



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



The Way Forward

The Governor and the Legislature have begun work on the following measures that respond to the concerns of citizens like you:

Tackle the challenge of health care:

- Enact the Governor's "Healthy Kids Plan."
- Make health care more affordable.

Provide a first-rate public education for all Oregonians:

- 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.

Demographics Information	2005	2006
Population	3.63 million	3.69 million
Unemployment Rate	6.1 percent	5.4 percent
Per Capita Income	\$32,174	\$33,666
Public School Enrollment	559,215	562,828

State Government Employment	
State Employees/10,000 residents	204

How We Have Progressed

Progress in Fiscal Year 2006



Fighting for Clean Air and Improving the Environment

- **Adopting the nation's strictest tailpipe emission standards:** Oregon has acted to make the state a national leader in the fight against global warming.
- **Working with other states:** To stem greenhouse gases and reduce global warming, Oregon participates in the West Coast Global Warming Initiative, working with California, Washington, New Mexico, Arizona and British Columbia.
- **Restoring the Willamette River:** Through the Governor's Willamette River Legacy Program, the state works with public and private partners to restore the Willamette River.
- **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

- **Fighting meth:** Over the past two years, Oregon has passed the nation's strongest restrictions on pseudoephedrine (a key ingredient in making meth), and has toughened penalties for criminals who make the drug and dump harmful toxins in our communities. The new laws have reduced meth labs in Oregon by 95 percent.
- **Protecting kids:** Two years ago, Oregon 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 new law, these criminals receive minimum sentences of 25 years, and the state tracks them for the rest of their lives.
- **Protecting seniors:** The state has imposed heavier penalties for abusing the elderly, giving protection to seniors who suffer domestic violence or abuse.

Expanding Oregon's Economy

- **Creating more good jobs:** Oregon's booming economy has created more than 130,000 new jobs over the past four years, achieving the fifth-fastest growth rate in the nation.
- **Strengthening transportation:** Over the past four years, the state has undertaken its largest public works project in half a century, repairing crumbling roads and bridges, and upgrading port facilities, airports and railroad assets. This \$2.6-billion effort has created new jobs at the rate of 5,000 a year, and has enabled businesses to move their goods more safely and profitably.
- **Creating "industry-ready" sites:** Large, state-certified industrial spaces are critical to attracting major new companies to Oregon. State government has designated 41 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-income students and their families:** The state has increased funding for the Oregon Opportunity Grants program by more than 70 percent, enabling every eligible low-income student to attend a state university, community college or workforce training program.
- **Bolstering public schools:** The Legislature and the Governor have allocated additional money to public schools, enabling many school districts to provide a full academic year, reinstate lost programs, and avoid more budget cuts. With strong bipartisan support in the Legislature, Governor Ted Kulongoski has carried forward his "Education Enterprise," which puts Oregon back on the road to improving its system of public education.
- **Strengthening colleges and universities:** The state has committed more than \$400 million to seven projects to upgrade and expand university and community college campuses across Oregon.
- **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.

Improving Health Care for Everyone

Expanding health coverage: Over the past four years, Oregon has enrolled over 30,000 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.

Improving health services for kids in school: Oregon has recently broadened health care for 3,600 more kids throughout the state by expanding School Based Health Clinics.

Cutting the cost of prescription drugs: Oregon has established a bulk-purchase prescription drug program to help low-income people who are 55 or older pay for critical medications. The program has already saved an average of \$25 per prescription for more than 15,000 Oregonians. The states of Oregon and Washington have formed a prescription drug consortium to combine their buying power to lower the cost of medicine for their eligible citizens. To find out more about the program, go to:

<http://oregon.gov/das/ohppr/opdp>

Ensuring coverage for mental health services: 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.

Improving medical care for rural Oregonians: In 2003, the Legislature enacted the Governor's proposal to help rural doctors meet the high cost of malpractice insurance, enabling them to keep their offices and clinics open.

