



State of Oregon A Report to Our Citizens

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The Oregon Vision

Oregon's leadership strives to create and sustain a prosperous society that enables all its citizens to pursue their dreams and achieve their potential.

Specific goals include:

- Quality jobs for all Oregonians
- Caring and safe communities
- Healthy, sustainable surroundings



Demographics Information	2006	2007
Population	3.69 million	3.75 million
Unemployment Rate	5.4 percent	5.2 percent
Per Capita Income	\$33,299	\$34,784
Public School Enrollment	562,828	566,067

State Government Employment	
State Employees/10,000 residents	199

The Way Forward

The Governor and the Legislature have created a landmark Rainy Day Fund to protect public education, critical human services, and public safety during economic downturns. The state will continue to work on issues that respond to the concerns of citizens like you:

Tackle the challenge of health care:

- Ensure that all children have health coverage.
- Make health care more affordable for everyone.

Provide a first-rate public education for all:

- Create opportunity for everyone.
- Ensure stable funding for education.

Ensure clean air, clean water and a healthy economy:

- Protect Oregon's environment. Ensure clean air, clean water and a healthy landscape.
- Lead the nation in developing and using clean energy.

How We Have Progressed

Progress in Fiscal Year 2007



Fighting for Clean Air and Improving the Environment

- **Promoting renewable energy:** Under the Governor's renewable energy standard, 25 percent of Oregon's electricity will come from renewable sources by 2025. An expanded Business Energy Tax Credit encourages new renewable energy projects and attracts new businesses to the state.
- **Developing bio-fuels:** Thanks to action by the Governor and the Legislature, Oregon is now positioned to become a national leader in bio-fuels, with a package of incentives and mandates to spur increased production and development.
- **Fighting climate change:** The Legislature has codified the Governor's target for greenhouse gases, which is to reduce emissions to a level that's 10 percent below 1990 levels within 12 years, and to a level that's 75 percent lower by 2050.
- **Protecting Salmon and Restoring Watersheds:** The state works to protect fish and restore their habitats under the Oregon Plan for Salmon and Watersheds.
- **Protecting the Ocean:** Oregon is a strong partner in the West Coast Governors' Agreement on Ocean Health, signed in September 2006.

Making Life Safer

- **More State Police:** During this biennium, Oregon will add 139 new troopers to the State Police, seven additional detectives and more forensic scientists for crime labs.
- **Protecting kids:** Oregon has changed the rules to give child protective services direct access to full criminal histories as part of their investigations. The Legislature also passed Jessica's law, which cracks down on sexual predators who prey on kids. Under the law, these criminals receive minimum sentences of 25 years, and the state tracks them for the rest of their lives.
- **Upgrading Search and Rescue:** The state has acted to improve investigation, coordination and communication in searches for lost hikers, climbers, skiers, travelers, and missing family members.

Strengthening Oregon's Economy

- **Creating more good jobs:** The state is investing to spur innovation in renewable energy, manufacturing, food processing, microtechnology and pharmaceuticals—key sectors for tomorrow's workforce.
- **Upgrading transportation:** Through "Connect Oregon II," the state is investing an additional \$100 million in upgrading its transportation infrastructure, including rail, aviation, marine and transit projects.
- **Creating "industry-ready" sites:** Large, state-certified industrial spaces are critical to attracting major new companies to Oregon. State government has designated dozens of such sites, attracting major employers like Google, Yahoo, Lowe's, Genentech and Amy's Kitchen to our state. These employers have created thousands of jobs and brought hundreds of millions of dollars in investment to Oregon.

Educating the Workforce of Tomorrow

- **Helping low- and middle-income students:** The Governor's "Shared Responsibility Model" will ensure that every motivated and deserving student can attend college.
- **Bolstering public schools:** The Legislature and the Governor have enacted record funding to ensure full school years, smaller classes, and a strong curriculum. K-12 schools will receive \$6.245 billion during this biennium—an increase of 18 percent.
- **Strengthening colleges and universities:** The state has reinvested a dramatic \$868 million into Oregon's universities, and another half a billion for community colleges. The Legislature and the Governor approved \$285 million for 28 badly needed capital construction projects in higher-ed sites around the state, ensuring that students and faculty have the up-to-date facilities they need.
- **Developing exciting new technologies:** The State of Oregon has created the Oregon Nanoscience and Microtechnology Institute (ONAMI), investing \$8 million in state seed money to attract substantial federal and private funding.
- **Head Start:** In a major move toward full funding, the state added 3,200 more three- and four-year-olds to Head Start.

