

# **RURAL OREGON INSTITUTE**

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**Annual Report  
July 1, 2005 – June 30, 2006**



**EASTERN OREGON  
UNIVERSITY**

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# **RURAL OREGON INSTITUTE**

## **ANNUAL REPORT**

**July 1, 2005 – June 30, 2006  
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**Prepared by Annette Johnson**

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## **Abstract**

*The Eastern Oregon University Rural Oregon Institute is funded, in part, by a grant from the U.S. Department of Commerce, Economic Development Administration. Matching funds are provided by Eastern Oregon University. The Institute works with community-based, non-profit organizations to create a positive climate for private sector capital investments and job creation. A key program element is the emphasis placed on providing technical assistance utilizing the unique expertise and research capabilities of the Oregon University System campuses. The mission and activities of the Institute are distinct from those of other Oregon University System centers and institutes. The Institute serves rural public sector organizations and private non-profit and government related agencies engaged in economic development, focusing on regional problems and opportunities.*

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## I. INTRODUCTION

Eastern Oregon University has hosted an Economic Development Administration funded University Center program since 1987. The University Center has always provided technical assistance to rural communities in Oregon to assist in moving their economic development projects and priorities forward. The Center, now known as the Rural Oregon Institute (ROI), is an integral component of the University's public service and outreach efforts. The ROI director, Ms. Annette Johnson, reports to the Provost and VP for Academic Affairs, Dr. John Miller, and works closely with the Associate VP for University Advancement, Mr. Tim Seydel.

The Oregon Mine Safety Training Program, directed by Mr. Ed Sinner, is also a part of ROI. The program, funded through the U.S. Department of Labor, provides the federally required annual mine safety training for mine owners and workers without in-house approved safety training programs.

This report covers the program year's activities from July 1, 2005 to June 30, 2006. Significant progress has been made in repositioning and redefining the goals and efforts of the Institute to meet the challenges facing rural Oregon communities. The Institute will continue to provide technical assistance and applied research for rural Oregon clients within the boundaries of its grant award and within the mission of Eastern Oregon University, a mission which obliges the University to engage in public service activities for the people of rural Oregon.

## II. BACKGROUND

### Economy

Oregon's economy has not yet recovered from the recession of 2001. Unemployment in Oregon grew from 4.3 percent in November 2000 to an average of 8.2 percent in 2003, but by November 2004, Oregon's seasonally adjusted unemployment rate had declined to 7.1 percent (124,791 unemployed Oregonians). The national unemployment rate in November 2004 was 5.4 percent. Competition for jobs was intensified by the state's continued population growth. From November 2000 to August 2004, Oregon's working age population grew 5.8 percent.

During the past two decades, Oregon has attempted to make the transition from a resource-based economy to a more mixed manufacturing and marketing economy, with an emphasis on high technology. Oregon's hard times of the early 1980s signaled basic changes had occurred in traditional resource sectors - timber, fishing, agriculture - and the state worked to develop new economic sectors to replace older ones. Most important, perhaps, at least in terms of perception, was the state's growing high-tech sector, centered in the three counties around Portland. However, rural Oregon counties were generally left out of any shift to a new economy. When the boom of the 1990s collapsed, Oregon was again confronted with high unemployment, widespread hunger, and a diminishing safety net of social services.

Despite the growth of the 1990s, however, Oregon's wages have continued to lag behind the rest of the United States. Oregon employment was impacted by a loss of exports to Asia, in part by the North American Free Trade Agreement (NAFTA). By 2000, work at 57 Oregon plants or portions of plants had been shifted to Mexico or Canada. Between 1999 and the middle of 2004, the U.S. government issued 168 Trade Adjustment Assistance certifications relating to Oregon layoffs. These certifications qualify laid-off workers for special help finding work. The Trade Act programs, Trade Adjustment Assistance (TAA), and Alternative Trade Adjustment Assistance (ATAA), help individuals who have become unemployed as a result of increased imports from, or shifts in production to, foreign countries.

