SHIFTING to GOOD JOBS:

Rethinking Economic Development in Jackson County

A Report by Oregon Action

December 1999

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Rethinking Economic Development in Jackson County

A Report for Oregon Action by Kathleen Ackley,
The Northwest Federation of Community Organizations
December 1999

Oregon Action is a statewide, non-partisan network of people and organizations dedicated to economic justice for all through individual and group empowerment. Oregon Action was founded in 1997 to build on the history and values of Oregon Faire Share, which for twenty years organized low and moderate income people to win consumer and community reforms.

The Northwest Federation of Community Organizations is a regional federation of four statewide, community based social and economic justice organizations located in the states of Idaho, Montana, Oregon and Washington—the Idaho Community Action Network, Montana People's Action, Oregon Action and Washington Citizen Action. Collectively, these organizations engage in community organizing and coalition building in fourteen rural and major metropolitan areas. Each of the organizations represents a broad-based, grassroots constituency including disenfranchised and low to moderate income residents of the Northwest.

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EXECUTIVE SUMMARY

This report examines the results of ten years of strategic economic development in Jackson County. The report looks at economic development strategies employed since the late 1980s and gauges their effectiveness in providing living wage jobs, increasing the standard of living, and bringing down poverty and unemployment rates in the County. A close examination of several social and economic indicators demonstrates that economic development strategies in Jackson County have largely failed.

Despite media messages proclaiming a booming Oregon economy, the majority of Jackson County residents are not much better off than they were ten years ago. Millions of development dollars have flowed into Jackson County with the purpose of creating family wage jobs, increasing the standard of living, and lowering the rate of unemployment and poverty. However, the intended results have not surfaced. Instead, there is a proliferation of poverty wage jobs, stagnant and declining wages, an increase in poverty levels, and a stationary unemployment rate.

In Jackson County:

- The poverty rate has increased over the past decade from 12.9 percent in 1990 to 14.9 percent today. The poverty rate has been consistently higher than the state average.
- The unemployment rate has remained essentially unchanged since 1987 and is consistently higher than the state average.
- Between 1980 and 1999, the median family income fell eight percent.
- 60 percent of people in the top ten occupations make less that 100 percent of the federal poverty level for a family of three.
- 77 percent of people in the top occupations do not earn a living wage for a family of three or even two.

Clearly, the economic development strategies of the last decade have failed. It’s time to rethink economic development in Jackson County. The following alternative development initiatives have found success in other parts of the country and have the potential to significantly improve the economic well being of residents in Jackson County:

Career Ladder Programs

Career ladder programs create opportunities for people to move from low-wage, low-skill work to high-wage, high-skill work by creating job ladders. Such programs may be company specific; within a company, low-wage, low-skilled workers are given the opportunity to learn new skills and are encouraged to move up within the company. A career ladder program can also involve a network of businesses, connecting employees doing low-wage, low-skill work with jobs in other companies that are a step up the career ladder.

Lowering the Cost of Living

An alternative approach to raising wages is lowering the cost of living. In Jackson County, the availability of affordable housing has shrunk considerably and Oregon has one of the fastest rising housing prices anywhere in the nation. One way to help low-income families become homeowners, and keep housing affordable when the property is resold, is through community land trusts. Community land trusts preserve land in perpetuity for low-income housing by retaining ownership of the property in a non-profit organization and leasing out the property to homeowners.

Micro-Enterprise Development

One approach to promoting the growth of new businesses and living wage jobs is to nurture micro-enterprise development. Micro-enterprise development utilizes business incubators to provide assistance and support to people who have been left out of traditional business development and loan/access-to-credit programs. Programs work by providing industry contacts, structured classroom learning and mentoring programs, and by connecting entrepreneurs with vital resources such as access to credit.

Corporate Accountability Legislation

Corporate accountability legislation ensures that public funds are spent responsibly by holding corporations receiving public subsidies accountable. The goal of passing such legislation is to guarantee that corporations that receive public funds are good community neighbors and that the public gets a reasonable return on its investment, such as high quality living wage jobs or community reinvestment of profits.

Living Wage Ordinances

Living wage ordinances compel private companies that receive public contracts to pay employees a living wage. Such laws may also apply to businesses that receive tax assistance, economic development funds, or other state aid.

After ten years of strategic economic development in Jackson County, attempts to provide living wage jobs, increase the standard of living, and bring down poverty and unemployment rates have not succeeded. In short, the traditional economic development model in Jackson County has largely failed. It’s time to rethink economic development strategies for the County and to pursue initiatives that promise real change.

