preservation and maintenance work is sustained over time.

I encourage the Commission to pursue any and all additional measures, which would direct and maximize all revenues toward preservation efforts, thus assuring protection to our existing investment in the state's transportation infrastructure.

Please keep me informed as you work your way through this process.

Sincerely,



John A. Kitzhaber, M.D.

JAK/tl

WORK TYPE	SECTION NAME	ROUTE	CONST COST (X000)	WORK DESCRIPTION
Modernization	209TH AVE - 172ND AVE	OR-10	\$13,488	WIDEN TO FOUR LANES WITH A CONTINUOUS LEFT TURN LANE.
Modernization	BEAVERTON/TIGARD HWY - CAMELOT INCHGE	US-26	\$8,625	ADD THIRD LANE (EB) , & NOISE WALLS, REMOVE WILSHIRE ON-RAMPS, CLOSE LOCAL ACCESSES
Modernization	SUNSET HWY - TUALATIN VALLEY HWY (NB)	OR-217	\$92,819	WIDEN HIGHWAY AND STRUCTURE AND COMPLETE RAMP WORK.
Modernization	ALBINA RAILROAD OVERCROSSING		\$3,200	ELIMINATE AT-GRADE CROSSING IN THE ALBINA DISTRICT
Modernization	CAMELOT INTCHG - SYLVAN INTCH (PHASE 3)	US-26	\$23,759	RECONST. SUNSET HWY. MAIN LINE, REPLACE CANYON RD X'ING , ADD THIRD LANES
Modernization	MURRAY ROAD - HWY 217	US-26	\$11,790	WIDEN ROADWAY TO SIX LANES. ADD BRAIDED RAMPS WB FROM HWY 217.
Modernization	SWEDETOWN - LOST CREEK	US-30	\$6,292	HIGHWAY RECONSTRUCTION
Modernization	HWY 224 - RIVER ROAD (MILWAUKIE)	OR-99E	\$1,934	RECONSTRUCT 99E INCLUDING CURBS, SIDEWALKS & BIKE LANES
Modernization	COLUMBIA/KILLINGSWORTH CONNECTION	US-30B	\$18,439	REALIGN INTERSECTION
Modernization	SUNRISE CORRIDOR (PHASE 1)	OR-224	\$42,640	CONSTRUCT NEW ALIGNMENT FROM I-205 TO ROCK CREEK.
Modernization	PACIFIC HWY @ HWY 217 (KRUSE WAY) UNIT 2	I-5	\$20,569	RECONSTRUCT RAMPS AND LANE CONFIGURATIONS.
Modernization	ZIG ZAG - RHODODENDRON	US-26	\$5,225	WIDEN SECTION TO FOUR LANES.
Miscellaneous	HARLOW SOUNDWALL	1-105	\$838	ODOT SHALL ATTEMPT TO CONSTRUCT THE SOUNDWALL IN 1999.
Modernization	W 11TH ST - GARFIELD ST (EUGENE) UNIT 1 PART B	OR-126	\$24,000	4-LANE NEW CONSTRUCTION
Modernization	W 11TH ST - GARFIELD ST (EUGENE) UNIT 2 PART B	OR-126	\$5,826	CONSTRUCT REMAINING TWO LANES
Modernization	W 11TH ST - GARFIELD ST (EUGENE) UNIT 2 PART A	OR-126	\$24,000	CONSTRUCT TWO LANES OF FUTURE LANE ROADWAY BETWEEN W 11TH AND BELTLINE.
Modernization	POTERF CREEK - POODLE CREEK	OR-126	\$9,765	CONSTRUCT PASSING LANES, IMPROVE VERTICAL/HORIZONTAL ALIGNMENT, WIDEN SHOULDERS.
Modernization	COTTAGE GROVE INTERCHANGE	I-5	\$499	INTERCHANGE IMPROVEMENTS
Modernization	PIONEER MOUNTAIN - EDDYVILLE	US-20	\$66,757	REALIGN AND REBUILD HIGHWAY.
Modernization	WEST ENTRANCE SWOCC - OCEAN BLVD (COOS BAY)		\$1,841	CONSTRUCT FOUR LANES TO MATCH SECTIONS ON EACH END AND CONSTRUCT LEFT TURN REFUGES.
Modernization	WINCHESTER BAY SECTION	US-101	\$1,196	CHANNEL PEDESTRIAN TRAFFIC ACROSS HWY 101, CLOSE OFF ACCESS TO 101 EXCEPT 8TH & 9TH.
Modernization	PACIFIC HIGHWAY - OR-99	I-5	\$1,538	WIDEN BEAR CR BR, IMPROVE SOUTH VALLEY VIEW ROAD. (JURISDICTIONAL EXCHANGE)
Modernization	4TH STREET - WALKER AVE (ASHLAND)	OR-99	\$1,001	WIDEN ROADWAY TO PROVIDE BIKE LANES.
Modernization	WINSTON INTERCHANGE EX 119	I-5	\$1,997	STUDY DESIGN ALTERNATIVES
Safety	SISKIYOU REST AREA REPLACEMENT	I-5	\$1,997	BUILD A NEW REST AREA
Modernization	SCHOFIELD ROAD - LUDER CREEK (EB&WB)	OR-38	\$866	CONSTRUCT EASTBOUND AND WESTBOUND PASSING LANES.
Modernization	HIGHWAY 238 - JACKSON STREET, UNIT 2	OR-238	\$4,608	EXTEND MCANDREWS RD FROM NORTH ROSS LANE TO NEW JUNCTION WITH EXISTING JACKSONVILLE HIGHWAY.
Modernization	CHROME PLANT - CEDAR POINT ROAD(STAGE2)	OR-42	\$11,022	CONSTRUCT FOUR TRAVEL LANES WITH LEFT TURN LANES

Modernization	JACK CREEK - HAYHURST ROAD	OR-38	\$3,861	WIDEN ROADWAY, WIDEN STRUCTURE, IMPROVE ALIGNMENT AND OVERLAY SECTION.
Modernization	HIGHWAY 62 CORRIDOR SOLUTIONS	OR-62	\$17,323	NORTH MEDFORD INTERCHANGE - ROUTE 140
Modernization	SOUTH MEDFORD INTERCHANGE	I-5	\$18,190	STUDY DESIGN ALTERNATIVES
OPERAT	HWY 26 CLIMBING LANE	US-26	\$3,634	DEVELOP CLIMBING LANE ALTERNATIVES
Modernization	JCT KLAMATH FALLS/LAKEVIEW HWY - LOST RIVER	OR-39	\$4,795	WIDEN ROADWAY.
Modernization	MODOC POINT - ALGOMA	US-97	\$8,222	DEVELOP FINAL PLANS TO ADDRESS ALIGNMENT ISSUES & ROCKFALL AREAS.
Modernization	11TH ST. - REDMOND ECL (HIGHLAND EXTENSION)	OR-126	\$6,308	WIDEN AND REALIGN ROADWAY.
OPERAT	WICKIUP O'XING	US-97	\$5,593	REALIGN HWY 97 EAST OF WICKIUP JCT & CONSTRUCT RR OVERCROSSING
Modernization	Austin Jct. - Baker County Line	US-26	\$9,097	REALIGN AND WIDEN ROADWAY, AND CONSTRUCT CLIMBING LANES
Modernization	La Grande Corridor Transportation Improvements	OR-82	\$2,200	SIGNALS, INTERCHANG RE-CONSTRUCTION MEDIAN BARRIER, AND FRONTAGE ROAD CONNECTORS
Modernization	20th Street Extension (Pendleton)	OR-37	\$4,583	EXTEND 20TH ST. TO US 30 (WSTGT), WIDEN ROADWAY BETWEEN FRAZER & US 30 AND BRIDGE WORK
Modernization	Webb Slough-Cooper Creek	US-395	\$12,694	REALIGN AND WIDEN EXISTING ROADWAY, OVERLWAY AND CONSTRUCT CLIMBING LANES.
		GRAND TOTAL	\$503,031	

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State of Oregon 1997 - 99



Budget in Brief

Investing in Oregon's Future

The Governor's *Budget in Brief*:

- [Budget in Brief in "Text Only" Format](#)
- [Budget in Brief with Imbedded Graphics](#)

Notes:

This *Budget in Brief* summarizes key portions of the budget the Governor recommends to the Legislative Assembly for adoption. See the *Governor's Budget* for the current-revenues budget and other details.

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BN 97-99 Budget and related publications available:

- Governor's Budget
- Budget in Brief
- Tax Expenditure Report
- Oregon Economic and Revenue Forecast
- Oregon Prison Population Forecast
- Also available: BN 95-97 Governor's Budget and Budget in Brief

State of Oregon Internet web sites of interest:

- Office of Economic Analysis: <http://www.oea.das.state.or.us/>
 - Governor's homepage: [/FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor.html](FS-BRONZE.ARC1/WebSite/archives/governors/Kitzhaber/web_pages/index.html/governor.html)
 - Oregon On-line: <http://www.state.or.us/>
-

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Contact:

Bob Applegate
(503) 378-6496
Mac Pritchard
(503) 378-6307

Governor Kitzhaber's Letter to Senator Hatfield

September 27, 1996

The Honorable Mark O. Hatfield
United States Senator
711 Hart Senate Office Building
Second & C Streets NE
Washington DC 20515

Dear Senator Hatfield:

I am writing to follow up on our conversation Wednesday concerning S. 2102. As I mentioned then, I am extremely disappointed with the manner in which I learned of the efforts to nullify the Warm Springs Treaty of 1865. I learned of this bill from someone who happened to be watching C-SPAN and witnessed its introduction.

Enclosed you will find letters outlining our specific concerns from the Oregon Department of Fish and Wildlife, the Oregon Water Resources Department, and a letter from Oregon Attorney General Ted Kulongoski which takes specific issue with the September 24 letter you received from Tribal Chair Joe Moses.

Clearly, the Treaty of 1865 was not a proud moment in our nation's history and I make no attempt to defend it. Nevertheless, this treaty has been in existence 131 years and agreements and understandings on the affected lands have evolved based on its existence. Had I been brought into these discussions with reasonable advance notice, I could have entered into agreements with the Tribe to both protect necessary State interests and address the Tribe's concerns with the treaty. That was not the case.

This is an issue with huge ramifications for land management in Oregon. To attach it as a rider to the Omnibus Appropriations Act of 1997, thus preventing any meaningful input from the government of the State of Oregon, its natural resource agencies, or its citizens who will be affected, constitutes a significant setback in the state's relationship with the federal government.

This situation is made worse by the fact that Mr. Paul of your staff informed us that he received, and honored, a specific request from the Tribe to keep discussions of this bill quiet. You should know that last May, with the full support and encouragement of the Oregon Indian Tribes (including Warm Springs) I signed an Executive Order (enclosed) that established government-to-government relationships with the tribes in Oregon. The manner in which this bill has come

forward clearly violates that agreement and raises serious questions of trust between the Warm Springs Tribal Government and the government of the State of Oregon.

As you know, the State manages fish, wildlife, and water resources in Oregon and S. 2102 addresses tribal rights to natural resources off the Warm Springs Reservation. The State's specific resource concerns center around off-reservation hunting and water rights. Without the 1865 Treaty, tribal members can hunt deer, elk, bighorn sheep and other game species at any time and in any numbers on millions of acres of ceded lands without risk of prosecution. This kind of uncontrolled hunting could create a significant problem for wildlife management. It is clearly an issue that deserves to be worked out with an agreement that is a part of any changes to the Treaty.

In addition, S. 2102 will effectively destroy 12 years of work on a negotiated settlement of Warm Springs water rights. Under the bill, the Tribe can potentially lay claim to major water reservations from the Deschutes, John Day, Hood, Clackamas, and possibly other rivers.

This action has the potential to displace many other water users and is, therefore, of legitimate concern to the State.

Since we first learned of this issue, only 48 hours ago, my staff has worked continuously to develop language in the bill that would be mutually acceptable. The Tribe has been unwilling to agree to any modifications.

For the reasons listed above, I strongly oppose the passage of S. 2102. I believe it represents a significant threat to the State's ability to effectively manage state wildlife and water resources, as well as to our relationship with the Warm Springs Tribe.

If the Treaty of 1865 needs to be nullified -- and that may well be the case -- this is clearly not the way to do it. An issue of this magnitude deserves a thoughtful and open dialog between all the effected parties. The State of Oregon deserves more than a two-day window for input and involvement.

Let us take the time to work out the issues of legitimate concern to both the State of Oregon and the Tribal Government of Warm Springs. I stand ready to work with you and with the Tribe to seek a mutually acceptable solution to correct past injustices.

Sincerely,

John A. Kitzhaber, M.D.

JAK/NR/sm

c: Oregon Congressional Delegation
Joe Moses, Chairman, Confederated Tribes of the Warm Springs

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February 6, 2001

Mitchell E. Daniels, Jr. Director
Office of Budget and Management
Administrative Office
725 17th Street NW Room 9026
Washington DC 20503

Dear Mr. Daniels:

I am writing to seek your help on a matter of importance to the four Pacific Northwest states – Oregon, Washington, Idaho, and Montana.

The Bonneville Power Administration sells power to utilities throughout the Pacific Northwest. Because the resources of the Federal Columbia River Power System (FCRPS) are not sufficient to meet all of the power sales obligations of Bonneville, the agency must purchase power in the open market for resale to its customers. Bonneville's purchases increase during the winter months, when loads are highest in this region, and during years when streamflows are lowest.

This winter, streamflows are extremely low. While we continue to hope for precipitation for the remainder of the winter, it is so far one of the driest on record. Snow pack in the Columbia Basin is below 60% of normal, foretelling significant reductions in regional hydroelectric output until at least next fall.

Because of the extraordinary power prices now occurring in the western power market, Bonneville's purchases are coming at great cost. Recently, Bonneville has spent over \$50 million weekly to make power purchases. To limit its exposure to these costs, Bonneville has started to forego purchases and instead to order that more water be released from reservoirs in order to be run through the power-generating turbines of the FCRPS.

This water was being stored primarily in order to provide spring-time flows to assist migrating juvenile salmon to the ocean. (It also provides additional assurance for power purposes that the reservoirs will refill.) With this water being released now, it is more likely that there will be insufficient flows in spring and summer for fish purposes.

I do not want to suggest that Bonneville has acted inappropriately, given the circumstances, although I believe it would gain the agency more acceptance if it engaged in a public consultation process before deciding on its own that a particular dollar figure is its limit for power purchases. The effect of the high western power prices on ratepayers is already high and is expected to go much higher, particularly for Bonneville's customers, which must absorbed a

projected rate increase this fall possibly near 100%.

However, fish protection in the Columbia River is a very important public purpose and a mandated mission of the Bonneville Power Administration. In addition, twelve Columbia River salmonid species have been listed as threatened or endangered under the Endangered Species Act. The federal government also has an obligation to the Columbia River Indian tribes to provide fisheries under treaties signed in 1855. The federal government's fish responsibilities in the Columbia are neither small nor trivial.

Since the passage of the Northwest Power Act in 1980, it is estimated that ratepayers have invested \$3.5 billion in fish recovery in the Columbia Basin. State government and private parties have also spent large sums on fish recovery. We are beginning to see some results from that investment, with one of the strongest spring chinook runs in decades returning to the river last year. We could lose a lot of ground in fish recovery if an entire year class of juvenile fish cannot migrate successfully downriver due to low flows.

The power bills that Bonneville is paying are unfortunate. I, and several other western governors of both parties, have called upon FERC, the Energy Secretary, and the President to take regulatory action to control and bring down these prices, but these entreaties have been rebuffed. Given that these prices may be extant for a considerable period of time, Bonneville will continue to be faced with the difficult choice of power costs or fish.

The Administration could relieve this situation if it would indicate to Bonneville now that it does not expect it to make a payment on its Treasury obligations this year. Relief from this obligation would enable Bonneville to continue to make power purchases while limiting the future damage to Columbia River salmon populations. I believe that this course of action would be in the best interests of all: Bonneville and its customers, the people of the Pacific Northwest, the Columbia River Indian tribes, and the federal government.

I look forward to your response to this proposal.

Sincerely,

John A. Kitzhaber, M.D.

JAK/NR/sm

c: Steve Wright, Bonneville Power Administration
Don Sampson, Columbia River Intertribal Fish Commission
Gov. Gary Locke
Gov. Judy Martz
Gov. Dirk Kempthorne
Congressional delegation

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February 6, 2001

The Honorable George Bush
President of the United States
1600 Pennsylvania Avenue
Washington DC 20500

Dear President Bush:

High power prices are beginning to have devastating effects in the Pacific Northwest. Most of the national attention on this problem has focused on California. That attention is appropriate in so far as the long-term solution to the western power problems must start in California. However, while we wait for a long-term solution, the most immediate deleterious effects of the high power prices are occurring in the utility systems in Washington, Oregon, Idaho, and Montana.

Publicly owned utilities have no choice but to pass on the increased costs of purchased power to ratepayers. There are no shareholders who can temporarily or permanently shoulder these costs. Five publicly owned utilities in Oregon have had to raise rates by 20% or more to deal with the market price increases in the small portion of their power supplies they buy on the market. The publicly owned systems in Washington are experiencing even worse problems. Seattle City Light has raised rates 30%, Tacoma by 50%, Snohomish PUD (suburban Seattle) by 35%. All these utilities expect to raise rates even more to deal with future market costs and with the rate increases of nearly 100% that will come this fall from the Bonneville Power Administration.

The problem has also spread to investor-owned utilities. PacifiCorp has applied to the Oregon Public Utility Commission for a rate increase, and Idaho Power has increased rates in Idaho by 24% and expects to ask for another increase later this year.

While the Pacific Northwest has historically enjoyed lower power rates compared to the nation, electric power has been the engine of economic development for this region since the Great Depression. Abundant electricity at reasonable cost has allowed this region to compete economically despite its remoteness from markets and other sources of energy. Moreover, not all our energy costs have been low. We have experienced virtually the highest gasoline prices in the nation for the last two years.

The Honorable George Bush

February 6, 2001

Page 2

I am asking you to reconsider your opposition to establishing temporary price regulation in the western wholesale power market. At the current time, the high prices are not working to encourage more power to be brought to the market. In fact, I believe, the reverse is true. High prices encourage marketers to make sure that a tight power market always remains short of being adequate to meet load, driving prices higher for all power supplies. It is anomalous that despite these high prices, record amounts of California generation remain out of service.

Temporary price regulation would have no negative effect on development of new generation, which has a multi-year lead-time. Sufficient new generation is already under development in California, the Northwest, and elsewhere to provide the West with adequate power resources two to three years from now. In the meantime, however, the West is vulnerable to high prices and manipulation of tight power markets.

It is entirely feasible for FERC to establish temporary rate regulation that gives low cost producers good profits and high cost suppliers a generous return. All suppliers can profit in a well-ordered marketplace and have incentive to keep generation running and on the grid.

Even if California's efforts succeed in moving more power purchases into long-term contracts, the short-term market may remain vulnerable to high prices. Without temporary regulation to stabilize this market, I fear that the current crisis in the West will expand and start to ripple through the economies of our states. Please do not let what is a very controllable temporary situation become an agent of economic downturn for this important part of the nation.

Sincerely,

John A. Kitzhaber, M.D.

JAK/NR/sm

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THE KITZHABER EDUCATION AGENDA

EXECUTIVE SUMMARY

The aim of education has always been to prepare young people to shoulder the varied responsibilities of adult life. Yet the realities of today's world, as we approach the 21st Century, demand a number of fundamental changes not only in our system of public education, but in our attitudes toward that system as well. Among these are:

- that we regard our education system not as a collection of separate parts, but as an unbroken continuum stretching from early childhood and pre-Kindergarten through post-secondary training and life-long learning;
- that we require schools to deliver and students to achieve a much higher level of academic performance and demonstrable skills than has ever before been necessary;
- that we strive for the greatest possible degree of access to a superior, comprehensive education for every Oregon child
 - ensuring readiness to learn for our preschoolers;
 - providing appropriate remediation for students who are struggling;
 - removing financial and geographic barriers to post-secondary education; and
 - bringing higher education into line with the needs of today's students and today's marketplace;
- that we devise for the entire spectrum of public education in Oregon a funding mechanism which is marked by both stability and accountability; and
- that we hold every single stakeholder in the education system strictly accountable for ensuring that all Oregonians are prepared to meet the social and economic demands which the new century will bring.

The following paper identifies the major challenges faced by Oregon's system of education, outlines our achievements to date in addressing those challenges, and proposes an agenda of further steps which must be taken if we are genuinely committed to assuring that our children will enter the next century equipped to succeed.

THE KITZHABER EDUCATION AGENDA

INTRODUCTION

As we pass from the 20th to the 21st century, the world itself is passing from a primarily labor-driven to a predominantly knowledge/information-driven society. This fact has profound implications for our systems of public education, since the number of low skill-level jobs that pay enough to support a family will continue to decline.

Success -- perhaps even survival -- in the new century will therefore demand both a wider range of knowledge and a higher level of skills than has ever before been necessary. Those who wish to be productive, economically self-sufficient members of society, able to keep pace with a competitive, global economy, will require a superior, comprehensive education stretching from pre-Kindergarten through post-secondary training and on into life-long learning.

Higher levels of education obviously lead to higher earnings, but the benefits reach far beyond individual well-being and security. As the level of education rises, unemployment rates fall. Workers with more education are re-employed more quickly, have smaller wage losses, and are more likely to have health insurance than those with less education. In addition, they are more likely to vote and to participate in civic and charitable activities.

By contrast, poverty rates for high school dropouts are over ten times higher than for college graduates. High school dropouts are also more than twice as likely to receive income from public assistance and nearly three times as likely to spend time in prison than are high school graduates.

America's long tradition of public education, adapted to meet the demands of a changing world, remains our best chance for ensuring equal opportunity for success for all our children.

Specifically:

- Children must enter school healthy and ready to learn.
- Primary and secondary schools must focus on raising performance in the basics and must require students to demonstrate that they can apply what they have learned.
- All Oregonians must have greater financial and geographic access to post-secondary and life-long learning.
- Post-secondary systems must be responsive to the changing needs of the workplace and the world.
- Education budgeting and financing systems must demonstrate accountable decision-making and provide stability in program planning.

Each of these areas presents a major challenge. In each we have already made significant progress: our achievements. In each, however, there is more to be done: our agenda.

EARLY CHILDHOOD

THE CHALLENGE:

Our children's ability to do well in school is a product not only of our school system, but of a number of other factors, e.g., their personal health, the emotional health of their families, and their early learning experiences.

OUR ACHIEVEMENTS:

- Expanded the Oregon Pre-Kindergarten (Oregon Head Start) program to cover 47 percent of all eligible children. This program offers classroom-based early care and education, as well as comprehensive support services to preschoolers from low-income families.
- Expanded programs to provide health care coverage to children and their families up to 170 percent of the federal poverty level.
- Expanded our Early Intervention and Early Childhood Special Education programs to serve another 1,900 children with identified disabilities.
- Expanded the Oregon Healthy Start program, which provides in-home assistance and support to families with newborn children, especially those with firstborns. The program improves parenting skills and detects problems at a stage when they can be more easily treated.
- Obtained federal waivers so that Oregon could use savings from reduced welfare caseloads to improve programs aimed at achieving long-term self-sufficiency for low-income families and their children.

OUR AGENDA:

- Expand the Oregon Pre-Kindergarten Program to serve 50 percent of eligible low-income children.
- Work with the federal government to allow expanded use of federal funds so that more low-income children and their families can be provided with health insurance coverage.
- Continue to improve the effectiveness, coordination, and scope of early childhood programs.
- Explore creative use of available funds and employ "best practices" to serve more children and families in need.

PRIMARY AND SECONDARY EDUCATION

HIGH PERFORMANCE IN THE BASICS

THE CHALLENGE:

To succeed in the world of the 21st century, all children will need high proficiency in math, reading, writing, science, and social studies. A high school diploma, which can still be earned with a "D-" GPA in classes totaling 22 credits, can no longer guarantee success -- in college, the workplace, or the community.

OUR ACHIEVEMENTS:

- Taken explicit, incremental steps to implement the Educational Act for the 21st Century.

The Educational Act for the 21st Century, passed by the 1991 Legislature, established new and much higher standards of achievement for students in Oregon's primary and secondary schools. Our entire K-12 system is now undergoing a process of transformation in order to help every child succeed. For students, this process will culminate in the Certificates of Initial and Advanced Mastery (CIM and CAM).

State assessments are being given at the 3rd, 5th, 8th, and 10th grades. Tenth-graders in the 1998-99 school year will be the first Oregon students eligible to earn a Certificate of Initial Mastery, demonstrating that they have reached the specified level of knowledge and skills.

- Provided leadership in bringing together all those at the state and local levels who need to participate in helping our schools and our children succeed so that they might have a common vision and understanding of their respective roles and responsibilities.
- Seen steady rise in student performance, indicative of further improvement yet to come.

In 1998, 78 percent of third-graders met the higher reading standards, while only 52 percent would have done so in 1991. In 1998, 48 percent of tenth-graders met such standards, whereas in 1991, only 31 percent of eleventh-graders would have done so.

- Stood by a pledge to veto any legislation that would undercut our commitment to fully implement the Educational Act for the 21st Century.

OUR AGENDA:

- Firmly refuse to turn back from our commitment to our children and their future.
- Continue to provide leadership -- including personal leadership and involvement by the Governor -- in working with school boards, administrators, teachers and parents in implementing the Educational Act.
- Work to help the public understand the changes we are making in our schools, why these changes are so important, and why it will take time to implement such a major system change.
- Provide funding for those state-level functions that are most critical to success at the local district level -- e.g., development of a solid and usable assessment system that can more accurately pinpoint individual student strengths and weaknesses; provide the support necessary to fill the most critical projected teacher shortage areas.

FUNDING TO SUPPORT HIGH STUDENT PERFORMANCE

THE CHALLENGE:

Local school districts and state policymakers alike must have a more accountable means of making funding decisions and of determining what outcomes they can and should expect for their investments. Decisions about specific funding priorities must remain in the hands of locally-elected school boards, but state policymakers must also clearly establish what is expected in return for the state's investment in its public schools.

The current funding system for our K-12 public schools does not allow us to make informed decisions at the state level regarding what can and should be expected in return for our investments. Today this is even more critical in the aftermath of recent voter-approved property tax limitations which have shifted the responsibility for school funding from the local to the state level. Before the passage of Ballot Measure 5 in 1990, the state supplied about 30 percent of local school funding. By 1997-98, it was providing close to 70 percent.

Today almost half of the State General Fund and lottery expenditures go to K-12 schools, and while we know that the amount of revenue per student (adjusted for inflation) has remained relatively flat since 1990-91, we have no way of knowing at the state level exactly what our investment is buying and what can and ought to be expected if additional funding is made available.

OUR ACHIEVEMENTS:

- Funded the development of a consolidated data base on a pilot-project basis so we can compare expenditures among Oregon school districts and examine their activities and outcomes.
- Asked the Association of School Superintendents to identify (a) those factors -- and their associated costs -- which are most likely to improve student performance, and (b) efficiencies that might be possible under the current system.
- Met with school and community leaders throughout the state to identify (a) the factors they believe would increase student performance, and (b) the areas where any additional dollars should be spent in order to raise student performance.

OUR AGENDA:

- Explicitly tie any additional funding for K-12 schools to the outcomes we expect in terms of increased student performance. In particular:
 - require that any additional K-12 funding go towards activities that have been identified as those which will lead to higher student achievement;
 - set clear expectations of performance gains to be achieved for that additional funding;
 - require from districts a reporting of actual gains made; and
 - establish a system of progressive intervention with those districts which do not show the expected gains.

This system will allow locally-elected school boards to determine the specific funding priorities most appropriate for their own districts, choosing from a "menu" of activities such as class size reduction, professional development, readiness to learn, remediation, and alternative learning opportunities. At the same time, the state will set targets for expected increases in student performance. If those targets are not met, then a series of interventions would occur to assist the district in meeting the goals.

- Provide the funding necessary to expand the consolidated data base to include all school districts in the state, allowing for further research into the connections between activities, outcomes, and costs.

Over time, this should enable state policymakers to make more informed funding decisions, and should also allow schools to better understand how they might reallocate resources toward those activities that are shown to improve student performance.

POST-SECONDARY EDUCATION

ACCESS TO POST-SECONDARY EDUCATION

THE CHALLENGE:

For Oregonians to be successful now and in the future, we must find new ways of delivering post-secondary education to people throughout the state, including establishing new partnerships among various institutions of higher learning and making tuition affordable to those who wish to access this education.

Today, the relationship between social and economic success is more closely tied to post-secondary education than ever before. And because people will change jobs and even careers many times during their lives, access to post-secondary education and retraining is an imperative for continued success. Yet a post-secondary education is difficult for many Oregonians to access -- both financially and geographically.

The cost of tuition at an Oregon four-year public university rose from \$1,864 in 1990-91 to \$3,269 in 1996-97, while enrollment in the Oregon University System dropped from 62,000 to under 59,000. The number of Oregon students who will need to borrow \$20,000 or more to get their degree more than doubled in that same six-year period.

In addition, the fact that not all Oregonians live near post-secondary institutions makes it difficult for many of them to acquire the skills they will need.

OUR ACHIEVEMENTS:

- Froze college tuition during the 1997-99 biennium.
- Increased funding for the Oregon Need Grant scholarship program to help defray the tuition costs for students attending Oregon post-secondary institutions.
- Expanded two- and four-year course offerings at schools in Southeastern Oregon, Jackson and Josephine Counties, and a ten-county area in Eastern Oregon by encouraging and investing in new partnerships between our community colleges and our public universities.
- Participated in the Western Governors' University's creation of a "virtual university," which allows Oregonians to augment their college work with offerings from other states without having to leave Oregon.

- Expanded community college provision of on-site customized training to Oregon employers and their employees.
- Increased the availability of distance learning, with the result that our community colleges now serve nearly 20,000 Oregon students in this manner.
- Supported the Oregon University System in its use of technology to give thousands of K-12, community college and university students expanded access to programs and services statewide.

OUR AGENDA:

Improve financial access to post-secondary learning for Oregon students by:

- Continuing the freeze on tuition during the 1999-2001 biennium for Oregon resident undergraduates.
- Establishing a State Scholarship loan program that will reward Oregon high school graduates who receive a Certificate of Initial Mastery; explore the possibility of establishing grants for these students who also meet financial need criteria. These programs will assist those young Oregonians who have worked hard to meet our new higher academic standards by helping them take the first step into an Oregon post-secondary education.
- Supporting Ballot Measure 55, which establishes a higher education prepaid tuition plan, allowing Oregon residents to purchase a future college education for their children at today's prices by paying in advance for tuition at any accredited community college or not-for-profit institution of higher learning.
- Requiring the State Board of Education and Board of Higher Education to develop a plan for seamless processes among our two- and four-year institutions, so that programs offered by one institution will be accepted by the others and students who transfer from one school to another will not lose credit.

Improve geographic access to post-secondary learning for Oregon students by:

- Enhancing state funding for off-campus and distance learning, which would give as many as another 21,000 Oregonians access to higher education courses.
- Supporting further development of partnerships between community colleges and higher education, especially in Eastern and Southern Oregon and the South Coast, so that Oregonians in those areas have greater access to post-secondary learning.

HIGHER EDUCATION GOVERNANCE

THE CHALLENGE:

The steady evolution and growth of Oregon's knowledge-centered economy makes higher education more critical than ever, not only to the financial security of individual Oregonians, but to the long-term health of the state's economy as a whole. Higher education is now a buyer-defined market, wherein buyers (i.e., employers and students) are demanding programs that provide what they need, when they need it, and delivered in a way that meets their requirements. Yet shortages in critical skills and specialties are impeding growth in Oregon industries, and such shortages threaten to increase in the near future.

To correct these deficiencies and to ensure that Oregon maintains a competitive edge in the economy of the 21st Century, our system of higher education must become more responsive, flexible, result-oriented, accountable, and entrepreneurial.

OUR ACHIEVEMENTS:

- Established a Task Force on Higher Education and the Economy to determine how Oregon's post-secondary systems could meet these challenges. The Task Force found:
 - that Oregon's colleges and universities are foreseeing the changing demands of a knowledge-based economy and a buyer-driven market;
 - that these institutions have taken a number of steps to meet these demands, particularly in making younger students more job-ready and in serving the continuing education needs of adults; and
 - that the way Oregon has traditionally thought about and governed its higher education resources is now impeding the ability to serve learner needs.

More specifically, the Oregon University System's tendency to focus on central authority requirements prevents it from focusing as much as is now necessary on the requirements of the customer.

- Directed the State Board of Higher Education to address these governance issues in a way that would make the Oregon University System more responsive to the needs of the student and the employer marketplace.

OUR AGENDA:

- Charge the State Board of Higher Education to:
 - direct the Chancellor to define measurable goals for each year, to include brokering opportunities for the System and mechanisms for assuring System responsiveness to state needs;
 - clarify and strengthen the role and responsibilities of institution presidents to assure accountability; and
 - require each institution to establish formal mechanisms for gathering and utilizing citizen advice and counsel regarding the effectiveness of the institution in serving the current and future needs of Oregonians.

BUDGET PROCESSES

THE CHALLENGE:

The Task Force on Higher Education and the Oregon Economy also found that the current method of financing the State System obscures a clear understanding not only of what product the State is buying, but also of its cost. Oregon must devise an up-to-date budget model so that, instead of merely funding facilities and programs that are already established, institutions can respond to the evolving needs of their students and of the economic marketplace.

As the State has reduced its investment in its University System (owing largely to Ballot Measure 5 and the resulting need to more fully fund K-12), it has shifted much of the cost of post-secondary education to students in the form of higher tuition. At the same time, however, the budget process has offered little or no incentive for schools to stay in touch with learner markets and to serve them well, since General Funds and most tuition revenues are aggregated at the state level and then redistributed to the institutions themselves. In other words, there is a disconnect between our funding of higher education and the programs and services our dollars are paying for.

OUR ACHIEVEMENTS:

- Charged the Board of Higher Education to devise a new financing system that will allow tuition to follow the student, thus making institutions more responsive to the market and enabling policymakers to make explicit decisions regarding what the state should and should not subsidize.

OUR AGENDA:

- Use the new financing system to develop a recommended Oregon University System budget for the 1999-2001 biennium, making explicit choices which will ensure that our public investments meet the most critical needs of Oregon's student and economic marketplaces.

STABILITY OF OUR EDUCATION FINANCING SYSTEMS

THE CHALLENGE:

Because Oregon's education systems now rely heavily upon state funding to carry out their missions, it is imperative that the state seek a system of taxation which has long-term stability.

Not only did Ballot Measure 5 shift to the state the major responsibility for funding our K-12 schools, it also made the income tax (as opposed to the property tax) the primary source of state revenues. Whereas the property tax was a relatively stable revenue source, the income tax by its nature is far more susceptible to fluctuations in the economy, (i.e., if people's incomes decline, so does their tax liability and so do state revenues.)

This means that the moneys available for our schools are today far less stable than in the past and that a downturn in our economy would have serious repercussions for the funding of education in Oregon.

OUR ACHIEVEMENTS:

- Appointed a committee to review Oregon's overall tax system and determine whether changes were necessary to address issues of fairness, stability, and economic incentives.

The committee found, as noted above, that while Oregon's economy is more diverse and stable than it was a decade ago, the revenue system is now more sensitive to changes in the economy. Although we have mechanisms for dealing with unanticipated revenues (the two-percent Surplus Kicker Law), there is no such mechanism for dealing with periods when revenues fall short of expectations.

OUR AGENDA:

- Appoint a task force to make recommendations on a number of tax-related issues, including that of stability. In the coming months, the task force will provide a list of short- and longer-term options which would stabilize Oregon's system of taxation, especially in regard to the impact of economic downturns on our ability to fund education.

SUMMARY

Education at all levels is a factor far too important to our future to leave any part of it to chance. In today's world it is more critical than ever before that our children be given the tools necessary to their ongoing success, as members of the workforce, as parents of the next generation, and as citizens of a free, democratic society.