In addition to TAA, the U.S. government operated another program called NAFTA-TAA to help workers regain employment after the loss of a job related to NAFTA. NAFTA decreased trade barriers between

Canada, the United States, and Mexico, so layoffs covered by this program were limited to those related to trade with and production shifts to Canada and Mexico. Between 1997 and 2002, the U.S. government certified 112 of Oregon's NAFTA-TAA petitions. Of the 112 certifications, 84 attributed the layoff to imports from Canada or Mexico and 28 found the layoff to be due to a shift in production to Canada or Mexico. Of the 84 certified layoffs related to imports, 43 were due to imports from Canada, 26 were due to imports from Mexico, and 15 did not identify the country. Of the 28 certifications related to a shift in production, 12 said the shift was to Canada and 16 said the shift was to Mexico.

## **Employment**

Professional and business services accounts for more than one in ten jobs in Oregon, and contains the fastest growing "sub-sector" in the state: business support services (up 14.8%; 1,900 jobs). The reason behind this sector's growth can be summed up in two words: call centers. Retail trade has added jobs over the past year, growing by a little less than two percent. Employment services (employment placement agencies, temp help firms, and employee leasing services) is another sector within professional and business services that has contributed to Oregon's job growth: 4,000 jobs since the end of the recession. Although seasonal and volatile, this sector has consistently posted gains since late 2003. As of September 2004, Oregon had the second fastest-growing manufacturing sector in the nation. Over the past year, it has added 4,600 jobs for a growth rate of 2.3 percent. Transportation equipment manufacturing has come back during the past year, regaining 1,800 of the 3,000-plus jobs lost during the recession. Primary metals manufacturing has recorded the second fastest growth rate of all the manufacturing industries that are tracked, growing by 8.4 percent or 700 jobs over the past year. This sector lost about 2,000 jobs between 2000 and 2003. High-tech manufacturing is growing, adding 1,600 jobs (up 4.0%) over the past year. Oregon's construction industry declined by almost ten percent, or 8,000 jobs, during the recession. In the past year, this sector has regained 2,900 jobs.

The top ten private sector employers in Oregon as of April 2002 were:

1. Fred Meyer, Inc.
2. Providence Health System
3. Intel Corporation
4. Safeway Stores, Inc.
5. Oregon Health Sciences University

6. (Tie) Legacy Emanuel Hospital & Health
6. (Tie) WalMart Stores, Inc.
8. Kaiser Permanente
9. Hewlett-Packard Co.
10. Roseburg Forest Products Co.

Oregon has the fourth-highest statewide minimum wage rate in the nation. In 2004, its minimum wage was \$7.05 per hour, only slightly lower than Washington's rate of \$7.16, Alaska's \$7.15, and Connecticut's \$7.10. In January 2005, Oregon's rate rose to \$7.25 and Washington's to \$7.35 per hour. Oregon's average wage in 2002 (the most recent year data is available) was \$33,684. Oregon ranked 22 in average wages (1 is high).

Data compiled by the Oregon Employment Department's research section suggests average wages vary widely by industry. The average annual wage in the leisure and hospitality sector was less than \$14,000 in 2001, while the average annual wage in the information sector was nearly \$50,000. Of course, the average wage for an industry does not reveal how many low- or high-wage jobs are in an industry. Of the 1.4 million wage records reported by Oregon's private employers during the first quarter of 2003, nearly one-third had an average wage of less than \$10 per hour, while 13 percent had an average wage of \$30 per hour or more. This suggests that more than half of all jobs paid between \$10 and \$30 per hour (with one-quarter paying \$10 to \$14.99 per hour).

## **Income**

Oregon has some of the most competitive labor costs in the western United States. Using data from 1999, the Oregon's Economic and Community Development Department was able to show that average annual covered payroll per worker for Oregon was significantly lower than the national average. When only rural counties were looked at, this number became even lower per worker.

