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## STAGING PRIORITIES FOR A DECADE-LONG JOURNEY TO SHARED PROSPERITY

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Oregon faces a range of issues it can engage to assure a more prosperous future more widely shared in all communities. However, the Oregon Business Plan recognizes that public policy can't address everything at once. Initiatives must be prioritized and staged over time.

This paper is organized in three sections. First, it spells out priority policy issues that the Business Plan has directly advocated or endorsed between 2020 and 2023. Then it outlines two top issues for consideration at this year's Summit as a policy focus now and through 2024. Finally, it describes ten potential priorities for 2025 through 2030. On this list of ten the Summit is offering participants electronic voting to single out the priorities they favor and would be willing to help lead. Here's the breakdown:

### Early Initiatives Launched and Ongoing

**Workforce Talent Development.** The Legislature's 2022 adoption of Future Ready Oregon offers Oregon a generational opportunity to take equitable talent development to a new level. Investments in education, training programs, and support will better connect historically underserved communities to good jobs in key sectors. Future Ready Oregon also launched statewide consortia for the healthcare, technology, and manufacturing sectors. Other consortia are being formed as well, notably for the semiconductor and clean energy sectors. Consortia represent a great opportunity for industry sector partners to identify and develop needed workforce talent, and they offer a new model for organizing statewide talent development and certification across the education continuum. They will need continuing policy and funding support.

**Earned Income Tax Credit Uptake.** Historically in Oregon these federal tax code benefits have too often gone unclaimed by low-income families. In 2022 the Legislature adopted a bill to increase tax credit uptake by allocating funds that enable culturally specific, culturally responsive, and rural community-based organizations to better assist their clients in filing tax returns that claim those benefits.

**Broadband Access, Affordability and Adoption.** Three components of a broadband expansion strategy include greater access, affordability, and adoption. Oregon expects to receive more than \$750 million in federal funds for broadband-related projects. The Oregon Broadband Office has submitted required draft plans to relevant federal agencies and is developing infrastructure grant application and review processes. Promoting wider adoption and sustained use of devices and applications is challenging but essential or we risk creating an even wider digital divide in Oregon.

**Semiconductor Manufacturing.** World class semiconductor research and manufacturing have been a vital source of Oregon jobs and economic growth since the 1970s. National reshoring imperatives and passage of the federal CHIPS Act in 2022 presented Oregon with a generational opportunity to take this industry sector to the next level. In 2022 a group of Oregon's top elected and business leaders formed the Semiconductor Competitiveness Task Force to study and recommend how Oregon could help its semiconductor sector capitalize on federal CHIPS Act funding incentives and support to boost industry investments in research and manufacturing capacity. This led to passage of the Oregon CHIPS Act in 2023 to facilitate more than \$40 billion in expected industry investment to build up the sector and create an additional 6,300 permanent jobs.

**Housing Supply and Affordability.** Oregon is part of a West Coast housing crisis characterized by shortage of supply, cost outpacing income growth, and a strong correlation with homelessness. The primary cause is under-production of new units. The 2023 Legislature enacted new rules to fundamentally shift Oregon's approach to housing planning. Now, key challenges include implementing the rules and funding infrastructure to accelerate production.

**Water Management.** Oregon has enviable water resources with great community and economic value. But our water systems also face growing demand, rising costs, and spots of regional drought and usage conflicts. The state needs a new water management framework that accommodates regional variance and tailors both management and new investments to meet those issues. That was the assessment of the Oregon Business Council Water Task Force, formed in 2020. In 2021 and 2023 the Legislature took steps in that direction, committing to invest over \$700 million to build Oregon's capacity to manage water more efficiently by investing in groundwater studies, upgraded water data management, and greater agency and stakeholder water management capability. While these investments are essential, Oregon needs to build a more sustainable, long-term commitment to water infrastructure investment, streamlined decision making, and application of data to decisions and accountability.

**Oregon's Funding Share, Columbia River Interstate Bridge Replacement.** The aging Columbia River I-5 Bridge is a transportation and economic bottleneck highly vulnerable to collapse in an earthquake. Federal funding to replace the aging structure was available a decade ago but required a bi-state match, which Oregon supported but Washington didn't. The effort was relaunched in 2017, and by 2022 Washington supported its share of the project. The Business Plan again advocated for Oregon to put up its share, \$1 billion. The 2023 Legislature authorized \$1 billion for Oregon's match to be financed by \$250 million in general obligation bonds issued for each biennium in 2023, 2025, 2027, and 2029.

**Postsecondary Access/Affordability.** Postsecondary apprenticeships, credentials, and degrees are vital for securing equality of opportunity and meaningful, family-sustaining careers. Yet currently, many Oregonians face barriers to pursue such a path. The Legislature recently invested an additional \$100 million in the Oregon Opportunity Grant program, but more must be done to ensure greater affordable access and support systems for students, leading to better, more equitable postsecondary outcomes.

**Long-term Budgeting.** Oregon should adopt fiscal planning that supports its aspirations. State government budgeting is largely focused on a two-year budget cycle. We need more detailed forecasts of revenues and expenditures to better analyze fiscal options and set a longer-term plan for spending and investment. The Oregon Business Council has initiated discussions with potential legislative and philanthropic partners to advocate this fiscal policy initiative.