Education has been called a debt owed by the present to the future. Someone paid that debt for us. Now it is our turn. Together we stand on the threshold of a new century and the gates of opportunity stand wide. We must equip our people to walk through them.



Oregon
Secretary of State
Dennis Richardson

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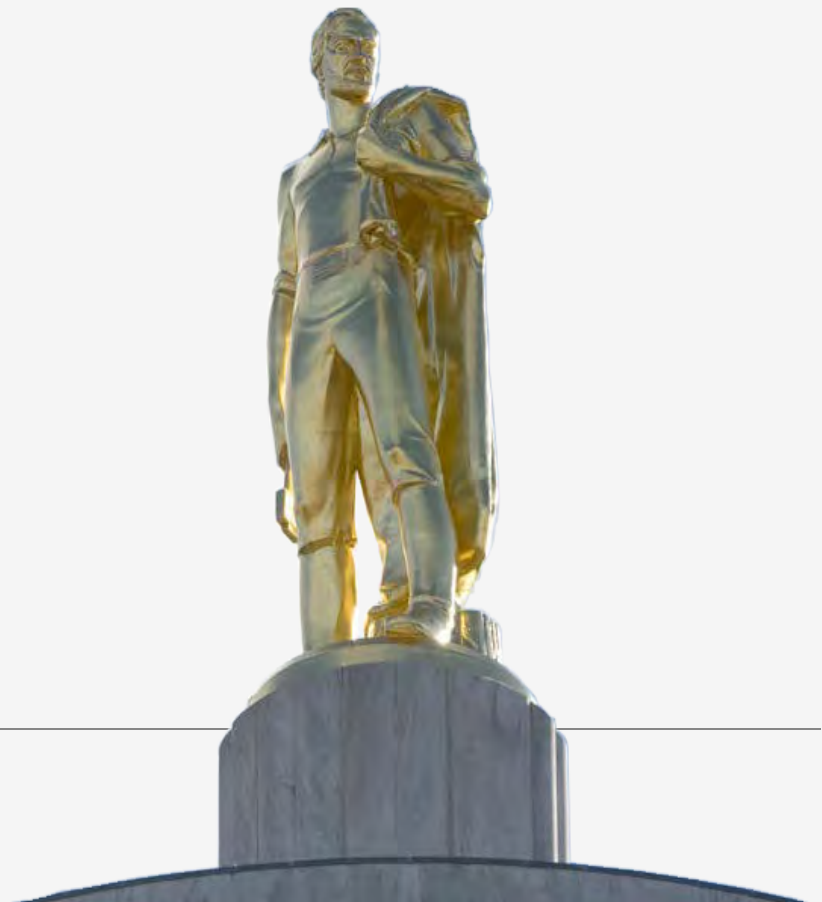
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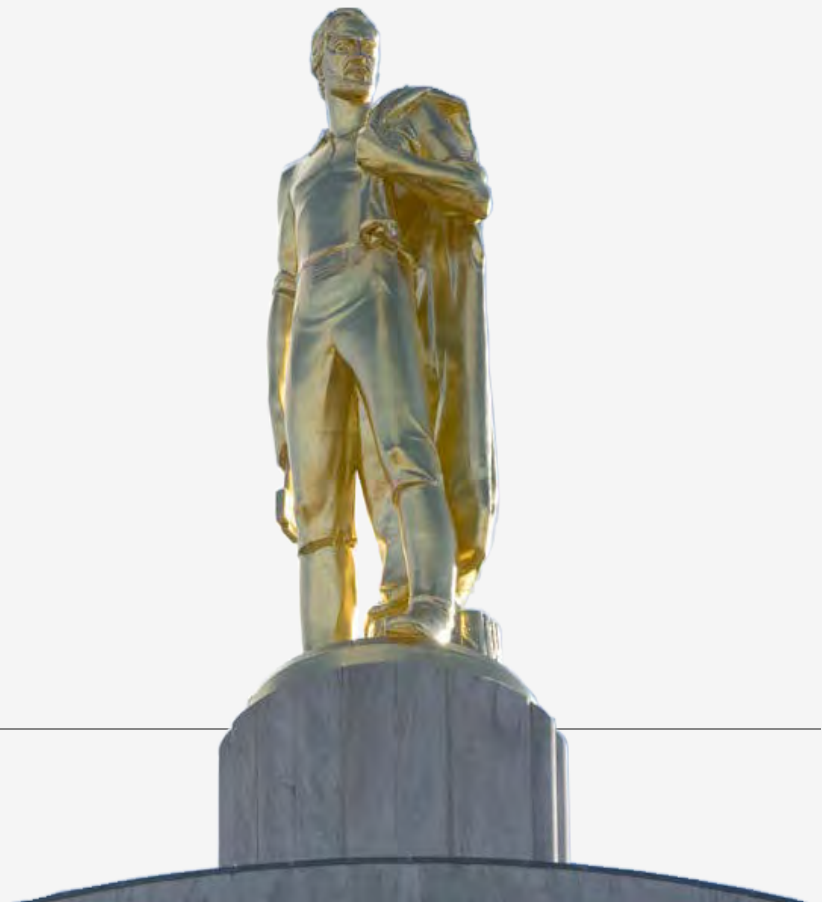
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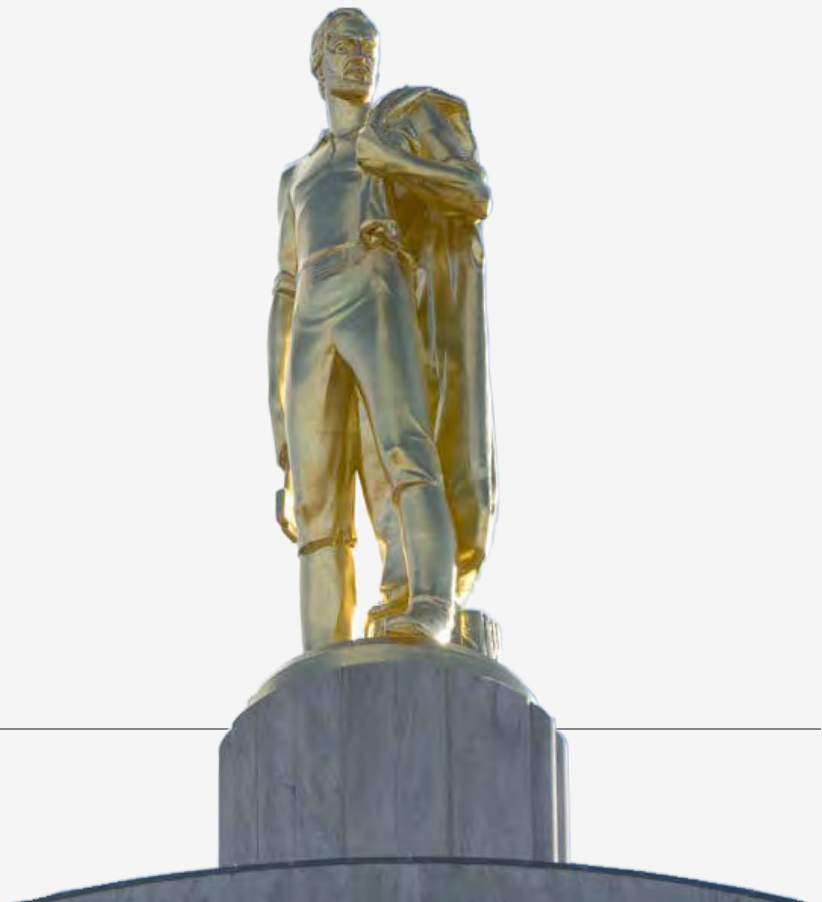
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EMPLOYMENT

2. Please list all employment since your graduation from law school. Include professional employment before or during law school if you believe it is relevant.

Dates	Employer	Address	Position

3. (For applicants who are not presently on the bench.) Describe any prior judicial or quasi-judicial experience, including service as a pro tem judge, hearings officer, or arbitrator. Include the dates during which you held the judicial or quasi-judicial position, and describe the caseload and time commitment involved.

4. List the bars to which you are admitted and the dates of your admission:

Dates	Bar

PROFESSIONAL ACCOMPLISHMENTS

5. Please list any publications you have authored and any honors or awards you have received. Include academic honors if you believe they are relevant, and please list dates.

6. Describe your civic and community activities, including work on bar committees, major pro bono activities, volunteer positions, and other public service. Please include dates.

PLEASE SIGN BELOW AND AT THE END OF THIS FORM.

I am a citizen of the United States and a resident of this state. If selected by the Governor for this position, I will accept appointment. If appointed, I pledge my best efforts to resolve, before assumption of office, any conflicts of interest that would be inconsistent with my responsibilities in this position.

Signature: _____ Date: _____

THE FOLLOWING INFORMATION IS NOT REQUIRED BY LAW, AND WILL BE DEEMED TO HAVE BEEN SUBMITTED TO THE GOVERNOR IN CONFIDENCE. ACCORDINGLY, THIS INFORMATION WILL NOT BE MADE AVAILABLE TO PUBLIC INSPECTION PURSUANT TO ORS 192.502(3).

7. Please list any business organizations or enterprises of which you are presently an officer, director, partner, owner, shareholder, or manager. Indicate the nature of the business, your position or relationship with the organization or enterprise, and whether you intend to resign (or dispose of your interest, if you are an owner or shareholder) if appointed to the bench.

Name	Nature of Business	Your position	Will you resign?

8. Are you a member of any professional or business clubs, associations or organizations which discriminate against any person on the basis of race, religion, sexual preference or gender? If so, please list and state whether you intend to resign if appointed to the bench.

Name	Will you resign?

9. If your answer to any of the following questions is "yes," please give full details on a separate sheet of paper.

- | | | | |
|-----|---|-----|----|
| (a) | Have you ever been a defendant in a civil action? Do not include cases in which you were included as a nominal defendant with no potential liability, such as mandamus actions. | Yes | No |
| (b) | Have you ever filed for bankruptcy? | Yes | No |
| (c) | Have you ever been convicted or have you pleaded guilty of any crime or violation? Do not include minor traffic offenses resulting in fines of less than \$100. | Yes | No |
| (d) | Have you ever been the subject of any professional disciplinary proceeding or had any professional license or permit revoked or restricted? | Yes | No |
| (e) | Within the past five years, have you been hospitalized or incapacitated for a period of more than ten days for any reason? | Yes | No |
| (f) | Have you ever been treated or received counseling for alcoholism or chemical dependency? | Yes | No |
| (g) | Are you subject to any condition or handicap that might substantially impair your ability to hold judicial office? | Yes | No |

10. Please list the names, addresses and telephone numbers of three people who may be contacted as references.

Name	Address	Telephone

THE GOVERNOR'S STAFF AND THE OREGON STATE POLICE MAY CONDUCT A BACKGROUND INVESTIGATION TO OBTAIN INFORMATION ABOUT YOU. PLEASE PROVIDE THE FOLLOWING INFORMATION AND SIGN BELOW TO PERMIT THE INVESTIGATION TO BE CONDUCTED.

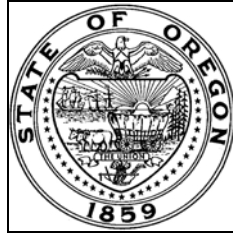
Name and home address: _____

Bar no.: _____

Driver's license no.: _____ Social security no.: _____ Date of birth: _____

I hereby authorize the State Department of Police and the Governor's Office to obtain any and all records pertaining to me on file with the Department of Revenue, the Motor Vehicles Division, law enforcement agencies, the Oregon State Bar, credit references or bureaus, and past and present employers, employees, business associates and acquaintances.

Signature: _____ Date: _____



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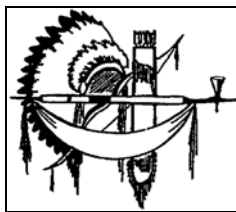
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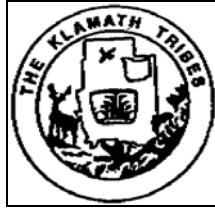
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Community College, Office of
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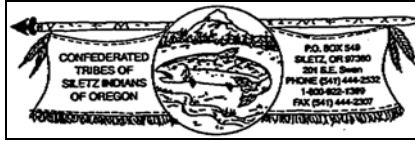
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Land Conservation & Development;
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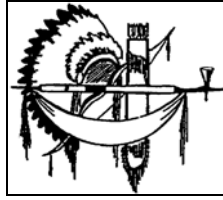
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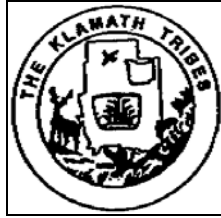
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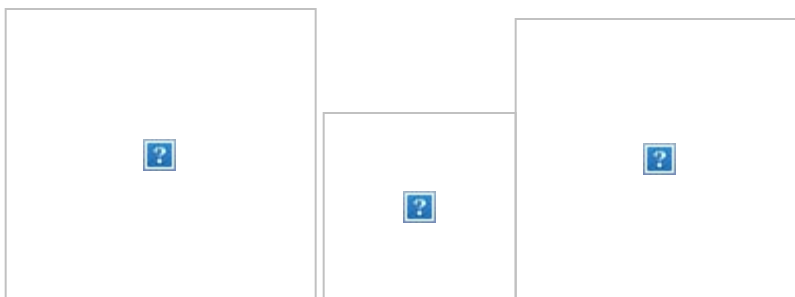
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Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.

GOVERNMENT to GOVERNMENT



History | [Links](#) | Documents | Contact

[Legislative Commission On Indian Services](#)
[2002 Key Contact Directory](#)*

*Note: These files require the [Adobe Acrobat Reader](#), available free.



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December 31, 2001

Government-to-Government Report

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3. *Major Areas:* DAS is the internal administrative department of the Executive Branch of state government. Under the Government-to-Government Executive Order, we work with the agencies of the state to help them accomplish their work with the Oregon Indian Tribal Governments. Under SB 770, we are also responsible for coordinating a training of state agencies on tribal issues.
4. *Departmental Statement:* DAS recognizes the tribal governments' interests in the state's development of its policies.

DAS is responsible to support the whole of state government. That government exists to allocate and apply limited public resources to serve the diverse needs, values, rights, and expectations of the people of Oregon. It does this through more than 100 state agencies and thousands of programs.

Duties, powers, stakeholders, and funding differ widely among state agencies. It is the duty of DAS to be more concerned with how state agencies perform their duties than in what those duties are. We allocate and apply our internal resources to help other state agencies be economical, legal, and effective in all that they do.

Our key contact assists the Governor's Office in the coordination, and communication among all agencies under the Government-to-Government Executive Order and in the implementation of SB 770.

5. *Solutions and Programs:* In the past, we have attended Executive Committee meetings in an effort to improve state coordination in response to matters that cross agency lines. We also attend the Cultural Resources Cluster meetings, bringing information about state government operations and communications systems that may support this effort.

In addition, the Dispute Resolution Coordinator located at DAS and other agency Public Policy Dispute Resolution Program coordinators are available to consult on issues that might be more successfully addressed through a carefully convened collaborative process.

6. *Tools and Training:*

- Trainings

Joint trainings have been offered in previous years to further cultural understanding and methods for communicating more effectively. With the passage of SB 770, DAS will be responsible for hosting trainings on tribal issues for all state agencies; DAS staff have started the initial work to organize these trainings for state agencies.

- Central Purchasing and Surplus Property

Currently, three tribes are participating in Central Purchasing's Oregon Cooperative Purchasing Program (ORCPP) enabling them to purchase from contracts and price agreements established for state agencies. These tribes are the Confederated Tribes of the Grand Ronde, the Confederated Tribes of Umatilla, and the Confederated Tribes of Coos, Lower Umpqua and Siuslaw. In addition, Kevin Mueller, Confederated Tribes of Grand Ronde, is a member of the newly formed Cooperative Purchasing Advisory Council.

In past years, the Confederated Tribes of Siletz has also participated in the ORCPP program, but elected not to renew their membership this year. The ORCPP coordinator sent program and pertinent contract (i.e., pharmaceutical contract, vehicles, etc.) information to non-participating tribes in the fall of 2000.

In July of 2001, the Commission on Indian Services invited DAS Surplus Property Programs to make a presentation on goods and services available for tribal activities. Representatives of all 9 recognized tribes in Oregon were on hand for the presentation. It was explained that Federal Property Management Regulations place recognized tribes on a priority basis (along with federal agencies) when acquiring federal surplus property. This allocation position in the donation flow actually allows Indian Nations to acquire federal surplus property on a level higher than the State of Oregon (at no cost). However, the proximity of a Federal Distribution Center (DRMO) for Oregon Tribes is not conducive to their active participation. Although DAS is unable to place property with the Tribes in general, DAS is able to support certain Tribal activities (education, health care, etc.) with donation property at minimal costs.

The ORCPP program uses intergovernmental agreements to enroll the tribes into the cooperative purchasing program.

- Dispute Resolution

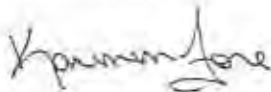
The Dispute Resolution Coordinator located at DAS has been assisting DAS Transportation, Purchasing, and Print Services in drafting a scope of work for a contract with a mediator and has offered public policy dispute resolution services support to the mediator. One of the identified stakeholders in this process is the Columbia River Intertribal Fish Commission. The contract administrator (and funding) is in the Governor's Office.

- Video Conferencing

IRMD/DVS has been providing video conferencing service to three tribes through Portland State University's (PSU) school of Public Affairs. Services are provided to the Unified Tribes of Umatilla, Siletz, and Grand Ronde. PSU delivers distance-learning instruction through the video network. The monetary benefit to the tribes and PSU was \$59,082 for 2001. As of January of 2002 all sites will begin leasing video services through IRMD.

Finally, DAS welcomes the opportunity to share information about state government administrative policies, systems, and services with others. The administrative structure to support continued efforts under SB 770 is in place. We look forward to future involvement to continue progress and to increase our knowledge of tribal government and common issues.

Submitted by:



Karmen Fore
Communications Coordinator

KNF:

DEPARTMENT OF AGRICULTURE
GOVERNMENT-TO-GOVERNMENT 2001 ANNUAL REPORT
TO GOVERNOR'S OFFICE

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3. **Department Statement:** The department developed an agency statement of interest in August 1997. Copies of the statement may be obtained from the director's office, or from the tribal liaison.
4. **Major areas of work with Oregon tribes FY 00/01:**

Water Quality: The Oregon Department of Agriculture (ODA) is responsible for regulating agricultural practices for the protection of water quality as well as endangered species. As a partner in the Oregon Plan for Salmon and Watersheds and the Healthy Streams Partnership, the department's Natural Resources Division continues to develop agricultural water quality management area plans and rules in most basins of the state. As the year 2001 comes to a close, the department has adopted rules in 15 basins, with 4 basins close to adoption of rules, 13 basins with committee work in progress, 6 basins scheduled to begin planning work in winter 2002, and one to begin in 2003.

While the department's responsibility for water quality regulation is limited to state and private agricultural land, the department is coordinating its planning process at the basin and sub basin level with tribes as well as with federal land

management agencies. The goal is the development of a comprehensive, watershed approach to water quality, water quality standards, and endangered species protection.

The agricultural water quality management area plans are the product of local advisory committees (LAC) appointed by the department to represent the interests of the affected area. Participation has been sought from local tribes in the local advisory groups to ensure that their concerns about water quality and endangered species protection are provided a forum among agricultural producers.

The Mid Coast LAC has a biologist with the Siletz Tribes, Stan van de Wetering, who has been an excellent and very active LAC member. The Yamhill LAC had a representative from the Grand Ronde Tribes for the first few meetings, but she resigned when she accepted a new job and was never replaced.

In the Greater Harney Basin LAC there are two members and an alternate from the Burns-Paiute Tribe. Cecil Dick (Tribal Council Vice-Chair) and Steve Namitz (Fish Biologist) are the members. Jim St. Martin (Tribal Manager), is an alternate for Cecil Dick

In the Hood River LAC there is one tribal member, Mick Jennings, who is a tribal fish biologist.

Shaun Robertson, a Fish Biologist and project manager for the Confederated Tribes of the Warm Springs Indian Reservation, is an active member of the North / Middle Forks John Day LAC. He also works very closely with the Grant Soil and Water Conservation District (SWCD) on numerous projects.

Mark Berry is an active member of the Middle John Day LAC. He is the project manager for the Pine Creek and Wagner Ranch properties for the Warm Springs Tribes. He also works closely with the Wheeler SWCD on projects.

ODA staff has interacted with the Confederated Tribes of the Umatilla Indian Reservation on numerous projects. Those projects include development of the Walla Walla Bi-State Habitat Conservation Plan, the Umatilla Basin Water Quality Technical Committee, development of the reservation agricultural management plan and several on-ground projects. Louie Dick, tribal member, is a member of the Umatilla County SWCD Board.

The Confined Animal Feeding Operations (CAFO) program is another regulatory function of ODA. The CAFO program permits livestock operations and inspects operations to assure compliance with federal and state water quality laws. House Bill 2156 passed last legislative session, giving ODA the responsibility to

revise the CAFO rules to include the federal definition of CAFO, and to regulate the entire class of facilities that meet either the state or federal definition. ODA set up a rules advisory committee to assist in this process, and sought out producers from all livestock industries in the state, as well as environmental organizations and the public. Tim Bare, who works for the Cow Creek Band of the Umpqua Tribe, serves on the LAC. Tim brings to the committee his lifetime experience with beef cattle ranching as well as his relationship with the Cow Creeks.

Measurement Standards: The Oregon Department of Agriculture, Measurement Standards Division provides technical assistance to the Oregon tribes throughout the state through certification of weighing and measuring equipment and motor fuel quality. Two specific examples were associated with the Seven Feathers Truck & Travel operated by the Cow Creek Band of the Umpqua Tribe in Canyonville, Oregon.

One example dealt with the licensing and certification examinations of this business's gasoline, diesel fuel, and propane dispensers. Even though Seven Feathers is on tribal land and is operated by the Cow Creeks, they requested and voluntarily paid Measurement Standards Division measuring device license fees and requested that the division continue to examine and certify their meters.

The other example dealt with motor fuel quality concerns expressed by the Cow Creeks at their Seven Feathers facility. A Seven Feathers representative contacted the Measurement Standards Division requesting assistance after a customer from another state complained to them about the gasoline that they had purchased there. The division responded to Seven Feathers' request by obtaining a sample of the gasoline in question and analyzing it. The analysis results were within specifications and nothing in the sample appeared to be amiss. This information was presented to Seven Feathers and satisfied their concerns regarding the quality of the gasoline that they were selling.

The Measurement Standards Division is available to all citizens and governments within Oregon to provide any necessary weights and measures related assistance.

Pest and Disease Control: The department has the responsibility to prevent the introduction and spread of exotic pests and diseases of both plants and animals. The Animal Health and Livestock Identification Division, in conjunction with the USDA, has worked with the Confederated Tribes of Warm Springs to survey their horses for Equine Infectious Anemia. Federal veterinary counterparts have conducted rabies vaccination clinics, an equine health seminar, and monthly animal health liaison visits on the Warm Springs reservation.

The division also met with the Umatilla Tribes to discuss emergency disease preparedness and to distribute the statewide plans that have been developed on the subject. The tribes have been asked to keep close watch on their livestock for symptoms of unknown diseases and to contact a veterinarian as soon as anything suspicious arises. The Animal Health Division is available to provide assistance to the tribes on livestock health issues.

The department's Pesticides Division administers Oregon law regulating distribution and use of all pesticide products within Oregon. Work is done in close collaboration with the U.S. E.P.A. with regard to implementation of "FIFRA", the Federal Insecticide, Fungicide and Rodenticide Act. The department collaborates with EPA Region 10 to investigate complaints or allegations of misuse of pesticide products. In 2001, the department investigated one incident on behalf of the Umatilla Tribes. The case is still pending resolution.

The department's Noxious Weed Control Program staff continues to work with land managers statewide to protect Oregon's natural resources from the invasion and proliferation of noxious weeds. This includes coordination and implementation of noxious weed control activities.

The Oregon State Weed Board awarded a new grant during 2001 to the Umatilla Tribes for control of yellow star thistle along the Umatilla River corridor. Other similar grant awards were made to the Warm Springs Tribes in 2000 for control of knapweed, yellow star thistle and Mediterranean sage and these grant projects were completed in 2001. ODA Weed Program staff continue to monitor biological control of weed releases that have been made in the past and will continue to coordinate with the tribes for additional biological control releases and other future noxious weed management activities.

5. *Training:*

In order to familiarize the Natural Resources Division staff with the Government-to-Government Executive Order (now law) and to begin discussion of basic Indian history and culture in Oregon, a training program was held on July 25, 2001. Karen Quigley, Executive Director of the Legislative Commission on Indian Services and Justin Martin, Intergovernmental Affairs Director for the Confederated Tribes of the Grand Ronde were the presenters. Division staff learned about some of the top issues and priorities of tribal governments, heard about tribal history, culture and heritage, and major Indian law themes. They also learned about how certain tribes were terminated and restored (like Grand Ronde). They also gained familiarity with what resources the Legislative Commission on Indian Services offers, why the Commission asked the governor to issue Executive Order 96-30, and ultimately requested passage of Senate Bill 770.

In August 2001, several staff attended the workshop "Working Effectively with American Indians" sponsored by the USDA Natural Resources Conservation Service (NRCS), in Pendleton. The workshop covered tribal history, the government-to-government process, and federal and state law relating to tribes, treaty rights, and cultural resources issues.

The workshop was a great opportunity for in-depth discussion of tribal issues. Some staff commented that highlights included staying in the tipi village, having Martin Boles and Gerald Allison speak in the evening around the campfire, and experiencing the drumming and singing session one night. Staff also enjoyed native foods at the longhouse, setting up the tipi, learning about the history between the federal government and the tribes over the last few centuries, listening to the personal stories of several tribal members, and having "Indian time" explained. The workshop provided a good exposure to tribal cultures and the historical context that has shaped current tribal ways.

In November 2001 a training session was held at the Oregon Association of Conservation District's (OACD) Annual Meeting in Newport. The training session provided information for conservation district employees and directors relating to:

1. Section 106 of the National Historic Preservation Act (related to federal undertakings or projects).
2. NRCS policy and procedure for conducting cultural resources inventories.
3. Senate Bill 770.
4. Oregon Revised Statutes 97.740 - 990 (Indian Graves Protection Statutes).

As part of the training and capacity building efforts with OACD, the department is working to incorporate information related to SB 770, ORS 97.740-990, and other laws regarding tribes and cultural resources. Over the past year the division has also made suggestions to the Oregon Watershed Enhancement Board to include tribes and address cultural resource issues in the proposed small grant program.

Department of Community Colleges and Workforce Development 2001 Government to Government Report

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The Department of Community Colleges and Workforce Development (CCWD) and the seventeen Oregon Community Colleges have committed both time and resources to work with the recognized tribes in Oregon and the Education Cluster.

CCWD—Education Cluster Achievements:

- Regular participation in Education Cluster meetings
- Assisted with the facilitation of the Education Cluster annual planning session at the annual conference
- Led focus effort on Distance Learning and Resources available to the tribes and tribal members
- Coordinated and/or participated in several presentations for the NW Indian Education Summit
- Contributed funding for a lunch at the NW Indian Education Summit
- Hosted meeting and lunch for the Education Cluster at Chemeketa Community College
- Clarified need for and initiated effort to develop a community college section for the Oregon Indian Education Plan (OIEP). When complete, the new section will be presented to the State Board of Education, on the *Community College/Postsecondary* agenda, for adoption as an addition to the Secondary (Pre-K-12) and University sections of the OIEP.

CCWD Efforts and Achievements serving tribes and tribal members:

- Dislocated Worker Unit met with Warm Springs Tribe department personnel to provide Warm Springs representatives with a better understanding of the non-tribal services and resources that might be available for workers laid off from the tribe's Warm Springs Forest Products operation
- Provided technical assistance information for tribal access to Federal Even Start funding
- Provided technical assistance information about the GED 2002 changes and resource materials
- Provided training for tribal educators at the annual Basic Skills Conference
- Entire CCWD Management Team participated in the Statewide Diversity Conference
- Fiscal staff participated in WIA MOU training with tribal representatives

Community College Efforts and Achievements serving tribes and/or tribal members:

- *Blue Mountain Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with local tribes
- *Central Oregon Community College*
 - Native American Program with staff advisor
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with local tribes
 - Participated in Statewide Diversity Conference
- *Chemeketa Community College*
 - NW Center for Sustainable Resources-curriculum, connections between community colleges and tribes, Salmon Corps Career and Education Conferences, resource management tours
 - TRIO programs serving first generation college students
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with local tribes
 - Contributed to and participated in Statewide Diversity Conference
- *Clackamas Community College*
 - Education/training programs in coordination with Confederated Tribes of the Grand Ronde
 - Student services and tutoring services
- *Clatsop Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
- *Columbia Gorge Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
- *Lane Community College*
 - Native American Program with staff advisor
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with local tribes
 - Participated in Statewide Diversity Conference
- *Linn-Benton Community College*
 - Native American Program with staff advisor
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with local tribes
 - Participated in Statewide Diversity Conference
- *Oregon Coast Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with the Confederated Tribes of the Siletz
- *Portland Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
- *Rogue Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
- *Southwestern Oregon Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services

Department of Community Colleges and Workforce Development
2001 Government to Government Report

- *Treasure Valley Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - *Tillamook Bay Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - *Umpqua Community College*
 - Advising, Counseling, Assessment/Placement, Financial Aid and Tutoring Services
 - Education/training programs in coordination with the Umpqua Tribe and Seven Feathers Casino
-

Please note that there are additional services provided by the community colleges that serve and support all students, including Native American students that may not be specifically listed here. All services provided by the colleges are available to tribes and/or tribal members to support a successful community college experience for individuals or to design specific education/training opportunities for groups.



Oregon

John P. Tomblin, M.D., Governor

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DEPARTMENT OF CORRECTIONS
GOVERNMENT TO GOVERNMENT
ANNUAL REPORT
December 2001



KEY CONTACT

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ACTIVITIES AND INTERACTIONS DURING 2001

The department's primary interaction with Oregon tribes this past year has been through participation with the Public Safety Cluster Group. This has been an effective forum for building relationships with the tribes as well as other state agencies in this cluster group. The Public Safety Cluster group meets on a quarterly basis.

The department's Religious Services staff continued to maintain on-going contact with various tribal representatives concerning provision of Native American religious services to inmates.

The department's Correctional Treatment Services staff also continued to maintain contracts with various tribal representatives to provide Native American alcohol and drug treatment programs within department prisons.

Staff from the New Prison Construction and Community Development Programs continued to make contact with tribes in the areas where new prisons will be built. In October, program staff attended an introductory meeting with the Warm Springs Tribal Council to meet key staff and to present new prison construction information. The purpose of the presentation was to discuss the construction schedule, tribal representation on the local prison advisory committee, departmental employment opportunities, job fairs, conducting a cultural resource survey at our site in Madras, and the possibility of contracting with tribal enterprises (such as the Warm Springs construction company).

Community Development and New Prison Construction staff also conducted preliminary discussions with the Klamath Tribe's Cultural Resource Program staff regarding conducting a cultural resource survey at the department's site in Lakeview.

Department staff attended the Legislative Commission on Indian Affairs at the State Capitol in July and provided information about several department programs. The staff presentation focused on the provision of religious services to inmates, the current construction schedule for the new prisons

planned for Oregon, as well as how the provisions of Native American religious services are being considered in the design of the new prisons.

Several of the department's prisons maintained on-going contact with tribal representatives to ensure that inmates can participate in cultural affiliations. The Oregon State Penitentiary and Oregon State Correctional Institution have active Native American cultural organizations and several of the prisons hold annual celebrations, cultural events, and ceremonies.

The department plans to continue working with various tribal representatives throughout the state to maintain the cooperative relationships that have been built; and to continue to seek out other opportunities to involve the Native American community.





Oregon

John A. Kitzhaber, M.D., Governor

Department of Environmental Quality

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DEQ ANNUAL GOVERNMENT-TO-GOVERNMENT REPORT FOR 2001
EXECUTIVE ORDER 96-30 – SENATE BILL 770
DEQ – TRIBAL GOVERNMENT RELATIONS

1. **Agency:** Department of Environmental Quality

2. **Key Tribal Liaison:**

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3. **Agency Interest Areas:** As the State's environmental protection agency, the DEQ coordinates with the nine federally recognized Tribal governments on air quality, water quality and land quality issues. The federal Environmental Protection Agency (EPA) also works closely with the Tribes in these same areas.
4. **Department Statement:** After the issuance of Executive Order 96-30 (EO), the DEQ developed an agency "Statement of Intent" in response to the EO directives. With the approval of Senate Bill 770, DEQ recently updated this Statement (see attached copy). The Tribal Chairs and Key Contacts have been mailed a copy of the statement. DEQ's Tribal Liaison will work with each tribe individually to update a list of environmental issues of concern.
5. **Participation in Executive Order Process:** This past year, DEQ took part in a number of state activities relating to the EO including:
- DEQ staff attended Tribal Information Day on May 25th at the State Capitol.
 - The annual Governor's Summit has been postponed to Spring 2002. The Director and Tribal Liaison plans to attend this event.
 - The Director attended a Governor's Cabinet meeting on December 19th which involved a training update on tribal relations which was presented by Karen Quigley, Administrator of the Legislative Commission on Indian Services.

6. **Internal DEQ Activities:** DEQ's primary focus on internal tribal relation activities continues to be directed toward improving communications and consultation between agency and tribal staff. Specific activities this past year include:
- DEQ developed internal staff procedures to better ensure that permit applicants and individuals involved in cleanup activities are aware of the State's cultural resource protection laws. Staff discussed the proposed procedures at the August 7,8th joint Natural Resources/Cultural Resources Cluster Groups meeting, and sent a notice requesting input to tribe cultural resource and natural resource programs.
 - Notice and opportunity to comment was provided to the nine Key Tribal Contacts on DEQ's proposed Strategic Directions.
 - Updates of DEQ's citizen advisory committees and work groups are provided twice a year to the tribal key contacts. Staff routinely assesses tribal interests when setting up new committees.
 - DEQ and EPA will soon begin the biennial Performance Partnership Agreement. EPA has chosen to take the lead in consulting with tribes on the agreement process, with DEQ's participation.
 - DEQ's Tribal Liaison routinely advises, assists and consults with DEQ staff on issues and activities that potentially impact Tribal governments.
 - DEQ installed a Tribal Government Relations link on its internal website, which has information on the NRC group work, including notes from the NRC meetings.
 - Training was provided for DEQ's Cleanup Program staff on May 16. Jeff Van Pelt of Umatilla, Kathleen Feehan of Grand Ronde, and Louie Pitt of Warm Springs assisted by discussing their perspectives on what cultural resources are and why they are important to tribes.
7. **Participation in Natural Resource Cluster Group:** DEQ continues to be an active participant in the NRC Cluster Group. Ex-Deputy Director Taylor facilitated the NRC meeting on February 7, and Director Hallock facilitated the joint NRC/Cultural Resources Cluster meeting on August 7,8th. The Tribal Liaison assists with planning NRC meetings and agendas. She also participated in a NRC subgroup, which was assigned to develop draft operation procedures for the NRC. These procedures were formally adopted in 2001.
8. **Review of DEQ-Tribal Issues/Activities:** During the past year there were a number of issues/activities that involved DEQ-Tribal consultation and coordination including:
- General:
- DEQ Director and Tribal Liaison attend an Oregon Tribal Environmental Forum meeting for EPA and tribe environmental staff.
 - The Chemical Demilitarization Program and Umatilla Tribe finalized a MOA on consultation in March 2001. Program staff provides quarterly updates to the Board of Trustees.
- Air Quality:
- The Umatilla and Warm Springs Tribes were involved with Air Quality staff on an air quality strategy and visibility study project for the Columbia Gorge National Scenic Area.

- Air Quality staff presented a description of the Oregon Air Toxics Program development work at an EPA Region X Air Toxics Summit which included some staff from Oregon tribes.