I. INTRODUCTION

In January of 1999, Oregon Action participated in a regional release of a study by the Northwest Policy Center and the Northwest Federation of Community Organizations. The study, entitled "The Northwest Job Gap Study" examined the gap between the number of people looking for work and the number of jobs available that pay a living wage. In Oregon, 47 percent of job openings pay less than a living wage for a single adult. For a single parent with two children, 77 percent of job openings pay less than a living wage.[1] For Oregon Action's Medford chapter in Jackson County, the study proved what many residents have been saying all along, "The media says the economy is booming, but I barely get by. I am no better off today than ten years agoóI'm working harder and earning less."

The news that Oregonians are working harder and earning less is directly contrary to the overall message heard in the media, both in Oregon and across the country. The media message is Oregon has been a national leader in economic growth. Business growth has been tremendous, particularly in the Portland metropolitan region, and Jackson County has been one of the fastest growing counties in the state. What this report will show is that the so-called economic boom has not benefited the majority of people in the state. Despite positive economic forecasts, the state, and especially Jackson County, has not experienced a significant lowering of poverty or unemployment rates, nor an increase in income, and overall quality of life.[2] This hard reality was captured in a report by the State's own economic development agency:

Most participants in recent focus groups with randomly selected members of the general public perceived that Oregon's economy had turned around, but they had not experienced an improvement in their own lives.[3]

> Paying the bills is a constant struggle for many families in the U.S. Average family incomes are still lower than they were in 1989, and while the wealthiest one percent of families got a raise of nearly 70 percent between the late 1970s and mid-1990s, the real income of everyone else mostly stagnated. The disparity between top executive and average worker earnings is shocking: according to the Bureau of Labor Statistics, chief executive officers made 419 times the average wage of a blue collar worker in 1998. Despite low unemployment, most of the job growth is occurring in jobs that do not pay enough to support a family.
>
> *Source: Abid Aslam, "USA: Wage Gap Widens" Corporate Watch USA, April 13, 1999 and The National Priorities Project and Jobs With Justice, "Working Harder and Earning Less" December 1998.*

Jackson County in southern Oregon is an example of a region of the state that is experiencing the dichotomy of strong economic growth and declining incomes, high unemployment and poverty. More than a decade after a major recession hit the area, and despite major economic development initiatives, the County has had consistently higher poverty and unemployment rates

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[1] Northwest Policy Center and the Northwest Federation of Community Organizations (NWFCO), *Northwest Job Gap Study*, January 1999.

[2] The recent stock market boom did little to affect the economic circumstances of the vast majority of Americans. In fact, only three percent of America's stock, mutual and pension funds belong to families with incomes in the bottom eighty percent. The richest one percent owns half of all stocks and bonds. Common Sense Economics Project, AFL-CIO, "The Wage and Wealth Gap and You," 1999.

[3] Oregon Progress Board, *Oregon Shines II*, January 1997, page 2.

than the rest of the state. In addition, real earnings have fallen steadily since 1980[4] and the majority of residents make only 140 percent of the federal poverty level for a family of four.[5]

This report begins by asking the questions: After ten years, what are the results of millions of dollars spent on economic development in Jackson County? Have the goals of providing living wage jobs, increasing the standard of living, and bringing down poverty and unemployment rates been met? If one were to gauge success by the sheer number of jobs created, the answer would be yes. However, after careful examination of other key factors, such as poverty and unemployment rates, real earnings over time, and worker's wages, it becomes clear that the answer is really no.

Hence, this report concludes that economic development strategies in Jackson County have largely failed. This report also proposes strategies for making economic prosperity in the County a reality.

CHART 1

Oregon's Gap Between Rich and Poor ***(1997 dollars)***

		1970s	**1980s**	**1990s**	
Poorest	20%	$12,210	$11,440	$9,630	*21% decrease*
Middle	20%	$42,220	$40,850	$37,590	*11% decrease*
Richest	20%	$85,080	$92,470	$97,590	*15% increase*

Not only does the state of Oregon have an increasing disparity in wealth, a huge gap in the availability of jobs that pay a living wage and the number of people seeking those jobs exists. The Oregon Employment Department admits that "it now takes two average wage jobs to make one average wage family income in Oregon."

Source: National Priorities Project, "Are you Winning or Losing?" 1998, and Oregon Progress Board, "Oregon Shines II," January 1997.

[4] Real earnings have dropped almost 8 percent since 1980. Guy Tauer, Oregon Employment Department, personal communication, October 19, 1999.