Improving Health Care for Everyone

Expanding health coverage: Since 2003, Oregon has enrolled about 23,000 more children in the Child Health Insurance Program (CHIP), doubling the number. The state has launched pilot programs to bring even more eligible children into CHIP, and has implemented a plan to help small businesses provide health care to their employees' families.

Addressing mental health: The state has renewed its focus on community care, and has approved construction of two new mental health facilities to replace the aging State Hospital. Beginning in 2005, Oregon has required health insurance companies to provide the same kind of coverage for mental health conditions that they provide for physical conditions.

Cutting the cost of prescription drugs: All Oregonians who lack full coverage now qualify for discounts of up to 60 percent under the state's bulk purchasing plan for prescription drugs. To find out more about the program, go to:

<http://oregon.gov/OHPR/OPDP/index.shtml>

Ensuring cost transparency: Oregonians now have access to advance cost estimates for health services, enabling them to make informed decisions about how to meet their needs in health care.

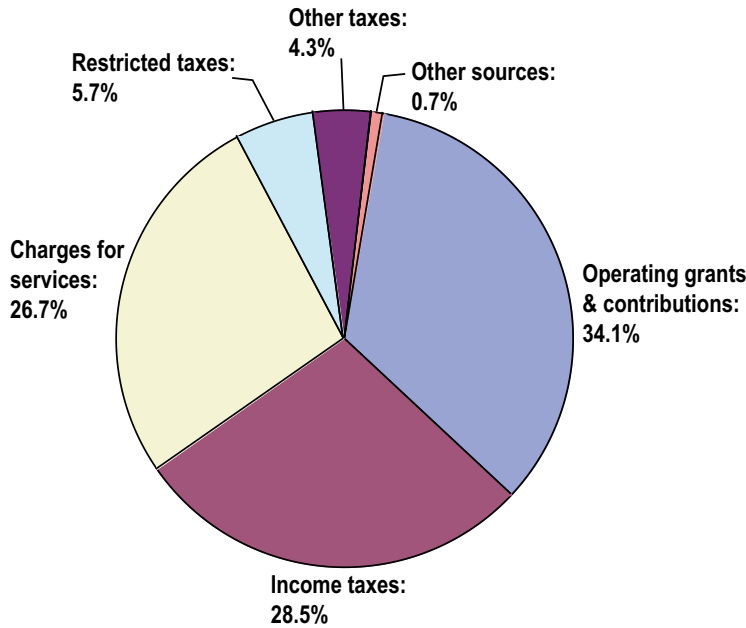


The State's Finances

Revenues and Expenses

Primary Government Sources of Revenue

FY 2007



Revenues by Source	2006 Revenue (in \$)	2007 Revenue (in \$)
Operating Grants & Contributions	5.8 billion	6.0 billion
Income Taxes	5.8 billion	5.0 billion
Charges for Services	4.6 billion	4.7 billion
Restricted Taxes	1.1 billion	1.0 billion
Other Taxes	0.8 billion	0.8 billion
Other Sources	0.1 billion	0.1 billion
Total Revenues:	18.2 billion	17.6 billion

Note:

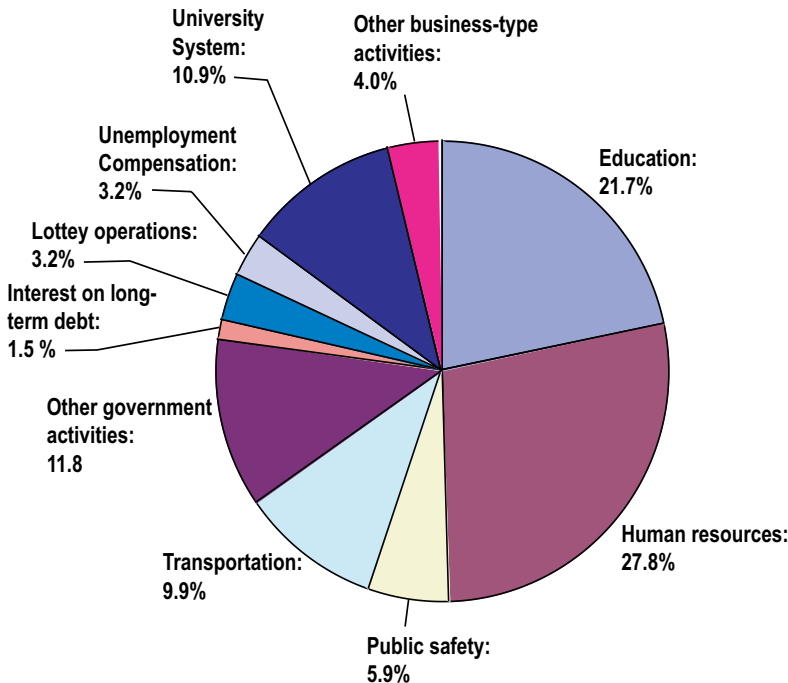
“Restricted Taxes” generate money for specific purposes (e.g., the motor vehicle fuel tax pays for highways; the state cannot use the money for anything else).