Land Quality:

- DEQ, EPA and Siletz Tribe staff met to discuss the status of work under an MOA relating to the Tribe's cleanup effort and permitting issues for the Tribe's Toledo Mill site.
- Region Solid Wastes staff met with Umatilla Tribe staff to discuss issues relating to State fees and the Tribe's transfer station. The Tribe has expressed an interest in entering into a MOA to address State and Tribe issues. Region staff provided technical assistance to Umatilla Tribe staff on the handling of hazardous wastes. The Tribe also received a DEQ grant for household hazardous wastes collection.
- DEQ Emergency Response program staff responded to two spills of tribal interest. The Siletz Tribe was involved in the response to a fuel oil spill that occurred on the Yaquina River, and the M/V Tristan Coos Bay fuel release. Response included discussions with Grand Ronde, Coquille, Siletz and Coos, Lower Umpqua & Siuslaw Tribes.
- DEQ Emergency Response staff gave a presentation to the east-side Tribes on DEQ's roles and responsibilities concerning oil and hazardous material releases. Staff anticipates providing a similar presentation to west-side Tribes.
- Solid Wastes staff updated the Rethinking Recycling K-5 educational curriculum which includes a lesson on Native American values as they relate to recycling. Warm Springs staff provided suggestions and guidance for the update.
- DEQ continues to work on the Portland Harbor Cleanup with the six involved tribes (Nez Perce, Yakama, Umatilla, Siletz, Grand Ronde, Warm Springs) on upland cleanup issues, on EPA's in-water sediment work, and on cultural resource issues on the upland sites as required by the Portland Harbor Inter-Governmental MOU.
- Cleanup staff works with the same six tribes on the McCormick and Baxter cleanup project. As state lead on the federal NPL cleanup site, DEQ is involved in activities that ultimately support EPA's formal consultation requirements. An archeological firm was hired to conduct archeological and traditional use research to determine whether the proposed cleanup actions could impact cultural resources on the site. This work is on-going and should be completed by Summer 2002. DEQ staff has also briefed tribe technical/environmental staff on the proposed barrier wall and sediment cap installation.
- DEQ continues to provide update information to the interested Tribes on the Bradford Island Corps cleanup site in the Columbia River.

Water Quality:

- Water Quality Biomonitoring staff and Warm Springs staff collected stream data on Pine Creek, a tributary to the John Day River. They also worked out an agreement to resample 1990 sites in 2001 for comparison purposes.
- Cooperative efforts are continuing through a Letter of Agreement on coordinating Clean Water Act 401 certification and FERC relicensing processes for the Pelton-Round Butte hydro project.
- In other relicensing hydro projects, Siletz Tribe and CRITFC staff was involved in relicensing the powerhouse at Willamette Falls. Tribal issues included the use of

- the Falls, harvest of lamprey, and fishing. In the Hells Canyon Complex, several tribes expressed interest in restoring the anadromous runs in the Snake River Basin (Nez Perce, Shoshone-Paiute, Burns Paiute, Umatilla and CRITFC).
- Region staff administered two water quality 319 nonpoint source grants that were awarded to the Umatilla Tribe.
 - Umatilla Tribe staff provided DEQ with extensive water quality data and technical support on the Umatilla Basin TMDL work.
 - Region DEQ staff and Coquille Tribe water staff discussed Tribe's TMDL, beneficial uses and tribal land issues in the Coos subbasin.
 - Water Quality and Warm Springs staff discussions are taking place as to the Tribe's role in the Upper Deschutes TMDL process, which involves shared waters. The Tribe intends to participate in the advisory committee process.
 - The Klamath Tribe participates in the Upper Klamath Lake TMDL process.
 - Grand Ronde staff participates on the Willamette TMDL Council, which is providing assistance to DEQ regarding its decisions on targets and setting allocations for the Basin's TMDL.
 - Warm Springs staff and DEQ region staff continue to monitor the ecological health of Fifteenmile Creek in The Dalles. A herbicide spill occurred on I-84 in 2000.
 - CRITFC and Nez Perce staff are participating on the EPA sponsored NW Temperature Criteria Initiative. Its purpose is to identify water quality temperature criteria that could be adopted by states and tribes in the Pacific NW.
 - Region staff are working with the Klamath Tribe on a new wastewater system to serve a proposed housing development on tribal land near Chiloquin.
 - Warm Springs Fisheries staff provided technical assistance and participation on the Hood TMDL Technical Advisory Committee, as well as participation on the DEQ Standards Review Advisory Committee.
 - Warm Springs provided grant funds for DEQ water quality staff to help them support monitoring of the occurrence of organophosphate insecticides in the Hood River Basin, and the effects on threatened steelhead.
9. ***Cooperation and Consultation with other Agencies:*** Specific issue areas that DEQ has or is working with other agencies on include:
- DEQ's Air Quality Administrator co-chairs the Western Regional Air Partnership (WRAP) Issues Oversight Committee. The tribal co-chair is Governor Chino from Pueblo of Acoma.
 - Hydroelectric Project Review - DEQ is a member of the Hydroelectric Application Review Team (HART) that implements the State's hydroelectric project reauthorization law. Water Resources is the lead agency. Current projects include: the Round Butte-Pelton Dam; Klamath; North Umpqua; Willamette Falls; Clackamas and Sandy Rivers; and Hell's Canyon. The Warm Springs and Klamath Tribes are involved in this work. Region staff met with the Klamath and northern California Tribes on the relicensing process for the Pacific Corp Klamath project.
 - Water Rights - DEQ continues to be involved as requested in the water rights adjudication and alternative dispute resolution process for the Klamath Tribes. Water Resources is the lead agency.

- Agriculture Nonpoint Source Planning - The Department of Agriculture and DEQ continue to regularly consult on TMDL work throughout the State.
- Spill Cleanup - ODFW participated with DEQ and Tribal staff in the spill response to the fuel spills in the Yaquina River and Coos Bay.
- Community Solutions Team - DEQ participates with other member agencies on the Community Solutions Team (CST). The Team consists of five agencies that address local communities in solving community development problems within a partnership forum. Tribal governments also participate in some of the CST's work.
- Columbia River TMDL Work - Oregon and Washington are taking the lead on the Total Dissolved Gas TMDL for the Columbia mainstem, which is currently out on public notice. Tribal involvement has been primarily provided by CRITFC. EPA has the lead, with DEQ and tribal involvement, for the Temperature TMDL which is scheduled for completion late 2002. Both efforts involve significant involvement of other federal agencies, e.g. Corps of Engineers.
- The Department of Water Resources requested DEQ's participation in addressing a water rights transfer and new application issue involving the Grand Ronde Tribe.

2001 SUMMARY REPORT
Oregon Department of Fish and Wildlife
State/Tribal Government-to-Government Relations

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The Oregon Department of Fish and Wildlife (ODFW) participates in all regular meetings of the Natural Resource and Cultural Cluster groups.

ODFW is also working to develop the best way to deliver government-to-government cultural resources training to employees who need this information. As part of this effort, ODFW personnel have begun to research, evaluate, and attend existing training programs. This work will be provided to leadership and executive staff as part of the information necessary to formulate a training strategy to implement Senate Bill (SB) 770.

The following summary is organized by ODFW Program and Regional responsibility and includes the major areas in which the agency works with tribal governments to address key issues.

Areas of Cooperation

Programatic / Statewide:

ODFW generally provides fish and wildlife for use in various Indian ceremonies and celebrations. The Department also provides the tribes with hides, antlers, horns, and feathers of culturally important wildlife collected in the course of normal department activities.

Fish Division has worked closely with tribal fish and wildlife staff in preparing population assessments and evaluating information gaps related to lamprey populations throughout the state. In addition, Division staff has worked closely with tribal staff to address lamprey harvest needs at Willamette Falls.

Fish Division has worked extensively with the Columbia River Treaty Tribes to develop a multi year sliding scale fishery for spring chinook in 2001. Our close coordination and cooperation on this issue resulted in the NMFS acceptance of this ground breaking approach to harvest management in the Columbia River.

Wildlife Division continues to work with The Klamath Tribes to reach final settlement on the Rivers End Ranch project, a wildlife habitat improvement project that inadvertently impacted

tribal cultural artifacts. A request has been made through the Department of Justice to meet with the Klamath's at their earliest convenience to reach resolution.

The Wildlife Division has set up a meeting this month (February 2002) with the Burns Paiute Tribe to discuss hunting opportunities for tribal members. The Burns Paiute Tribe has no historic treaty hunting rights.

Representatives from various Tribes will be asked to participate in the statewide review of mule deer and elk species management objectives. This will culminate with new deer and elk management plans being presented to the ODFW Fish and Wildlife Commission in December 2002.

The Wildlife Division and Oregon Department of Agriculture (ODA) have worked closely with various tribal councils to request participation on the Oregon Invasive Species Task Force. A representative has been selected from CRITFC.

The Director's Office, along with regional and headquarters staff met with representatives from the Tribal Council and Game Commission of The Klamath Tribes to discuss Government-to-Government relationships, communications and joint biological concerns. Fish, wildlife and administrative topics were all covered.

The Director's Office and SW Regional Manager met with representatives from the Coquille Tribe to discuss road closure and hunting concerns on Tribal lands in order to protect cultural sites and public recreational opportunities.

Habitat Division and Deschutes Watershed District and Region staff assisted the Confederated Tribes of Warm Springs Reservation, Oregon with review of the joint Tribes/PGE application for the hydro license for the Round Butte/Pelton Power Project on the Deschutes River.

Habitat Division and Klamath Watershed District staff has been working with the Klamath Tribe's biologist in regards to fishery issues related to the re-licensing of the Klamath hydro electric facility.

Southwest Region:

(See attached map)

The Umpqua District fish staff has worked with the Cow Creek Band of Umpqua Tribe Indians developing potential STEP projects on the South Umpqua River.

SW Regional staff has also met with the Cow Creek Band of Umpqua Tribe Indians discussing issues surrounding Tribal ceremonies and use of ceremonial meat.

High Desert Region:

The High Desert Region continues to allocate 10 percent of deer, elk and antelope tags to the Warm Springs within their ceded area.

ODFW's High Desert Region recently completed a Memorandum of Understanding with the Confederated Tribes of Warm Springs that outlined a cooperative project to reintroduce bighorn sheep back onto historic range within Reservation lands. Twenty sheep were released in mid-January.

Deschutes Watershed District staff cooperated and assisted the Confederated Tribes of the Warm Springs Reservation of Oregon (CTWSRO) with planning and implementing a bighorn sheep transplant into the Mutton Mts. on the Warm Springs Reservation. Twenty-one bighorn were captured near John Day, and released into the Mutton Mts. on January 11, 2002, marking the return of bighorn to historic habitat from which they were extirpated in the early 1900's.

Deschutes Watershed staff provided the CTWSRO with two salvaged bighorn sheep carcasses for ceremonial use.

The Confederated Tribes of the Warm Springs Reservation of Oregon (CTWSRO) were allocated 20 state pronghorn antelope tags for years 2000 and 2001, for use on their ceded lands. The pronghorn tags issued in year 2000 were the first pronghorn tags ever issued to the CTWSRO. The CTWSRO are also issued approximately 800 deer tags and 800 elk tags annually for use on their ceded lands.

Deschutes Watershed District staff coordinated and cooperated with CTWSRO staff in developing draft basin plans in the Hood, Deschutes, and Fifteen mile basins, under the Northwest Power Planning Council program.

Deschutes Watershed District staff worked closely with CTWSRO staff regarding hatchery fish evaluations in the Hood River, and implementation of habitat restoration projects in the Hood, Deschutes, and Fifteen mile basins.

Summer Lake Wildlife Area staff assisted CTWSRO members by providing gathering sites for large quantities of fresh tule stems, which tribal members used to construct burial mats for traditional funeral ceremonies. Wildlife area staff continued to coordinate with CTWSRO staff regarding management of archeological sites on the wildlife area.

The CTWSRO received more than 4,500 surplus spring Chinook and summer steelhead carcasses from Round Butte Hatchery for tribal subsistence and ceremonial use.

Malheur Watershed District staff worked with the Burns Paiute Tribe staff to develop tribal proposals for BPA projects for the Middle Snake River Province.

Malheur Watershed District staff provided the Burns Paiute Tribe with elk carcasses killed as a result of agricultural damage.

Malheur Watershed District staff worked with Burns Paiute Tribal staff to finalize data from the 2001 field season and prepare work plans for the 2002 field season for the cooperative bull trout study.

Klamath Wildlife Area staff are continuing to meet with the cultural and language staff of the Klamath Tribe to develop a coordinated name change proposal for USGS as per senate joint memorial 3.

Klamath Watershed District staff are coordinating with the Klamath tribal wildlife biologist (Rick Ward) in regards to proposed deer management and season recommendations.

Klamath Watershed District staff have provided seized wildlife parts to the cultural and heritage program at the Klamath tribes.

Klamath Watershed District staff have been working with the Klamath Tribe's biologist on an on-going basis to conserve Klamath Basin Bull trout.

Klamath Watershed District staff have been providing technical input to the Klamath Tribe's biologist in regards to habitat restoration projects on private land.

Klamath Watershed District staff have been working with the Klamath Tribes and commercial outfitters to reduce conflicts between treaty fishers and non-treaty fishers.

Northeast Region:

The Northeast Region is working on a cooperative project to develop a Memorandum of Understanding with the Confederated Tribes of the Umatilla Indian Reservation to identify bighorn sheep release sites within their legally recognized Ceded boundary.

The ODFW and CTUIR have attended multiple meeting to provide comments to the NPT on the Spring Chinook Master Plan. We have been working through the 3-step process and have submitted Step-2 documentation to the Northwest Power Planning Council in August 2001. This submittal contained pre-design drawing for a Lostine River hatchery, holding facility on the Imnaha River (Marks Ranch), and upgrades to the existing Imnaha satellite facility and Lookingglass Hatchery.

NE Region Research and Development (R&D) staff coordinated comprehensive chinook salmon spawning ground surveys with the Tribes in the John Day, Grande Ronde, and Imnaha river

basins. These surveys were conducted cooperatively by ODFW, the Confederated Tribes of Warm Springs, the Confederated Tribes of the Umatilla Indian Reservation, and the Nez Perce Tribe.

R&D staff worked with the Confederated Tribes of Warm Springs to develop and implement John Day basin monitoring and evaluation plans.

R&D worked with the Confederated Tribes of Warm Springs and the Confederated Tribes of the Umatilla Indian Reservation to develop Oregon Plan monitoring of adult and juvenile salmonids in NE Oregon. ODFW and the Tribes are sharing responsibility for conducting the Oregon Plan monitoring.

R&D are cooperatively developing a comprehensive monitoring and evaluation plan for chinook salmon in the Grande Ronde and Imnaha basins with the Confederated Tribes of the Umatilla Indian Reservation and the Nez Perce Tribe. This plan will guide the long-term monitoring of recovery efforts in the Northeast Region.

R&D worked with the Nez Perce Tribe to develop long-term hatchery planning documents for the Northeast Oregon Hatcheries project. We jointly submitted these Step 2 plans to the Northwest Power Planning Council and will continue to work together to complete the NEOH effort.

ODFW, the Nez Perce Tribe, and the Confederated Tribes of the Umatilla Indian Reservation are cooperatively conducting a steelhead genetics characterization study in the Grande Ronde and Imnaha basins. Together we have sampled 20 populations annually throughout both basins for the past three years.

R&D have been cooperatively investigating the effectiveness of steelhead pre-smolt releases in the Imnaha basin with the Nez Perce Tribe. Multi-agency crews conducted surveys to determine steelhead rearing densities in the Imnaha basin.

R&D has coordinated with the Nez Perce Tribe to assist in their genetics conservation—cryopreservation efforts. We coordinate with them to provide spawning dates and location of natural spawners.

R&D staff has worked closely with the Confederated Tribes of the Umatilla Indian Reservation in the Umatilla Basin Management and Monitoring Workgroup to provide coordinated direction for research and management in the Umatilla Basin.

R&D have cooperatively completed large-scale hatchery PIT Tagging at Lookingglass Fish Hatchery with the Nez Perce Tribe in a coordinated effort to determine smolt migration characteristics and smolt survival.

Northeast Region has generally maintained close working relationships with the Confederated Tribes of the Umatilla Indian Reservation through Intergovernmental Personnel Agreements. Three CTUIR biologists are working in the ODFW La Grande R&D office under the supervision of an ODFW Program Director. This agreement provides the opportunity to coordinate management and research activities in the Grande Ronde basin.

R&D worked closely with the Nez Perce Tribe and the Confederated Tribes of the Umatilla Indian Reservation on all aspects of the Grande Ronde Basin Captive Broodstock Program. Both Tribes and ODFW share many responsibilities for implementation of this program.

Monthly Umatilla River Managers meetings with CTUIR Fisheries program managers and ODFW Fish Management, Research and Hatchery staff. Review and development of Master Plan, Monitoring/Evaluation Plan and discussion of numerous management issues.

John Day Watershed District wildlife staff and USDA, Wildlife Services assistance with tribal lands wildlife damage complaints within the Umatilla Indian Reservation including bear, mountain lion, turkey, deer and elk.

John Day Fish Habitat coordination with CTUIR on new riparian lease lands in the upper North Fork John Day River.

Completion of Subbasin summaries for BPA/NWPPC with numerous coordinated efforts of CTUIR, CTWS and ODFW fisheries and wildlife staff in the John Day, Umatilla and Walla Walla subbasins.

In addition, ODFW Northeast Regional staff:

Participated in scoping/review of natural resource issues at the proposed CTUIR Wanapa cogeneration energy project in Umatilla County.

Provided various wildlife parts (antlers, skulls, etc.) to CTUIR cultural program for use in classes such as regalia education.

Provided a representative of the Confederated Tribes of the Umatilla Indian Reservation a tour of Ladd Marsh Wildlife Area specifically noting areas of hardstem bullrush for use in Tribal projects.

Facilitated representatives of the Nez Perce Tribe collected 2500 Canada thistle gall fly galls from Ladd Marsh Wildlife Area for use in controlling thistle on their properties in Wallowa County.

Worked with the Nez Perce and Confederated Tribes of the Umatilla Indian Reservation to have sport and tribal spring Chinook fisheries on the Imnaha Rivers and Lookingglass Creek (Grande Ronde Basin). This is the first spring Chinook fishery in these streams since the late 1950's.

Worked with the Confederated Tribes of the Umatilla Indian Reservation to implement habitat improvement projects on private lands of the Upper Grande Ronde.

Worked with the Confederated Tribes of the Umatilla Indian Reservation and the Nez Perce Tribe to plan for new hatchery facilities to improve spring Chinook production associated with Lookingglass Hatchery (Northeast Oregon Hatchery). This

Worked with the Confederated Tribes of the Umatilla Indian Reservation and Nez Perce Tribe to organize a review of the Blue Mountain Province and the BPA projects funded there for the ISRP and Power Planning Council staff.

Worked with the Umatilla Tribes to develop a MOU and Management Plan for the reintroduction of bighorn sheep within the ceded territory.

Continued discussions with CTUIR regarding the management, research and hatchery operations in the Umatilla subbasin. Approximately 8 meetings (April 21, May 15, June 13, July 19, Aug 23, Sept 20, Nov 8-no CTUIR attendees, Dec 12-minutes available upon request) were held in 2001. The outcome of these meeting provided updates on the various programs outlined in the Annual Operations Plan (AOP) for the period October 1, 2000 to Sept. 30, 2001 and, provided a forum to develop a new AOP starting October 1, 2001 to September 30, 2002.

Continued discussions regarding the management, research and hatchery operations of the spring chinook captive brood program. Approximately 8 meetings (Jan 9, Mar 7, May 10, June 13, July 11, Aug 10, Oct 17, Nov 14-minutes available upon request) were held in 2001 to discuss fish hatchery, management and research operations. The outcome of these meeting provided a dialog on the program and a venue for fish management discussions.

Finalized annual operations plans for 2001 on January 23 for Lookingglass, Irrigon, Wallowa hatcheries and Big Canyon, Little Sheep, Imnaha, Catherine Creek, Lostine River, and upper Grande Ronde satellite facilities. The process was initiated on December 10 for the 2002 AOP (document available upon request).

Northwest Region:

The Northwest Region staff coordinated fishing and hunting seas, including tag allocations, with the Confederated Tribes of Grand Ronde Community of Oregon (CTGR) and the Confederated Tribes of Siletz (CTS).

Northwest Region and Fish Division staff worked with several tribes on a status review of lamprey. Harvest regulations for take of lamprey at Willamette Falls were revised by the Commission based on these discussions.

The Northwest Region Manager attended training on tribal issues at the Attorney General's Law Conference.

The Northwest Region staff also provided surplus salmon carcasses (as available) to the Columbia Basin tribes as part of the US vs. Oregon process.

Northwest Region/North Coast Watershed District staff partnered with the CTS (Siletz) on several projects including:

- Salmon River Hatchery - raising 50,000 coho (Siletz stock) for release into the Siletz River.

- Tribal members operating the Rock Creek Hatchery (Siletz River) as a conservation hatchery for wild Siletz coho.

- Coordinating salmon management activities including monitoring and research.



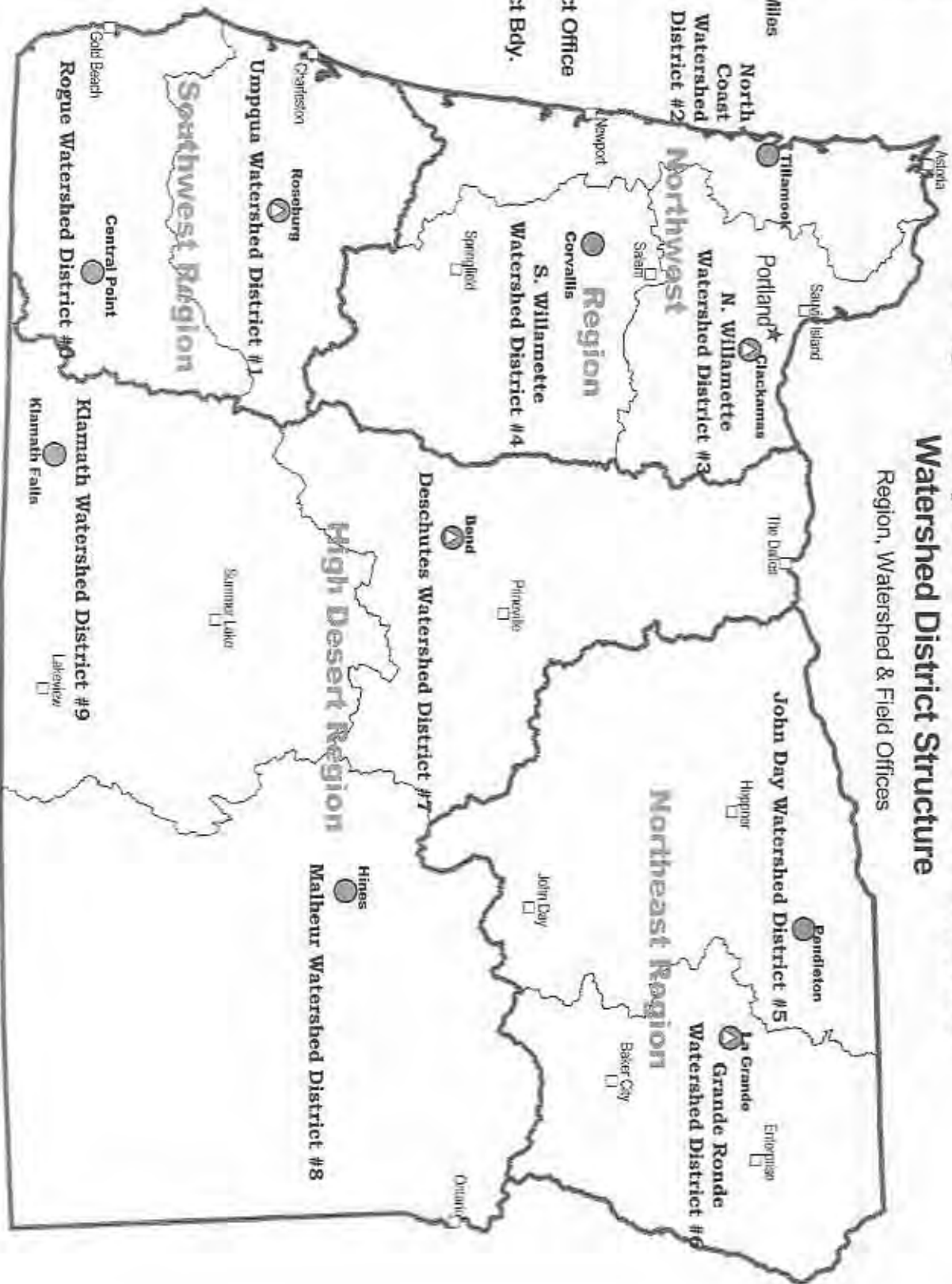
Oregon Department of Fish & Wildlife

Watershed District Structure

Region, Watershed & Field Offices



- ★ Headquarters
- △ Regional Office
- Watershed District Office
- Field Office
- Watershed District Bdy.
- ⚡ Region Bdy.



2001 SUMMARY REPORT

Oregon Department of Forestry

Executive Order 96-30: State/Tribal Government-to-Government Relations

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The Oregon Department of Forestry (ODF) participates in all of the regular meetings of the Natural Resource and Cultural Resource Cluster groups. The agency has had an "interest statement" in place since 1997 and copies are available from the office of the Deputy State Forester. During this past year, the Protection from Fire, State Forests, Forestry Assistance and Forest Practices programs have engaged in the development of a cultural resource Memorandum of Agreement (MOA) with the State Historical Preservation Office (SHPO). The draft MOA specifically refers to development of relations with tribal governments for protection of cultural resources of importance to tribes and is currently being internally reviewed within ODF and SHPO. Many of the elements of the MOA will form the basis for the development of program policies within the Department and guide the agency's compliance with SB770. Final approval of the agreement by both agencies is expected in spring 2002.

ODF is also working to develop the best way to deliver government-to-government and cultural resources training to employees who need this information. As part of this effort, ODF personnel have begun to research, evaluate, and attend existing training programs. This work will be provided to leadership and executive staff as part of the information necessary to formulate a training strategy to implement Senate Bill 770.

The following summary is organized by ODF's program responsibilities and includes the major areas in which the agency works with tribal governments and efforts to address key issues, training, and collaboration and cooperation with other agencies and the tribes.

Protection from Fire Program

Northeast Oregon District, Pendleton Unit

The Umatilla Agency of the Bureau of Indian Affairs (BIA) has a fee-based fire protection agreement with the District. The agreement has been in place since 1961. Under the agreement, Northeast Oregon District (NEO) - Pendleton Unit provides fire protection for approximately 50,000 acres of Indian Trust land that is within both the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) boundary and the NEO forest protection boundary. The agreement has recently been reviewed and rewritten so as to be in compliance with the Master Cooperative Fire Protection Agreement.

The BIA and ODF also have mutual aid fire protection agreements in the Pendleton Unit. The agreement provides available firefighting resources to the protecting agency. For ODF, we

provide engines and overhead to BIA for wildland fires outside of ODF's forest protection boundary. For BIA - Umatilla Agency, this agreement allows for them to provide firefighting resources on lands for which ODF - NEO is the protecting agency. In 2001, this agreement enabled ODF and BIA to work cooperatively on ten fires. Due to the effectiveness of this approach, all of these fires were kept small in size.

Both the BIA - Umatilla Agency and ODF - Pendleton Unit have Mutual Aid Fire Protection Agreements with the Tribal Fire Department for the CTUIR. As with the prior Mutual Aid Agreement, this agreement allows both the ODF - Pendleton Unit and the BIA - Umatilla Agency to provide available firefighting resources to the tribal fire department. The principle responsibility of the tribal fire department is structural protection while BIA and ODF are trained as wildland firefighters. As with the other agreements, this one was utilized extensively and productively in 2001.

Cooperation was also strong in the area of fire investigation this past fire season. Tips from individuals and a cooperative fire investigation effort allowed tribal and state law enforcement personnel to catch and convict an arsonist that had been plaguing the area this past fire season.

The Pendleton Unit coordinated a regional FIREWISE Workshop in May at the Tamastliik Cultural Institute and Wildhorse Resort complex. The workshop had very favorable reviews and was well attended by CTUIR representatives. CTUIR representatives included a welcoming address by Antone Minthorn, the Chairman of the Board of Trustees. ODF, CTUIR, the US Forest Service, and the State Fire Marshall's Office jointly sponsored the workshop.

In summary, Pendleton Unit perceives the working relationship concerning fire protection with the CTUIR and the BIA - Umatilla Agency as successful and productive, and one that enhances ODF's efficiency and effectiveness. Efficiency and effectiveness is gained by having one protection agency on what would otherwise be checkerboard ownership with redundant fire protection responsibilities.

Northeast Oregon District, Wallowa Unit

In 1999, the Wallowa Unit developed a written Cooperative Fire Protection Agreement with the Nez Perce Tribe. This agreement provides fire protection on 14,117 acres of tribal lands in Wallowa County. The Nez Perce Tribe pays the same fire patrol assessment rate as other private forest landowners. ODF agrees to request tribe-sponsored 20-man crews when needed to aid in the suppression efforts on the property. The Nez Perce will also provide a tribal representative to work with the fire managers on large fires and in the instances that heavy equipment will be used on the property, due to the presence of cultural resources.

Central Oregon District, Prineville

District coordination has been with the Warm Springs Tribe, mostly with the Protection from Fire program. The Central Oregon District has maintained Mutual Aid Agreements with both the Confederated Tribes of Warm Springs and BIA.

The level of coordination and cooperation in mutual sharing of initial attack resources has continued to make major strides. The Warm Springs Agency was able to provide both critical

helicopter and ground resources in several instances this past summer to structural and wildland incidents off the reservation. Those responses were coordinated through Central Oregon Interagency Dispatch Center (COIDC). The Warm Springs Fire Management Officer participates as an advisory member of the Steering Committee for COIDC and is also a member of the Steering Committee for the Central Oregon Interagency Incident Management Team, which has both BIA and Tribal members assigned.

The Warm Springs Tribe now has a fire prevention technician and participates in the activities of the Mid Columbia Fire Prevention Cooperative in conjunction with ODF and other fire agencies.. This position is new this year and should allow for better coordination of prevention activities in southern Wasco county and Jefferson county.

There is also a tribal representative that participates along with ODF and other agencies on the North Fork of the John Day Watershed Council and the Grant county Soil and Water Conservation District.

West Oregon District, Philomath

The West Oregon District has fee-based fire protection agreements with both the Confederated Tribes of Grand Ronde and the Confederated Tribes of Siletz. The Confederated Tribes of Grand Ronde sent four of their seasonal employees to the interagency fire school hosted by ODF prior to the 2001 fire season. During the summer, a two-acre fire occurred on tribal lands under ODF protection. ODF was joined in the attack by engines from the Confederated Tribes of Grand Ronde, as well as neighboring landowners and a rural fire department. Staff from the Confederated Tribes of Siletz regularly attend and participate in meetings of the West Oregon Forest Protective Association.

Forestry Assistance Program (Service Forestry)

Northeast Oregon District, La Grande

Cooperation is continuing in areas of salmonid restoration and enhancement activity. The service foresters have work on joint restoration projects weaving together tribal interest and dollars with other funding sources such as the Oregon Watershed Enhancement Board, Bonneville Power Administration (BPA), and the Conservation Reserve Enhancement Program.. Tribal fisheries biologists have played a valuable role during these activities. In Wallowa County, coordination with the Nez Perce Tribe, county representatives, and ODF occurs during the implementation of the Wallowa County/Nez Perce Tribe Salmon Habitat Recovery Plan. Representatives from the tribe and ODF serve on the technical committee that reviews land use actions and activities in the county.

The Wallowa Unit Forester is a member of the steering committee that provides input to the Nez Perce Tribal staff to aid in the development of a management plan for tribal land in Wallowa County. The land was purchased with BPA wildlife mitigation funds (from the Snake River dams) and the objective for these lands is to enhance and preserve wildlife habitat.

State Forests Program

Klamath-Lake District, Klamath Falls

As part of the Klamath-Lake District's Long Range Forest Management Plan, the University of Oregon's Anthropology Department completed a Cultural Resource Inventory Planning Document for all lands managed by the Klamath-Lake District. As a result of this report, the district will continue to contract with the University of Oregon to survey approximately 2,400 acres during this next year and hire members of the Klamath Tribe as part of the survey team.

Annual Operating Plans are reviewed and input collected from the Klamath Tribal Wildlife Biologist and Tribal Forester on former reservation lands managed by the district.

Forest Grove District, Forest Grove

During 2001, Pete Wakeland, Forester for the Confederated Tribes of the Grand Ronde, was a member of a 12-person Focus Group that reviewed and provided recommendations on the draft Forest Implementation Plan for the District. This 12-person group was comprised of a broad range of local stakeholders, including environmental interests, the timber industry, the public at large, local business, small woodland owners, and tribal representation. Pete made valuable contributions in this effort and it was a pleasure having him (and tribal representation) on this group.

Tillamook District, Tillamook

Cliff Adams from the Confederated Tribes of the Grand Ronde has participated on two Task Forces with the District. He was on the Tillamook Focus Group reviewing Tillamook's draft Implementation Plan and, most recently, was appointed to the Northwest Oregon Area Advisory Committee to advise ODF on future issues as we implement the Forest Management Plan.

Forest Practices Program

Northeast Oregon District, La Grande and Pendleton Units

The tribal interests in NEO are keenly interested in all facets of salmon recovery and water quality issues. This interest is evident in the TMDL/water quality planning processes that are currently underway on the Grand Ronde and the Umatilla Rivers. The tribes are key players and in some cases core partners in these processes.

The Forest Practices Act is administered on the private lands within the reservation boundary of the CTUIR. Notifications and permits to operate power driven machinery are required on all forest operations. Private landowners within the reservation boundary are also required to obtain a conditional use permit for harvesting activity within this area. Joint pre-operation inspections have been conducted on some operations.

Department of Human Services

Government to Government Report, 2001

Introduction

The Oregon Department of Human Services (DHS) is committed to joining with the Tribes of Oregon to address the full range of human services issues. Major areas of work with the Tribes include:

- Health care
- Child welfare
- Public welfare
- Alcohol and drug prevention and treatment
- Public health
- Mental health
- Developmental disability services
- Elder care
- Care for persons with disabilities
- Vocational rehabilitation
- Any human services issues that the Tribes wish to discuss

This report describes highlights of recent and current work in many of these areas. The report covers highlights of the interaction and program developments between the Tribes and DHS. Several of the areas covered in this report were identified at the December 2000 Government to Government meeting, held in Portland,

2001 activity highlights

■ New DHS

During 2001, DHS began a massive restructuring, consolidating administrative supports and streamlining services. Although the remaking of such a large organization is a complex task, the purpose is simple: to achieve better outcomes for clients and communities.

Throughout the process, DHS has sought and received consultation from the Tribes of Oregon. They continue to be a valued advisor.

■ Health Services, Health care

Health care continues to be a major agenda item between DHS and the Tribes. The DHS Office of Medical Assistance Programs (OMAP) continues its leadership with the Tribes in this area. Recent work has focused on billing and reimbursement issues.

- OMAP helped the Tribes bill for medical services using the federal encounter rate, which will get the Tribes reimbursed at a higher dollar amount.
- OMAP updated the American Indian/Alaska native billing guide to reflect HIPAA requirements.
- OMAP continues to be a leader by participating with a federal technical assistance group on recommendations to the federal government regarding services for American Indian/Alaskan Native.
- In conjunction with the DHS Director's Office, OMAP is working with the Coquille Tribe to enable the Tribe to receive Administrative Match funds, making them the first Tribe in Oregon to receive these dollars.

■ Health Services, Mental health

The Office of Mental Health and Addiction Services has continued to partner with the nine federally recognized Tribes in Oregon on issues ranging from joint conference planning and participation to ongoing

development of a plan for Tribes to become Local Mental Health Authorities (LMHA).