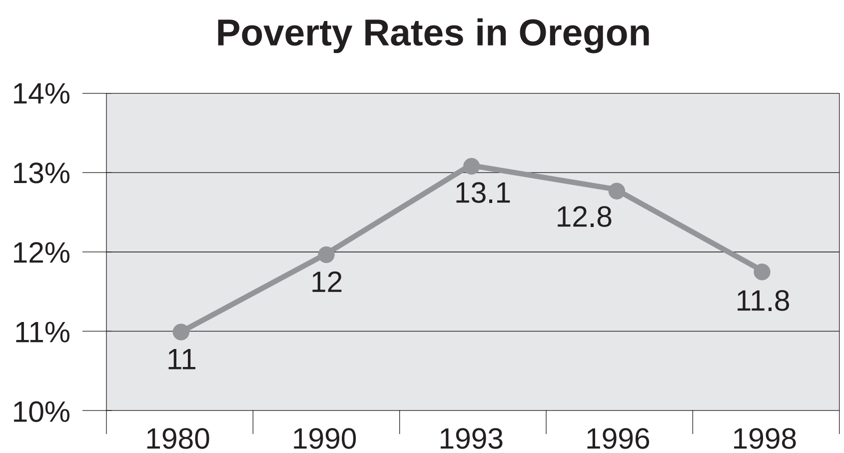
[5] Oregon Employment Department, "Medford Community Profiles," December 2, 1998. The per capita income of Jackson County residents was $21,502 in 1996 (the most recent figure available). The federal poverty level for a family of four in 1996 was $15,600 (annual income). U.S. Census Bureau, www.census.gov.

II. OVERVIEW OF ECONOMIC DEVELOPMENT IN OREGON

State and local governments began rethinking economic development in Oregon after a major recession hit the state in the 1980s.[6] Up until that time, natural resources were the backbone of the state economy.[7] A decade-long recession combined with a changing environmental regulatory landscape and the declining availability of federal timber led to severe cutbacks in logging and the timber industry.[8] The result was high rates of unemployment and poverty throughout the state (see Graphs 1 and 2).

> At its peak in the late 1970s, over 80,000 people were employed in the lumber and wood products industry. During that decade, Oregon's urban per capita income was as high as 107 percent of the national average. Per capita income in rural areas ran approximately 93 percent of the national average.
>
> *Source: Oregon Economic Development Department "Oregon Shines," May 1989, and "New Directions," 1999.*

GRAPH 1



Source: U.S. Census Bureau, www.census.gov, and the Oregon Office of Economic Analysis, "1998 Oregon Population Survey."

In an attempt to tackle rising unemployment and the declining state economy, a major overhaul of the state's economic development strategy was undertaken in the late 1980s. Oregon set out to change the way it did business with the hopes of reversing the preceding decade's damage. The state recognized that in order to be successful, Oregon needed a well-trained and educated workforce, a clean environment and industries that could compete with those of other advanced nations. To that end, in 1987, Oregon Governor Neil Goldschmidt launched a total reexamination of the state's economy and its future economic goals.

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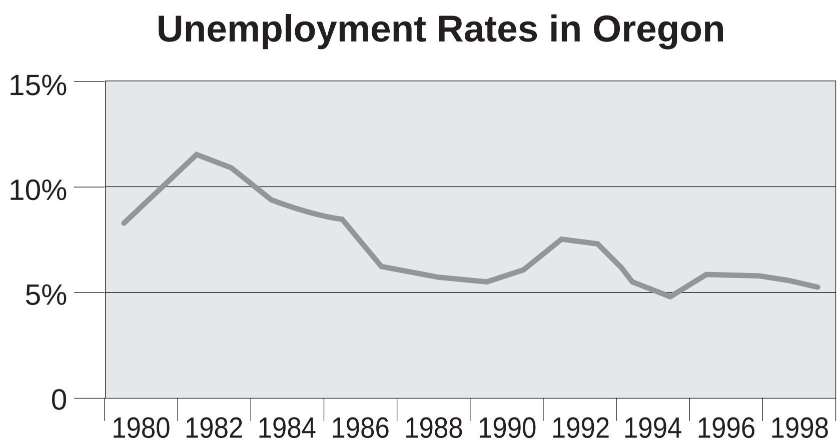
[6] Prior to the recession, strategic economic development planning was basically non-existent. It consisted of little more than recruiting new companies into the state and catering to existing businesses. In fact, a statewide economic agency, the Economic Development Department was not created until 1973.