In the 2000 Census, Oregon ranked 27th in terms of the percentage of its population in poverty (1 was best). This represented an improvement since the 1990 Census. In 1990, 12.4 percent of Oregonians were in the poverty classification; by 2000 this had dwindled to 11.6 percent. The percentage of children under 18 in poverty decreased also, from 15.8 percent in 1990 to 14.7 percent in 2000. The prosperity of the 1990s had thus measurably affected the poor in Oregon. Unfortunately, this progress was reversed by the 2001

economic downturn. Even though per capita income in Oregon grew through the decade of the 1990s, it remained below the national average. When the recession hit, per capita income growth slowed and the gains of the 1990s were lost. In 2003, Oregon had a per capita personal income of \$28,806. The per capita personal income for the United States was \$31,459 and for the Far West region it was \$32,894.

Until 2004, Oregon had the unenviable distinction of leading all other states in percentage of hungry citizens, despite its reputation for production of food. Housing prices increased 57.7 percent during the 1990s, and home ownership also increased, from 63.1 percent to 64.3 percent. However, the number of affordable housing units decreased. As the recession became felt, the number of Oregonians without health insurance grew to 15.9 percent in 2002. In 2003, Oregon's Department of Human Services estimated that 5.9 percent of the state's population has a serious mental health disorder. An earlier estimate, done in 1999 by the Department of Human Services, projected that 15.2 percent of the population abused or was dependent on illicit drugs or alcohol.

## **Revenue and Taxes**

Oregon collects personal income taxes, corporate income taxes, property taxes and gasoline taxes. It does not have a state sales tax. The personal income tax rate ranges from 5 percent to 9 percent of taxable income. However, almost 70 percent of taxpayers fall into the top tax bracket. Individuals with incomes of \$2,600 are at the bottom end of the personal income tax range. The corporate income tax is set at 6.6 percent of taxable business income. The minimum corporate tax is ten dollars. Fully 65 percent of Oregon corporations that pay state and federal income taxes paid the ten dollar minimum tax.

Property tax rates vary from community to community. Voters passed tax initiatives limiting the growth of property tax values to 3 percent a year. In addition, voters shifted responsibility for public schools from property taxes to the state's General Fund. This has depleted resources for other programs that are also dependent on the General Fund. When the 2001 recession struck, public education and human services were hit particularly hard. A significant part of the reason for the intensity of the downturn, at least as experienced by those who lost employment, was the restructuring of Oregon's tax system in the early 1990s. The demands on the state's general fund, when faced with a decline in revenues, meant pervasive truncation of government

services. Perhaps the most conspicuous victim was public education. School districts throughout Oregon were faced with shorter school years, larger class sizes, and elimination of programs.

In 2004, voters passed Measure 37. This specified that the owner of private real property is entitled to receive just compensation when a land use regulation is enacted after the owner or a family member became the owner if the regulation restricts the use of the property and reduces its fair market value. The government responsible for the regulation may choose to pay the owner an amount equal to the reduction in value or modify, change or not apply the regulation to the owner's property.

## Unemployment Rates

As noted in the following unemployment table, rural counties in Oregon clearly lag behind the metro areas. All but one county (Clatsop) experienced rates higher than the State average.

Mar 2005    Feb 2005    Mar 2004

<b>Oregon</b>	<b>6.8%</b>	<b>7.4%</b>	<b>8.6%</b>
Seasonally Adjusted	6.2%	6.5%	7.6%
<b>United States</b>	<b>5.4%</b>	<b>5.8%</b>	<b>6.0%</b>
Seasonally Adjusted	5.2%	5.4%	5.7%
<b>Portland-Beaverton-Vancouver MSA</b>	<b>6.4%</b>	<b>6.9%</b>	<b>8.3%</b>
Bend MSA	6.5%	7.3%	8.0%
Corvallis MSA	5.1%	5.3%	6.1%
Eugene-Springfield MSA	6.8%	7.3%	8.4%
Medford MSA	6.8%	7.5%	8.4%
Salem MSA	7.0%	7.7%	8.7%
<b>Baker County</b>	<b>9.2%</b>	<b>10.1%</b>	<b>12.0%</b>
Clatsop County	6.5%	7.0%	8.5%
Coos County	8.2%	8.8%	10.1%
Crook County	7.9%	8.7%	9.9%
Curry County	7.4%	7.9%	8.7%
Douglas County	8.7%	9.4%	10.9%
Gilliam County	6.3%	7.1%	7.6%
Grant County	12.7%	14.1%	15.3%
Harney County	10.7%	12.4%	14.4%
Hood River County	7.4%	7.9%	8.4%
Jefferson County	7.2%	8.0%	8.2%
Josephine County	7.7%	8.4%	9.3%
Klamath County	9.0%	10.0%	12.5%
Lake County	11.2%	12.1%	13.8%
Lincoln County	7.3%	8.1%	9.6%
Linn County	8.6%	9.4%	10.7%
Malheur County	9.7%	12.2%	13.9%