The Tribes and DHS were key players in passage of two pieces of legislation this year. The first was House Bill 3024, which established a Statewide Mental Health Plan.

The second piece of legislation changed the language in ORS 430.640, which establishes the criteria for Local Mental Health Authorities (LMHA). The language changed from requiring that the Tribe be land-based to a federally recognized Tribe. This change allows all nine Tribes within Oregon to become their own LMHA, if they so desire, potentially making mental health services more accessible to Tribal members.

The Confederated Tribes of Grand Ronde is currently in negotiation with the Office of Mental Health and Addiction Services (OMH/AS) to become a LMHA.

The Tribes helped plan and participated in the workgroup presentations of the first Annual Minority Mental Health Conference.

OMH/AS has a commitment to support and foster all ongoing working relationships and develop new and creative ways in which to partner with Oregon Indian communities.

■ Health Services, Alcohol and Drug Abuse

In the area of Alcohol and Drug abuse, the Emergency Board has approved a maximum of \$95,000 in Prevention Enhancement funds for the 2001-2003 biennium for all nine recognized Tribes. Other successful opportunities include:

- A joint project with the Oregon Department of Education resulted in 21 Native American youth trained as HIV peer educators.
- Letters approving Tribes as alcohol and drug programs were issued to the Warm Springs, Siletz, Grand Ronde, Burns Paiute, Cow Creek, Umatilla, and Klamath Tribes.
- DHS alcohol and drug staff held a workshop to help the Tribes apply for a federal RFP on juvenile crime prevention. Burns Paiute, the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians, and

the Coquille Indian Tribes each received \$150,000 for a three-year period.

- The Tribal State Incentive Cooperative Agreement was completed in September 2001. All nine Tribes stated that they have a closer relationship with DHS, Department of Education, and OYA as a result of this grant.
- Fetal Alcohol Syndrome was identified by the Legislature as a major issue to address this year. As a result the DHS Health Cluster (of which alcohol and drug is a part) will work collaboratively with the Department of Education to pilot an approach targeting two entities, Linn County and the Confederated Tribes of Grand Ronde.

■ Health Services, Public Health

Breast and Cervical Cancer Program

Public Health Services funds a half-time Breast and Cervical Cancer Prevention Coordinator at Indian Health Services and provides \$25,000 to each Tribe for education and promotion.

Tobacco Prevention

Oregon may be the only state in the Union to provide Tobacco Prevention money directly to the Tribes. The Tribes developed the formula for distribution of funds. Because of the religious significance of tobacco in Indian culture careful distinctions are drawn between the use of tobacco in its religious and cultural practice and the misuse of tobacco as it relates to health.

Youth Suicide Prevention

Following a teen suicide, the Confederated Tribes of the Warm Springs Reservation and the Madras community held a two-day workshop on suicide prevention and how to recognize youth at risk.

Women, Infant and Children's Program

The Confederated Tribes of Warm Springs manage their own WIC Program. Funded by DHS, the program operates under DHS assurances, and training, staff development and consultation, and nutritional services are provided by DHS.

■ Seniors and People with Disabilities

A Tribal Elders Abuse Conference was held in May 2001, sponsored by SPD's Abuse Prevention Unit, the McMinneville Senior Services office and the Grand Ronde Tribe.

Nearly 100 people attended the all-day event held at Spirit Mountain, including Grand Ronde social and medical service providers, other Oregon tribal leadership and elder program coordinators, and numerous interested professional. Attorney General Hardy Meyers, National Indian Council on Aging, Director Dave Baldrige were speakers.

Medicare Empowerment Grant

DHS applied for and received a grant to provide Medicare outreach, information, and benefits access to Native American and Hispanic senior communities. The grant enables elders and their families/caregivers to access Medicare information to learn about benefit entitlements, patient rights and choices, and information on how Medicare and supplemental insurance works.

Currently, five Tribes participate in this program, receiving a high-quality computer, computer furniture and one year of paid Internet access. Four other Tribes are considering participating.

State Plan on Aging 2002-2005

The Confederated Tribes of Warm Springs and the Confederated Tribes of Umatilla were part of the nine-member advisory committee that developed Oregon's state plan on aging.

Native American Caregiving

A new family caregiver support program was created by the 2000 Reauthorization of the Older Americans Act.

Statewide, the area agencies on aging and all of the Native American Title VI programs received funding for this program.

All six Title VI recipients were awarded additional caregiving grants to develop services that will enable family caregivers to receive support services while caring for their aging relatives.

Video Project

A Native American elder-abuse video is being developed by the Adult Protective Services unit with a \$75,000 grant from the Oregon Department of Justice.

The project advisory board consists of mostly tribal leadership. The RFP went to independent Native American productions companies.

The National Council on Aging has offered to make copies of the video and distribute it to every Tribe in the U.S.

■ Children, Adult and Family Services

The Indian Child Welfare Act (ICWA) continues to be one of the cornerstones of the relationship between DHS and the Tribes of Oregon.

DHS continues to offer training on ICWA to all of its partners and staff. Prompt intervention in the early stages of ICWA cases has greatly reduced areas of dispute and ICWA non-compliance.

The 2001 ICWA Conference, held at Grand Ronde, was very successful for both Tribal and State participants. Native American culture was featured throughout the conference and the Confederated Tribes of Grand Ronde hosted a welcome dinner for the conference. Written participant evaluations rated this conference as very good and excellent with many reporting a new insight into ICWA and the Tribes.

A joint DHS-Tribal workgroup is developing a document that will describe the Principles & Expectations for Active Efforts. Active efforts — in contrast to reasonable efforts — is a higher level of effort required by federal law for ICWA cases. This project is in partnership with all nine Oregon Tribes.


Tribal Agreements

DHS has prioritized the need for a more efficient and timely negotiation process for DHS agreements and contracts with Oregon Tribes. DHS Children, Adult & Families enters into ICWA and federal fund access agreements with the Tribes.

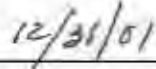
Significant progress has been made this year in finalizing or initiating Tribal agreements. The Coquille ICWA agreement is in the process of being signed and finalized. A new model ICWA agreement is being sent to the other Oregon Tribes for their consideration in updating their existing agreement, or entering into a new ICWA agreement with DHS.

New Title IV-E agreements, which allow payment for administrative and training cost to Tribes, have been finalized for the Coquille Indian Tribe and the Confederated Tribes of Warm Springs.

DHS has negotiated and renewed two Temporary Assistance for Needy Families agreements with the Klamath Tribe and the Confederated Tribes of Siletz. DHS continues to work with the Warm Springs Tribe to improve the service delivery system between DHS the Tribes.



Bobby S. Mink, Director



Date



Oregon

John A. Hitchcock, M.D., Governor

Department of Revenue

955 Center St NE

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**GOVERNMENT-TO-GOVERNMENT
ANNUAL REPORT
By
OREGON DEPARTMENT OF REVENUE
December 2001**

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Department Statement

The Oregon Department of Revenue continues to maintain good relationships with the tribes. By distributing the Governor's Executive Order and SB 770 among staff and discussing possible ways to improve our relationship with the tribes, the department stresses the importance of the unique legal status that the tribes retain as sovereign nations. During 2001, we have negotiated several issues to the satisfaction of both parties and are currently working to resolve several others. The primary issues this year continue to relate to Cigarette Tax agreements, garnishment of tribal employees and riparian rights.

Cigarette Tax Agreements

Under the provisions of ORS 323.401, the department now maintains cigarette refund agreements with six Oregon Tribes: the Confederated Tribes of Warm Springs, the Confederated Tribes of Umatilla, the Klamath Tribes, the Confederated Tribes of Grand Ronde, the Confederated Tribes of Siletz, and the Burns Paiute. The Tribes agree that all cigarette sales, including sales to tribal members on federal trust lands, will be subject to Oregon Tax. The department, in turn, agrees to remit refunds to the Tribes based upon tribal rolls and per capita cigarette consumption. We believe the agreements are in the best interest of both the Tribes and the State of Oregon and will assist the department in effectively administering the Oregon Cigarette Tax Program.

Department of Revenue 12/2001

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We are in the process of finalizing an agreement with the Coquille Tribe. We anticipate that agreement will be signed by January 31, 2002. There are two remaining tribes without agreements: the Coos and the Cow Creek Band of the Umpqua Tribe of Indians.

The cigarette tax refund agreements are essential in establishing a fair practical method of administering Oregon tax law requirements and complying with federal requirements governing the sale of cigarettes by the tribes.

Wage Garnishments of Tribal Employees

In order to collect delinquent debt owed to the State of Oregon, the department has requested tribes to garnish the paychecks of employees. At this time, all tribes are honoring our requests for wage garnishments except the Confederated Tribes of Warm Springs, the Klamath Tribes, the Burns-Pauite and the Umatilla Tribes.

Several tribes honor garnishment requests with no further action. The Confederated Tribes of Siletz accepts the department's garnishments and requires department staff to attend Tribal Court. The Court reviews and takes action on each garnishment, for both tribal and non-tribal member employees. The process is effective, but does require additional staff time. To reduce staff and travel time, we have worked with the tribe to schedule court hearings on several different garnishments together, rather than on separated days.

During the coming year, the department will continue to pursue negotiations with the tribes on the issue of wage garnishments and ask their assistance in ensuring that employees of the tribes pay their delinquent debts to the State of Oregon.

Riparian Property Tax Exemption

Over this past year, the department has had contact with Indian Tribes concerning legislation for designated riparian property tax exemption. "Designated riparian land" means the beds of streams, the adjacent vegetation communities, and the land thereunder, which are predominantly influenced by their association with water, not to extend more than 100 feet landward of the line of nonaquatic vegetation, which are privately owned and which qualify for exemption under ORS 308A.350 and 308A.383. The tribes wanted the departments input for legislation they were going to submit during the legislative session. The department provided information about the exemption and reviewed their legislative concept.

There was no legislative concept that passed this last session that dealt with riparian exemption on tribal lands. There were several other concepts that did make it through the legislative process.

Other Property Tax Issues

The department has been working closely with the Confederated Tribes of the Warm Springs regarding their proposed purchase of 1/3 interest in Portland General Electric's Pelton and Round Butte Dams. It appears that this sale is going to happen. The proposed date is January 1, 2002. At that time a portion of the property will become tax exempt. The department has been working with representatives of the Tribes and the Jefferson County Commissioners. The department is also finalizing a method to value this property.

HB 2332 created an Indian Enterprise Zone. At this time, it appears the Warm Springs Reservation will be the only reservation to qualify for this enterprise zone. The zone allows non-Indian companies to start a business within the zone. If the Tribal Government places a tax on the company's property, the company could then claim an income tax credit on their corporate return. The credit could be equal to the amount of tax the Tribal Government assessed.

December 31, 2001

Oregon Department of Transportation
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Subject: Government to Government Annual Report (EO 96-30)

Burns Paiute Tribe:

- District 10 Maintenance staff is working closely with the Burns Paiute Tribe on a safety clear-zone project on Hwy. 20E. Staff has attended meetings, provided the Tribe with material to use in its tribal newsletter, worked with its environmental staff, and provided a written plan for the safety clear-zone work.
- District 10 Maintenance office is working with the Tribe to address a signing issue on Hwy. 20E. Dave Neys, District 10 Maintenance Manager is working to have the "Squaw Butte Experiment Station" sign changed to a name that meets the Tribe's satisfaction.
- Chuck Howe, Region 5 Environmental Coordinator; Hal Gard, ODOT Senior Archaeologist; and David Nyes met with the Tribal Council to discuss maintenance activity issues in the area of Brothers, Ore. The issues were successfully resolved.
- Chuck Howe has attended the Tribal Council meetings regularly to discuss annual reviews of maintenance activities in Devine Canyon, and upcoming projects on U.S. 20.
- Shelly Schmidt, Region 5 Biologist, worked with the Tribal fish biologists on Bull Trout studies.
- Rick Jerofke, Region 5 Environmental Coordinator, and Hal Gard met with the Tribal Council to discuss upcoming archaeological excavations on U.S. 20.

Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians

- None Reported.

Coquille Indian Tribe

- ODOT archaeologists attended the annual Coquille Tribe Cultural Resources Conference. Hal Gard served as an invited panel member.
- Kirsten Anderson, ODOT Archaeologist, assisted in excavation work conducted on ODOT right-of-way, which was initiated by the Coquille Tribe's Cultural Resources.

Cow Creek Band of Umpqua Indians

- None Reported.

The Confederated Tribes of Grand Ronde

- Kirsten Anderson coordinated update meetings with Grand Ronde Cultural Resources staff to review upcoming projects (Pacific Way – Dooley Bridge in particular), and to coordinate the next SB 770 cluster meeting.
- Lori Sundstrom, Environmental Services Manager, and Hal Gard met with the Tribal Cultural Resources Director to discuss joint development of a training and outreach program as part of our SB 770 obligation.
- District 3 held Oregon 18/22 Corridor coalition group meetings with Siletz and Grand Ronde Tribes.
- District 3 and District 4 are meeting with the Grand Ronde and Siletz Tribes to address the safety concerns of the Tribes and coastal area communities, especially dealing with Oregon 18 between Lincoln City and McMinnville.
- ODOT held a meeting with the Grand Ronde Tribe and Spirit Mountain Casino about development issues in and around the Grand Ronde area, and on tribal properties out of the area. At the same meeting, ODOT described projects that are planned for construction in the area.
- Don Jordan, ODOT District 3 Manager, and Dave Bishop, ODOT Mid-Willamette Valley Area Manager met with the Michael Moore, CEO/President of Spirit Mountain Casino, to discuss how to move forward with developments that Spirit Mountain Casino is considering. They also discussed the existing agreement in which the casino pays a part of the new interchange.
- Butch LaBonte, Grand Ronde Tribal Councilor is a member of the Mid-Willamette Valley Area Commission on Transportation. He attended and participated in nearly every monthly meeting.
- Jessie Davis, Grand Ronde Tribal Vice-Chairman, contacted Don Jordan, ODOT District 3 Manager at the Economic and Community Development Department summit meeting held in Pendleton. Don Jordan has since been contacted by the Grand Ronde tribal attorney about property owned by the tribe at Oregon 99/I-5 in Salem, off Ward Drive. The Tribe states that they helped to fund the improvements to Ward Drive so that the tribe could have access to the highway. The concern is that another developer already has used up the available highway capacity at this location. Further improvements will need to be completed to mitigate additional development. The tribal attorney is reviewing ODOT's files on this matter.
- The Grand Ronde Tribe is involved with donations, safety, and policing efforts for Oregon 18/22 and other coastal highways

Klamath Tribes:

- Kirsten Anderson coordinated an update meeting with Gerald Skelton, Cultural Site Protection Specialist and Dino Herrera, Culture and Heritage Director, to discuss upcoming projects and concerns.
- Kirsten Anderson met with Gerald Skelton for Modoc Point project field tour – discussion of cultural resources within project boundaries.
- Kirsten Anderson met with Gerald Skelton (along with Michael Schaaf and Shamon Struble) to discuss monitoring coordination on Maddock Corner – Lakeview project.
- Greg Holthoff, Environmental Project Manager, met with Larry Dunsmore, Tribal Fisheries Biologist, and Gerald Skelton, Tribal Site Protection Specialist, to discuss natural resource issues on Modoc Point to Algoma.
- Kirsten Anderson met with Gerald Skelton to review an archaeological survey report from University of Oregon for Modoc Point – Algoma project to identify concerns.

- Kirsten Anderson met with Oregon Department of Fish and Wildlife (ODFW) biologists, ODOT environmental project management staff, Gerald Skelton and Larry Dunsmore (Klamath Tribe biologist) to discuss proposed fish enhancement opportunities in association with Modoc Point – Algoma project.
- Kirsten Anderson and Randy Floyd, ODOT Biologist, met with ODOT project development staff, ODFW staff and Gerald Skelton to discuss proposed fish enhancement on Crooked Creek Bridge replacement project, and cultural resource concerns.
- During the spring/summer of 2001, ODOT participated in the development of the Klamath Tribes Transportation Plan and the Transportation Improvement Program. The Klamath Tribes TIP will be incorporated into the Statewide Transportation Improvement Program.
- Region 4's area manager, district manager, project manager and other ODOT staff continue to meet with representatives of the Tribe on a quarterly basis to discuss projects in development and construction, as well as maintenance work activities. ODOT and the Tribe discuss monitoring and protection of cultural resource sites. ODOT and the Klamath Tribe have discussed ways to improve communication and provide information that is necessary for each government.
- Region 4 is working with the Tribe to facilitate a permit for access to the state highway for its new administration building.
- Region 4 has met with the Tribe to look at the possible future needs of the Klamoya Casino. ODOT and the Tribe have reviewed plans for a possible truck stop near the facility.
- ODOT has kept in contact with the Tribe about utility permit issues where there is concern for cultural heritage impacts.
- ODOT has met with the Klamath Tribe on the Crooked Creek project to look at the possible relocation of spring drainage back to the natural flow to improve fish habitat and minimize impacts to the spring area.
- ODOT met with Klamath Tribal representatives Dino Herrera, Culture and Heritage Director and Gerald Skelton on a quarterly basis to discuss upcoming projects and address tribal concerns with regard to archaeological testing.
- ODOT environmental staff works closely with Tribal representatives to notify them when archaeological work is occurring and invites Tribal staff to participate and review work. ODOT shares all finding with the Klamath Tribe and other tribes as needed.
- ODOT is meeting with the Tribal Culture and Heritage to review the project site and obtain permits for archaeological work needed for excavations and rock fall improvements on the Modoc Point – Algoma project along U.S. 97.
- ODOT met with Gerald Skelton during the pre-construction meeting and in the field for the Maddock Corner to Lakeview project to coordinate and discuss sensitive cultural resources along the project and explain the purpose of tribal monitors throughout construction of the bridges.
- ODOT and ODFW met with Gerald Skelton regarding the Crook River Bridge on OR 62 to discuss changing the channel of a spring back to its original channel. This change will assist ODFW and the tribe for improving sucker habitat and avoiding cultural resources.
- ODOT worked with the City of Lakeview and the Klamath Tribe after cultural resources were discovered during the construction of the new water and sewer line portion of the Lakeview Streetscape Project. ODOT contacted the Tribe regarding the discovery and the investigation.

- The Klamath Tribe participates as a member on the South Central Oregon Area Commission on Transportation.

Confederated Tribes of Siletz Indians

- Laura Slater, Region 2 Project Leader, and Hal Gard met with Robert Kentta, Siletz Cultural Resources Director, to discuss the Whale Cove – Otter Crest project.
- Kirsten Anderson talked with Robert Kentta about proposed plans on the Pacific Way – Dooley Bridge project.
- Hal Gard engaged in extensive discussions with Robert Kentta concerning discoveries excavated at Bob Creek Bridge.
- District 3 held Oregon 18/22 Corridor coalition group meetings with Siletz and Grand Ronde tribes.
- District 3 and District 4 are meeting with the Grand Ronde and Siletz tribes to address safety concerns of the tribes and the coastal area communities, especially dealing with Oregon 18 between Lincoln City and McMinnville.
- A representative from the Siletz Tribe talked with ODOT staff and Cascades West Area Commission on Transportation representatives about possible improvements to Oregon 229 using funds from the Oregon Transportation Investment Act.
- The Siletz Indian Tribe is involved with safety efforts and donations for Oregon 18/22 and other coastal highways

Confederated Tribes of the Umatilla Indian Reservation

- Kirsten Anderson coordinated a project update meeting with CTUIR's Cultural Committee to review upcoming ODOT projects. Cape Horn - Albee Project team, including Chuck Howe and Hal Gard, met with the cultural committee on site to discuss project.
- Chuck Howe and Hal Gard worked with the CTUIR Cultural Committee on the re-burial of the Granite Creek remains found on U.S. 395.
- Kirsten Anderson attended a project update meeting with CTUIR's Cultural Committee.
- Kirsten Anderson sent an update to Jeff Van Pelt, Program Manager, CTUIR's Cultural Resources Protection Program on emergency repair to the John Day River (Coles) Bridge.
- Lower Perry Bridge Project Team met with CTUIR's Cultural Committee to discuss concerns regarding the design/build proposal on Lower Perry Bridge.
- Lower Perry Bridge Project Team met with CTUIR's Fish and Wildlife Committee to discuss the design/build proposal on Lower Perry Bridge—William Fletcher, Wetlands Team Leader and Molly Cary, Biology Team Leader and Chuck Howe attended.
- Kirsten Anderson sent a request for clearance letter for the Wayside Rockfall project on the CTUIR reservation to THPO Manfred Jaehnig (CTUIR Cultural Resources Program member assisted in University of Oregon survey of project).
- Chuck Howe attended regular Tribal Cultural Resource Committee meetings, and Tribal Fish and Wildlife Committee meetings. He coordinated with Jeff Van Pelt, Cultural Program Manager, on the Boardman/Port of Morrow project at the request of the community solutions team. He also worked with the Tribal Fish and

Wildlife Staff on cooperative partnering with watersheds and fishery projects, mitigation banking, and re-vegetation work.

- For several months, Region 5 has been working with the Umatilla Tribe on two surplus properties in Pandleton. Both parcels are within the reservation boundaries, and there are issues we are working through to achieve eventual sale to the tribe.
- There have been nine major projects, and a few minor ones that have been identified under the Memorandum of Understanding with the Confederated Tribes of the Umatilla Indian Reservation. The majority of these projects had a 25% hiring goal and a 1% compliance fee.
- Some of the prime contractors have been successful bidders on several jobs so the Confederated Tribes of the Umatilla Indian Reservation had worked with them on repeated occasions. The Tribe explains to the contractors what is expected from them in order to reach those goals and provide manpower through the Tribal Employment Rights Office (TERO). The tribe is a certified training agent under the U.S. Department of Labor. The tribe has been successful with placing trainees into on-the-job-training positions on ODOT projects. Also, the tribe along with ODOT will be working with Native American owned contracting firms in order to achieve DBE certification.
- ODOT's Labor Compliance Officer works on an ongoing basis with the Umatilla and Warm Springs tribal governments on labor and trucking issues concerning Native American construction workers, tribally-owned businesses, and Native American-owned businesses when highway construction work is performed on the reservation. ODOT worked to clarify overtime requirements for employees working for Tribe-owned businesses or Native American business owners on projects located on the reservation. This resulted in new language for contract specifications. Another issue addressed motor carrier exemptions for trucks owned by tribal governments or tribal members. A third issue related to tax withholding exemption for Native American employees performing work on the reservation.
- ODOT gave a joint presentation with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) cultural resources manager at the Region Environmental Coordinators meeting held at the Tamuliski Cultural Center.
- ODOT met with Jeff Van Pelt, Program Manager, Culture Resources Protection Program, to discuss tribal concerns with upcoming projects, tour of reservation, etc.
- A mandatory pre-bid is scheduled for each project, on or near CTUIR land, so that all parties involved understand the specific obligations under the MOU agreement.
- The Confederated Tribes of the Umatilla and ODOT are in the process of adopting a new MOU. The MOU is in its final stages and will be in effect by the 2002 construction season.
- Umatilla Tribal Police have participated in Three Flags safety belt overtime enforcement the past two years
- A Child Safety Seat Clinic was held at the Mission tribal fire station. Union County Safe Kids Chapter assisted Umatilla County Safe Kids chapter in holding the clinic.

The Confederated Tribes of the Warm Springs Reservation:

- ODOT awarded the Tribe a mini grant to purchase two in-car DUII video cameras.
- ODOT reviewed of the proposed casino site east of Hood River (Confederated Tribes of the Warm Springs Reservation).

- Overall, communication and coordination between the Confederated Tribes of Warm Springs and ODOT is very good, thanks in large part to the partnering sessions, focusing on Planning, Project Delivery, Maintenance, and Traffic Operations activities.
- ODOT has nearly completed one Statewide Transportation Improvement Program (STIP) project, *Frog Lake-Warms Springs Junction*. Tribal representatives are working closely with ODOT in the development of two upcoming STIP projects to be constructed in 2002:
 1. The *Mill Creek Bridge deck replacement* will require extended closures of U.S. 26 on the Reservation. ODOT staff and Tribal members have worked very closely on detour routes and ensured minimal impacts to the tribal community as well as the travelling public.
 2. The *Shitike Creek Overflow Bridge replacement*, where ODOT staff, Tribal members, Bureau of Indian Affairs, and the Federal Highway Administration, have partnered on not only the scope of the project, but a unique means of delivering the actual construction through the Warm Springs construction enterprise. For the first time in Oregon, a STIP project on the state highway system will be constructed by a Tribal contractor and administered by BIA, as allowed by federal law.
- The Confederated Tribes of Warm Springs continue to be active members of both the Lower John Day Area Commission on Transportation (LJDACT) and the Central Oregon Area Commission on Transportation (COACT).
- Tribal members took part in the presentation ceremony for the opening of the new U.S. 97 Crooked River Gorge Bridge.
- ODOT was contracted by the Confederated Tribes of Warm Springs to stripe all reservation roads this past summer.
- On January 4, 2002, ODOT will be hosting a winter maintenance symposium with Warm Springs Tribal Staff and the BIA. The Symposium will be held at the Kah-Nee-Ta Resort to discuss winter highway maintenance, incident response and anti-icing.
- ODOT archaeological staff met with Sally Bird, Acting Cultural Resources Coordinator for introductions.
- Kirsten Anderson met with Sally Bird to review upcoming ODOT projects.
- Kirsten Anderson met with the Cultural and Heritage Committee to discuss upcoming projects and proposed Mosier Mounds nomination.
- Kirsten Anderson sent update to Sally Bird on emergency repair for John Day River (Coles) bridge, followed up on questions.
- Kirsten Anderson coordinated with Sally Bird on permission to conduct survey on reservation (Shitike Creek Overflow Bridge).
- Kirsten Anderson talked with Sally Bird regarding staging areas for Shitike Creek overflow bridge project on reservation.
- Other environmental staff had extensive CTWS interaction for the Shitike Creek Project. Shelly Schmidt, Region 4 Environmental Coordinator and Stephanie Popp, Region 4 Project Leader, had several meetings with the Tribe's Natural Resources Department on proposed bridge design. They coordinated with the Tribal hydrologist on permitting. Ron Francis, ODOT wetland specialist, worked with Tribal staff to review the wetland resources near the project. They discussed potential impacts and compensatory mitigation and decided that project-related wetland impacts would be mitigated by giving funds to the Tribe for a wetland enhancement project on tribal land.

Statewide/Pan-Tribal

- Hal Gard attended the Natural Resources Cluster meeting by invitation in Salem.
- Hal Gard Chaired the Cultural Resources Cluster meeting in Burns.
- Hal Gard and Kirsten Anderson met with Wa Na Pa Koot Koot (Group of Columbia River Treaty Tribes) to review Mosier Mounds protection and proposed nomination, field tour, etc.
- Hal Gard and Kirsten Anderson attended the joint Cultural and Natural Resources Cluster meeting in Forest Grove.
- Hal Gard gave a presentation and program overview to the Legislative Commission on Indian Services in Klamath Falls.
- Hal Gard, Russ Frost, Region 4 Senior Geologist, and Mike Long, Geohydro Manager, have worked with members of the Fort Bidwell Indian Community in California, and the Confederated Tribes of Warm Springs to provide rock for stabilization of the Rivers End Ranch.
- Invitations were sent all tribal Police Departments (Burns Paiute Tribal Police, Coquille Indian Tribal Police, Siletz Tribal Police, Umatilla Tribal Police) for the Pedestrian Safety Police training.

ODOT Key Contacts

Contact Area	Name	Title	Phone Number
Statewide	Tom Lulay	Deputy Director of Oregon Transportation Investment Act	503-986-3858
Region 1	Kay Van Sichel	Region 1 Manager	503-731-8256
Region 2	Jeff Scheick	Region 2 Manager	503-986-2631
Region 3	Paul Mather	Region 3 Manager	541-957-3518
Region 4	Bob Bryant	Region 4 Manager	541-388-6191
Region 5	Tom Schuft	Region 5 Manager	541-963-3177

**Government to Government
Education Cluster Annual Report
Oregon Department of Education
2001**

Key Contact: Merced Flores
Associate Superintendent
Office of Student Services
Oregon Department of Education
255 Capitol Street NE
Salem, OR 97310
(503) 378-3600 x2702
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The Oregon Department of Education (ODE) in conjunction with the nine Oregon Tribes have been involved in various projects and activities this past year. Tribal Education Cluster Representatives and State education officials have had six (6) regular scheduled meetings, three workshops, two summits, and one telecommunications meeting. The following list reflects the work and accomplishments of the Government to Government for the year 2001.

- The Department of Education provided information regarding legislative issues related to education initiatives including native language licensure (SB690), Government-to-Government (SB770), Cultural Competency for teachers (782), Unemployment Insurance for Indian Tribes (HB3596), dropout prevention policy option packages, and various other education bills. In addition, members of the nine tribal nations were invited to be part of the SB 103 Multicultural Bill Committee whose mission is to increase efforts and strategies in the area of multicultural education and cultural competency.
- The ODE provided the results of the Minority Teacher Report, a ten-year summary of the progress of teacher recruitment and retention in the state of Oregon.
- The ODE through the Office of Curriculum Instruction and Field Services provided presentations on Social Science and Second Language requirements and Benchmarks. Of concern has been the need to utilize the Indians in Oregon Today 4th grade curriculum.
- The ODE participated in the Pacific Northwest Indian Education Summit, acting as a prime sponsor for this regional event.
- The Education Cluster attended the following meetings to present Education Cluster agenda/goals:
 - Oregon State School Board
 - Commission on Indian Services

- ODE representative, Merced Flores, participated in the Governor's Cluster meetings, providing information relative to the accomplishments of the Education Cluster.
- The ODE produced additional copies of the First Oregonians and encouraged schools to use it as a learning resource in building curriculum.
- The ODE in conjunction with Oregon tribal representatives and State Board Member Emilio Hernandez is in the process of revising the Oregon American Indian/Alaskan Native Indian Education State Plan. The Plan has been reviewed by the Oregon Board of Education and is awaiting approval for final Board adoption and distribution.
- Dialogue between state government and tribal officials have taken place regarding Local Education Agency (LEA) designation.
- Members of the Oregon Tribes have been involved in the Peer Education training and project headed by ODE Specialist Brad Victor. This training is intended to provide Oregon Indian youth with the skills to become trainers in HIV/STD and Unintended Pregnancy Prevention Education.
- The ODE has participated in the National Indian Education Association Conference and took part in the Common Ground III meeting in Tempe, Arizona.
- The ODE and the Confederated tribes have exchanged ideas, interagency updates, publications and materials, and other pertinent information to keep each group informed about government-to-government relations.
- ODE participation in ongoing meetings of the HIV/STD, Unintended Pregnancy Prevention for Oregon Indian Youth Advisory Committee.
- ODE participation in ongoing meetings of the Common Ground III Committee and the implementation of the 4 Bold Steps.
- ODE presentations at the OIEA Adult and Youth Conferences.
- ODE participation at the OIEA Board meetings.

The relationship between the Oregon Department of Education and the Nine Sovereign Nations has been very positive and amiable. Every effort is made to work through issues in a collaborative way, working for the benefit for all children.

**Oregon Employment Department
Government-to-Government
Summary Report for 2000**

Agency Name: Oregon Employment Department
875 Union Street N.E.
Salem, Oregon 97311
Phone: (503) 947-1470
Fax: (503) 947-1472
www.workinginoregon.org

Key Contact: Jan Dean, Deputy Director
(503) 947-1476
Jan.K.Dean@state.or.us

Major Areas:

Promote employment and develop the work force:

- More job openings than any other single source in Oregon
- Largest single source of job applicants in the state
- Resources and helpful staff
- 46 offices statewide
- Job outlook research and trends
- Career planning services and materials
- Wide range of timely economic information
- Touch-screen kiosk access to job openings statewide
- Internet sites available worldwide, anytime

Support the unemployed:

- Stabilize personal income and local economies
- Quality program and stable benefits fund
- Simplified tax and wage reporting process
- Simplified telephone continued claims reporting

Ensure safe, quality child care:

- Resource and referral network of services statewide
- Employer tax credits and benefits
- Certification for child care centers and group homes
- Registration for family child care providers

Conduct impartial and timely hearings (pilot program):

- Establish a consolidated central panel of six hearings units, formerly part of other agencies

- Conduct approximately 27,000 total contested cases (14,000 UI for nearly 70 state agencies, boards and commissions)
- Provide consistent interpretation and application of contested case rules

Departmental Statement:

The director has adopted the required Statement of Interest, which is available through the director's office and attached for your review.

Solutions and Programs:

Our department continues to have good working relationships with tribes in various regions of the state. Over the past several months, members of the department's executive team have traveled to 14 of the 15 regions in the state, meeting with stakeholders and customers to explain to them more about our programs and to obtain their input and recommendations on the programs and services that we provide.

Following are some examples of how our department has collaborated, partnered, and communicated with Oregon's nine federally recognized tribes, particularly through our 46 offices around the state.

Director's Office

The department conducted a focus group on Unemployment Insurance law implementation options for unemployment insurance coverage for individuals employed by American Indian tribes. Five of the nine tribes attended the focus group that was conducted on February 22, 2001 and helped draft language for HB 3596. HB 3596 changed unemployment law to treat Indian tribes similarly to state and local governments. Under this law, Indian tribes must be offered the choice of being reimbursing rather than taxpaying allowing the Indian tribes the same rights to certain exclusions of services as other governmental entities. The department and several representatives of the tribes testified in support of the legislation that was successfully passed, with some provisions effective retroactively to January 1, 2001.

Child Care Division

The division employs a child care certifier for the Warm Springs Early Childhood Education Center. Regular monitoring is conducted, as well as an annual recertification visit at the child care facility.

Research and Employment Services:

- Native American veterans are a target population group of the Veterans Workforce Investment Program (VWIP). Department representatives have met several times

with Tribal Councils to gain their support for this program. Council Elders have gained a basic knowledge of the program and can refer a tribal veteran in need to department staff for employment and VWIP services. Presentations have been made to:

- The Confederated Tribes of Siletz, Tribal Council
 - The Confederated Tribes of Klamath, Tribal Council
 - The Confederated Tribes of Warm Springs Reservation, Tribal Council
 - The Confederated Tribes of Umatilla, Tribal Council
 - The Confederated Tribes of the Grande Ronde
 - The Confederated Tribes of Coos, Lower Umpqua, and Siuslaw
- The Research Section works closely with a number of tribes to get their permission to publish occupational employment information and projections relating to the gaming industry.
 - Research also distributes a wide variety of labor market information publications to tribal governments/entities.
 - Most of the Oregon Indian tribes are participants in the monthly Current Employment Statistics program. Approximately 6,000 businesses and government agencies are ongoing participants in this survey. As such, each month these Indian tribes provide us with a count of their employment and the number of women workers.
 - Romelle Renner (Workforce Analyst) has responded to many data requests from the Coquille Economic Development Corporation (CEDCOR). They have several business interests in the Coos Bay area, most notably The Mill Casino and Hotel, which is owned and operated by The Confederated Tribes of Coos, Lower Umpqua, and Siuslaw.
 - Will Summers (Workforce Analyst) works with The Confederated Tribes of the Siletz. In November 2001, he made a presentation to Leadership Lincoln at the Siletz tribal house. He also provides labor market information to the tribal government on wage data, zip code level reporting unit and employment statistics, and occupational projections.

Field Services:

- *Astoria* – A representative from the Organization for Forgotten Americans, Lori Theros, serves on the Regional Workforce Investment Board and provides a liaison with tribal members in the area.
- *Brookings* – Although there are no ongoing relationships with Oregon tribal entities, this office does receive job orders and assist with job placement activities for two Northern California tribal entities.