[7] Between 1950 and 1980, forestry products alone made up between 45 percent and almost 60 percent of the total manufacturing employment in the state. Oregon Economic Development Department, *New Directions*, Interim Work Group on Economic and Community Development, 1999, p. 8.

[8] Between 1979 and 1982, Oregon lost 90,000 jobs, nearly ten percent of the state's total. The unemployment rate hit 11.5 percent statewide in 1982. Bill Bishop, "Working together is more than a slogan for Oregon," *Lexington-Kentucky Leader*, September 20, 1993, A11, and Bureau of Labor Statistics, http://stats.bls.gov.

GRAPH 2



Source: Oregon Employment Department.

Strategic Economic Development Planning in Oregon

As part of changing the economic development strategy, Oregon looked to successful European models for inspiration. In 1989, Oregon created its own economic development model, as detailed in *Oregon Shines: An Economic Strategy for the Pacific Century*.[9] *Oregon Shines* was an attempt to create a comprehensive economic development plan, set achievable goals and measure success through outcomes. Three main goals were set for the state:

- **Oregon would have the most competent workforce in America by 2000 and equal to any in the world by 2010.**
- **Oregon would maintain its "natural environment and uncongested quality of life."**
- **Oregon would adopt an "international frame of mind."**

A twenty-year economic strategy was developed for the state and the Oregon Progress Board was established as an independent planning and oversight agency to implement the strategic plan. The Board would track the state's progress toward its goals through a series of social and economic indicators known as "benchmarks." Initially, there were 272 benchmarks, ranging from the percentage of people who live in affordable housing, to the number of hate crimes committed each year, to the percentage of Oregonians who volunteer or vote. *Oregon Shines* was updated in 1997 and currently there are 92 benchmarks. State and local agencies use these benchmarks to coordinate and plan their social and economic development programs. The benchmarks are in turn used to judge their progress toward achieving the state's goals.

[9] The Oregon model is based on a model of economic development similar to that utilized to great success in Italy and Denmark. The Italian and Danish model focuses on decentralization of production in geographically concentrated small manufacturers. See Bill Bishop, "Poor, rural region of Italy finds new path to prosperity," *Lexington Herald Leader*, June 9, 1993, A11.

Key aspects of the development strategy include:

- **lowering the cost of doing business in the state;**
- **diversifying the economy by developing key industries;**
- **decentralizing economic development; and,**
- **educating and training the workforce.**

Lowering the Cost of Doing Business

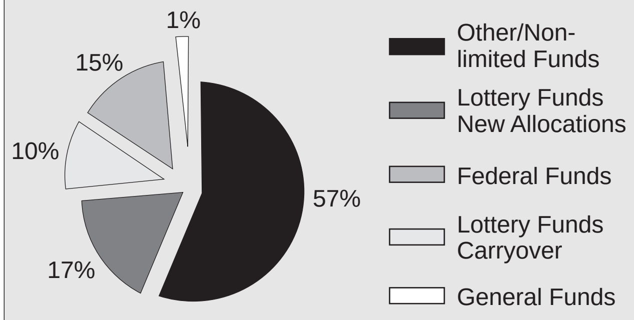
The first approach, lowering the cost of doing business in Oregon, has been very successful. Oregon has some of the lowest energy[10] and worker's compensation rates[11] in the nation, as well as generous tax breaks and credits for businesses.[12] In fact, there are at least 70 such state tax credits and exemptions, worth more than $962 million annually.[13] Other subsidies, such as county and city tax credits and exemptions and low-interest loans and grants, make Oregon a business-friendly state.

Diversifying the Economy by Developing Key Industries

The second approach, diversifying the economy, is centered on eleven "key industries" including agriculture, high technology and tourism.[14] This strategy has been extremely successful in the Portland metropolitan area. Today, Portland's economy is highly diversified, in part due to the recruitment of such companies as Intel (computer chips) and

The Oregon Economic and Community Development Department

The Oregon Economic Development Department was created in 1973 as a cabinet level agency directly accountable to the governor. The agency invests lottery, federal and state funds to help Oregon communities prosper and grow. It does this by providing financial assistance to communities and businesses, working to improve education and developing the workforce through its various programs. Between 1997 and 1999, the Department received $332.9 million.



$188.5M	Other/Non-limited Funds
$55.8M	Lottery Funds New Allocation
$49.7M	Federal Funds
$34.5M	Lottery Funds Carryover
$4.5M	General Funds

Of the General and Lottery Funds, $60.3 million (56.4 percent) went to the Community Development Fund.