“Other Sources” includes investment income, capital grants, capital contributions, additions to permanent endowments, and contributions to permanent funds.

The percentages are based on revenue amounts in thousands.

Primary Government Functional Expenses

FY 2007



Governmental Activity	2006 Expenses (in \$)	2007 Expenses (in \$)
Education	3.6 billion	3.8 billion
Human Resources	4.9 billion	4.8 billion
Public Safety	1.0 billion	1.0 billion
Transportation	1.6 billion	1.7 billion
Other Governmental Activities	2.2 billion	2.0 billion
Interest on Long-Term Debt	0.2 billion	0.3 billion
Lottery Operations	0.5 billion	0.6 billion
Unemployment Compensation	0.5 billion	0.5 billion
University System	1.9 billion	1.9 billion
Other Business-Type Activities	0.7 billion	0.7 billion
Total Expenses:	17.1 billion	17.3 billion

Independent Audit

An independent audit of the state's financial statements resulted in a clean audit opinion. The percentages are based on expenses in thousands.



What's Next?

Future Challenges and Economic Outlook

Providing a First-Rate Public Education for All Oregonians

Over the past 25 years, an ever-greater share of the responsibility for funding public education has fallen to state government. Though the state has actually increased funding for K-12 over this period, total funding for schools has not kept pace with inflation and growth in school enrollment. Strong leadership in both the public sector and the private sector, however, has resulted in a remarkable economic recovery, enabling Oregon to commit to the following goals:

Create opportunity for everyone: Oregon's goal is to give every citizen the opportunity to gain the knowledge and skills to achieve his or her potential. This includes "skilling-up" to compete for tomorrow's jobs in renewable energy, high technology and other exciting fields.

Ensure stable funding for education: The Governor and the Legislature have acted to end instability in education funding. The state's goal is to bring post-secondary education within reach for low-income and middle-income Oregonians.



Ensuring Clean Air, Clean Water, and a Healthy Economy

Protect Oregon's environment: Oregon is on course to improve water quality (with special attention to the Willamette River), protect air quality, restore watersheds and fish habitat, and reduce toxic air pollution from diesel engines.

Lead the nation in developing and using clean energy: The Governor seeks to integrate Oregon's commitment to a cleaner environment with sustainable economic growth, giving special emphasis to the clean-energy sector. His policies are attracting solar manufacturing, wind farms, biofuels refineries and biomass operations. Oregon's national leadership in the development of renewable energy sources will create new competitive advantages in the global economy and a high-skills workforce with high-wage jobs.

Tackling the Challenge of Health Care

Provide health care for all kids. Oregon must ensure that all children receive health care, including dental and mental health benefits. Working families need a way to provide health care for their children, which requires affordable options for middle-class families who earn too much to qualify for assistance, but not enough to pay for insurance coverage.

Make health care affordable for everyone: Oregon is taking action to reduce the number of people who have no health insurance, and invest strategically in sustainable health care. We must give families who can't afford health insurance the chance to buy affordable group coverage, and expand coverage to Oregon's lowest-income families and individuals through the Oregon Health Plan. We must pool the purchasing power of Oregon's consumers to buy more affordable, evidence-based health care and prescription drugs. And we must train more health care workers to deliver high-quality care at an affordable price.

We want to hear from you! Do you like this report? Do you believe it should include any other information? Please contact Lonh Hoklin, Public Affairs Manager, Oregon Department of Administrative Services (lonh.hoklin@state.or.us).