- Bend/Redmond/Madras – Veterans representatives from our offices work with tribal veterans when requested. A small group of tribal members at the in Prineville have also been served through the veteran's clothes fair. Most tribal members are served through our Madras office, which is closest to the Warm Springs reservation.
- Coos Bay - During the past year we have continued to build on our working relationships with the Coquille Tribe and the Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians. We regularly submit job opening information to the employment directors of each tribe and assist in major and minor tribal employment recruitment. During this time period we wrote letters of support for tribal projects and continued to partner successfully on many levels with tribal officials in our community. Here are some specific examples:
 - The Field Office maintains contact with Native American related businesses by assisting them in the process of locating workers. From January 1, 2001 through December 20, 2001 The Mill Casino, the Confederated Tribes, CEDCO, Miluk and Heritage Place have listed a total of 85 job orders with the Employment Department.
 - On January 11th, Job Service Representatives Gloria Clark and Debbie Sargent made an employer visit to the Confederated Tribe's facilities. They were given the grand tour, introduced to the staff and met with Kim Maxwell the Education / Employment Specialist for the Tribe.
 - February 14th, Francis Somday from the Confederated Tribes came to our office and shared with us the vision and plans of the Tribes proposed Family Recreation Center. They will build a 28,000 sq. ft building to house the Alishanee Bowling Center, a snack bar and lounge, game arcade and a Native American "theme" shopping center.
 - On April 6th the Employment Department participated in the Confederated Tribe's Career Fair held at their Tribal Hall. This was provided for area students.
 - April 7th was our Annual Veterans Benefit Golf Tournament and the Mill Casino is a contributing sponsor.
 - In July our Veterans Representative Frank Carpenter attended the Grand Opening and Dedication of the Confederated Tribe's new housing development in North Bend.
 - On August 29th the Newmark Center (our One-Stop) hosted GET SMART, a gathering of community partners (government, private sector and non-profit). Romelle Renner, our local Workforce Analyst served on the planning team.

- Our Veterans staff set-up a VA sponsored vocational rehabilitation program for a local tribal member that successfully commuted to a permanent position.
- The Treasurer of the South Coast Employer Council is a member of the Coquille Tribe. The Coquille Tribe is an active contributing member of the council and all of its activities and events.
- The Mill Casino is the host of our community's annual Economic Forum held on December 14th. Steve Metz, Ralph Richmond, Debbie Sargent and Romelle Renner attended from the Coos Bay office. One of the featured speakers was Guy Tauer, Employment Department Regional Economist.
- When our staff committee assessed "how we do business" this fall, it was decided that we would assign an Account Representative to The Mill Casino enabling us to provide the best possible customer service.
- Gresham - Phyllis Stevens of the Gresham Office has had an ongoing long-term relationship with many of the federally recognized tribes in Oregon. While she is now our JOBS Plus representative, she continues to have contact with these groups. Additionally, past year contacts and ongoing work with the tribes include:
 - Portland's office of the Confederate Tribes of Siletz Indians provides Employment Department job search information to their clients, intake workers and counselors, as well as referral of potentially eligible clients to their education, GED, and support services.
 - Referrals to Bureau of Indian Affairs (BIA) for certification and tribal enrollment.
 - Referrals to Indian Health Services (IHS)
 - Referrals to Low Income Housing for Native Americans.
 - Referrals to Native Indian Welfare Assistance (NIWA) (part of Services to Children and Families). She also provides employment services to parents in the program who are UI JOBS Plus eligible.
 - Contacts with the Native Indian Children Welfare Association (NICWA) (16-21 year olds) and parents; provide Employment Department information including Jobs Plus, as well as referral to their support services.
 - Native Indian Veterans Association (NIVA) Info and referral.
 - Native American Rehab Association (NARA) providing employment services to outpatients and referral to their in-patient and out patient program and support services.

- June 2001, Phyllis made a presentation to clients and counselors of the Confederated Tribes of Siletz Indians regarding Employment Department Services: job skills; and resume writing.
- Hermiston/Pendleton/Milton-Freewater area - During the year the department field offices have been in close contact with the Confederated tribes of the Umatilla Indian Reservation (CTUIR). The tribes have been an integral part of the Region 12 Workforce Investment Board, holding two voting membership seats (one as mandatory partner and the other through the Wildhorse Casino as a private sector member), and as a full one-stop partner. Department staff and the tribes worked very closely to put together the initial regional local plan, charter, and MOU for the RWIB.
- The department has also had substantial contact with the Organization for Forgotten Americans (OFA) out of Klamath Falls. The OFA also participated on the Region 12 WIB as an ancillary member and we have a minimum of once monthly contact with them.
- Recently, both the OFA and the CUTIR have expressed an interest to have a larger role in local plan and one-stop activities. OED has had an active support role in these efforts. The OED manager is working with the local Title 1B provider to modify the regional MOU to include the OFA and CUTIR as full one-stop partners. The RWIB membership has also recently been modified to change OFA's membership from ancillary to full.
- In the fall of 2000, the Pendleton office of OED participated in a career and information fair held on the reservation. Approximately 200 persons attended. In the spring of 2001, OED staff made a 2-hour presentation to a class of 25 persons at the Tumisklit Cultural Center located. The class participants were there to attend a flagging class. OED's presentation was focused on general job search techniques using OED's web page and career information and labor market assistance utilizing OLMIS.
- Outside of these more formal activities, the Pendleton office corresponds regularly with officers of the CUTIR on job orders and other employment service issues.
- Klamath Falls - The Klamath Falls office works with the Klamath Tribes in several areas. This office continually looks for areas of cooperation that would benefit Klamath Tribal members and currently provides services in these areas:
 - Provides recruitment services for Tribal job openings, office space on an as-needed basis for Tribal orientation for general assistance, orientation to the office job and career center, and information and valued-added referrals to Workforce Investment Act services. Recruitment for Tribal openings is also provided through America's Job Bank (AJB).

- Provides typing tests for applicants for Tribal positions when requested by the Tribal Employment Director.
- Provides verification of work registration and claims information for Tribal TANF recipients.
- Conduct job search presentations for participants in the summer youth program under WIA/Title 1B.
- Make presentations to tribal members on unemployment insurance.
- Write letters of support for the Klamath Tribes related to grant applications for programs and projects for tribal members.
- Oregon City - At this time, Region 15 has not partnered with a tribal entity, as there are no federally recognized tribes in the region. However, Clackamas Community College and some of the local high schools do have Native American clubs and put on awareness programs regarding Native Americans.
- Downtown Portland - The Westside One-Stop (Central City Concern and Downtown Employment Dept.) works with the Native Americans Rehabilitation Association (NARA), a cross-agency referral for treatment and housing, and One-Stop employment-related support.
- Newport/Lincoln City - These offices have excellent relationships with The Confederated Tribes of the Siletz.
 - The tribal Human Services Manager is a member of the Newport One-Stop management team, which oversees the new Lincoln County Employment and Training Center and the One-Stop service delivery system.
 - The department also has a contract with the Tribal Housing Authority, and tribal TANF and WIA/Title 1B programs for release of information on client unemployment insurance and work search status. Both tribal departments refer members to the Newport and Lincoln City offices for those services.
 - A veteran's representative visits the tribe at least three times a year to provide outreach for tribal veterans. This representative and a Veteran's Administration representative work with tribal veterans to co-sponsor annual veterans' benefits forums in Newport and Lincoln City.
 - The department provides job seekers with information about job openings and positions at the Chinooks Winds Casino through our job and career centers and information kiosks.

- *Salem* – The Grande Ronde tribe has a representative on the Willamette Employer's Council, which meets in Salem. An informational kiosk is also located at the Spirit Mountain Casino. The field offices in Dallas and Salem assist with recruitment for the casino as requested.

Sovereignty:

On December 21, 2000 President Clinton signed into law the Consolidated Appropriations Act, 2001 (CAA). As a condition of state conformity with federal requirements, unemployment insurance coverage is now required for services performed for Indian tribes. Prior to this coverage was at the option of the tribes. On February 22, 2001 the department conducted an Unemployment Insurance Focus Group for Indian tribes in Oregon to discuss the need for new legislation. The department worked with the Legislative Commission on Indian Tribes in organizing this focus group. During the meeting the department reviewed draft language and discussed implementation options that Oregon has under federal law. The department and several representatives of the tribes testified in support of the legislation that was successfully passed, with some provisions effective retroactively to January 1, 2001. The department's Tax Section has worked personally with each of the tribes to smoothly implement this new law and ensure that each tribe is able to make informed choices on payment options.

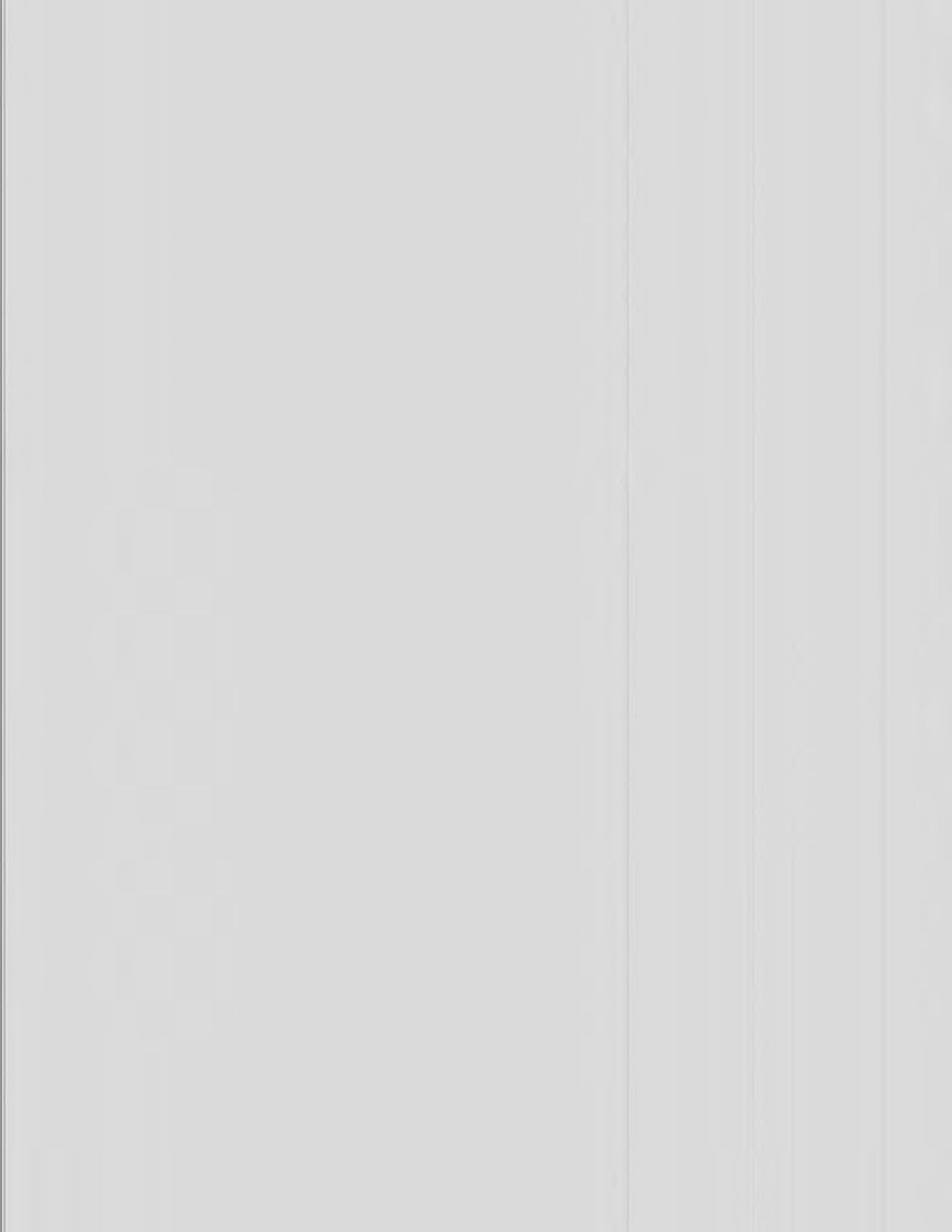
Although our Child Care Division has no direct jurisdiction over any child care facility sponsored by the tribes, tribes volunteer to have their facilities regularly certified. Several of the tribes have requested regular reviews to ensure they comply with recommended health and safety standards.

The Child Care Division committed funds to support collaboration with Oregon tribes in planning for child care for children with special needs. The division joined with the Confederated Tribes of Siletz and the Confederated Tribes of Grand Ronde on a project called Child Care for Children with Disabilities: A State and Tribal Collaborative Approach to Problem Solving. Through a series of community meetings and activities, this project identified problems and solutions in child care for special needs children. Strategies developed through the project form the basis for current statewide planning, and work with these tribes on a pilot project serves children with special needs. The division also enters into agreements with tribes to serve target populations, including child care for teen parents and parents undergoing substance-abuse treatment.

The positive working relationship and respect for these federally recognized tribes continues to be a high priority of our executive team, management, and staff.

Training:

Local field office managers in and near reservations are encouraged to invite members of the tribe to present an historical overview about their nations and participate in a dialogue on our working relationships—how well it's progressing and areas for improvement.



Cooperation among Departments:

Under the federal Workforce Investment Act, Native American tribes' employment and training programs are to be represented on the state and local Workforce Investment Boards. As mandatory partners, Native American tribes will be involved in planning, implementation, and development of one-stop service delivery systems.

Representatives from the tribes have been invited to the Workforce Investment Act, Methods of Administration training to be held on January 30, 2002. They have been asked to provide information on how local and regional Workforce Investment Boards, public workforce agencies, and private entities can work with the tribes in the areas of education, training, and job placement. Areas where the sovereignty of the tribes overlaps with federal and state regulations will also be discussed.

**Oregon Employment Department
Statement of Interest
State/Tribal Government to Government Relations
Executive Order 96-30
December 2001**

Background

The employment security system has been in existence for more than 60 years as a federal/state partnership to design and administer unemployment insurance and employment services programs at the local level. The Oregon Employment Department has approximately 1,400 employees in 47 offices throughout the state. Our \$1.1 billion budget is funded almost entirely by payroll taxes paid by Oregon employers. The majority of these funds go to pay unemployment insurance benefits to workers who have lost from their jobs through no fault of their own.

The department's top management team consists of a director, who reports directly to the governor, a deputy director, an assistant director for work force programs, an assistant director for field services, and an assistant director for administrative services. The Employment Department Advisory Council appointed by the governor advises the department on matters of concern to both business and labor -- our two primary customers.

Mission and goals

In 1996, the department wrote a two- and six- year strategic plan, which was approved by the governor. The plan has since been updated. It ties directly to the mission of the Employment Department:

To promote the employment of Oregonians by developing a diversified, multi-skilled work force, providing support during periods of unemployment, and promoting safe, quality child care

The plan has eight strategic goals:

- Give businesses a greater return on their investment by providing more direct services to address their priority needs.
- Become the state's Research and Development (R&D) center for researching emerging employment trends, testing model programs, and developing innovative solutions to local, regional, and statewide challenges in the emerging work force development system.

- Become a model agency for customer responsiveness and continuous improvement of the quality of programs and services; and collaboration with partners in the work force development system.
- Provide economic stability to Oregon communities by providing temporary income assistance to eligible individuals, helping unemployed workers return to work more quickly, and employed workers advance to higher paying jobs.
- Enhance the overall economic climate by maintaining a fair and equitable tax system and a solvent unemployment insurance trust fund.
- Create a comprehensive statewide system of accessible, affordable, quality and safe child care.
- Conduct hearings for panel agencies that are fair, timely, efficient, and meet public expectations of impartiality.
- Create an infrastructure support environment offering consistent, dependable, and innovative solutions for serving our internal and external customers.

Interests

The interests of the Employment Department are directly reflected in our mission and our ability to carry out that mission.

Promote employment and develop the work force. The department has the largest labor exchange in the state. We have thousands of job openings in a wide range of occupations and skill levels and are also the largest single source of job applicants statewide. Our field offices provide a variety of services to employers recruiting qualified applicants, including meetings rooms for interviews and nationwide access through America's Job Bank (AJB). Many services are also provided to job seekers, such as resume writing, Internet and kiosk access to job openings, career planning, timely labor trends and economic information, as well as job and skill matching opportunities.

Our field office managers and staff have developed good working relationships with leaders of the nine federally recognized Native American tribes around the state by providing comprehensive labor exchange services for the tribes. Several managers provide space in local offices to tribal staff; others provide part-time staffing or kiosks on reservations. All offices provide some level of these labor exchange services.

Our department is responsible for publishing industry employment statistics for the state and all its local labor market areas. Tribes provide accurate and consistent data and information on a regular basis to our Research Section. We secure written permission to publish monthly statistical information by county.

Support the unemployed. The department provides temporary income to workers who become unemployed through no fault of their own. This program helps maintain the purchasing power of individuals and communities by partially offsetting the lost wages of unemployed workers. Filing for unemployment insurance claims is both convenient and easy. In fact, once an application has been approved, the claimant can receive weekly

benefits through our computerized telephone system or by using one of our touch-screen kiosks located throughout the state.

Federal unemployment insurance (UI) laws do not require the tribes, as separate nations, to have UI coverage. However, all nine federally recognized tribes in Oregon have voluntarily agreed to participate in the unemployment insurance program. Accounts are paid in a timely manner and kept current. If any issues arise, our department works directly with the tribal council for immediate resolution.

Ensure safe, quality child care. The Child Care Division is the state's primary entity to ensure safe, quality, affordable, and available child care throughout Oregon. The division registers and regulates child-care facilities by establishing standards that programs must meet to operate. The division also contracts with local non-profit organizations to provide Child-care Resource and Referral (CCR&R) services to parents, child-care providers, employers, and communities. More than 95 percent of the division's budget represents federal funds, which are transferred to the Department of Human Services, Children, Adult and Family Services Division and used to subsidize child care for low-income working parents. Finally, the division provides information and technical assistance to businesses and promotes the Employer's Dependent Care Tax Credit program for businesses that develop child-care services for employees.

Under federal laws governing sovereign nations, the Child Care Division has no direct jurisdiction over child-care facilities sponsored by the tribes. However, when asked, the division does regularly certify these facilities. Several tribes have requested such a review. Also, several CCR&Rs have working relationships with tribal nations in Oregon. In the past, some tribes have chosen to participate in a federally subsidized child-care program provided by the division for high-risk children.

Communication process

Our staff believe they currently have good working relationships and effective communication processes with the tribes in their local areas. The issue for us is how we can improve on current practices and ensure that any problems and concerns are addressed at the appropriate level and in an expeditious manner.

The Oregon Employment Department strongly supports the concept of Executive Order 96-30 and is committed to carrying out the full intent of that order to ensure continued and improved relationships and communication with all sovereign Native American nations of Oregon.



**2001 Progress Report
Government-to-Government Executive Order &
Tribal Relations
Oregon Liquor Control Commission**

Key Contact::

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Background

The OLCC's main contacts with Tribes center on those that have liquor licenses:

<u>Name</u>	<u>Tribe</u>	<u>Location</u>
Chinook Winds	Siletz Tribe	Lincoln City
The Mill Casino	Coquille Tribe	North Bend
Seven Feathers	Cow Creek Tribe	Canyonville
Kah-Ne-Ta	Warm Springs	Warm Springs
Spirit Mountain	Grand Ronde	Grand Ronde
Old Camp Casino	Burns-Paiute	Burns

Status of current issues and relations

No Tribes have committed liquor law violations. We have received few complaints and have found no violations. In each case the Tribes have fully cooperated. We have processed routine licensing requests (to expand a facility, for example).

Regional staff maintained good relations with all licensed Tribes and keep in regular contact with them.

Licensed Tribes are eligible to purchase distilled liquor directly from OLCC's warehouse, at our cost plus a per-case handling fee (on which we make no profit). We recently raised the fee - which had remained unchanged for many years - in order to cover our own costs. Tribes, as well as others qualified to make these purchases, were affected. We received no negative feedback from this, as Tribal purchasing managers understood this was a necessary cost of doing business.

Future Issues

The Warm Springs Tribe is interested in opening a new casino somewhere along the Columbia River at Cascade Locks. This issue will be in development for some time.

None of the Tribes has asked for approval for alcohol on their gaming floors. However, this is likely to become an issue at some time in the future.



OREGON MILITARY DEPARTMENT
HEADQUARTERS OREGON NATIONAL GUARD
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**Government-to-Government Relationships
Annual Report
January - December, 2001**

This report identifies Oregon Military Department (OMD) activities during the year 2001 regarding compliance with Executive Order (EO) 96-30 and SB-770, and its Government-to-Government Relationships with the nine federally-recognized Native American tribes in Oregon. During the year, the OMD continued to identify issues of mutual interest and to incorporate into its policies and operating procedures the requirements to continue government-to-government relationships with the nine tribes.

KEY CONTACTS:

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J. Michael Caldwell, Colonel
Deputy Director, State Affairs
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Gerald E. Elliott, Sergeant Major (Retired)
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ACTIVITIES DURING 2001

➤ The OMD continued its coordination with the Oregon tribes during the preparation and development of a statewide Integrated Cultural Resources Management Plan

(ICRMP) for OMD/ORARNG facilities. All nine tribes were notified in CY 2000 and communication with individual natural and cultural resource programs continued throughout CY 2001. The Final Draft ICRMP and accompanying Environmental Assessment is undergoing final public review and should be implemented by early March 2002. It is important to note that the ICRMP addresses OMD procedures for continuing government-to-government relationships and compliance with EO 96-30 and SB 770.

⊗ The OMD has completed its Integrated Natural Resources Management Plans for Camp Adair (Benton County/Corvallis), Camp Rilea (Clatsop County/Warrenton), and Biak Training Center (Crook & Deschutes Counties/Redmond) in CY 2001. Coordination with the Oregon tribes continued throughout the preparation and development processes. Coordination with the tribes to address areas of mutual concern will continue throughout the five year implementation period of the plans.

AGI-ENV

SUBJECT: Government-to-Government Relationships Annual Report, CY-2001

➤ OMD staff participated in the Natural and Cultural Resources Cluster Group Meetings in 2001. It presented information specific to the Integrated Natural Resource Management Plans and the Integrated Cultural Resource Management Plan, including status reports on the review process and implementation.

➤ Formal and direct contacts were made with the Coquille Tribe, the Confederated Tribes of Coos, Lower Umpqua and Siuslaw, the Cow Creek Band of Umpqua Indians, and the Confederated Tribes of the Siletz for proposed Lane County Armed Forces Reserve Center and Operational Maintenance Shop in order to determine issues and areas of concern during the on-going Environmental Assessment process. Issues or areas of concern were not identified during the process. Completion of the Environmental Assessment for this project is expected in May 2002.

➤ The OMD continues to identify issues and opportunities for partnering with the tribes, and maintains a draft "State-Tribal Government Statement" for review. The Statement should be completed in 2002 and will identify policy issues of mutual interest with each of the tribes.

CONCLUSION

The OMD focused its efforts during the year 2001 to comply with EO 96-30 and SB 770, which both encourage an open dialogue with tribes where resource management concerns may exist. Three facility-specific Integrated Natural Resource Management Plans were implemented by November 2001, and a statewide Integrated Cultural Resources Management Plan for the agency will be implemented in early March 2002, following the final public review period. By this time next year, the OMD should have completed and adopted a "State-Tribal Government Statement" for the agency that will define how the agency will meet federal and state directives in the spirit of communicating and coordinating issues important to each Native American tribe.

Oregon Division of State Lands
Executive Order 96-30
2001 Government-to-Government Annual Report

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Division Interest Statement:

The Director has issued a statement, as well as a memo directed to staff regarding the Executive Order (December 9, 1996).

Major areas of work with Oregon tribes this past year:

Burns Paiute: Our Eastern Oregon office (Bend) is working with rangeland lessees in the Owyhee area to develop a stock water pipeline. Staff is discussing the work with the Burns Paiute cultural resources staff to determine if any resources are located within the planned pipeline right-of-way. The Burns Paiute are also leasing some Common School Fund rangeland. On intermingled state-owned and tribal lands we have been coordinating on management for wildlife and grazing. They have also indicated an interest in purchasing land from the Division.

Klamath: Our Eastern Oregon office has worked with the Klamath Tribe on a number of removal-fill permit projects relating to wetland restoration and enhancement where the tribes have been an applicant or project partner.

Umatilla: The Bend office has processed removal-fill permits for the Umatilla for wetland enhancement and restoration projects.

Warm Springs: The issuance of a state removal-fill permit to the Oregon Department of Transportation for work within the ODOT right-of-way in the reservation was coordinated with the tribe.

Coquille: A waterway lease for portions of the Old Mill Casino that extend onto state-owned submerged land is being discussed with the tribe.

Coos, Lower Umpqua and Siuslaw: The Division has open dialog with this tribe concerning its interests in conservation of the lower Siuslaw estuary through wetland restoration projects and in assisting in management planning for the Ten Mile Lakes complex near Lakeside.

General Comments: The Division continues to ask tribes for input into the issuance of removal-fill permits that affect resources within their area of interest. A proposed cultural resources guidance affecting land-disturbing activities on Division-managed lands is being drafted. Discussions with the Oregon State Museum of Anthropology have begun in regards to providing site reconnaissance when ground disturbance is planned. The Bend office staff plans to strengthen communication with tribal cultural resource contacts.



Oregon

John A. Kitzhaber, M.D., Governor



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Government to Government Report Oregon Office of Energy--2001 Summary

Key Contact:

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Energy Facility Siting Council

Acting as staff to the siting council, the Oregon Office of Energy consults with appropriate tribes regarding the proposed siting of new energy facilities and pipelines. The tribes receive copies of Notices of Intent and Applications. In 2001, the agency's director and siting council administrator met with partners of the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) to discuss coordination as the tribe works toward developing an energy facility.

Nuclear Safety Division

Through the Office of Energy's Nuclear Safety Division, the State of Oregon continues to work closely with the Confederated Tribes of the Umatilla Indian Reservation. This is done under an MOU coordinating efforts on Hanford clean up policy and technical issues relating to the Columbia River, groundwater protection, radioactive material transport, public information and emergency preparedness. A tribal representative sits on the Oregon Hanford Waste Board. Tribal interests are described on the agency's Web site at <http://www.energy.state.or.us/nucsaf/native.htm>

Energy Loan Program

The first loan the agency made was to the Confederated Tribes of the Warm Springs Reservation. The \$1.5 million loan in 1981 was for a hydroelectric project. The Oregon Office of Energy Loan program continues to offer low-interest, long-term loans for energy efficiency and renewable resource projects to individuals, businesses, tribes and non-profits.

Conservation Division

The Office of Energy offers tax credits for the purchase of select energy-efficient home appliances, hybrid vehicles, alternative fuels, solar and wind energy. The Conservation Division is working to make these programs more accessible for tribal members. The Technology Development Division is available for assistance and helped solve a heating and cooling system problem for the CTUIR.

Public Information

The office participated in the Confederated Tribes of Coos, Lower Umpqua and Siuslaw Conference on Energy. The agency also attends the Natural Resource Cluster meetings.



Oregon

John A. Kitzhaber, M.D., Governor

Parks and Recreation Department

State Historic Preservation Office

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REPORT TO THE OFFICE OF LEGAL COUNSEL on the implementation of EO 96-30, 2001

1. Oregon Parks and Recreation Department
2. James M. Hamrick, Jr.
Assistant Director for Heritage Conservation
Deputy State Historic Preservation Officer
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James.Hamrick@state.or.us - email
3. Since the last summit, the Department, the OPRD Commission, and it's Division, the State Historic Preservation Office, have continued to make progress with the tribes on the following:
 - a. Testified in favor of the passage of SB 770, which codified EO 96-30
 - b. Governor Kitzhaber appointed Bobbie Conner, Confederated Tribes of the Umatilla Indian Reservation, to the Oregon Parks and Recreation Commission (senate confirmation)
 - c. The OPRD Director appointed Bobbie Conner to the Oregon Historic Trails Advisory Council.
 - d. The OPRD Director re-appointed June Olson, Confederated Tribes of the Grand Ronde, to the Oregon Pioneer Cemetery Commission.
 - e. Governor Kitzhaber appointed Jason Younker, Confederated Tribes of the Coos, Lower Umpqua and Siuslaw, to the State Advisory Committee on Historic Preservation.
 - f. Governor Kithaber re-appointed Jody Calica, Confederated Tribes of the Warm Springs, to the Oregon Heritage Commission.

- g. Drafted a Memorandum of Agreement with the Oregon Department of Forestry to better protect cultural resources on state forest lands. It is in the process of being executed.
- h. Initiated discussions with the Division of State Lands to create a similar agreement.
- i. Worked with DEQ to create an internal cultural resource policy that will insure better compliance with federal cultural resource laws.
- j. Initiated discussions between the Department of Forestry and the Forest Service relating to archaeological sites and emergency fire suppression.
- k. Last session, introduced SB 335 which would have made technical corrections to archaeological laws to better protect cultural resources. (did not pass)
- l. Contracted with the Oregon State Museum of Anthropology to systematically conduct archaeological survey of all Department lands. This is a three biennium project.
- m. Became a member of CETAS (Collaborative Environmental and Transportation Agreement for Streamlining), whose goal is to provide for the earliest possible consideration of agency concerns, including cultural, prior to planning for any transportation project.
- n. With the Umatilla, drafted an agreement that would address reburials in Oregon State Parks.
- o. Director and Assistant Director met with the Commission on Indian Services.
- p. Sent the Department Assistant Attorney General to a week-long training on cultural resources laws and practice.
- q. Authored a letter from the Governor to all land managing agencies and local governments about the threat to cultural resources during the low water crisis.
- r. Have been working cooperatively with the Grand Ronde on the possible development of the historic Ft. Yamhill.
- s. Trained OPRD Managers and field staff in the importance of cultural resource management, and how to recognize archaeological sites.
- t. Initiated a Cultural Resource Clearance Form to prevent inadvertent site disturbance in the Parks.
- u. Heard a presentation from the Executive Director of the Commission on Indian Services at the annual All OPRD Managers Meeting in December.

- v. Entered into grant agreements with the Warm Springs and Grand Ronde for various projects such as the Pelton/Round Butte, Deschutes Boater Pass and Reservation Lands projects, and Ft. Yamhill Master Plan.
- w. Worked closely with the Southern Oregon Indian Center to hold a three day inter-tribal Pow Wow at Valley of the Rogue State Park.
- x. Initiated changes to the Recreation Trails and Land and Water Conservation grant programs to make sure that funded projects do not adversely impact cultural resources.
- y. Invited tribal natural resources managers to the Oregon Outdoor Recreation Council meeting in November.
- z. Involved the Tamastlikt Cultural Institute in Heritage Days at Blue Mountain State Park, as well as worked with the Umatilla tribe on the Lewis and Clark Bicentennial Committee.
- aa. The Department received an award for its management of the Mosier Mounds archaeological site in the Columbia Gorge.
- bb. Participated with the tribes in two re-interments at Oregon State Parks (Farewell Bend and Battle Mountain).
- cc. Continue to hold meetings of the Ft. Rock Cave Advisory Committee. Active tribes include the Klamath, Burn/Paiute, and Warm Springs. The idea is to develop a management plan for the cave, a National Historic Landmark.
- dd. Initiated a sign program for culturally sensitive areas in State Parks that quote cultural resource laws and otherwise seeks to educate the public.
- ee. Relocated a recreational trail at Tillamook Head to avoid an archaeological site.
- ff. Continues to work with the Warm Springs Tribes on the implementation of the Lower Deschutes River Management Plan.
- gg. Continued digitizing SHPO archaeological maps, reports and site files into a GIS format.
- hh. Continues to respond to archaeological issues involving site disturbance and permit issuance.



Oregon

John A. Kitzhaber, M.D., Governor

Department of State Police

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December 3, 2001

Danny Santos
Governor's Office
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RE: Annual Government-to-Government Report

AGENCY: Oregon State Police

KEY CONTACT: Captain Robert W. Miller
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The following constitutes the Oregon State Police State-Tribal Government-to-Government relations report to the Governor on the activities of this agency under sections 1 to 4 of Senate Bill 770 which was passed by the 2001 Legislature.

Please find attached a copy of Oregon State Police Policy Chapter 500.11 entitled, STATE-TRIBAL GOVERNMENT-TO-GOVERNMENT RELATIONS. The purpose of this policy is to formalize the government-to-government relationship that exists between Oregon Indian tribes and the Oregon State Police. It also established a process which is used to assist in resolving potential conflicts, maximize key inter-governmental relations and enhance an exchange of ideas and resources for the greater good of all of Oregon's citizens, whether tribal members or not.

The above referenced policy identifies key contacts within the Department by position. I have provided an additional key contact list that contains actual names and phone numbers.

The following is a summary of the various interactions between tribal governments and representatives of the Oregon State Police. The report is divided into interactions at the Headquarters/Division level and interactions at the Field Office level:

Headquarters/Divisions Interactions with Tribal Governments

All members identified as key contacts in the above referenced Department policy, as well as many others, attended twenty hours of training taught by the United States Indian Police Academy entitled "Criminal Jurisdiction in Indian Country." This training occurred April 18-20, 2001, in Pendleton, and September 24-26, 2001, at Warm Springs. The blocks of instruction that were presented included legal topics that are essential to understanding criminal jurisdiction in Indian Country. Major areas of instruction were, "Federal Criminal Law and Jurisdiction; Statutory Framework for Federal Prosecution of Crimes on Native American Reservations; and Child Sexual Abuse."

Tribal Gaming Section

- The Tribal Gaming Section has regular daily interactions with all the gaming tribes in Oregon. Due to the nature of the Section's mission, they have had numerous occasions to increase their awareness of the cultures, beliefs and governmental systems of Oregon's Native American tribes. Some of these opportunities are listed below.
- The Multicultural Student Union at Western Oregon University hosts an annual Powwow. It is primarily sponsored by the Grand Ronde Tribe, but has attendance from the Northwestern Tribes as well as Tribes as far south as Arizona. It is well attended by all cultures. This event has been attended by Section personnel for the past two years.
- The Coquille Tribe had a celebration when they opened their new Community Center in Coos Bay. The event was held in the Community Center and had as a keynote speaker, Michael Horse, actor and activist. This gave Section personnel an opportunity to see some of the Tribe's enterprises.
- The Klamath Tribes have an annual ceremony to celebrate the return of the c'waam (suckerfish). Section personnel were given the opportunity to gain an understanding of the issues facing the Tribes in that area. There was also community dancing and feasting associated with this gathering.
- Tribal Gaming Section personnel attended the Tu Kwa Ha Ne (Burns Paiute Powwow). The Powwow was well attended by the other Oregon Tribes. It was held in the Bingo area of the Old Camp Casino and there were booths and concessions in the parking lots. It gave Section personnel exposure to the cultural traditions of respect for elders and awareness of passing down these traditions to the next generation.
- Pi-Ume-Sha Treaty Days (Warm Springs) is one of the major gatherings in Oregon. Section personnel attended this event which includes the Powwow, softball tournaments, a golf tournament, a parade, an endurance race and stick games.
- Under the guidance of Orthelia Patt, chair of the Warm Springs Gaming Commission, Section personnel were given a tour of the Reservation. In addition to seeing their fish hatchery, cultural museum, power plant and the Kah-Nee-Tah resort, they were also given insight into some of the traditions of the Reservation. Orthelia related various rock

formations, root gathering areas and the history behind some of the sites on the Reservation.

- Section personnel attended the Wild Horse Powwow which is one of the few that was put on in conjunction with the casino. The Umatilla Powwow grounds, the Tamastsiht Cultural Institute and the rodeo grounds are all adjacent to the casino. Nez Perce and other Idaho Tribes as well as Montana, Washington and Canadian native Tribes were represented.
- The Siletz Powwow was held in the town of Siletz and mostly Oregon Tribes were represented. The remarkable point of the Siletz fete was that the vendor booths filled not only the Powwow grounds but spilled over into the town of Siletz.
- The Tribal Gaming Section has plans to expand their education process. There is a class in Indian Culture offered by Chemeketa Community College emphasizing the cultures of Native Tribes by region. They have already had attendance at these classes and plan on expanding. Since Section personnel are attending cultural events regularly, they plan on having more tours such as was done with Warm Springs to learn more about Reservation life and traditions. By increasing their rapport with the Tribes, they hope to better serve the citizens of the State of Oregon, both Tribal and non-Tribal.
- Nearly the entire Tribal Gaming Section participated in the training on Criminal Jurisdiction in Indian Country. Other shared training involved training on casino table games, such as craps and roulette.