Of the Oregon Lottery Allocation, $539.8 million (10.3 percent) went to the Economic Development Department.

Source: Oregon Economic Development Department Annual Report, 1999.

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[10] Electric energy rates were at 64 percent of the national average in 1997. Oregon Progress Board, *Oregon Shines II*, January 1997, p. 24.

[11] Oregon ranked 34th in worker compensation costs nationally in 1997 (1 being the highest rates, 50 being the lowest). Ibid., p. 23.

[12] Oregon ranks #1 among seven western states in low business taxes as a percentage of gross state product. Oregon Progress Board, *Benchmark Data*, 1999.

[13] Oregon Department of Revenue, "State of Oregon 1997-1999 Tax Expenditure Report." For the 1997-99 biennium, the state provided businesses $1,925,735,000 in tax breaks and credits.

[14] The eleven key industries were: agriculture, biotechnology, film and video, forest products, high technology, metals, plastics, producer services, software, tourism and small business. Oregon Economic Development Department, *Oregon Shines: An Economic Strategy for the Pacific Century*, May, 1989.

How the State of Oregon Helps Businesses

- Low Energy Rates (64 percent of national average)
- Low Worker's Compensation Rates (34th in nation)
- Low Business Taxes:

  x *Corporate Income Tax Credits (for example: pollution control tax credit, business energy tax credit, research tax credit, accelerated depreciation of buildings and equipment tax credit, reclaimed plastics tax credit)*

  x *Property Tax Exemptions (for example: Enterprise Zones, construction in progress exemption, Strategic Investment Program)*

  x *Loans and Grants (for example: Entrepreneurial Development Loan Fund, Oregon Resource and Technology Development Fund, Oregon Capital Access Program, Oregon Credit Enhancement Program)*

  x *Industrial Development Revenue Bonds*

Source: Oregon Economic Development Department, www.econ.state.or.us.

Japan America Beverage Company (sake). Because of the success of diversification in the Portland Metropolitan region, the state is a national leader in new companies founded each year. The employment growth rate is double the national rate and there now exists a thriving high technology industry.[15] However, beyond Portland, and to a limited degree the Willamette Valley, the diversification strategy has been much less successful. As a result, the 1999 Benchmark Performance rating for employment dispersion across the State was an "F." As the Progress Board notes,

> Oregon's biggest economic problem is unequal employment dispersion. This measure of how well Oregon's areas outside the Willamette Valley are growing compared to their Valley neighbors have deteriorated throughout the 1990s.[16]

As we will see when we take a close-up look at Jackson County, this inability to spread the wealth and employment diversity more evenly across the state has had consequences for income, unemployment and poverty rates in areas outside the Portland metropolitan area and the Willamette Valley.

Decentralizing Economic Development

The state's third approach has been decentralizing economic development. The goal is to coordinate all the various programs and give more control to local development entities. The large numbers of federal, state and local agencies and organizations make coordination and decentralization quite difficult.[17]

To reduce the difficulty, counties were encouraged to join together to form partnerships or "regions". Each multi-county region was charged with setting up a Regional Strategies Board to

[15] Oregon Employment Department, "Regional Economic Profile for the State of Oregon," December, 1997.

[16] Oregon Progress Board, *Achieving the Oregon Shines Vision: The 1999 Benchmark Performance Report*, March 1999, p. 3.

[17] Examples include: county economic development agencies; city economic development agencies; city urban renewal agencies; chambers of commerce; workforce quality councils; job councils; job training centers; community colleges; trade councils; and labor organizations.

> "Conventional wisdom assumes that, when the economy goes bad, so do social indicators. The inverse should also be true; yet there has been a dramatic improvement in Oregon's economy in the 1990s with little change in most social indicators, like poverty and some decline in others."
>
> *Source: "Oregon Shines II" Oregon Progress Board, January 1997.*

formulate a local economic development plan. These plans would then be submitted to the statewide Regional Strategies Program. Money from the lottery (the Regional Strategies Fund) was dispersed for implementation of these regional plans. Other development entities were also encouraged to coordinate and help implement regional plans.

Thus far, the results have been mixed. Despite the strong economy portrayed by the media, the overall benchmark rating for the Oregon economy for 1999 is a C+.[18] The Legislature defunded the Regional Strategies Program in 1997.