Morrow County	8.4%	10.0%	8.7%
Sherman County	9.4%	9.7%	11.0%
Tillamook County	7.0%	7.7%	8.3%
Umatilla County	9.4%	10.9%	10.2%
Union County	7.7%	8.5%	9.3%
Wallowa County	11.1%	10.8%	14.4%
Wasco County	9.2%	10.4%	11.4%
Wheeler County	8.8%	8.4%	10.4%

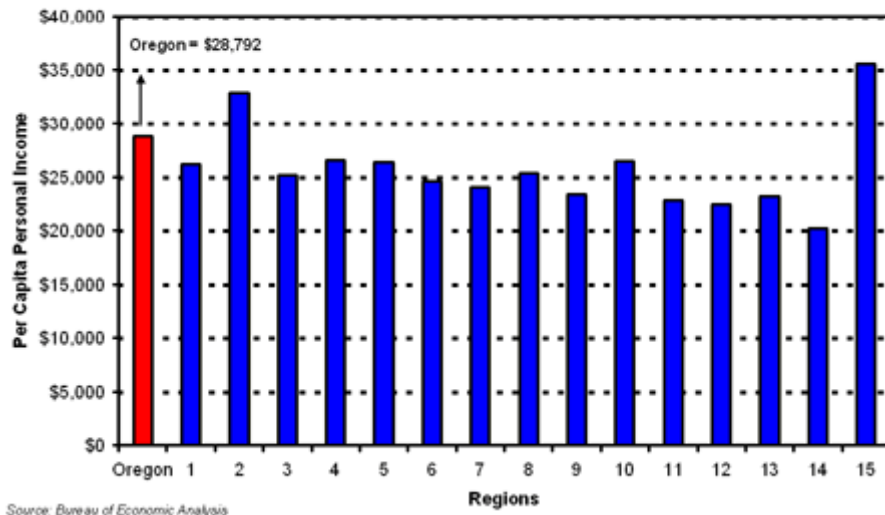
### Per Capita Income

In addition to higher unemployment rates, rural counties in Oregon experience lower per capita incomes. Most rural counties have per capita incomes several thousand dollars less than the metro areas.

**Table 1**

<b>Regions</b>	<b>Counties</b>
1	Clatsop, Columbia, and Tillamook
2	Multnomah and Washington
3	Marion, Polk, and Yamhill
4	Lincoln, Linn, and Benton
5	Lane
6	Douglas
7	Coos and Curry
8	Jackson and Josephine
9	Gilliam, Hood River, Sherman, Wasco, and Wheeler
10	Crook, Deschutes, and Jefferson
11	Klamath and Lake
12	Morrow and Umatilla
13	Baker, Union, and Wallowa
14	Grant, Harney, and Malheur
15	Clackamas

### Per Capita Personal Income, 2002



Source: Bureau of Economic Analysis

### **III. TYPES OF ASSISTANCE PROVIDED**

The Rural Oregon Institute provides technical assistance to organizations in problem solving and taking advantage of opportunities related to economic development. ROI does this by providing faculty and/or student to assist with projects identified by community-based organizations. In addition, volunteers and private contractors may be used to assist with projects. General categories of assistance include:

- a) Strategic planning;
- b) Feasibility studies;
- c) Business planning; and,
- d) Economic development information dissemination.