State Fire Marshal Division

The Office of State Fire Marshal interacts with Tribal Governments in several ways to assist with fire and life safety needs:

- Code Assistance - Interaction on code assistance with several tribal casinos has been successful in the past. This has allowed the Fire Marshal's office to provide valuable input to the Tribes for their evaluation and consideration.
- Fire Defense Partner/Fire Defense Chiefs - The Warm Springs Indian Reservation has a well trained fire department, which participates in on-going training and leadership roles that parallel Oregon's fire service. Their local fire chief has also taken a pro-active role to assist Jefferson County in mutual aid efforts and acts as an alternate fire defense chief when necessary for the county. The Fire Marshal's office regularly assists the Warm Springs Fire Department with fire cause determination as well as interviews of both juvenile and adult fire-setters and/or arsonists.
- Mobilization Support - Through the Bureau of Indian Affairs, a formal agreement is in place between the Warm Springs Indian Reservation and the State Fire Marshal, which allows the Governor to mobilize state fire resources through the Conflagration Act on behalf of Warm

Springs. The Bureau of Indian Affairs would reimburse the State of Oregon for all costs in the event of mobilizations on the Reservation.

- Umatilla Tribal Fire Department – Umatilla Tribal Fire Department is included in the State Fire Marshal's Oregon fire departments listings and works closely with other departments in their area.

Fish and Wildlife Division

The following list briefly summarizes activities of the Fish and Wildlife Division of interest to tribal governments:

- Investigate violations of Native American archaeological laws.
- Coordinate with state and federal prosecutors and magistrates to bring defendants of archaeological laws to justice.
- Provide trained Fish and Wildlife Division staff on the Endangered Species Act and tribal treaty rights.
- Provide trained Fish and Wildlife Division staff knowledgeable about tribal sovereignty issues and the background of tribal sovereignty.
- Coordinate with tribal representatives on fish and wildlife issues before the Oregon Fish and Wildlife Commission.
- Coordinate with tribal representatives on fish and wildlife issues before the Oregon Legislature.
- As a member of the Columbia Basin Law Enforcement Council, they coordinate with the Columbia River Treaty Tribes on enforcement issues related to the Columbia River.
- Providing Native American cultural training as part of the Division's Workforce Development Plan.

Field Office Interactions with Tribal Governments

Northwest Region, Fish and Wildlife Division

- Lieutenant Steve Lane, Northwest Region Headquarters, continues to serve as the Department's representative on the Native American Cultural Resources Cluster Group. The primary purpose of this group is to provide a forum for the tribes and the state agencies to come together and cooperatively discuss the protection and preservation of Native American cultural resources. The group meets three to four times a year at various locations around the state. This group convened in March at Burns with the Burns Paiute Tribe hosting the event. Discussion centered on the use of the term "squaw" in landmark names. The group met again in August in conjunction with the Natural Resources Cluster Group in Forest Grove. The Oregon Department of Forestry hosted the gathering. Much discussion again revolved around the use of the term "squaw" in landmark names and pending legislation to remove the word from current landmark names. A work session was also held between state agencies and tribal representatives. On the second day of the

meeting state agency and tribal representatives toured the Tillamook Forest accompanied by Oregon Department of Forestry representatives.

- Lieutenant Lane and Lieutenant Randy Scorby (Eastern Region) participated in the Columbia Basin Law Enforcement Council. Columbia River Inter-Tribal Fisheries Enforcement also participates in the Council. This provides both lieutenants the opportunity to confer with managers from the Tribal Fisheries Enforcement agency on matters that may concern tribes conducting tribal fisheries on the Columbia River or its tributaries.
- On August 3, 4, and 5, Inter-Tribal fisheries enforcement officers assisted Region personnel with the Buoy 10 (Astoria) fisheries patrol efforts. On August 10-12 Inter-Tribal enforcement officers again assisted with the Buoy 10 season. These officers conducted both boat and shoreside patrols with Oregon Fish and Wildlife officers. Numerous citations were issued both weekends by both the State and the Inter-Tribal officers for recreational fishery violations.
- Lieutenant Lane and Senior Trooper Paul Randall provided two separate two-hour refresher courses in archaeological investigations at Fish and Wildlife Division annual in-service school in February and March. Approximately 115 fish and wildlife troopers received the training. June Olson, Cultural Resources Director for the Grand Ronde Tribe was invited to speak on the importance of cultural resources and the protection of those resources as related to Native Americans.
- Fish and Wildlife personnel have been involved in instructing a class in fish and wildlife enforcement at Oregon State University since 1995. In October, Lieutenant Lane provided a one-hour session to the class dealing with archaeological investigations. The intent of the session was to provide a brief synopsis of archaeological investigations, but also relate the importance of the protection of cultural resources not only to Native Americans but also to the citizens of Oregon.
- Lieutenant Lane continues to be a liaison between the State Historical Preservation Office "SHPO" (Dr. Leland Gilson, State Archaeologist) and the Tribes in regards to violations of the cultural resources protection laws. Dr. Gilson and the Tribes report violations to Lieutenant Lane and he forwards the information to the respective OSP Region for investigation.
- A Fish and Wildlife trooper from Springfield conducted an investigation into a contractor that excavated a known archaeological site on "Potato Hill" within the Springfield city limits. The contractor, who owned the property, proceeded to "scrape off" the known site with a road grader in preparation to build. Robert Kentta, Cultural Resources Director for the Confederated Tribes of Siletz Indians and the City of Springfield assisted in the investigation.

University Patrol Office – Corvallis

- The University Patrol Office on the Oregon State University campus has an officer assigned as a liaison with the Native American Cultural Center. Tribes from all over America are

represented in the center. This has provided the opportunity to share information on the role of the State Police at the university as well as answering questions regarding career opportunities.

- The office had personnel attend the annual Pow Wow held at Gill Coliseum. This event attracted tribes from all over the United States.

Newport Patrol Office

- The Newport Patrol Office enjoys an excellent working relationship with the Siletz Tribal Police Department and Chief Norm Counts. Chief Counts has been invited to participate in the Local Public Safety Coordinating Council and is included in local law enforcement administrators monthly meetings.
- The Newport Station Commander and members of the Lincoln County Interagency Narcotic Team have provided education and public forums in Siletz at the request of the Tribe on drug related problems, including methamphetamine lab recognition and hazards.
- The Newport Patrol Office also actively participates with the Tribe on the Highway 18/22 Traffic Safety Coalition. They are focusing their efforts on developing better public information about highway conditions to the coast and the need for more enforcement personnel on these highways.

Coos Bay Patrol Office

- The Coos Bay Office continues to provide assistance to the Coquille Tribal Police Department as needed. The Tribal Police Department has been added to the Coos County Cooperative Policing Agreement. The Coos Bay Office has invited the Police Department to attend Department training and they have actively participated.
- A Fish and Wildlife trooper conducted an investigation into the excavation of a shell midden done by the City of Bandon that contained at least one fragment of human bone. Don Ivy, Cultural Resources Director for the Coquille Tribe assisted with the investigation.
- Office members have assisted the Coquille Tribal Police Department with several criminal investigations. The most recent case involved a suspicious death which occurred on Tribal lands.

Roseburg Patrol Office

- The Roseburg Patrol Office continues to have a strong working agreement with the Cow Creek Indian tribe. Senior Trooper Monte Smith keeps in close contact with the casino's gaming commission director as well as the head of security. The casino continues to forward occasional theft, criminal mischief or drug cases to either Senior Trooper Smith or the station for follow-up.

Klamath Falls Patrol Office

- Relationships between the Oregon State Police, Klamath Tribe and other local public safety agencies continues to move forward with efforts to improve and expand the frequency of communications.
- The Klamath Falls Patrol Office continues to be responsive to the requests of the Klamath Tribe for law enforcement assistance when dealing with incidents at the Kla-Mo-Ya Casino.
- A Fish and Wildlife Trooper assisted the Klamath Tribe in investigating complaints and patrolling the Klamath River when the water level dropped due to the de-watering by Pacific Power and Light Company.
- During the summer water crisis, the Klamath Tribes requested assistance from the Klamath Falls Patrol Office in regards to a planned Calvary Ride. The ride was a protest by area farmers who rode 150 horses over a hill to the headgates. The area of the ride is called the Conger Area and has numerous cultural and archeological sites that are very sensitive to the Tribes. A meeting was held at the Klamath Falls Patrol Office with representatives from the Klamath Tribes. An acceptable route was located and that information was provided to the event organizer. The riders agreed to confine the horses to a narrow path for the ride.
- Office Detectives responded to a request for assistance from Klamath Tribal leaders upon their recovery of skeletal remains. After identifying the remains as Native American by the Medical Examiner, the remains were returned to Tribal authorities.

East Region Headquarters, Criminal Investigative Services Division

- Criminal Investigation Services Division detectives responded on three separate occasions to assist the Umatilla Tribal Police as Clandestine Lab Site Safety Officers on drug labs located on Tribal property.
- Division members also assisted the Umatilla Tribal Police with the death investigation of a Native American on Tribal property.
- Criminal Investigation Services Division members also participate with the Umatilla Tribal Police on the Umatilla Tribal Major Crime Team.
- Department members of the Central Oregon Drug Enforcement Team (CODE) responded to three investigations on Warm Springs Tribal land related to drug crimes.
- The Bend polygrapher conducted eight polygraph examinations at the request of the Warm Springs Tribal Police for a variety of crimes.

- Members from the John Day office coordinated and conferred with the Burns Paiute Tribe regarding human remains discovered in South Harney County. The remains were determined to be of ancient origin and the Burns Paiute Tribe conducted a repatriation.

East Region, Fish and Wildlife Division

- Over the past year, Lieutenant Scorby has continued his membership and attendance at the Columbia Basin Law Enforcement Committee. This committee is comprised of fish and wildlife law enforcement officers from the National Marine Fisheries Service, Washington, Idaho, Montana, Oregon and Inter-tribal Fisheries Enforcement personnel.
- East Region members made numerous cases with the assistance and cooperation of the Warm Springs Police Department. These cases involved the illegal taking of deer and salmon off the reservation by Tribal members.
- A region trooper cited a Warm Springs Tribal member as the result of an illegal deer kill investigation. The Gilliam County District Attorney allowed the Warm Springs Tribe to convene tribal court utilizing the county courthouse. This appears to be the first time this has ever occurred in Gilliam County.
- East Region Fish and Wildlife personnel participate in the Deschutes River Interagency Implementation Team. The Warm Springs Tribe, Bureau of Land Management, Oregon State Marine Board, Oregon State Parks and Recreation, and the Department managers meet regularly to discuss issues on the Deschutes River.
- A Bend Trooper assisted the Warm Springs Police Department in a cooperative wildlife enforcement decoy operation on the Warm Springs Reservation in November. This operation resulted in two Tribal members being cited by Warm Springs Tribal Police Officers for Hunting Deer on Reservation – Closed Season and Hunting From a Motor Vehicle. Fish and Wildlife Division members have trained Tribal police officers on the proper use of wildlife enforcement decoys, and routinely provide decoys and assistance as requested.
- A Fish and Wildlife trooper in Burns conducted an investigation into a subject that was obtaining human remains and artifacts from the desert in the Burns area. A search warrant was executed at the subject's residence where human remains and artifacts were recovered. The investigation also lead to a museum in California where other items were seized. The Burns Paiute Tribe assisted in the investigation.
- A Fish and Wildlife trooper from Pendleton received information from the Umatilla Tribal Police regarding a local resident who had purchased two Chinook salmon from the Umatilla Tribal member. The fish were harvested by tribal members in the Cascade Locks area and were brought to Pendleton and sold at a local gas station. The suspect was contacted (a non-tribal member) and cited for Unlawful Purchase of Fish. The Umatilla Tribal Police conducted the investigation on the tribal member.
- A Tribal salmon season opened on Looking Glass Creek on May 19, 2001. Two Tribal members were contacted with four salmon they had snagged with weighted treble hooks.

This is prohibited during the Tribal fishery, and the information was provided to the Umatilla Tribal Police for follow-up.

- A Heppner member assisted a Columbia River Inter-Tribal Fisheries Enforcement officer pull five illegal gill nets on the Columbia River under the I-82 bridge utilizing an Oregon State Police boat. Fourteen Sockeye, one Chinook, two Steelhead, three Shad, one 49 inch Sturgeon, and one Catfish were in the nets. The Tribal member who lives in Kennewick, Washington, was contacted and cited for numerous violations.
- During opening weekend of deer rifle season, a Pendleton trooper investigated the harvest of two cow elk along Summit Road in the Mt. Emily Unit. His investigation revealed the elk were killed by two subjects with Umatilla Tribal status. He later determined that the subjects had a level of enrollment that does not include general hunting privileges. The case was referred to Umatilla Tribal Police.

Bend Patrol Office

- The Bend Station Commander meets monthly with Tribal Police representatives and other law enforcement agency heads as a member of the Central Oregon Law Enforcement Services (COLES) board. The COLES board provides a forum for open discussion of issues facing all area police agencies and also serves as the policy board for the Central Oregon Drug Enforcement team (CODE) and the Central Oregon Major Crime Team, both of which the Bend Patrol Office and the Warm Springs Tribal Police participate.
- The Madras work-site sergeant is a member of the Jefferson County Human Relations Task Force, which is comprised of area citizens. Tribal members from Warm Springs are strongly represented on this group. Members of the task force attempt to resolve and alleviate race relation issues as they develop.
- Department members have also been involved, along with representatives from Warm Springs, in the Collage of Culture and Fear of Color events that are annual events in Madras.
- The Warm Springs Tribe is a co-partner with the Department on the Deschutes River Management Team. Members of the Fish and Wildlife Division represent the Department on this team which is based on a formal written agreement. This co-partnership has partially been responsible for increased communication between the tribe and Department Fish and Wildlife members.
- Members of the Madras work-site meet on a monthly basis with members of the Warm Springs Tribe as partners on the Jefferson County Local Public Safety Coordinating Council.
- The Bend Patrol Office continues to assist the Warm Springs Police Department by providing Crash Reconstruction expertise for fatal crash investigations.

Pendleton Patrol Office

- The Pendleton Patrol Office currently has three agreements with the Confederated Tribes of the Umatilla Indian Reservation. They are the Major Crime Team Agreement; the Policy and Procedures Agreement that defines the working relationship between the Tribe and the Department with regards to Native American Ancestral Remains discovered either intentionally or accidentally; and the Umatilla/Morrow Counties Cooperative Policing Agreement.
- The Department and Umatilla Tribal Police Department continue to be a part of the Umatilla/Morrow County Law Enforcement Administrators Conference, which meets monthly.
- The Pendleton Patrol Office continues to provide Drug Recognition Experts; Crash Reconstructionists; and Clandestine Lab Site Safety Officers to the Tribe as needed.

Ontario Patrol Office

- The Ontario Patrol Office and the Burns Paiute Tribal Police are both participants in the Harney County Cooperative Policing Agreement.
- The Tribe also participates with the Department in the Harney County Multi-Disciplinary Child Abuse Team, the Harney County Child Fatality Review team and the Harney County Commission on Children and Families.
- The Burns Paiute Tribal Police also participates with the Department as members of the Local Public Safety Coordinating Council and serve on the Council's Alcohol Dependency and Juvenile Crime Committees.

Arlington Patrol Office

- The north central area of Oregon and Zone 6 of the Columbia River is mainly comprised of the four treaty tribes: Yakima, from Central Washington to the Columbia River; Warm Springs, Central Oregon; the Umatilla, Northeastern Oregon; and the Nez Perce, Western Idaho. Contacts with tribal members are usually associated with monitoring area fisheries and with assisting Inter-Tribal police with operations and patrols.
- The Warm Springs Tribe has the responsibility to manage 24,304 acres of wildlife habitat in Wheeler County which was purchased by the Bonneville Power Administration. The management duties include setting hunting seasons and limits. Oregon State Police personnel have been partners with the Warm Springs Tribe, Oregon Department of Fish and Wildlife, and the National Park Service and local agencies to discuss issues and adopt rules to enhance the habitat and wildlife.

- Office members continue to participate in regularly established meetings with state, federal, local and tribal enforcement members. The Warm Springs Tribe has been active in the meetings, sending members from their Fish and Wildlife and Natural Resource Divisions. The Department established these meetings six years ago to promote information sharing and unifying enforcement strategies. Members of the Warm Springs Police Department and the Natural Resources Division have contacted the Patrol Office to address concerns and seek assistance. Department members have been successful in completing investigations with the assistance of the Warm Springs Police Department.
- The Inter-Tribal Police Department is located in Hood River and is primarily responsible for enforcement of tribal fisheries in Zone 6 on the Columbia River. The Arlington Patrol Office continues to work with the Inter-Tribal police in providing staff, flights, boat patrols and other enforcement and aid in strategic planning as needed.

In conclusion, the Department of Oregon State Police has embraced and remains committed to complying with the provisions of the Governor's Executive Order 96-30 and Senate Bill 770. The various Divisions and Offices of the Department will continue to advance opportunities to participate in intergovernmental agreements and interactions that foster mutual gain and cooperation.

If you have any questions regarding this report, please don't hesitate to contact me at (503)378-3720 ext. 4127.

Sincerely,



Robert W. Miller, Captain
Oregon State Police

cc:

Superintendent Rueckel
Major Willis
Department Key Contacts



Department of State Police

CHAPTER: 500.11
SUBJECT: STATE-TRIBAL
GOVERNMENT
TO GOVERNMENT
RELATIONS
REVISED: September 8, 1999
SUPERSEDES: N/A

POLICY

There are nine federally recognized Indian tribal governments located in the State of Oregon. These Indian tribes have a unique legal status as sovereign governments. The importance of recognizing the relationship that exists between the tribes and State government agencies can not be underestimated. As sovereigns, the tribes and the State must work together to develop mutual respect and trust for the sovereign interests of both parties.

The purpose of this policy is to formalize the government-to-government relationship that exists between Oregon Indian tribes and the State and to establish a process which can assist in resolving potential conflicts, maximize key inter-governmental relations and enhance an exchange of ideas and resources for the greater good of all of Oregon's citizens, whether tribal members or not.

The State recognizes the sovereign status of Oregon Indian tribes and in furtherance of this, the Department of State Police establishes the following policy statement which:

1. Recognizes Oregon Indian tribal governments are interested in development of State policy that affects tribal interests and recognizes the desirability of dialogue between tribal governments, the federal government as trustee, where appropriate, and the State, with regard to those State policies;
2. Identifies key personnel of the Department as "key contacts" responsible for coordination with tribal governments;
3. Establishes a process for the identification of those Department policies by designated tribal representatives and key contacts;
4. Promotes dialogue between the Department and tribal governments on those state policies; and
5. That advances the government-to-government relationship by notifying Department members of Executive Order #96-30.

The Department of State Police will work cooperatively with other State agencies to accomplish the goals of Executive Order #96-30.

This policy is not intended to create a forum for resolution of all issues between the tribes and the Department, nor is it meant to replace presently existing lines of communications.

RELATED LAWS/REFERENCES

Office of the Governor, Executive Order #96-30
ORS 190.110

RULE

1. The key contacts of the Department are those members primarily responsible for advancing the government-to government relationships between the Department and Oregon Indian tribes and for coordination with tribal governments on agency policies.

A. The following position is designated as the primary Department representative for Oregon Indian tribes:

Primary contact: Operations Services Bureau Commander

B. The following positions are designated as Department representatives based upon local service area or specialized service responsibility:

Statewide Issues:

Fish & Wildlife/natural resources	Fish and Wildlife Division Director
Tribal Gaming	Gaming Enforcement Division Director
Department Policy & Procedures	Chair of Policy & Procedures Advisory Committee

Local Issues:

Cow Creek Band of Umpqua Tribe	Station Commander-Roseburg
Confederated Tribes of Warm Springs	Station Commander-Bend
Confederated Tribes of Umatilla	Station Commander-Pendleton
Burns Paiute Tribe	Station Commander-Ontario
Fort McDermitt Paiute Tribe	Station Commander-Ontario
Coos, Lower Umpqua & Siuslaw Tribes	Station Commander-Coos Bay
Coquille Tribe	Station Commander-Coos Bay
Confederated Tribes of Grand Ronde	Station Commander-McMinnville
Confederated Tribes of Siletz	Station Commander-Newport
Klamath Tribes	Station Commander-Klamath Falls

2. The listed Department representatives, or a designee, shall communicate with Oregon tribal governments that are located in their individual service areas for the purpose of working together to achieve mutual goals, identify policy issues and to discuss issues of mutual concern or interest.

3. In the development of issues of mutual concern, the Department representatives shall make reasonable efforts to design solutions and develop programs to achieve mutual goals in relation to Department policy.
4. Department representatives shall consider the use of cooperative agreements with Indian tribal governments as provided for in ORS 190.110 or other tools to achieve mutual cooperation when it is appropriate to do so.
5. Department representatives and designated supervisors shall attend periodic training in tribal culture, relations, and legal status designed to create an awareness of the unique nature of the tribal governments and an understanding of, and sensitivity to, Native American Issues.
6. The Operations Services Bureau Commander shall provide annually to the Superintendent a report on the Department's accomplishments and achievements derived from the advancement of Executive Order #96-30. A copy will be provided to each of the tribal public safety key contacts.
7. All members of the Department will consider impacts on Oregon tribal governments when developing policy and if appropriate shall consult with tribal representatives to discuss issues.
8. Station Commanders designated as Department representatives shall establish mutually agreeable meeting schedules with local tribal representatives.

PROCEDURE

1. The Operations Services Bureau Commander, or a designee, shall assist the Superintendent to coordinate and accomplish the requirements of this policy and the goals of Executive Order #96-30.
 - A. The Operations Services Bureau Commander will coordinate the periodic tribal cultural training for Department representatives and designated supervisors. Each Department representative shall designate those supervisors under their command that should attend this training.
 - B. The annual report to the Superintendent required by this policy shall be an Executive Summary.
2. The statewide annual meeting will serve as a means for Department representatives to further establish contacts with designated tribal government representatives, schedule additional meetings and develop appropriate protocols of communication on issues of mutual concern.

Oregon State Police Key Contacts

The key contacts of the Department of State Police are those members primarily responsible for advancing the government-to-government relationships between the Department and Oregon Indian tribes and for coordination with tribal governments on agency policies.

The primary Oregon State Police representative for Oregon Indian tribes is:

Robert W. Miller, Captain
400 Public Service Building
Salem, Oregon 97310
Phone: (503)378-3725 ext. 4127
Fax: (503)378-8282

The following members are designated as Department representatives based upon local service area or specialized service responsibility:

Statewide issues:

Fish and Wildlife/natural resources

Lieutenant Steve Lane
25195 SW Parkway Ave Suite 103
Wilsonville, Oregon 97070
Phone: (503)731-3027

Tribal Gaming

Lieutenant Tim Steiner
400 Public Service Building
Salem, Oregon 97310
Phone: (503)378-6999

Department Policy & Procedures

Lieutenant Mike Davidson
3313 NE Bret Clodfelter Way
The Dallas, Oregon 97058
Phone: (541)296-9646

Local Issues:

Cow Creek Band of Umpqua Tribe

Lieutenant Dennis Carr
Station Commander – Roseburg
761 NE Garden Valley Road
Roseburg, Oregon 97470
Phone: (541)440-3334

Confederated Tribes of Warm Springs	Lieutenant Ron Nelson Station Commander – Bend 63319 Jamison Street Bend, Oregon 97701 Phone: (541)388-6213
Confederated Tribes of Umatilla	Lieutenant Darin Helman Station Commander – Pendleton 700 SE Emigrant, Box 5 Pendleton, Oregon 97801 Phone: (541)278-4090
Burns Paiute Tribe	Lieutenant Dave Hoffman Station Commander – Ontario 325 Goodfellow St. Ontario, Oregon 97914
Fort McDermitt Paiute Tribe	Lieutenant Dave Hoffman Station Commander – Ontario
Coos, Lower Umpqua & Siuslaw Tribes	Lieutenant Dave Frye Station Commander – Coos Bay 333 S. 4 th Street Coos Bay, Oregon 97420
Coquille Tribe	Lieutenant Dave Frye Station Commander – Coos Bay
Confederated Tribes of Grand Ronde	Lieutenant Marti West Station Commander – McMinnville 1502 N. Highway 99W McMinnville, Oregon 97128
Confederated Tribes of Siletz	Lieutenant Randy Palmer Station Commander – Newport 52 NE 73 rd St. PO Box 947 Newport, Oregon 97365 Phone: (541)265-5354
Klamath Tribes	Lieutenant Dan Rutledge Station Commander – Klamath Falls 2525 Biehn St. Klamath Falls, Oregon 97601 Phone: (541)883-5713

**Agency Report: Oregon University System
2001 Government-to-Government Agency Reports (Education Cluster)**

The Oregon University System (OUS) promoted relationships with tribal communities through several initiatives during 2001. These include the following:

- During September 2001, OUS published *The OUS Native American Resource Guide (2nd edition)*, a compilation of a) campus programs and services that support Native American students; b) contact information for selected campus offices such as Admissions, Housing, Academic Advising, etc.; c) information concerning the OUS residence classification policy for members of Oregon tribes, affecting enrolled members of federally recognized tribes of Oregon and enrolled members of Native American tribes which had ceded or reserved lands within the state of Oregon; d) community college transfer procedures; 3) distance education resources; and e) information regarding state and institutional financial aid resources. Copies of the *Guide* were provided to tribal education offices and high school counselors throughout Oregon. The *Guide* is available on the Web at <www.ous.edu/aca/diversity>.
- OUS provided an opportunity for tribal representatives of the Government-to-Government Education Cluster to address the System Strategic Planning Committee of the Oregon State Board of Higher Education in June 2001. Cluster representatives engaged in an informative discussion with Board members regarding challenges and initiatives addressed by the Education Cluster.
- The OUS Chancellor's Office established an inter-institutional OUS work group and began developing policies for revisions to the Oregon American Indian/Alaska Native State Education Plan (Goal 11) and for the implementation of Senate Bill 770.
- The OUS Chancellor's Office and Portland State University (PSU) assisted with planning and sponsoring the 2001 Northwest Indian Education Summit, held at PSU during September 2001. Several OUS representatives gave presentations at the Summit regarding initiatives within their institutions that promote access and opportunity for American Indian students.
- Five OUS institutions – University of Oregon, Portland State University, Oregon State University, Western Oregon University, and Oregon Institute of Technology – were ranked among the top institutions nationwide, by Black Issues in Higher Education (Volume 18, No. 8, June 7, 2001), in awarding baccalaureate degrees to American Indian students.



Oregon

John A. Kitzhaber, M.D., Governor

Water Resources Department

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**Report to Governor's Office of Legal Counsel
Activities of the Water Resources Department
Under Executive Order 96-30**

December 26, 2001

1. AGENCY NAME Oregon Water Resources Department
2. KEY CONTACT Reed Marbut
158 12th Street N.E.
Salem, OR 97310
Telephone: (503) 378-8455 Ext. 292
Fax: (503) 378-2496
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3. MAJOR AREAS

The Water Resources Department (Department) works with Oregon Indian tribes on issues related to watershed management and water distribution, including issues related to water rights held or claimed by tribes and/or tribal members.

a. Water Rights. Under state law, the Director of the Department is authorized to negotiate water right agreements with all federally recognized Indian tribes in Oregon. In addition, pursuant to EO 96-30, the Department is engaged in ongoing discussions with most of Oregon's tribes on issues related to water rights and administration of water resources. Some of these activities are conducted under EO 96-30 and some are conducted under specific provisions of state and federal law.

b. Watershed Management and Water Use Regulation. The Department works with Oregon's tribes to plan and implement strategies for streamflow restoration and riparian protection on both reservation lands and other geographical regions of interest to tribal communities. These strategies include streamflow measuring and monitoring, enforcement of illegal water uses and, where possible, transfer of out-of-stream rights to instream flows.

4. DEPARTMENT STATEMENT

The Department adopted its Government-to-Government *Interest Statement* on September 23, 1997. A copy of the Department's *Interest Statement* is attached. The *Interest Statement*

provides that the Department's relationship with Oregon's nine Tribes must be based on two essential attributes. First, the Department should endeavor to identify and help protect existing tribal rights to the use of water; and second, to continue to forge partnerships with tribes to share responsibility for water and watershed management.

5. SOLUTIONS AND PROGRAMS

a. Confederated Tribes of the Warm Springs Indian Reservation. ORS 539.310 authorizes the Director of the Department to negotiate water right settlements with any federally recognized Indian tribe claiming a reserved water right in Oregon. The Director began preliminary water right discussions with the Confederated Tribes of the Warm Springs Reservation and United States, as trustee for the Tribes and its members, in 1989. Formal negotiations began in 1991, and successfully concluded a water right settlement agreement on November 17, 1997. The settlement agreement defines the scope and attributes of the Warm Springs Reservation water rights.

In early 2001, the Parties to the settlement agreement realized that an element of the agreement could be subject to differing interpretation. The Parties concluded that the agreement should be amended to remove any question as to its original intent. The Parties conducted two supplemental negotiation sessions at which an amendment to the agreement was adopted to reflect the Parties' original intent. In addition, the Department and the Tribes executed a memorandum of understanding setting forth the Parties streamflow and fisheries protection interests and coordination mechanisms.

The final agreement must be submitted to the Deschutes County Circuit Court for incorporation into the Court's adjudication records. The Department completed the administrative portion of a supplemental adjudication of the Warm Springs Reservation and is preparing documents for court action. The negotiating parties hope to complete the court action in 2002.

b. Klamath Tribes. The Klamath Basin adjudication was initiated in 1975. After a number of delays during two major court cases, the claiming period for the adjudication of pre-1909 and federal reserved water rights in the Klamath Basin, including the rights of the Klamath Tribe, was completed on April 30, 1997. With support and assistance of the Klamath Tribe, the Department initiated an alternative dispute resolution (ADR) process to help resolve adjudication issues. Many adjudication claimants, including the Klamath Tribe, agree that a negotiated settlement of the adjudication issues would be preferable to protracted litigation. The ADR is an ongoing process and is being coordinated with the adjudication process and time-table. The Klamath Tribe continues to be an essential party in the ADR and to other Basin mediation and collaborative resource management processes.

c. Confederated Tribes of the Umatilla Reservation. The Umatilla River water rights were adjudicated in 1916. Representatives of the United States appeared in the Umatilla adjudication on behalf of the Confederated Tribes of the Umatilla Reservation. The issue of the scope and

finality of this adjudication has been raised by the Tribes and the United States. Resolution of the legal issues surrounding the reserved water rights of the Umatilla Reservation will be complex and time consuming. Pending resolution of the Reservation water right issues, the Department assisted the Tribes in securing a state water right permit for ground water use in the Tribes newly developed facilities.

On October 19, 2000, the Confederated Tribes of the Umatilla Indian Reservation hosted a tour of the Walla Walla River. The Department participated in the tour along with local stakeholders and representatives of both state and federal elected officials. Feasibility investigations and opportunities for supply augmentation were important topics of discussion. Other Basin meetings and discussions led to successful negotiation and enactment of two bills in the 2001 Legislative Session reflecting agreements between the Tribes and the City of Pendleton.

In late 2001, the Department and Tribes began discussions concerning resolution of the outstanding legal issues in particular and Umatilla Basin water management matters in general. A scoping meeting was held in November, and a staff technical meeting is tentatively scheduled for February 2002.

d. Coquille Indian Tribe. The Coquille Indian Tribe has acquired several parcels of land in Coos County. The Department has met several times with representatives of the Tribe to discuss the Tribe's water needs in general, and water rights associated with this land in particular. These activities will be ongoing.

e. Burns Paiute Tribe. The Department has been working with representatives of the Burns Paiute Tribe and the United States Bureau of Indian Affairs to complete processing of several water right applications filed by the Tribe. In addition, the Department's watermaster in District 10 has been in regular contact with the Tribe with respect to other water right and water use issues. Both of these activities are ongoing.

f. Confederated Tribes of Siletz Indians. The Department is working with the Siletz Tribe to develop strategies to protect the Tribe's existing water rights. These strategies include, but are not limited to, procedures for instream water right leasing and other transfer mechanisms.

g. Confederated Tribes of Grand Ronde. The Department has met with representatives of the Confederated Tribes of Grand Ronde on several occasions to discuss the Tribes' water needs and the requirements of state water law. Most importantly, the Department assisted the Tribes in a water lease program to protect a number of water rights held by the Tribes. The Department and Tribes have agreed to continue the leasing program in future years.

The Tribes have developed a proposal to convert a number of their irrigation water rights to a quasi-municipal right for use in various tribal facilities. The new quasi-municipal right will allow the Tribes to reduce its demand on the Grand Ronde community water system. The Department is working with the Tribes to develop the conversion proposal along with a streamflow mitigation plan for protection of flows in the South Yamhill River. The Department

is taking the lead in the government-to-government discussions with the State Departments of Fish and Wildlife and Environmental Quality to ensure that the water right conversion and mitigation plan provide the greatest degree of development flexibility for the Tribes while protecting streamflows in the river and its tributaries.

6. TRAINING

On January 25, 2000, the Department's Field Services Division hosted a tribal cultural training session at its bi-annual watermaster/field office conference. Representatives of the Klamath and Siletz Tribes presented a historical/cultural seminar about their respective tribes and engaged Department personnel in a discussion of the issues of common interest to the agency and the Tribes. The Department plans to continue this cultural cross-training at future field conferences. In addition, the Department's key contact person has met internally with a number of the Department's divisions to provide updates on the Government-to-Government activities. As a part of the Department's key contact activities we have included regional staff in visits to tribes and in cluster meetings.

7. COOPERATION AMONG DEPARTMENTS

During the Warm Springs negotiations, the Department worked closely with the Departments of Fish and Wildlife, Parks and Recreation, and Environmental Quality. As a part of the Klamath ADR process, the Department is working with the Departments of Fish and Wildlife, Environmental Quality, and Agriculture. Currently, the Department is working with the Department of Environmental Quality on issues related to water quality on the Warm Springs and Umatilla Reservations. Lastly, the Department continues to work with other State natural resource agencies to ensure that tribal communities have adequate safe water supplies.

The Department is the lead agency for implementation of the State's hydroelectric project reauthorization law. (ORS 543A.005 through 543-805.) Under this law, the Department administers the Hydroelectric Application Review Team (HART) for state projects. HART is made up of representatives from the Departments of Water Resources, Environmental Quality, and Fish and Wildlife. Where an Indian tribe is affected by a project or is involved as a project applicant, the HART members work with such tribe to ensure coordination, such as in the Pelton/Round Butte Project reauthorization process.



Oregon

John A. Kitzhaber, M.D., Governor

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**Oregon Water Resources Department
Interest Statement on Government-to-Government Relations**

**Executive Order 96-30
September 23, 1997**

The mission of the Oregon Water Resources Commission is

"To serve the public by practicing and promoting wise long-term water management."

To fulfill this mission the Commission and Department intend to actively pursue efforts to:

Restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy and quality of life.

and

Directly address Oregon's water supply needs.

To realize the expectations of our mission in the context of Executive Order 96-30, the Water Resources Department proposes to actively engage Oregon's nine tribal governments and their constituents in a dialogue for implementation of the Department's and Commission's goals and objective. The Department will seek to implement the expectations of Executive Order 96-30 by establishing cooperative ventures with tribes to address our mutual long-term interests.

The Department began discussions with the Confederated Tribes of the Warm Springs Reservation in the mid 1980s. In 1987 the Oregon Legislative Assembly enacted ORS 539.300-350 authorizing the Director of the Water Resources Department to negotiate with the Warm Springs Tribes and the United States to define the scope of the Tribes' reserved water rights. The parties are scheduled to sign this historic settlement agreement in mid October. In addition to the Warm Springs Reservation negotiations, the Department has begun preliminary discussions with the Confederated Tribes of the Umatilla Indian Reservation and is involved in discussions with the Klamath Tribes as a part of the Klamath Basin adjudication. Lastly, Department staff are also participating in water right discussions with the Coquille and Burns Paiute Tribes.