Educating and Training the Workforce

The State's fourth approach, training and educating Oregon's workforce, has had mediocre results as well. Initiatives to retrain workers with skills dependent on natural resources and the wood products industry have been widely funded across the state. Millions of dollars have been spent on these programs, yet there is still a gap between the skill levels needed to get high quality jobs and the skill levels that many workers possess. In addition, the availability of jobs necessary to employ retrained workers has often been inadequate.

Federal programs that fund economic development initiatives in Oregon:

Job Corps

Job Training Partnership Act Administration/ Workforce Investment Act (Employment and Training Services for the Economically Disadvantaged, Summer Youth Employment Program, Economic Dislocation and Worker Adjustment Assistance Act)

TANF Block Grant Funds

U.S. Bureau of Labor and Industries

U.S. Small Business Administration 7(a) Loan Guarantee Program

State programs that fund economic development initiatives in Oregon:

Adult and Family Services (Job Opportunities and Basic Skills Training Program, Oregon Food Stamp Employment Transition Program)

Agricultural Development and Marketing Division

Department of Education

Economic Development Department (for example: Key Industries Training Program, Targeted Training Funds)

Employment Department

Oregon Bureau of Labor and Industries

Oregon Business Employee Assistance Program

Regional Strategies Program

Small Business Development Network

Special Projects, Loans and Grants

[18] This is in part because the Oregon Progress Board takes into account much more than unemployment rates and business revenues when grading the economy.

[19] For example, many logging and mill workers have received retraining in job skills that allow them to remain working in the forestry field, yet these kinds of jobs, such as tree planting and stream restoration are often few and far between. George McKinley, Klamath-Siskiyou Alliance, personal communication, August 2, 1999.

The Results of the Four Approaches to Economic Development

The 1997 *Oregon Shines II* reported that,

> There has been remarkable turnaround in Oregon's economy in the early 1990sÖ[However,] Oregon's social indicators have not improved as much as expected, considering the significant improvement that has occurred in the economy.[20]

Thus, a decade after the first *Oregon Shines* was written, the overall results for the state as a whole are mixed, as the relatively poor ratings on several benchmarks indicate. The media's

take on Oregon is that the state has a strong and healthy economy, as the following headline from the *Portland Oregonian* illustrates:

> *"Oregon led nation in economic growth in 1997"*

Strong economic growth does not necessarily mean higher wages, reduced poverty and gains in personal income. Jackson County, in the southwestern corner of Oregon, is one example of a region of the State where there is strong economic growth alongside declining earnings, low wages, high unemployment and poverty. The County spent millions of dollars on economic development strategies, yet the area still lags behind the state and has failed to truly recover from the previous decade's severe recession. The following section takes a closer look at economic development in Jackson County.

1999 BENCHMARKS

The State received the following grades from the Oregon Progress Board:

Economy:	C+
Education:	C
Civic Engagement:	D
Social Support:	C
Public Safety:	D+
Community Development:	D+
Environment:	C+

Source: Oregon Progress Board, "Achieving the Oregon Shines Vision: The 1999 Benchmark Performance Report," March 1999.

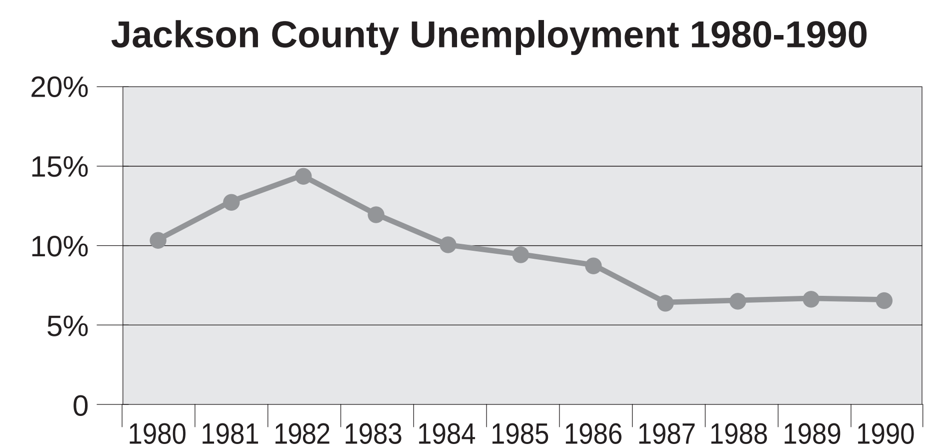
[20] *Oregon Shines II* Oregon Progress Board, January 1997, p. 3, 17.