## ———— **Top Issues at Today's Leadership Summit (December 11, 2023)** ————

**Portland.** Portland is at a turning point. The shocks of the Covid pandemic and civic strife, along with homelessness and its related issues, have created and amplified major challenges, especially for the central city. There has been a broad consensus that extraordinary, coordinated action is needed to put Portland's Central City back on track as fast as possible – for the sake of the urban area and all of Oregon. In response, Governor Kotek and Dan McMillan, President and CEO of the Standard, formed the Portland Central City Task Force in August 2023. As reported at today's Leadership Summit, the Task Force has assessed Portland's challenges and forged actionable plans to address them.

**Connecting Education and Research with Economic Development.** Education is a powerful determinant of individual success, vibrant communities, and the general economy. Today's Leadership Summit will explore the role of our workforce and education systems in equitable development of workforce talent

for our industry sectors, and how the research capabilities of our postsecondary institutions are contributing to industry sector innovation and competitiveness.

## — Ten Potential Issues in the Balance of this Decade (Electronic Voting) —

**Strengthen K-12 Education Performance and Accountability.** The performance of Oregon students on nationally benchmarked assessments is middling in reading and low in math, and has remained stuck at post-pandemic lows. Oregon's rates of chronic absenteeism are among the highest in the nation. These concerns persist despite the passage of the \$1 billion-per-year Student Success Act and strong, sustained appropriations from the General Fund. What will it take to improve outcomes for our students?

**Improve Health Care Access, Affordability and Quality.** Health care costs have continuously risen faster than the rate of inflation and today health systems are severely stressed in the wake of the pandemic with ongoing, accelerating workforce shortages. Among the ideas to address the financial and workforce crisis, can we find a path to stabilize the system and provide affordable access for all?

**Create More Accessible and Affordable Childcare.** Many Oregon families face a childcare crisis, characterized by inadequate access to safe, high-quality care that they can afford. And the nation's underinvestment in early childhood services is a barrier to inclusive economic growth. Investing in childcare leads to better future outcomes for children, family economic stability, workforce diversity, and economic productivity. What will it take to expand access to these critical services?

**Update Oregon's Land Use System.** Oregon's land use system, launched 50 years ago, distinguishes Oregon from other places. The creation of urban growth boundaries has protected forest, farmland, and open spaces, and averted what otherwise could have been massive urban sprawl. That said, the system today may be constraining our ability to site needed housing and advanced manufacturing facilities, as well as clean energy enterprises that reduce Oregon's carbon footprint. Is it time to take a fresh look?

**Launch a Renaissance in Oregon Manufacturing.** The effects of the pandemic and geopolitics have converged to create enormous opportunities for Oregon's economy. The collision of the two factors has spurred unprecedented federal investment to spark a manufacturing renaissance in America in sectors of strategic importance. These opportunities are not confined to semiconductors. To capture them, can Oregon emulate the success of the Semiconductor Competitiveness Task Force to build and advance critical industry strategies in areas including climate tech, food and beverage, biotech, and manufacturing generally?

**Overhaul Forest Health and Wildfire Policies and Investments.** Our federal forests, representing half of Oregon's forest land, are overgrown, dry, and ripe for catastrophic wildfires which threaten human life and health, and could cost Oregon billions of dollars in direct damage to property and economic activity. The Governor's Wildfire Council recommends that 500,000 acres of forest lands be thinned each year. We are nowhere close to this level. What can Oregon leaders do to spur the necessary reforms?

**Restructure Oregon Public Transportation Development and Funding.** Our transportation agencies are in a bind, with revenue from gas taxes declining and maintenance and construction needs and costs increasing. At the same time, congestion is returning to pre-pandemic levels. These trends threaten Oregon's commerce and economy and the mobility of Oregonians. Is it time to rethink how we organize and pay for our transportation infrastructure and maintenance?

**Create Plans to Address Climate Change and Grow the Economy.** Oregon has embraced ambitious goals to reduce greenhouse gas emissions. Done well, this effort could create new business opportunities, save money, and make Oregon a role model. Done poorly, it could impose severe economic hardship.

The federal government has created substantial incentives to pursue climate goals, creating extraordinary opportunities for companies and individuals to reduce carbon output. Will Oregon step up to this opportunity?

**Prepare Better for Cascadia Earthquake.** The U.S. Geological Survey puts the likelihood of a major Pacific Northwest coastal earthquake (8.0 to 8.5 on the Richter scale) at 40 percent during the next 50 years, and the Oregon Resilience Plan puts the probability of a 9.0+ quake at 7 to 15 percent during the same period. A major earthquake would result in \$4.3 billion in lost income in the Portland region alone and disrupt close to three quarters of regional commerce. Investing in resilient utility systems, transportation networks, and buildings would mitigate economic disruption and contribute to a more equitable recovery. Is it time to start planning and making those investments?

**Overhaul Oregon's Tax Structure.** Oregon's tax structure is imbalanced and inequitable. The state over relies on volatile income taxes while local government revenue is built on increasingly inequitable and outdated property tax rules. And recently, the Portland region has chartered its own path by enacting several large income and consumption-based taxes. The current tax regime appears to be contributing to net out migration. Are we ready for an overhaul?