## **ROI Relationship to Eastern Oregon University**

The Institute enjoys strong support from the University President, as well as the campus community at-large. ROI strives to establish and maintain cooperative and collaborative relationships between the various operating units of EOU, particularly the College of Business, the College of Arts and Sciences, the Division of Distance Education, the Walter Pierce Library, the Small Business Development Center, and University Advancement.

Offices for ROI are located on campus in Zabel Hall, home to EOU's College of Education and Business. The Oregon Mine Safety Program is also located on campus in Hunt Hall, home to EOU's Division of Distance Education. Both locations are readily accessible to faculty and students, as well as the public.

#### **IV. ROI RELATIONSHIP TO OTHER PROGRAMS**

ROI understands the need to foster and develop collaborations and partnerships with other institutions and entities and will continue to do so. To date our partners include:

Oregon State University

- School of Agriculture and Resource Economics
- Agriculture Extension
- Food Innovation Center

University of Oregon

- Office of Technology Transfer

Portland State University

- School of Business Administration
- Portland State Business Accelerator
- Maseeh College of Engineering and Computing Science
- Institute of Metropolitan Studies

Oregon Health Sciences University

University of Nevada Reno

- Center for Economic Development

Chico State University

- Center for Economic Development

Eastern Oregon Rural Alliance

Oregon Rural Action

Oregon Rural Development Council

EDA-designated economic development districts

Oregon Industry Clusters Network Leadership Council

RDI'S Kellogg funded Connecting Oregon for Rural Entrepreneurship (CORE) Program Oregon Governor's Office on Rural Policy

Oregon Entrepreneurs Forum

Union County

Union County Economic Development Corporation

## **V. 2005-2006 GRANT YEAR**

### **a. Work Plan**

#### **Technical Assistance**

- A. Accessing, organizing, coordinating and directing the University's expertise and research capabilities (both students and faculty) to provide specific technical assistance to local and regional economic development efforts.
- B. Provide data base resources and support for pilot "Economic Gardening" project to foster and support rural entrepreneurship.
- C. Coordinate and collaborate with entrepreneurial development throughout the state.
- D. Provide assistance to communities to increase their capacity to manage local government and local development.
- E. Upon request, provide assistance to Oregon EDA Office in evaluating feasibility of potential EDA investments.
- F. Upon request of Oregon EDA Office assist EDA grantees in the implementation phase of their projects.

#### **Applied Research**

- G. Continue development of model for "Planning and Implementing Economic Development Projects" to assist clients in maximizing success and minimizing risk.
- H. Research new ways of presenting community and regional development plans that more accurately reflects the realities of opportunities and challenges in rural communities.

## **Information Dissemination**

- I. Publish EOU-ROI Annual Report.
- J. Attend appropriate regional, national, or international conferences that promote sustainable economies in rural areas. Make presentations, if appropriate.

The ROI director invested a considerable amount of time during the grant year to redefine, refocus and reconnect the Institute with rural Oregon communities. The Institute was relocated from downtown to campus and discontinued contract for service, resuming University staffing.

## **b. Technical Assistance**

### **i. Clients Served**

#### **Economic Gardening**

One major activity undertaken was an economic gardening pilot project. In partnership with the Pierce Library, ROI provided market data to selected clients. Working with the clients, the target market was very narrowly defined and then highly sophisticated subscription data bases were accessed to provide clients with a pool of potential clients expected to respond to marketing efforts at higher rates than average.

#### **Columbia Gorge Sternwheeler**

The Columbia Gorge Sternwheeler offers a variety of river cruise options including dinner cruises. The Sternwheeler staff identified corporate entities that host holiday events as a prime market segment. Through economic gardening efforts they were provided a list of corporations within a 50 mile radius of Cascade Locks. At the same time, Sternwheeler management was in negotiations with Portland Spirit and Portland Spirit has taken over operations of Sternwheeler.

#### **Union County Economic Development Corporation**

Economic Gardening is being used to identify potential tenants for the high tech industrial park. The focus is on high tech small businesses in several southern California areas, as well as the Seattle area that would complement the research efforts and capabilities of EOU Science Center. They hope to maximize the results of their limited marketing funds. UCEDC is developing marketing materials and has entered into agreement with Union County realtors to facilitate land sales.