Water Resources Commission and Department propose to continue communication and collaborative problem solving with the nine Oregon tribes. The Water Resources Department has established the following guidelines to foster and maintain our relationship with each of the nine tribes:

1. Maintain parallel contact directories, one of agency personnel who are available to the tribe(s) for immediate contact, the other a list of tribal leaders or staff who can be contacted to initiate discussion quickly. (In WRD's case the initial contact is at our Regional office, with a Salem office follow up.)
2. Spot issues quickly, and get accurate details as soon as possible. That is, be aware of water use issues that may create conflict between state government and a tribe or the federal government as the tribe's trustee. Once the issue is identified, research the details, factual and legal, so that the issue can be scoped and accurate and appropriate contact can be initiated.
3. When an issue arises, Department staff should offer to meet fact-to-face with tribal leadership as soon as possible to ensure that clear, constructive communication is initiated promptly.
4. During initial contact on an issue, be positive and stress common interests and goals indicating that a cooperative solution is most likely possible.
5. Keep the agencies' other (non-Indian) constituents advised, and where appropriate involve the non-Indian community in discussions with the tribal leadership.
6. As issues arise and are addressed, establish a system or protocol for future issues -- building on successes.

The Agency believes that its relationship with Oregon's nine Tribes must be based on two essential attributes. First, we must honor and protect existing tribal rights to the use of water, and second, we must continue to forge partnerships with tribes to share responsibility for water management.

Oregon State Archives 1-13-03 copy of website. This is *not* current information and hyperlinks may not work properly.

1997 - 99

Budget in Brief

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Governor's Message

To The Citizens Of Oregon:

Twenty years ago, Oregonians made some wise choices. We chose to invest in our state's future and we planned to manage its growth. As a result, today's economy is diversified, most of the state is thriving and Oregonians have an excellent quality of life. Today, even as we enjoy the fruits of those decisions and investments, we should continue to make the wise choices and sound investments that will provide for the years ahead.

But as Oregon entered the 1990s it chose, by default, to embark on a policy of disinvestment. The choice was largely inadvertent. It was a side-effect of enacting new, well-intentioned, but completely unfunded programs. These new programs had reasonable purposes. For example, they imprisoned felons, required that prisoners be given work to do and reduced local property taxes. But because they were unfunded, state tax money was diverted from the programs it had been paying for in order to pay for the new laws. In addition, we have kept on the books a law that prevents the state, during the best of times, from investing in the basics that make a strong economy possible.

At a time when our economy is stronger than ever before, we have had to consider closing 63 state parks for lack of funding. We have kept thousands of young Oregonians out of college by raising tuition 80 percent since 1991. We have laid off teachers, cut course offerings and increased class sizes in our primary and secondary schools, making it harder for our children to gain a strong education. We have left hundreds of our streams polluted and let our ancient salmon runs almost die away. And we are letting our highways fall behind the needs of our growing population and commerce. Incredibly but truly, we have been disinvesting during a time of prosperity.

The "two percent kicker" law is also part of the problem. It is a policy of not investing in our future when we are best able to do so. It says that if actual income taxes exceed state predictions by more than two percent, all the funds above the projection must be rebated to personal and corporate taxpayers. Yet it is when the economy is robust that taxes are most likely to exceed predictions. And it is when the economy is vigorous and growing that we are in the best position to invest. If we wait until the economy suffers a chill, it will be too late.

I propose to invest in Oregon's future and to do it now, in this time of prosperity. It is simply common sense to do so, even with the challenge of Ballot Measure 47, the property tax cut. My proposals to invest in the things that will secure and support our future are reflected in this budget.

They include:

- **Education.** Children are counting on us to provide accessible, quality education. There is no greater investment we can make than in educating our young people. I will propose investing our kicker proceeds in the entire continuum of education from pre-kindergarten through higher education and lifelong learning.
- **Transportation.** We must meet the needs of our growing population and commerce. Our quality of life and our economy will continue to depend on efficient transportation. I will propose additional revenue for the preservation and maintenance of our roads and highways and to manage growth.
- **Health Care.** Everyone, working or unemployed, prospering or destitute, must have access to basic health care. I will propose an expansion of the Oregon Health Plan funded by the voter-approved tax on tobacco.
- **Natural Resources.** Clean water is essential to the future of our salmon and wildlife, our families, agriculture and industry. Our state parks part of Oregon's heritage and identity are important to our quality of life. We must invest in both. I will propose a fund for the restoration of our watersheds and for stabilizing our park system.
- **Economic Development.** A vigorous economy provides the resources for everything else we want and need to accomplish as a state. I will propose ways to re-target our efforts to manage growth and to help small business and our lagging communities achieve and maintain the prosperity most of the state now enjoys.

Our future is built on the choices we make today. This budget reflects the choices necessary to carry our economic prosperity and our quality of life into the 21st century.

John A. Kitzhaber M.D.
Governor, State of Oregon

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Investment Highlights

In the Governor's Budget

- **Investing in Education**
Redirects the revenues in the two percent kicker to:
 - Help replace an estimated \$459 million in revenues lost by schools and

- community colleges because of Ballot Measure 47.
 - Expand pre-kindergarten services.
 - Implement the Education Act for the 21st Century.
 - Continue school equalization.
 - Provide assistance to flat-funded districts
 - Freeze tuition at Oregon's four-year public colleges and universities for resident undergraduates and improve geographic access to higher education.
 - Expand engineering education in the Portland metropolitan area.
-
- **Investing in Transportation**
 - Raises new revenues to maintain and expand state, county, and local roads and highways.
 - Creates a dedicated fund to reduce urban sprawl, promote livability, and manage growth.
-
- **Investing in Human Resources**
 - Makes more low-income Oregonians eligible for the Oregon Health Plan.
 - Expands the Job Opportunity and Basic Skills (JOBS) program, which helps people move off welfare and into work.
 - Begins the process of closing Fairview Training Center.
-
- **Investing in Natural Resources**

Proposes a wholesale beverage container tax to:

 - Restore the health of watersheds and aid the recovery of coastal salmon.
 - Provide operating revenue for Oregon state parks and prevent the closure of 60 to 100 parks.
-
- **Investing in Economic Development**
 - Redirects state economic development services to rural areas and small businesses.
 - Emphasizes investments in durable, lasting infrastructure.
-
- **Investing in Public Safety**
 - Offers counties and cities grants and flexible funding to prevent juvenile crime.
 - Adds 65 new uniformed troopers to the Oregon State Police.
 - Pays for the start of construction of two new prisons required by Ballot Measure 11.
-
- **Managing Government**
 - Brings state employee pay nearer competitive levels to attract and keep good workers.

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The Budget Without Investments

Budgeting means making choices. In this budget we choose to invest in education, transportation, and the

environment. We choose to invest in a future with a strong economy and a high quality of life. Choosing not to make these investments would mean a few cents less for a gallon of gas or a bottle of soda. It would mean that the two percent kicker provides slightly lower tax bills for one year. But it would also mean a choice to continue undermining those very things that make Oregon such a special place. Here are some likely impacts if we choose not to invest in Oregon's future.

Disinvesting in Education

- Without kicker revenue, local school budgets could lose millions of dollars because of Ballot Measure 47 and teacher lay-offs would likely follow.
- Class sizes would grow again, especially among the poorest counties, thereby cementing Oregon's current ranking among the top ten states for class size.
- Only wealthier local schools could afford to connect to the video and Internet resources that all the state's schools need.
- Thousands of low-income three and four-year-olds would miss the education, health, and nutrition services they need to prepare to start school.
- Thousands of teachers would not receive the training they need to lead their schools' transformation to 21st century standards for the Certificates of Initial Mastery and Advanced Mastery.
- There would be no progress on equalization of funding for lagging school districts.
- No assistance would be provided to flat-funded school districts.
- Community colleges could not expand into rural counties where students need education to prepare to enter the job market.
- State four-year colleges and universities would have to try to hire faculty with a salary package that is in the lowest third among the states.
- College tuition would likely rise again, even though it has already increased 80 percent in just six years.
- Oregon would continue to hire many high tech employees from outside the state because state colleges and universities are unable to meet the workforce needs of state industry.

Disinvesting in Transportation

Long-time Oregonians know how state and local roads and highways have become clogged with single passenger cars and other vehicles. Recent arrivals know how bad it can become; how bad it is in Los Angeles, Sacramento, and Seattle. With no additional investment in the transportation system we can expect the following:

- A continued deterioration of our roads, bridges, and highways from inadequate maintenance.
- Increased congestion, pollution, and travel times in our urban areas.
- Delayed freight movement and increased shipping costs.
- Rural communities without the transportation systems they need.

Disinvesting in Natural Resources

- Many state parks would close. Scenic trail and waterways programs would be cut or closed.
- Millions of dollars of deterioration would go unattended in the parks that do remain open.
- Further park fee increases would follow.
- There would be no new parks or expanded park capacity, despite our growing population.
- Hundreds of streams and watersheds would remain below health standards.
- Increased federal regulation would be likely for industry and agriculture to protect salmon and sea-run trout and to improve water quality.

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The Budget Environment

Decisions in recent years have put increased stress on a succession of the state budgets. In this budget, Oregon has choices it can make. We can choose to consume every dollar today's economy produces, or we can choose to invest some for our continued prosperity and high quality of life in the year's ahead.

Oregon's Economy is Thriving

- The state economy has diversified. In manufacturing, the high tech industries share has risen from 24 percent in 1985 to 32 percent today.
- Total employment has risen 14 percent since 1990, twice as fast as the national average.
- The state's average unemployment rate has fallen to five percent.
- Per capita income has risen 35 percent since 1990.
- Incomes are now 96 percent of the nation's average, compared to 92 percent in 1990. Incomes continue to rise.

A Growing State Means Growing Needs

- State population grew by 272,000 between 1990 and 1995, putting new pressure on state services.
- There has been an unprecedented growth in K-12 school enrollment.
- Growing numbers of 18- to 24-year-olds increase demands for college and entry jobs.
- Child and elderly age groups and their needs are outpacing the general population.
- Prison populations are swelling. The state system held 3,627 inmates in 1985. It now has more than 8,500 and will hold up to 17,000 inmates by 2006.
- Growing use and consumption puts Oregon's natural resources at risk.
- Some Oregonians still lag economically. Ten rural counties have unemployment rates above 7 percent.
- Oregon's tax burden has fallen from 17th in the nation in 1993, to a projected 45th in 1998.

Always a Balanced Budget

The Oregon Constitution requires the governor to present a balanced budget that relies only on existing revenues. This document goes further, identifying new revenues and making new investments in education, transportation, health care, and other vital services to protect our quality of life and support future prosperity. All spending remains within current and proposed revenues.

Balancing a budget does not mean meeting all needs. This budget does not and cannot preserve funding levels for all state or local government programs. It does cut some state programs and services. See the full text of the Governor's Budget for more detail.

State Resources

The state uses revenues from five sources to pay for services. Below is a brief description of each source and recent developments affecting each one.

The General Fund

The General Fund comes mostly from state income taxes, other state taxes, and their investment earnings. Total General Fund resources are estimated at \$9.8 billion for 1997-99. The General Fund is only 37 percent of the total state budget,

but it is the part that can be spent wherever it is needed.

General Fund Commitments

Recent years have seen increasing portions of the General Fund committed to single purposes. This trend reduces the state's ability to allocate money as needs arise.

- The "kicker law" says if biennial General Fund revenues exceed estimated revenues by two percent or more, the entire excess must be refunded, regardless of population growth or need.
- In 1990, Ballot Measure 5 diverted General Fund money to replace reduced property taxes for local schools and community colleges. During the last six years, Ballot Measure 5 has transferred to local schools \$3.27 billion formerly allocated to human resources, natural resources, and higher education programs.
- In 1994, Ballot Measure 11 increased criminal sentences, ultimately requiring more than \$1 billion from the General Fund to build prisons, requiring still more to operate them.
- This November, voters approved Ballot Measure 47, the property tax cut and cap. It will reduce revenues to schools, cities, and counties by as much as \$1 billion and put pressure on the General Fund to make up some or all of the difference.

The Oregon Lottery

Revenues produced by the state lottery fluctuate because of competition and customer demand, making it an increasingly volatile source of funds. Available receipts will fall in this biennium for two reasons. First, the previous budget carried forward a \$123 million ending balance in lottery receipts. That has now been spent. Second, this budget makes the first dedicated payment (about \$84 million) to the Oregon Education Trust Fund.

The Federal Government

Federal funds make up 19 percent of the state budget. The federal government limits the state's choices about where and how federal funds may be used. Most federal funding comes with conditions attached, such as requiring the state to maintain certain service levels or provide matching state funds.

Other Funds Revenues

Uses of these funds are typically limited to the purposes for which the funds were raised. Examples include payments for services or contracts (like a park fee or a veteran's loan payment) or charges for specific purposes (like a fishing license). Other Funds account for 48 percent of the budget.

State Spending

- The largest share of General Fund tax revenues in this budget goes to education. Local schools, once funded largely by their communities, now depend more on state revenues.
- The second largest share of General Fund revenues goes to human resources programs, mostly to meet matching fund or service-level requirements to qualify for federal funds. For example, 21 percent of the General Fund goes to human resources. Most of that \$2 billion is to meet conditions for the \$3.7 billion state human resources programs receive in federal funds.
- Public safety is now the third largest user of state tax revenues.
- The budget leaves less than two percent as a General Fund ending balance on reserve. That balance is held against the risk that actual revenues may be less than estimated.

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Education

Education in Oregon does not take place just in our primary and secondary schools. Instead, our educational system needs to function as a seamless continuum, from pre-kindergarten through graduate school, to lifelong learning. Only by investing in all phases of the educational system can we prepare our children for their careers and ensure that all Oregonians have the skills and knowledge they need to succeed in the 21st century.

This budget supports such investments. It replaces an estimated \$459 million schools and community colleges will lose because of new limits and reductions in property taxes. It also expands pre-kindergarten services, freezes undergraduate tuition at colleges and universities, improves geographic access to higher education, and provides the resources necessary to hire and keep the best college faculty.

Investing the Two Percent Kicker in Education

Investments in Pre-Kindergarten

- Expands pre-kindergarten services to 4,000 additional children by 1999.

Investments in Primary and Secondary Schools

- Replaces an estimated \$423 million in revenues lost under Ballot Measure 47.
- Continues to move toward statewide equalization.
- Provides an inflation adjustment and other assistance to flat-funded districts.
- Prepares educators for Certificates of Mastery, establishes a new financial management system, and takes other steps to implement the Education Act for the 21st Century.
- Increases access to the Internet and other new technologies.

Investments in Community Colleges

- Replaces an estimated \$36 million in revenues lost under Ballot Measure 47.
- Meets new budget demands caused by increased enrollment and inflation.
- Expands community college services into Jackson, Josephine, and Klamath counties.
- Moves state budget toward equalization statewide.

Investments in Colleges and Universities

- Freezes tuition for all 38,000 resident undergraduate students in public four-year colleges and universities.
- Creates a retention fund to help the state's most qualified faculty.

Investments in Workforce Development

- Increases the number of engineering graduates available for Oregon's growing high-technology industries.
- Creates a new workforce development partnership between Oregon colleges and universities and the food processing industry.
- Establishes Governor's Office of Education and Workforce Policy to meet the workforce training needs of Oregon's business and industry.

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Oregon Transportation Initiative

Preserving our state's quality of life, while ensuring a prosperous economy, requires a healthy, efficient network of well-planned roads, ports, transit, and rail. For the last four years, however, investment in our state's transportation system has failed to keep up with inflation and population growth. As a result, our existing roads and highways have begun to deteriorate and we are losing our ability to meet the demands new residents and our strong economy place on the transportation system.

Oregon Transportation Initiative

To meet these challenges, dozens of Oregonians spent much of this year reviewing the issues and developing possible solutions. The result of their work is the Oregon Transportation Initiative.

The Oregon Transportation Initiative (OTI) makes recommendations for how to better design, manage, and fund Oregon's transportation system. The OTI recommends:

- New revenues.
- Decentralized decision-making.
- Improved efficiency.
- Dedicated funds for both the preservation and maintenance of the existing system.
- Dedicated funds for expansion and modernization.

By implementing the recommendations of this initiative, Oregon can preserve its existing infrastructure and provide the resources necessary to manage growth and promote economic opportunity.

These proposals were formalized by the five regional committees and one statewide committee which developed the OTI. The OTI identified the need for an additional \$391 million per biennium to operate, maintain and preserve existing roads and highways and to expand capacity to accommodate growth.

While Governor Kitzhaber supports the need for additional revenue to maintain and preserve our existing system and to add capacity to accommodate growth, he believes it is equally important to recognize that simply building new roads and highways will not reduce congestion nor sustain our quality of life.

Efficiency First

Governor Kitzhaber believes that before adding new capacity to the transportation system, we must ensure that all land use and transportation management measures have been taken to maximize the efficiency of and recapture capacity on the existing system. The OTI begins to address this issue through the livability and economic opportunity criteria which must be met in order to gain access to funds for highway expansion and modernization.

To reduce congestion and maintain our quality of life into the 21st century will also require that we change how and when individual Oregonians use their transportation system. In order to provide incentives for Oregonians to use the transportation system in a more efficient way, Oregon must change the way it funds the system.

Current Transportation System Funding

Currently, gasoline and weight mile taxes are the primary sources of funds for the transportation system. The gasoline tax, however, is not a road use tax but rather a fuel use tax. People pay the same tax whether they drive at peak traffic hours or during off periods, whether they drive alone or with passengers.

In order to more closely link revenue sources to system use and demand, different methods of funding are needed. Financing the OTI should include a mileage-based user fee which would provide a foundation for future assessments based on facility costs, time of day use, and pollution. Another fee based on transportation access would fund a broader set of alternatives to automobile use.

Working To Craft the Specifics

Governor Kitzhaber is dedicated to implementing the recommendations of the OTI as well as other recommendations to deal with the immediate funding needed to stem the serious deterioration of our existing road system and to address some critical capacity expansion needs. He will work with legislators and affected parties to craft the specifics of the financing proposal.

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Human Resources

Oregonians have always extended a hand to those in need helping them get off welfare, get a job and become independent, self-sufficient members of the community. We also believe in keeping our children safe and we understand that stopping crime and insuring the success of our educational system depends on early and effective help with problems such as child abuse, drug and alcohol addiction, and mental illness. Helping our citizens move from dependence to independence makes sense. It is bipartisan. It is effective. It is the Oregon way.

Expanding the Oregon Health Plan

- Expands basic health care services to lower income Oregonians through a sliding scale subsidies based on income.
- Further reduces the cost shifts onto the business community.
- Protects health care benefits for low-income people moving off welfare and into jobs.
- Phases in full outpatient mental health services statewide.
- Adds new smoking prevention and education programs targeted especially to juveniles.

Children and Families

- Distributes state and federal funds to counties for a variety of local programs serving children and families.
- Adds new resources for child protective services.
- Boosts adoption resources to help children find permanent homes sooner.
- Increases in-home services for children with developmental disabilities.
- Consolidates the Portland and Salem offices of the Commission on Children and Families.
- Reduces children's intensive day treatment services (DARTS) by about one-third and requires schools to find alternative services.

Mental Health and Developmental Disability Services

- Replaces current fee-for-service reimbursement rates with a managed care delivery system for mental health providers.
- Develops more community-based resources for medically fragile children and offenders leaving Oregon State Hospital.
- Begins a process to close Fairview Training Center by 2000 and replace it with community-based homes and regional support services.

- Provides wage increases for community-based mental health care providers.

Welfare to Work

- Expands the JOBS programs which has successfully helped reduce welfare caseloads by 35 percent in three years.
- Continues using state and federal block grant funds to provide education, child care, and transportation services.

Vocational Rehabilitation

- Adds federal funding to determine eligibility for Social Security disability payments.
- Continues services to people who are visually impaired, including vocational rehabilitation services and job experience at the work activity center and the Industries for the Blind.

Alcohol and Drugs

- Maintains current community-based prevention, early intervention and treatment services for more than 60,000 persons.
- Uses state resources to replace lost federal funds at the Office of Alcohol and Drug Abuse Programs.

Pregnancy Prevention

- Adds federal funding for local and statewide pregnancy prevention initiative, including expansion of STARS, a school-based abstinence program.

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Natural Resources

Oregon is not ours to spend. We hold it in trust for our children. Their quality of life, and ours, depends on the choices we make for our parks, scenic areas, wildlife, and watersheds. It is Oregon's remarkable natural resources that define the character of our state. We must invest in them if we hope to preserve them.

Oregon Natural Resource Investment Account

This new investment account will be financed by an excise tax on beverage containers collected at the wholesale level. The specifics of the financing proposal will be worked out in consultation with legislators and affected parties. The account will support \$60 million in state programs. Half of this revenue would go to state parks to ensure that parks slated for closure remain open, meet operating revenue deficits, and reduce some of the estimated \$100 million backlog in deferred park maintenance. The other \$30 million in revenue would pay for watershed grants and state services that improve water quality and restore salmon runs.

Below is a summary of how the Oregon Natural Resource Investment Account will help parks, the Healthy Streams Partnership, and the Coastal Salmon Restoration Initiative.

Parks

- Prevents the closure of 60 to 100 state parks.
- Rehabilitates existing facilities.

- Improves Scenic Waterways, Ocean Shores, Recreational Trails, and Historic Preservation programs.

Watershed Grants

- Watershed grants amount to two-thirds of all funds used to support the Healthy Streams Partnership and the Coastal Salmon Restoration Initiative.
- Provides \$20 million in cost-share grants to coastal landowners and organizations to restore streams and watersheds that shelter endangered salmon and trout.
- Uses the existing Governor's Watershed Enhancement Board to distribute grants.

The Healthy Streams Partnership

- Adds 19 staff positions at the Department of Agriculture and 19 staff positions at the Department of Environmental Quality to work with landowners and others in improving water quality.
- Keeps water quality management in state hands rather than in the courts.
- Restores stream health without new laws and regulations.

The Coastal Salmon Restoration Initiative

- Allows the state to monitor management of coastal salmon.
- Uses voluntary and collaborative approaches to recover coastal salmon.
- Adds new resources at state agencies in order to assist landowners and watershed councils, monitor core salmon habitat, and improve education and outreach.
- Provides technical assistance to landowners for good stewardship and monitoring.

Other Natural Resource Programs

Air and Water Quality

- Adds new resources to keep waiting times at current levels in new vehicle testing sites.
- Restores resources to keep processing times at current levels for air and water quality permits.
- Starts program to promote commuting and reduce single occupant commuting into downtown Portland.
- Establishes a fee-funded system to evaluate 94 hydroelectric license renewal requests.

Forest Stewardship

- Increases investments in Oregon's forests that benefit the Common School Fund and local government.
- Reallocates current revenues in order to improve forest fire prevention and control.

Agriculture

- Maintains basic food safety, consumer protection, and agricultural development services.
- Expands outreach in order to encourage natural resource stewardship.

Land Conservation and Development

- Expands the Transportation Growth Management program that provides grants for projects.

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Economic Development

For the last several years, most of Oregon's economy has done well. Average incomes are up. Statewide unemployment is very low. We are realizing excellent returns on our past investments of economic development dollars and have experienced a remarkable economic diversification and expansion. In the present economy we need our investment portfolio to build upon our past achievements, to ensure that all parts of Oregon share in our economic prosperity, and to acquire durable assets for the future.

New Directions in Economic Development

- Reduces total funding for the Oregon Economic Development Department by 15 percent to reflect decline in revenues from the Oregon Lottery.
- Centralizes workforce and education planning functions in the Office of Community College Services.
- Cuts funds for several major programs by about one-quarter in order to preserve or increase flexible funding for rural communities and small businesses.
- Reduces industry development services to fund higher priority ventures.

New Strategies in Economic Development

- The Department will now emphasize:
- Assisting rural and distressed urban areas.
- Investing in existing small businesses.
- Investing more than half of all funds in durable, local infrastructure.
- Capturing new jobs in areas where they are needed now.
- Investing two out of three dollars in long-term projects that will sustain us through economic downturns.
- Maintains full funding for the Arts Commission and Progress Board.
- Continues to invest about three-fourths of all funds in local ports, cities, counties, and special districts and one-fourth in private businesses.

Investments in Rural Oregon

- Maintains 20 small business centers across the state.
- Maintains Water/Wastewater Fund to help local communities with construction of water and sewer systems.
- Maintains tourism investment to preserve local room tax revenues.

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Public Safety

Oregon has recently made a number of significant choices about public safety. We are now building prisons to house, clothe, feed, treat, and employ more inmates than ever before. Public safety agencies (primarily the Department of Corrections) are now the third largest consumer of state taxes. Soon, they will be number two. It is imperative that we focus our efforts on preventing crime, not just punishing criminals.

If we do not prevent crime, we are left with no choice but to pay for it. And we do pay for it in the losses and injuries

of victims and in housing thousands upon thousands of criminals. Prisons are necessary, but they are also expensive. This budget is a choice to intervene early to put our young people on the right track. It is far cheaper to prevent a life of crime than it is to house a criminal for a lifetime.

Juvenile Crime Prevention

- Establishes prevention of juvenile crime as a priority for all state agencies with missions and programs that affect children's lives.
- Creates an inter-agency juvenile crime prevention team charged with coordinating planning and resource allocation for programs and services that serve at-risk youth.
- Defines measures of success in reducing juvenile crime for which agencies, programs, and providers will be held accountable.
- Coordinates and assists county juvenile crime prevention planning by Commissions on Children and Families, Public Safety Coordinating Councils, and other partners.
- Adds \$2 million to coordinated juvenile crime prevention grants for counties.
- Seeks coordination of juvenile case information in order to track program success.

Law Enforcement

- Doubles the amount of training for city and county police recruits.
- Adds 65 State Police sergeants and troopers.
- Adds 12 positions to increase State Police forensics lab and fingerprint identification services to city and county law enforcement and criminal justice agencies.
- Expands Indian Gaming enforcement within the Oregon State Police through charges to the tribes, vendors, and employees.

Corrections

- Expends \$168 million to expand four existing prisons, build a second 1,500-bed men's complex, and design two more prisons.
- Completes construction of five new regional custody facilities for juveniles.
- Provides \$15 million in state funds for the Inmate Work Program.
- Meets state funding commitment for funds to operate new county jail beds.
- Sets \$7.5 million aside for unexpected operational costs in county jails caused by fluctuations in numbers of inmates.

Military

- Constructs an armory in Ontario and Armed Forces Reserve centers in Marion and Clackamas counties.

Judiciary and Other

- Establishes a new Magistrate Division of the Tax Court.
- Funds new services by the Dispute Resolution Commission.
- Creates 11 new judgeships and supporting staff.

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Managing Government

Payment To SAIF Corporation

- Pays an \$80 million installment to SAIF Corporation against a legal claim, created when trust funds were expropriated by the state in the 1980s.

Central Government Efficiencies

- Provides for pay increases to make state salaries more competitive, thus allowing the state to recruit and retain good workers.
- Merges the State Employees' Benefit Board and the Bargaining Unit Benefit Board.
- Begins final implementation of the accounting functions of the statewide financial management system.
- Modernizes a central personnel database for 44,000 employees and more than 100 agencies.
- Consolidates communications and information networks and mail, print, copying, and motor pool services.

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Appendix

1997-99 General Fund and Lottery Expenditures by Program Area \$9.43 Billion

	1993-95	995-97	1997-99 Governor's Recommended	
	Actual	Estimated	General Fund	Lottery
Education	\$3,572,303,857	\$4,123,179,056	\$4,950,023,320	\$385,618,114
Human Resources	1,618,088,577	1,872,839,902	2,022,181,956	0
Public Safety (Excluding Judicial)	608,364,789	755,858,825	1,041,225,623	0
Economic and Community Development	17,966,114	17,478,729	29,961,686	64,002,504
Natural Resources	104,098,461	99,619,723	117,606,889	6,577,771
Transportation	145,482	384,654	5,977,351	20,000,000
Consumer and Business Services	11,075,614	13,850,350	13,147,615	0
Administration	114,718,232	114,803,290	117,116,225	0
Legislative Branch	36,531,171	41,950,779	43,933,282	0
Judicial Branch	261,816,079	273,746,037	323,359,813	0

Miscellaneous	65,000,000	57,831,533	283,020,543	4,000,000
Total	\$6,410,108,376	\$7,371,542,878	\$8,947,554,353	480,198,389

**1997-99
All Funds
Expenditures
by Program Area
\$26.8 Billion**

	1993-95 Actual	1995-97 Estimated	1997-99 Governor's Recommended
Education	\$5,451,052,625	\$6,744,050,237	\$7,568,515,305
Human Resources	\$4,407,295,292	\$5,246,530,537	\$6,409,395,953
Public Safety (Excluding Judicial)	\$901,178,745	\$1,478,484,246	\$1,692,161,633
Economic and Community Development	\$3,586,741,937	\$3,896,022,366	\$3,729,163,829
Natural Resources	\$708,681,246	\$746,927,217	\$894,015,232
Transportation	\$1,445,681,680	\$1,647,989,570	\$2,096,512,668
Consumer and Business Services	\$579,821,669	\$549,786,551	\$637,806,400
Administration	\$1,989,867,187	\$2,364,026,958	\$3,128,129,787
Legislative Branch	\$42,636,858	\$48,322,923	\$48,884,283
Judicial Branch	264,715,544	278,000,426	328,448,494
Miscellaneous	\$65,000,000	\$57,831,533	\$283,020,543
Total	\$19,382,672,783	\$23,057,972,224	\$26,816,054,218

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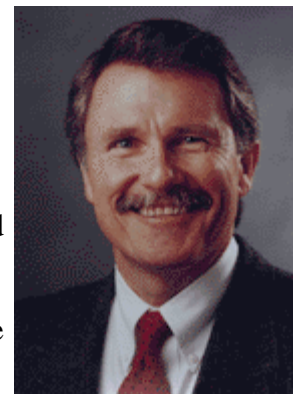
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Governor's Message

To The Citizens Of Oregon:

Twenty years ago, Oregonians made some wise choices. We chose to invest in our state's future and we planned to manage its growth. As a result, today's economy is diversified, most of the state is thriving and Oregonians have an excellent quality of life. Today, even as we enjoy the fruits of those decisions and investments, we should continue to make the wise choices and sound investments that will provide for the years ahead.



But as Oregon entered the 1990s it chose, by default, to embark on a policy of disinvestment. The choice was largely inadvertent. It was a side-effect of enacting new, well-intentioned, but completely unfunded programs. These new programs had reasonable purposes. For example, they imprisoned felons, required that prisoners be given work to do and reduced local property taxes. But because they were unfunded, state tax money was diverted from the programs it had been paying for in order to pay for the new laws. In addition, we have kept on the books a law that prevents the state, during the best of times, from investing in the basics that make a strong economy possible.

At a time when our economy is stronger than ever before, we have had to consider closing 63 state parks for lack of funding. We have kept thousands of young Oregonians out of college by raising tuition 80 percent since 1991. We have laid off teachers, cut course offerings and increased class sizes in our primary and secondary schools, making it harder for our children to gain a strong education. We have left hundreds of our streams polluted and let our ancient salmon runs almost die away. And we are letting our highways fall behind the needs of our growing population and commerce. Incredibly but truly, we have been disinvesting during a time of prosperity.

The "two percent kicker" law is also part of the problem. It is a policy of not investing in our future when we are best able to do so. It says that if actual income taxes exceed state predictions by more than two percent, all the funds above the projection must be rebated to personal and corporate taxpayers. Yet it is when the economy is robust that taxes are most likely to exceed predictions. And it is when the economy is vigorous and growing that we are in the best position to invest. If we wait until the economy suffers a chill, it will be too late.

I propose to invest in Oregon's future and to do it now, in this time of prosperity. It is simply common sense to do so, even with the challenge of Ballot Measure 47, the property tax cut. My proposals to invest in the things that will secure and support our future are reflected in this budget.

They include:

- **Education.** Children are counting on us to provide accessible, quality education. There is no greater investment we can make than in educating our young people. I will propose investing our kicker proceeds in the entire continuum of education from pre-kindergarten through higher education and lifelong learning.
- **Transportation.** We must meet the needs of our growing population and commerce. Our quality of life and our economy will continue to depend on efficient transportation. I will propose additional revenue for the preservation and maintenance of our roads and highways and to manage growth.
- **Health Care.** Everyone, working or unemployed, prosperous or destitute, must have access to basic health care. I will propose an expansion of the Oregon Health Plan funded by the voter-approved tax on tobacco.
- **Natural Resources.** Clean water is essential to the future of our salmon and wildlife, our families, agriculture and industry. Our state parks part of Oregon's heritage and identity are important to our quality of life. We must invest in both. I will propose a fund for the restoration of our watersheds and for stabilizing our park system.
- **Economic Development.** A vigorous economy provides the resources for everything else we want and need to

accomplish as a state. I will propose ways to re-target our efforts to manage growth and to help small business and our lagging communities achieve and maintain the prosperity most of the state now enjoys.

Our future is built on the choices we make today. This budget reflects the choices necessary to carry our economic prosperity and our quality of life into the 21st century.



John A. Kitzhaber M.D.
Governor, State of
Oregon

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Investment Highlights

In the Governor's Budget

- **Investing in Education**

Redirects the revenues in the two percent kicker to:

- Help replace an estimated \$459 million in revenues lost by schools and community colleges because of Ballot Measure 47.
- Expand pre-kindergarten services.
- Implement the Education Act for the 21st Century.
- Continue school equalization.
- Provide assistance to flat-funded districts
- Freeze tuition at Oregon's four-year public colleges and universities for resident undergraduates and improve geographic access to higher education.
- Expand engineering education in the Portland metropolitan area.

- **Investing in Transportation**

- Raises new revenues to maintain and expand state, county, and local roads and highways.
- Creates a dedicated fund to reduce urban sprawl, promote livability, and manage growth.

- **Investing in Human Resources**

- Makes more low-income Oregonians eligible for the Oregon Health Plan.
- Expands the Job Opportunity and Basic Skills (JOBS) program, which helps people move off welfare and into work.
- Begins the process of closing Fairview Training Center.

- **Investing in Natural Resources**

Proposes a wholesale beverage container tax to:

- Restore the health of watersheds and aid the recovery of coastal salmon.
- Provide operating revenue for Oregon state parks and prevent the closure of 60 to 100 parks.

- **Investing in Economic Development**

- Redirects state economic development services to rural areas and small businesses.
- Emphasizes investments in durable, lasting infrastructure.

- **Investing in Public Safety**

- Offers counties and cities grants and flexible funding to prevent juvenile crime.

Adds 65 new uniformed troopers to the Oregon State Police.

- Pays for the start of construction of two new prisons required by Ballot Measure 11.

- **Managing Government**

- Brings state employee pay nearer competitive levels to attract and keep good workers.
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The Budget Without Investments

Budgeting means making choices. In this budget we choose to invest in education, transportation, and the environment. We choose to invest in a future with a strong economy and a high quality of life. Choosing not to make these investments would mean a few cents less for a gallon of gas or a bottle of soda. It would mean that the two percent kicker provides slightly lower tax bills for one year. But it would also mean a choice to continue undermining those very things that make Oregon such a special place. Here are some likely impacts if we choose not to invest in Oregon's future.