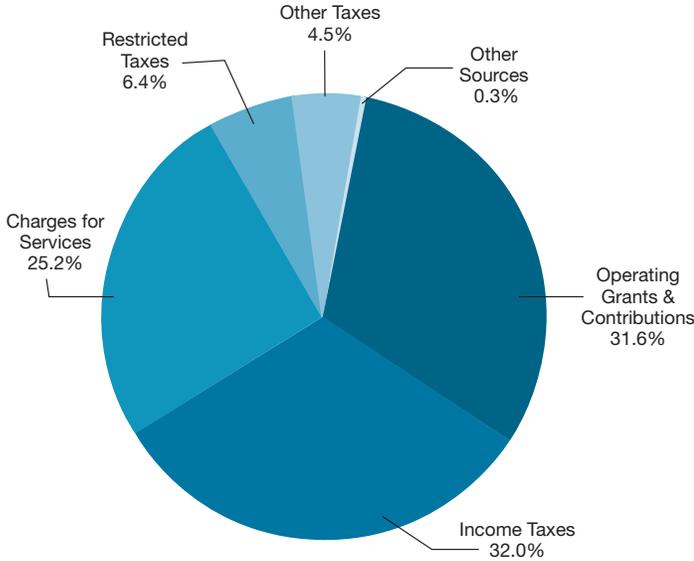


The State's Finances

Revenues and Expenses

Primary Government Sources of Revenue

2006 Revenues By Source



Revenues by Source	2005 Revenue (in \$)	2006 Revenue (in \$)
Operating Grants & Contributions	5.6 billion	5.8 billion
Income Taxes	5.0 billion	5.8 billion
Charges for Services	4.1 billion	4.6 billion
Restricted Taxes	1.1 billion	1.1 billion
Other Taxes	0.8 billion	0.8 billion
Other Sources	0.1 billion	0.1 billion
Total Revenues:	16.7 billion	18.2 billion

Note:

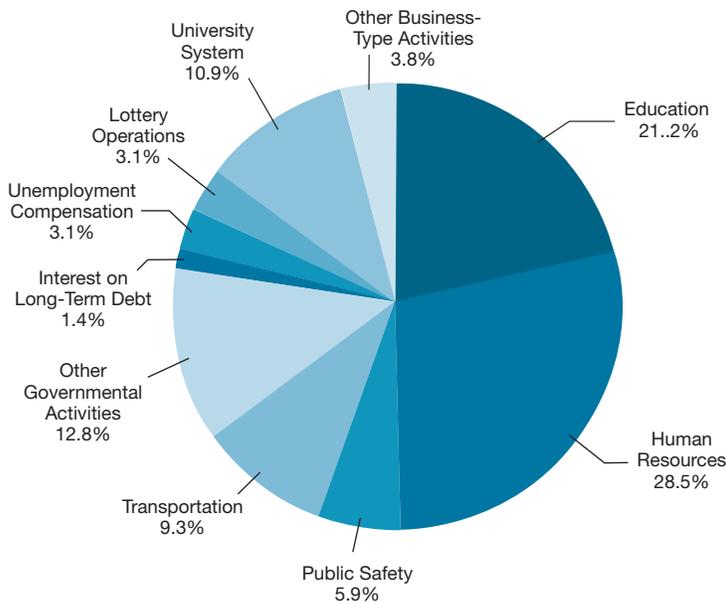
“Restricted Taxes” generate money for specific purposes (e.g., the motor vehicle fuel tax pays for highways; the state cannot use the money for anything else).

“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

2006 Expenses By Function



Governmental Activity	2005 Expenses (in \$)	2006 Expenses (in \$)
Education	3.2 billion	3.6 billion
Human Resources	4.7 billion	4.9 billion
Public Safety	0.9 billion	1.0 billion
Transportation	1.9 billion	1.6 billion
Other Governmental Activities	2.1 billion	2.2 billion
Interest on Long-Term Debt	0.3 billion	0.2 billion
Lottery Operations	0.5 billion	0.5 billion
Unemployment Compensation	0.6 billion	0.5 billion
University System	1.7 billion	1.9 billion
Other Business-Type Activities	0.6 billion	0.7 billion
Total Expenses:	16.5 billion	17.1 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.

Ensure stable funding for education: The Governor's "Education Enterprise" seeks to end the instability in education funding. It will also end the need to shorten the school year and help make classes smaller. And it will bring post-secondary education within reach for low-income and middle-income Oregonians. Most important, the Education Enterprise will put Oregon back on the road to investing in its greatest assets—its people.



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

Enact the "Healthy Kids Plan:" Oregon's Healthy Kids Plan would ensure that all children receive health care, including dental and mental health benefits, and give all working families a way to provide health care for their children. The plan will also offer affordable options to middle-class families who earn too much to qualify for assistance, but not enough to pay for insurance coverage.

Make health care more affordable: This means reducing the number of people who have no health insurance and investing 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 Lonk Hoklin, Public Affairs Manager, Oregon Department of Administrative Services, at (503) 378-2627.