#### **Timber Bronze – Wallowa County**

Timber Bronze specializes in classic, or antique, type high quality cast hardware. ROI provided them a targeted marketing list for custom home building contractors. In addition, a marketing list of yacht builders was provided, offering management an added market segment to consider.

### **St. Vincent de Paul – Lane County**

St. Vincent de Paul is national leader in their efforts to recycle used goods innovatively. They receive calls from across the nation from organizations seeking information on new uses for recycled goods. In response to the many inquiries, St. Vincent de Paul plans to hold a national conference on recycling. ROI provided them the contact information for hundreds of organizations across the United States involved in recycling activity. The list will be used by St. Vincent de Paul to promote the conference.

### **Sentinel Power – Generator Sales**

Sentinel Power supplies replacement parts and operation & maintenance manuals for 30KW to 2MW diesel power generators and 30KW to 400KW natural gas power generators. 3,392 business names and addresses of potential customers with the highest credit ratings were provided to Sentinel Power to assist in their marketing efforts.

### **Dennis Wagner – Indoor Arena Sprinkler Systems**

Dennis Wagner manufactures indoor sprinkler systems for use in riding arenas to keep dust levels down. Dennis was provided information on riding arena's throughout the western states.

### **La Grande Renaissance Committee – Restaurants**

The La Grande Renaissance Committee, comprised of representatives from the Chamber, the Downtown Association, the City of La Grande, along with interested private citizens, hopes to recruit a new restaurant to La Grande. A community survey conducted by the Chamber showed this a s a priority for the community. The Committee was provided listings and contact information for restaurants located in northwest similar size cities with similar demographics. Of particular interest are Applebees and Olive Garden. There appears to be some interest from Applebees.

## **La Grande Renaissance Committee – Retail**

The La Grande Renaissance Committee, comprised of representatives from the Chamber, the Downtown Association, the City of La Grande, along with interested private citizens, hopes to recruit a small department store and a shoe store to La Grande. A community survey conducted by the Chamber showed this a s a priority for the community. The Committee was provided listings and contact information for smaller department stores located in northwest similar size cities with similar demographics. Of particular interest are Dillard's, Kohls, Macy's and Gottschalks. Corporate offices for each of the companies were contacted. To date none have expressed interest in locating in La Grande.

## **RDI Kellogg Grant/Rural Development Initiatives (CORE – Connecting Oregon for Rural Entrepreneurship)**

The ROI Director serves on the state-wide advisory committee, as well as the NEOEDD advisory committee.

## **Eastern Oregon Rural Alliance**

The ROI Director and the VP for University Advancement serve as EOU's representatives to the Alliance. EOU also hosts and updates the Alliances website.

## **Oregon Rural Action**

Rural Oregon Action is a grassroots community organizing group serving primarily Malheur, Baker, Union and Wallowa counties. Their four areas of focus are:

1. Economic Development – 2 strategies: Buy Local and entrepreneurship
2. Renewable Energy
3. Health Care, particularly the risk of losing regional VA services.
4. Food Security – Strategies to link local agriculture producers to largest regional consumers: hospitals, schools, etc.

In addition, ROI is assisted them on two small grants submitted to the Catholic Campaign for Human Development. The first is for community organizing in Malheur County, focused on immigration and legal issues in the Latino community. The second is for a feasibility study for a farmers' and artisans' coop in Union County. Both grants were funded.