Disinvesting in Education

- Without kicker revenue, local school budgets could lose millions of dollars because of Ballot Measure 47 and teacher lay-offs would likely follow.
- Class sizes would grow again, especially among the poorest counties, thereby cementing Oregon's current ranking among the top ten states for class size.
- Only wealthier local schools could afford to connect to the video and Internet resources that all the state's schools need.
- Thousands of low-income three and four-year-olds would miss the education, health, and nutrition services they need to prepare to start school.
- Thousands of teachers would not receive the training they need to lead their schools' transformation to 21st century standards for the Certificates of Initial Mastery and Advanced Mastery.
- There would be no progress on equalization of funding for lagging school districts.
- No assistance would be provided to flat-funded school districts.
- Community colleges could not expand into rural counties where students need education to prepare to enter the job market.
- State four-year colleges and universities would have to try to hire faculty with a salary package that is in the lowest third among the states.
- College tuition would likely rise again, even though it has already increased 80 percent in just six years.
- Oregon would continue to hire many high tech employees from outside the state because state colleges and universities are unable to meet the workforce needs of state industry.

Disinvesting in Transportation

Long-time Oregonians know how state and local roads and highways have become clogged with single passenger cars and other vehicles. Recent arrivals know how bad it can become; how bad it is in Los Angeles, Sacramento, and Seattle. With no additional investment in the transportation system we can expect the following:

- A continued deterioration of our roads, bridges, and highways from inadequate maintenance.
- Increased congestion, pollution, and travel times in our urban areas.
- Delayed freight movement and increased shipping costs.
- Rural communities without the transportation systems they need.

Disinvesting in Natural Resources

- Many state parks would close. Scenic trail and waterways programs would be cut or closed.
- Millions of dollars of deterioration would go unattended in the parks that do remain open.

- Further park fee increases would follow.
 - There would be no new parks or expanded park capacity, despite our growing population.
 - Hundreds of streams and watersheds would remain below health standards.
 - Increased federal regulation would be likely for industry and agriculture to protect salmon and sea-run trout and to improve water quality.
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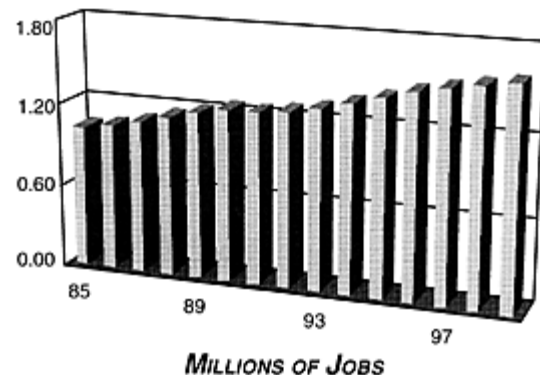
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The Budget Environment

Decisions in recent years have put increased stress on a succession of the state budgets. In this budget, Oregon has choices it can make. We can choose to consume every dollar today's economy produces, or we can choose to invest some for our continued prosperity and high quality of life in the year's ahead.

Oregon's Economy is Thriving

- The state economy has diversified. In manufacturing, the high tech industries share has risen from 24 percent in 1985 to 32 percent today.
- Total employment has risen 14 percent since 1990, twice as fast as the national average.
- The state's average unemployment rate has fallen to five percent.
- Per capita income has risen 35 percent since 1990.
- Incomes are now 96 percent of the nation's average, compared to 92 percent in 1990. Incomes continue to rise.



A Growing State Means Growing Needs

- State population grew by 272,000 between 1990 and 1995, putting new pressure on state services.
- There has been an unprecedented growth in K-12 school enrollment.
- Growing numbers of 18- to 24-year-olds increase demands for college and entry jobs.
- Child and elderly age groups and their needs are outpacing the general population.
- Prison populations are swelling. The state system held 3,627 inmates in 1985. It now has more than 8,500 and will hold up to 17,000 inmates by 2006.
- Growing use and consumption puts Oregon's natural resources at risk.
- Some Oregonians still lag economically. Ten rural counties have unemployment rates above 7 percent.
- Oregon's tax burden has fallen from 17th in the nation in 1993, to a projected 45th in 1998.

Always a Balanced Budget

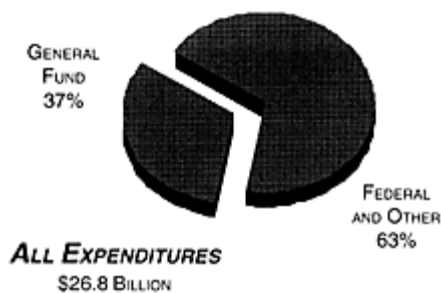
The Oregon Constitution requires the governor to present a balanced budget that relies only on existing revenues. This document goes further, identifying new revenues and making new investments in education, transportation, health care, and other vital services to protect our quality of life and support future prosperity. All spending remains within current and proposed revenues.

Balancing a budget does not mean meeting all needs. This budget does not and cannot preserve funding levels for all state or local government programs. It does cut some state programs and services. See the full text of the Governor's Budget for more detail.

State Resources

The state uses revenues from five sources to pay for services. Below is a brief description of each source and recent

developments affecting each one.



The General Fund

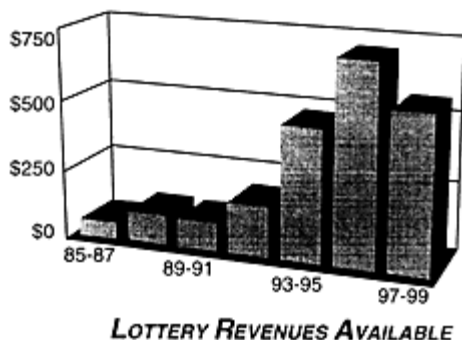
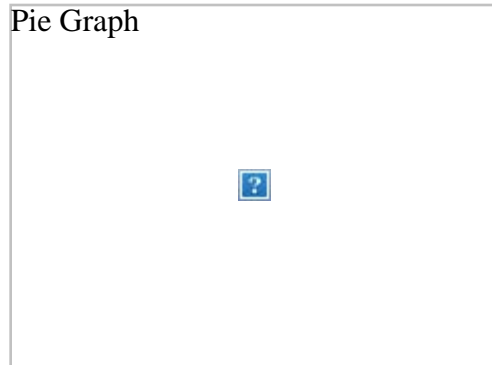
The General Fund comes mostly from state income taxes, other state taxes, and their investment earnings. Total General Fund resources are estimated at \$9.8 billion for 1997-99. The General Fund is only 37 percent of the total state budget, but it is the part that can be spent wherever it is needed.

General Fund Commitments

Recent years have seen increasing portions of the General Fund committed to single purposes. This trend reduces the state's ability to allocate money as needs arise.

- The "kicker law" says if biennial General Fund revenues exceed estimated revenues by two percent or more, the entire excess must be refunded, regardless of population growth or need.
- In 1990, Ballot Measure 5 diverted General Fund money to replace reduced property taxes for local schools and community colleges. During the last six years, Ballot Measure 5 has transferred to local schools \$3.27 billion formerly allocated to human resources, natural resources, and higher education programs.
- In 1994, Ballot Measure 11 increased criminal sentences, ultimately requiring more than \$1 billion from the General Fund to build prisons, requiring still more to operate them.
- This November, voters approved Ballot Measure 47, the property tax cut and cap. It will reduce revenues to schools, cities, and counties by as much as \$1 billion and put pressure on the General Fund to make up some or all of the difference.

Pie Graph



The Oregon Lottery

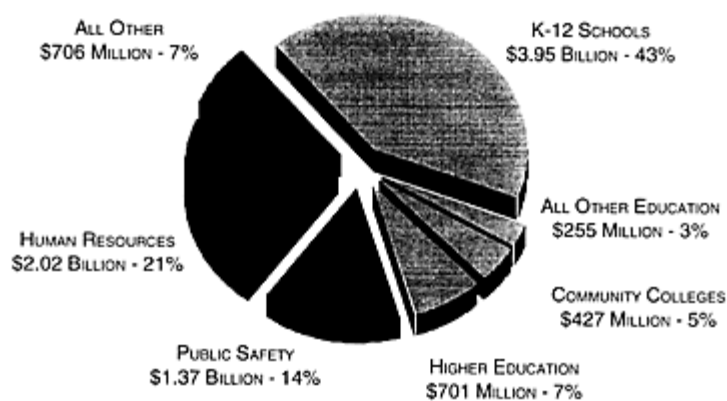
Revenues produced by the state lottery fluctuate because of competition and customer demand, making it an increasingly volatile source of funds. Available receipts will fall in this biennium for two reasons. First, the previous budget carried forward a \$123 million ending balance in lottery receipts. That has now been spent. Second, this budget makes the first dedicated payment (about \$84 million) to the Oregon Education Trust Fund.

The Federal Government

Federal funds make up 19 percent of the state budget. The federal government limits the state's choices about where and how federal funds may be used. Most federal funding comes with conditions attached, such as requiring the state to maintain certain service levels or provide matching state funds.

Other Funds Revenues

Uses of these funds are typically limited to the purposes for which the funds were raised. Examples include payments for services or contracts (like a park fee or a veteran's loan payment) or charges for specific purposes (like a fishing license). Other Funds account for 48 percent of the budget.



GENERAL FUND \$9.43 BILLION INCLUDING KICKER

State Spending

- The largest share of General Fund tax revenues in this budget goes to education. Local schools, once funded largely by their communities, now depend more on state revenues.
- The second largest share of General Fund revenues goes to human resources programs, mostly to meet matching fund or service-level requirements to qualify for federal funds. For example, 21 percent of the General Fund goes to human resources. Most of that \$2 billion is to meet conditions for the \$3.7 billion state human resources programs receive in federal funds.
- Public safety is now the third largest user of state tax revenues.
- The budget leaves less than two percent as a General Fund ending balance on reserve. That balance is held against the risk that actual revenues may be less than estimated.

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Education

Education in Oregon does not take place just in our primary and secondary schools. Instead, our educational system needs to function as a seamless continuum, from pre-kindergarten through graduate school, to lifelong learning. Only by investing in all phases of the educational system can we prepare our children for their careers and ensure that all Oregonians have the skills and knowledge they need to succeed in the 21st century.

This budget supports such investments. It replaces an estimated \$459 million schools and community colleges will lose because of new limits and reductions in property taxes. It also expands pre-kindergarten services, freezes undergraduate tuition at colleges and universities, improves geographic access to higher education, and provides the resources necessary to hire and keep the best college faculty.

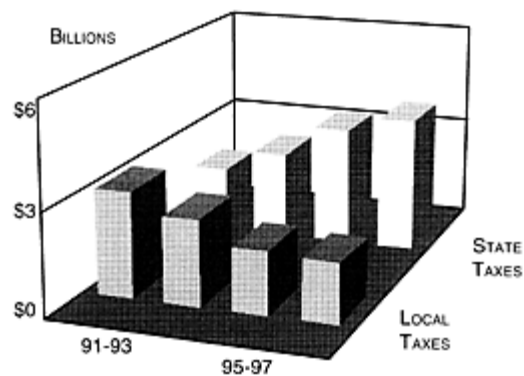
Investing the Two Percent Kicker in Education

Investments in Pre-Kindergarten

- Expands pre-kindergarten services to 4,000 additional children by 1999.

Investments in Primary and Secondary Schools

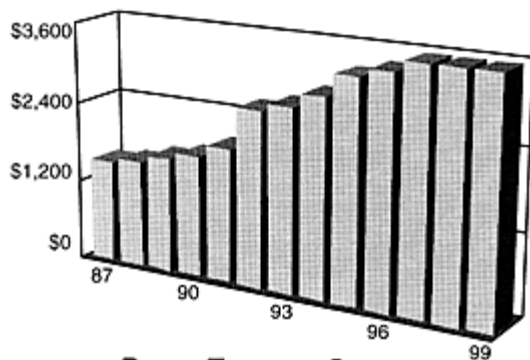
- Replaces an estimated \$423 million in revenues lost under Ballot Measure 47.
- Continues to move toward statewide equalization.
- Provides an inflation adjustment and other assistance to flat-funded districts.
- Prepares educators for Certificates of Mastery, establishes a new financial management system, and takes other steps to implement the Education Act for the 21st Century.
- Increases access to the Internet and other new technologies.



FUNDING LOCAL SCHOOLS
Ballot Measures 5 and 47 have shifted the responsibility for funding schools from the local district to the state.

Investments in Community Colleges

- Replaces an estimated \$36 million in revenues lost under Ballot Measure 47.
- Meets new budget demands caused by increased enrollment and inflation.
- Expands community college services into Jackson, Josephine, and Klamath counties.
- Moves state budget toward equalization statewide.



PUBLIC TUITION IN OREGON

Resident tuition for Oregon's four-year colleges and universities has risen dramatically since the passage of Ballot Measure 5 in 1990.

Investments in Colleges and Universities

- Freezes tuition for all 38,000 resident undergraduate students in public four-year colleges and universities.
- Creates a retention fund to help the state's most qualified faculty.

Investments in Workforce Development

- Increases the number of engineering graduates available for Oregon's growing high-technology industries.
- Creates a new workforce development partnership between Oregon colleges and universities and the food processing industry.
- Establishes Governor's Office of Education and Workforce Policy to meet the workforce training needs of Oregon's business and industry.

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Oregon Transportation Initiative

Preserving our state's quality of life, while ensuring a prosperous economy, requires a healthy, efficient network of well-planned roads, ports, transit, and rail. For the last four years, however, investment in our state's transportation system has failed to keep up with inflation and population growth. As a result, our existing roads and highways have begun to deteriorate and we are losing our ability to meet the demands new residents and our strong economy place on the transportation system.

Oregon Transportation Initiative

To meet these challenges, dozens of Oregonians spent much of this year reviewing the issues and developing possible solutions. The result of their work is the Oregon Transportation Initiative.

The Oregon Transportation Initiative (OTI) makes recommendations for how to better design, manage, and fund Oregon's transportation system. The OTI recommends:

- New revenues.
- Decentralized decision-making.
- Improved efficiency.
- Dedicated funds for both the preservation and maintenance of the existing system.
- Dedicated funds for expansion and modernization.

By implementing the recommendations of this initiative, Oregon can preserve its existing infrastructure and provide the resources necessary to manage growth and promote economic opportunity.

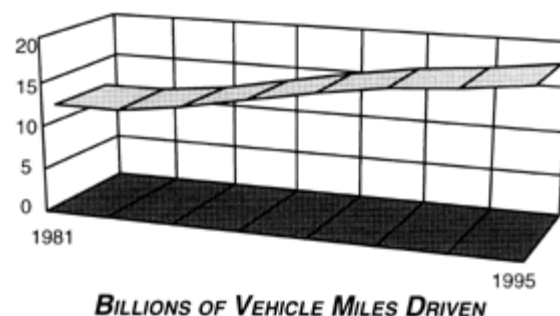
These proposals were formalized by the five regional committees and one statewide committee which developed the OTI. The OTI identified the need for an additional \$391 million per biennium to operate, maintain and preserve existing roads and highways and to expand capacity to accommodate growth.

While Governor Kitzhaber supports the need for additional revenue to maintain and preserve our existing system and to add capacity to accommodate growth, he believes it is equally important to recognize that simply building new roads and highways will not reduce congestion nor sustain our quality of life.

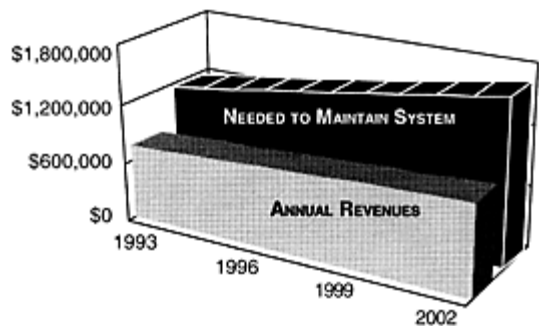
Efficiency First

Governor Kitzhaber believes that before adding new capacity to the transportation system, we must ensure that all land use and transportation management measures have been taken to maximize the efficiency of and recapture capacity on the existing system. The OTI begins to address this issue through the livability and economic opportunity criteria which must be met in order to gain access to funds for highway expansion and modernization.

To reduce congestion and maintain our quality of life into the 21st century will also require that we change how and when individual Oregonians use their transportation system. In order to provide incentives for Oregonians to use the transportation system in a more efficient way, Oregon must change the way it funds the system.



Current Transportation System Funding



HIGHWAY NEEDS VS REVENUES

Currently, gasoline and weight mile taxes are the primary sources of funds for the transportation system. The gasoline tax, however, is not a road use tax but rather a fuel use tax. People pay the same tax whether they drive at peak traffic hours or during off periods, whether they drive alone or with passengers.

In order to more closely link revenue sources to system use and demand, different methods of funding are needed. Financing the OTI should include a mileage-based user fee which would provide a foundation for future assessments based on facility costs, time of day use, and pollution. Another fee based on transportation access would fund a broader set of alternatives to automobile use.

Working To Craft the Specifics

Governor Kitzhaber is dedicated to implementing the recommendations of the OTI as well as other recommendations to deal with the immediate funding needed to stem the serious deterioration of our existing road system and to address some critical capacity expansion needs. He will work with legislators and affected parties to craft the specifics of the financing proposal.

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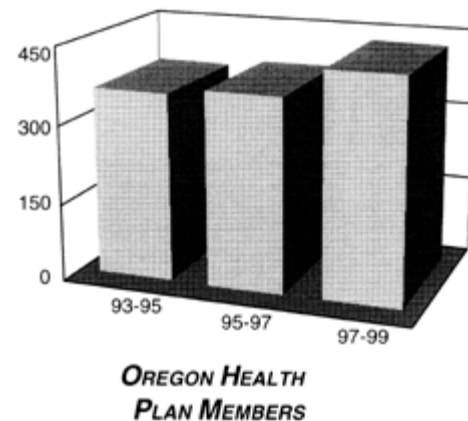
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Human Resources

Oregonians have always extended a hand to those in need helping them get off welfare, get a job and become independent, self-sufficient members of the community. We also believe in keeping our children safe and we understand that stopping crime and insuring the success of our educational system depends on early and effective help with problems such as child abuse, drug and alcohol addiction, and mental illness. Helping our citizens move from dependence to independence makes sense. It is bipartisan. It is effective. It is the Oregon way.

Expanding the Oregon Health Plan

- Expands basic health care services to lower income Oregonians through a sliding scale subsidies based on income.
- Further reduces the cost shifts onto the business community.
- Protects health care benefits for low-income people moving off welfare and into jobs.
- Phases in full outpatient mental health services statewide.
- Adds new smoking prevention and education programs targeted especially to juveniles.



Children and Families

- Distributes state and federal funds to counties for a variety of local programs serving children and families.
- Adds new resources for child protective services.
- Boosts adoption resources to help children find permanent homes sooner.
- Increases in-home services for children with developmental disabilities.
- Consolidates the Portland and Salem offices of the Commission on Children and Families.
- Reduces children's intensive day treatment services (DARTS) by about one-third and requires schools to find alternative services.

Mental Health and Developmental Disability Services

- Replaces current fee-for-service reimbursement rates with a managed care delivery system for mental health providers.
- Develops more community-based resources for medically fragile children and offenders leaving Oregon State Hospital.
- Begins a process to close Fairview Training Center by 2000 and replace it with community-based homes and regional support services.
- Provides wage increases for community-based mental health care providers.

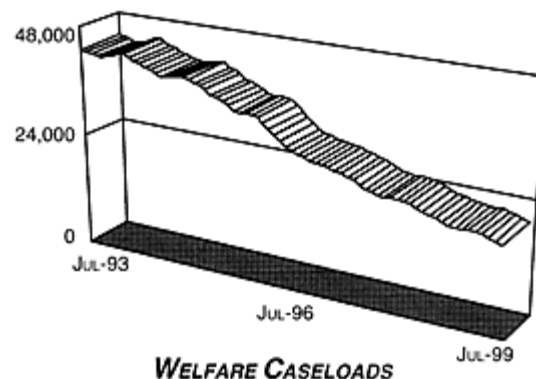
Welfare to Work

- Expands the JOBS programs which has successfully helped reduce welfare caseloads by 35 percent in three years.
- Continues using state and federal block grant funds to provide

education, child care, and transportation services.

Vocational Rehabilitation

- Adds federal funding to determine eligibility for Social Security disability payments.
- Continues services to people who are visually impaired, including vocational rehabilitation services and job experience at the work activity center and the Industries for the Blind.



Alcohol and Drugs

- Maintains current community-based prevention, early intervention and treatment services for more than 60,000 persons.
- Uses state resources to replace lost federal funds at the Office of Alcohol and Drug Abuse Programs.

Pregnancy Prevention

- Adds federal funding for local and statewide pregnancy prevention initiative, including expansion of STARS, a school-based abstinence program.

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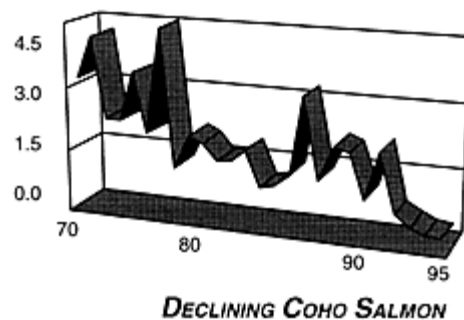
Natural Resources

Oregon is not ours to spend. We hold it in trust for our children. Their quality of life, and ours, depends on the choices we make for our parks, scenic areas, wildlife, and watersheds. It is Oregon's remarkable natural resources that define the character of our state. We must invest in them if we hope to preserve them.

Oregon Natural Resource Investment Account

This new investment account will be financed by an excise tax on beverage containers collected at the wholesale level. The specifics of the financing proposal will be worked out in consultation with legislators and affected parties. The account will support \$60 million in state programs. Half of this revenue would go to state parks to ensure that parks slated for closure remain open, meet operating revenue deficits, and reduce some of the estimated \$100 million backlog in deferred park maintenance. The other \$30 million in revenue would pay for watershed grants and state services that improve water quality and restore salmon runs.

Below is a summary of how the Oregon Natural Resource Investment Account will help parks, the Healthy Streams Partnership, and the Coastal Salmon Restoration Initiative.



Parks

- Prevents the closure of 60 to 100 state parks.
- Rehabilitates existing facilities.
- Improves Scenic Waterways, Ocean Shores, Recreational Trails, and Historic Preservation programs.

Watershed Grants

- Watershed grants amount to two-thirds of all funds used to support the Healthy Streams Partnership and the Coastal Salmon Restoration Initiative.
- Provides \$20 million in cost-share grants to coastal landowners and organizations to restore streams and watersheds that shelter endangered salmon and trout.
- Uses the existing Governor's Watershed Enhancement Board to distribute grants.

The Healthy Streams Partnership

- Adds 19 staff positions at the Department of Agriculture and 19 staff positions at the Department of Environmental Quality to work with landowners and others in improving water quality.
- Keeps water quality management in state hands rather than in the courts.
- Restores stream health without new laws and regulations.

The Coastal Salmon Restoration Initiative

- Allows the state to monitor management of coastal salmon.
- Uses voluntary and collaborative approaches to recover coastal salmon.
- Adds new resources at state agencies in order to assist landowners and watershed councils, monitor core salmon habitat, and improve education and outreach.
- Provides technical assistance to landowners for good stewardship and monitoring.

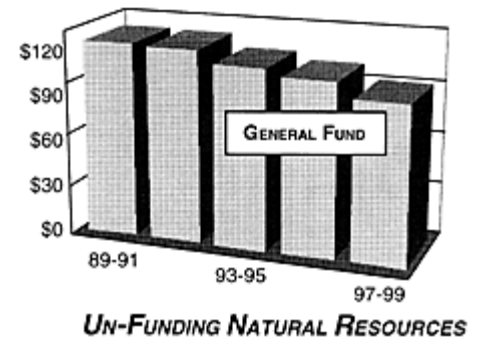
Other Natural Resource Programs

Air and Water Quality

- Adds new resources to keep waiting times at current levels in new vehicle testing sites.
- Restores resources to keep processing times at current levels for air and water quality permits.
- Starts program to promote commuting and reduce single occupant commuting into downtown Portland.
- Establishes a fee-funded system to evaluate 94 hydroelectric license renewal requests.

Forest Stewardship

- Increases investments in Oregon's forests that benefit the Common School Fund and local government.
- Reallocates current revenues in order to improve forest fire prevention and control.



Agriculture

- Maintains basic food safety, consumer protection, and agricultural development services.
- Expands outreach in order to encourage natural resource stewardship.

Land Conservation and Development

- Expands the Transportation Growth Management program that provides grants for projects.

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Economic Development

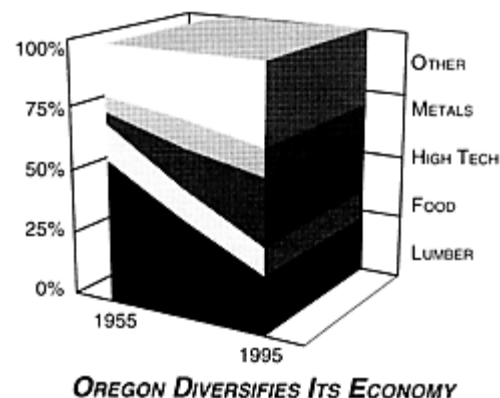
For the last several years, most of Oregon's economy has done well. Average incomes are up. Statewide unemployment is very low. We are realizing excellent returns on our past investments of economic development dollars and have experienced a remarkable economic diversification and expansion. In the present economy we need our investment portfolio to build upon our past achievements, to ensure that all parts of Oregon share in our economic prosperity, and to acquire durable assets for the future.

New Directions in Economic Development

- Reduces total funding for the Oregon Economic Development Department by 15 percent to reflect decline in revenues from the Oregon Lottery.
- Centralizes workforce and education planning functions in the Office of Community College Services.
- Cuts funds for several major programs by about one-quarter in order to preserve or increase flexible funding for rural communities and small businesses.
- Reduces industry development services to fund higher priority ventures.

New Strategies in Economic Development

- The Department will now emphasize:
 - Assisting rural and distressed urban areas.
 - Investing in existing small businesses.
 - Investing more than half of all funds in durable, local infrastructure.
 - Capturing new jobs in areas where they are needed now.
 - Investing two out of three dollars in long-term projects that will sustain us through economic downturns.
- Maintains full funding for the Arts Commission and Progress Board.
- Continues to invest about three-fourths of all funds in local ports, cities, counties, and special districts and one-fourth in private businesses.



Investments in Rural Oregon

- Maintains 20 small business centers across the state.
- Maintains Water/Wastewater Fund to help local communities with construction of water and sewer systems.
- Maintains tourism investment to preserve local room tax revenues.

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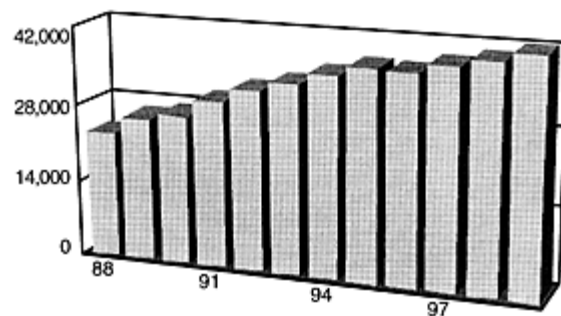
Public Safety

Oregon has recently made a number of significant choices about public safety. We are now building prisons to house, clothe, feed, treat, and employ more inmates than ever before. Public safety agencies (primarily the Department of Corrections) are now the third largest consumer of state taxes. Soon, they will be number two. It is imperative that we focus our efforts on preventing crime, not just punishing criminals.

If we do not prevent crime, we are left with no choice but to pay for it. And we do pay for it in the losses and injuries of victims and in housing thousands upon thousands of criminals. Prisons are necessary, but they are also expensive. This budget is a choice to intervene early to put our young people on the right track. It is far cheaper to prevent a life of crime than it is to house a criminal for a lifetime.

Juvenile Crime Prevention

- Establishes prevention of juvenile crime as a priority for all state agencies with missions and programs that affect children's lives.
- Creates an inter-agency juvenile crime prevention team charged with coordinating planning and resource allocation for programs and services that serve at-risk youth.
- Defines measures of success in reducing juvenile crime for which agencies, programs, and providers will be held accountable.
- Coordinates and assists county juvenile crime prevention planning by Commissions on Children and Families, Public Safety Coordinating Councils, and other partners.
- Adds \$2 million to coordinated juvenile crime prevention grants for counties.
- Seeks coordination of juvenile case information in order to track program success.



JUVENILE ARRESTS CLIMB

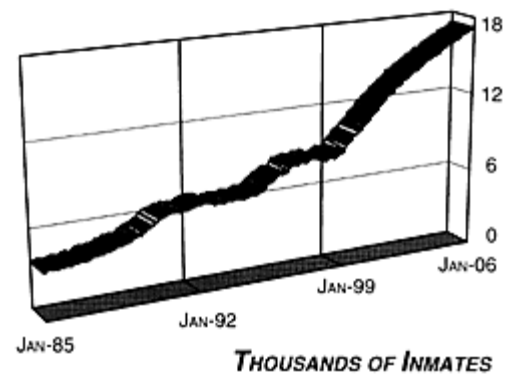
Our future depends on keeping our young people from getting involved in crime.

Law Enforcement

- Doubles the amount of training for city and county police recruits.
- Adds 65 State Police sergeants and troopers.
- Adds 12 positions to increase State Police forensics lab and fingerprint identification services to city and county law enforcement and criminal justice agencies.
- Expands Indian Gaming enforcement within the Oregon State Police through charges to the tribes, vendors, and employees.

Corrections

- Expends \$168 million to expand four existing prisons, build a second 1,500-bed men's complex, and design two more prisons.
- Completes construction of five new regional custody facilities for juveniles.
- Provides \$15 million in state funds for the Inmate Work Program.
- Meets state funding commitment for funds to operate new county jail



beds.

- Sets \$7.5 million aside for unexpected operational costs in county jails caused by fluctuations in numbers of inmates.

Military

- Constructs an armory in Ontario and Armed Forces Reserve centers in Marion and Clackamas counties.

Judiciary and Other

- Establishes a new Magistrate Division of the Tax Court.
- Funds new services by the Dispute Resolution Commission.
- Creates 11 new judgeships and supporting staff.

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Managing Government

Payment To SAIF Corporation

- Pays an \$80 million installment to SAIF Corporation against a legal claim, created when trust funds were expropriated by the state in the 1980s.

Central Government Efficiencies

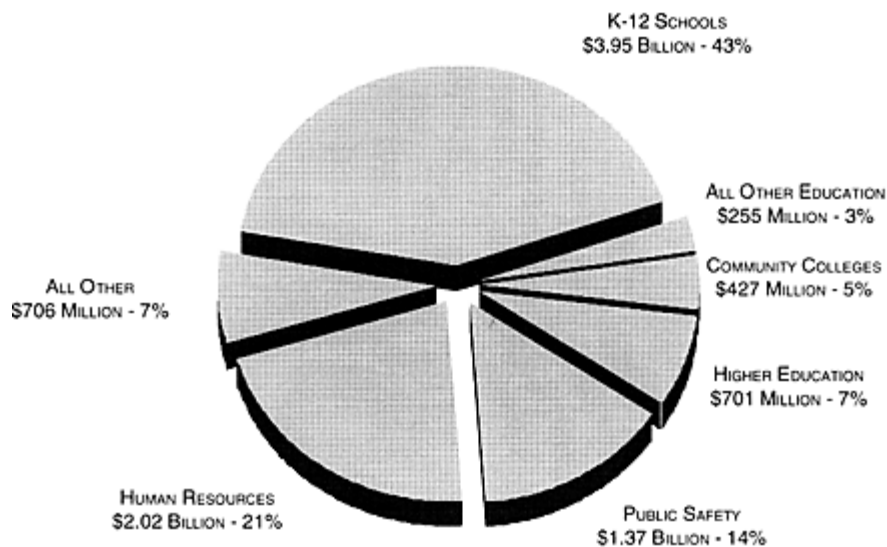
- Provides for pay increases to make state salaries more competitive, thus allowing the state to recruit and retain good workers.
 - Merges the State Employees' Benefit Board and the Bargaining Unit Benefit Board.
 - Begins final implementation of the accounting functions of the statewide financial management system.
 - Modernizes a central personnel database for 44,000 employees and more than 100 agencies.
 - Consolidates communications and information networks and mail, print, copying, and motor pool services.
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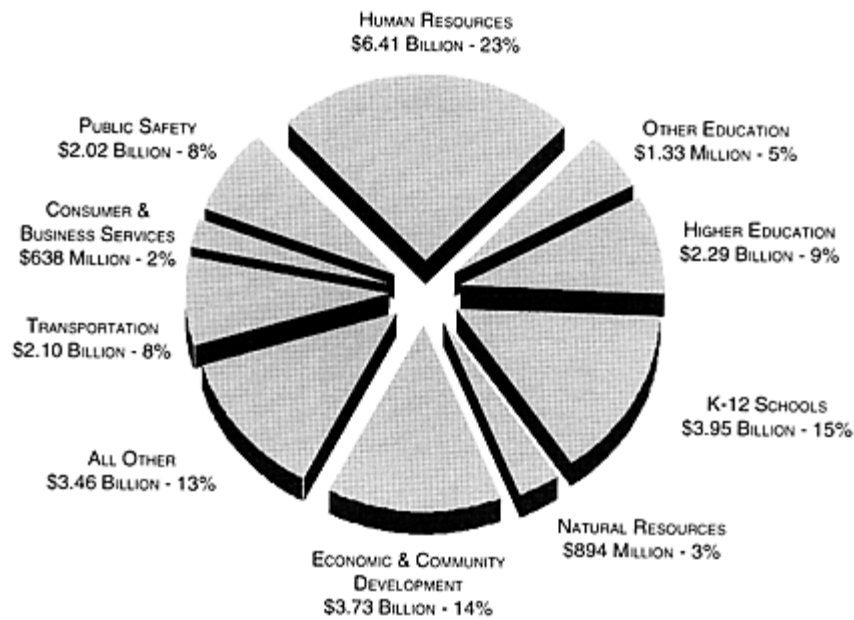
Appendix



1997-99 General Fund and Lottery Expenditures by Program Area \$9.43 Billion

	1993-95 Actual	995-97 Estimated	1997-99 Governor's Recommended	
			General Fund	Lottery
Education	\$3,572,303,857	\$4,123,179,056	\$4,950,023,320	\$385,618,114
Human Resources	1,618,088,577	1,872,839,902	2,022,181,956	0
Public Safety (Excluding Judicial)	608,364,789	755,858,825	1,041,225,623	0
Economic and Community Development	17,966,114	17,478,729	29,961,686	64,002,504
Natural Resources	104,098,461	99,619,723	117,606,889	6,577,771
Transportation	145,482	384,654	5,977,351	20,000,000
Consumer and Business Services	11,075,614	13,850,350	13,147,615	0
Administration	114,718,232	114,803,290	117,116,225	0
Legislative Branch	36,531,171	41,950,779	43,933,282	0
Judicial Branch	261,816,079	273,746,037	323,359,813	0
Miscellaneous	65,000,000	57,831,533	283,020,543	4,000,000

Total **\$6,410,108,376** **\$7,371,542,878** **\$8,947,554,353** **480,198,389**



**1997-99
All Funds
Expenditures
by Program Area
\$26.8 Billion**

	1993-95 Actual	1995-97 Estimated	1997-99 Governor's Recommended
Education	\$5,451,052,625	\$6,744,050,237	\$7,568,515,305
Human Resources	\$4,407,295,292	\$5,246,530,537	\$6,409,395,953
Public Safety (Excluding Judicial)	\$901,178,745	\$1,478,484,246	\$1,692,161,633
Economic and Community Development	\$3,586,741,937	\$3,896,022,366	\$3,729,163,829
Natural Resources	\$708,681,246	\$746,927,217	\$894,015,232
Transportation	\$1,445,681,680	\$1,647,989,570	\$2,096,512,668
Consumer and Business Services	\$579,821,669	\$549,786,551	\$637,806,400
Administration	\$1,989,867,187	\$2,364,026,958	\$3,128,129,787
Legislative Branch	\$42,636,858	\$48,322,923	\$48,884,283
Judicial Branch	264,715,544	278,000,426	328,448,494
Miscellaneous	\$65,000,000	\$57,831,533	\$283,020,543
Total	\$19,382,672,783	\$23,057,972,224	\$26,816,054,218

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