III. ECONOMIC DEVELOPMENT IN JACKSON COUNTY

Jackson County is situated in the Rogue Valley of southern Oregon. Its population of 169,300 has grown 16 percent since 1990.[21] The two largest cities are Medford and Ashland, which have a combined population of 76,160.[22] Over the past decade, the civilian labor force has grown by 24 percent.[23]

Like most of the state, Jackson County has been traditionally reliant on logging and wood products.[24] In the 1980s, the area was hit particularly hard by the statewide recession.[25] The recession was a terrible blow to working families, since timber jobs tended to pay a living wage (between $11 and $13 an hour).[26] While unemployment in Jackson County was at 7 percent in 1978, it skyrocketed to 14.4 percent in 1982 (see Graph 3).[27] Since then, median family incomes have steadily fallen.[28]

GRAPH 3



Source: Oregon Employment Department

Just as the state responded to the recession with a new plan for economic development, Jackson County worked locally to bring prosperity back to its community. Government and community leaders in Jackson County joined with neighboring Josephine County to discuss ways of responding to the deteriorating economic situation in the Rogue Valley. Several initiatives were undertaken over the following decade. This section examines those initiatives.

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[21] Jackson County is 2,800 square miles in size. Oregon Employment Department, "Jackson County Economic Profile," Summer 1998.

[22] Medford had a population of 57,600 and Ashland had a population of 18,560 in 1997. Ibid.

[23] Ibid. The civilian labor force was projected to average more than 88,000 in 1998.

[24] Through the 1960s, practically a third of the labor force in southern Oregon was employed in the timber and wood products industry. Oregon Economic Development Department, "The Jackson-Josephine Region, Regional Strategies Strategic Plan (Final Document) 1994-1995," p. 12.

[25] Between 1978 and 1982, almost 2,000 jobs in the lumber industry were lost in southern Oregon. Employment in wood products industries fell from 5,770 in 1978, to 3,880 in 1982. By 1988, the area had recovered and even gained 240 jobs in the timber industry. Employment in the industry increased to 6,010 in 1988. However, along with the rest of the state, the County fell back into hard times in 1988. John Anderson, Oregon Employment Department, personal communication, August 11, 1999 and the Oregon Employment Department, "Jackson County Economic Profile, Summer 1998."

[26] Oregon Economic Development Department, "The Jackson-Josephine Region, Regional Strategies Strategic Plan (Final Document) 1994-1995," p. 20.

[27] Oregon Employment Department, *Medford Metropolitan Statistical Area, 1978-1998*. www.emp.state.or.us

[28] Guy Tauer, Oregon Employment Department, personal communication, October 19, 1999.

Jackson County sought economic development strategies that would provide living wage jobs, increase the standard of living, and bring down the poverty and unemployment rates of area residents. The County, along with community residents, worked with local and state economic development specialists to come up with economic development goals that entailed:

- diversifying the economy and recruiting businesses;
- expanding local non-timber related businesses;
- retaining existing businesses; and,
- retraining and developing the workforce.

Several key strategies were developed to meet these goals: consolidating and reorganizing development programs and agencies; coordinating programs and creating a regional plan; recruiting new companies and retaining existing businesses; and developing the workforce. Brief descriptions of these strategies follow.

Consolidating and Reorganizing Economic Development Programs and Agencies

Jackson and Josephine Counties' economic development agencies reorganized and consolidated in 1987 to create a single entity, Southern Oregon Regional Economic Development, Inc. (SOREDI). SOREDI is an independent non-profit organization whose primary mission is to enhance the employment base and improve the economy of Rogue Valley.[29] SOREDI receives funding through the state and federal government for administering certain programs. Local dollars in the form of membership dues also support the agency. Members include the two county governments, 11 local municipalities, and 100 private individual members. SOREDI administers the following programs:

- Regional Strategies Program
- Revolving Loan Fund (SOREDI funds, capital from federal loan)
- Enterprise Community Revolving Loan Fund (Federal Funds)
- Rural Business Enterprise Grant (Federal Funds)
- Enterprise Community Rural Business Grant (Federal Funds)

Coordinating Economic Development Programs and Agencies and Creating a Regional Plan

A Community Response Team, which later evolved into the Business Resource Team, was formed to coordinate state and local agencies' responses to economic problems and opportunities. This team was made up of: the governmental economic development agencies from Jackson and Josephine Counties as well as the state of Oregon, the Employment Department, the local credit counseling organization, Rogue Community College and Southern Oregon University. The Team began strategizing on how to combat local economic woes by focusing on business retention and expansion. One lasting result of the Team's efforts was the creation of SOREDI.