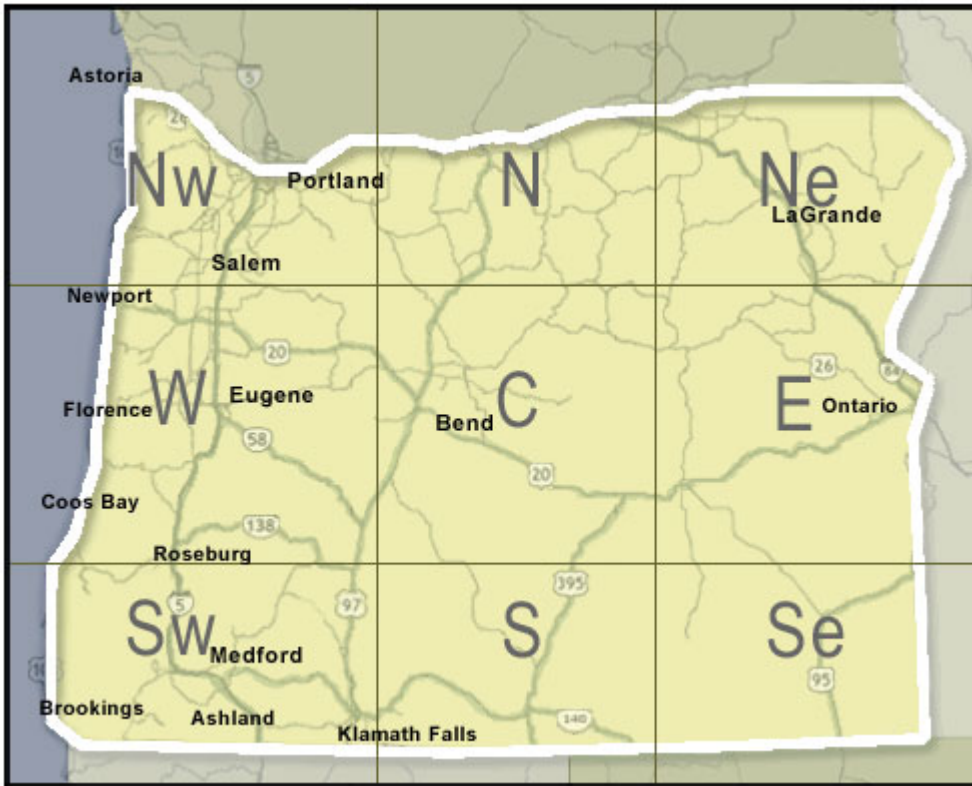
## **Growing the Regional Economic Engines of Entrepreneurship and Innovation**

In May 2006 ROI hosted the economic development workshop "Growing the Regional Economic Engines of Entrepreneurship and Innovation" at the Wildhorse Resort and Casino, just outside Pendleton, Oregon. Over 125 people from the eight western states participated.

## **Oregon Governor's office of Rural Policy**

The ROI director serves on the higher-education liaison committee for the Oregon Governor's Office of Rural Policy.

## ii. Client Distribution



Using the above map showing nine regions of Oregon, the client distribution is as follows:

Northwest	
North	1
Northeast	7
West	1
Central	
Eastern	
Southwestern	
South	
Southeast	
Statewide	3
Regional	1

### **c. Applied Research**

The ROI director continues to develop a disciplined methodology for planning and implementing economic development projects. The purpose is to increase project success and minimize economic failures of community-based economic development projects. The “work in progress” is attached as an appendix to this report.

### **d. Information Dissemination**

The ROI director did a presentation on the topic of small business incubation at the regional meeting in Sparks, Nevada. She also made presentations at economic development district meetings and locally to talk about the Rural Oregon Institute.

The Economic Development Administration Representative for Oregon promotes ROI and makes client referrals.

ROI has established a small library collection of publications relevant to economic development. The collection is available for use by clients and economic development professionals in the community.

## **VI. Summary**

Specific job creation and retention and capital investments attributed to university activities can be difficult to measure. Most technical assistance provided to clients is in support of or in conjunction with other activities and service providers. In addition, results are often not evident for many months or years.

June 2005 to July 2006 has been a year of reintroduction of EOU's University Center program. In addition to the technical assistance efforts noted, much effort has been expended in establishing key relationships with other universities, rural organizations and local governments.

While it is still early to measure success, economic gardening activities indicate significant growth for several organizations in northeast Oregon. ROI will monitor results in coming years.

## **Appendix A**

### **Planning and Implementing Economic Development Projects**

**(A Work in Progress)**