In conjunction with the work being done by SOREDI and the more informal Community

[29] Jackson and Josephine Counties.

Response Team, Jackson County formed a regional partnership with four surrounding counties, Josephine, Coos, Curry and Douglas Counties (which was pared down to just Jackson and Josephine Counties in 1990). Through this partnership, a Regional Strategies Board was created.[30] Board members are appointed by Commissioners from the two counties. The Regional Strategies Board was charged with coordinating the various agencies' and organizational efforts at economic development in Jackson and Josephine Counties. SOREDI coordinates with these entities and provides staffing for the Board.[31]

The main economic and community development goal for the region as formulated in the Regional Strategies Plan was to increase the wealth of the region's citizens through increasing employment and diversifying the economic base.[32]

Recruiting New Companies and Retaining Existing Businesses

The Community Response Team recognized that diversification was essential to turning the local economy around. Working from the key industries cited by the Regional Strategies Program, secondary wood products, high technology, tourism and agriculture were chosen as key industries to target. Initially, grants were made directly to organizations, but this changed when SOREDI was chosen to administer the program.

In response to the goals set out by the Community Response Team, SOREDI initially set out to improve the economy in southern Oregon by recruiting new businesses into the valley. Between 1991 and 1996, approximately 42 companies were recruited into the area, bringing with them over 1,630 jobs.[33] However, the agency decided that this method was not cost effective; and in 1993, SOREDI revamped their planning process, agency mission and goals. SOREDI moved away from business recruitment to focusing on business retention, expansion and enhancement. To that end, the agency assisted businesses in Josephine and Jackson County with over $32 million in loans and $36.5 million in grants in 1998 alone.[34]

During the first three rounds of the Regional Strategies Program, the Jackson-Josephine Region was allowed to focus on only one key industry, tourism. Between 1987 and 1993, $3.4 million was invested in this industry with the goal of building basic infrastructure to complement the existing tourist base, increase the number of visitors to the area, lengthen stays, and encourage businesses to move to the area. For the fourth round, beginning in 1993, the focus of the program was expanded to software, forest products and agriculture. According to the "Jackson-Josephine 1993-1999 Strategic Plan Biennial Legislative Report," $5.1 million was invested in the region.

Developing the Workforce

Yet another aspect of local economic planning is workforce development. Two examples of workforce development programs in Jackson County are the Workforce Advisory Committee and the Job Council. The Workforce Advisory Committee is a state-funded program, locally known as the Rogue Valley Workforce Development Council, that coordinates training programs. The

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[30] As mandated by the state, through the Regional Strategies Program.
[31] The plan received funding from the state and was administered by SOREDI.
[32] Oregon Economic Development Department, "The Jackson-Josephine Region Regional Strategies Strategic Plan (Final Document) 1994-1995."
[33] SOREDI, "Who is SOREDI and what do we do?" August 1999.
[34] SOREDI, "SOREDI Services," www.soredi.org.

Job Council operates programs through the federal Job Training Partnership Act. The Council is the private-sector-led advisory board that provides job training and employment services to the region. The Council assists with school-to-work programs and helps qualified low-income youth, adults and laid-off workers to find employment. The Council is funded through a wide variety of federal, state and local sources, including the Job Training Partnership Act, Job Opportunities and Basic Skills, Temporary Assistance to Needy Families, and the Oregon Dislocated Worker Program. The Council also operates a Child Care Resource Network to assist residents in finding day care.

WHO WORKS ON ECONOMIC DEVELOPMENT IN JACKSON COUNTY?

Representatives for the following agencies are on the Jackson-Josephine Regional Strategies Board:

Merlin/North Valley Community Improvement Association

Southern Oregon Goodwill

Southern Oregon University

Jackson County Com. Courthouse

Fruit Growers League

Josephine County Courthouse Bank of Southern Oregon

Medford City Council

Winderemere Trails End R.E.

Rogue Community College Small Business Development Center

Grants Pass City Council

Rouge Valley Council of Governments Senior and Disabled

Southern Oregon University Extended Campus Program

Illinois Valley Community Response Team

Representatives for the following agencies are on the Business Resource Team:

Josephine County Economic Development

Southern Oregon University

The Job Council

Oregon Economic Development Department

City of Grants Pass Economic Development Department

Rogue Community College

Oregon Employment Department

SOREDI

Educational Service District

Representatives for the following agencies are on the Job Council's Board:

Jackson County Commissioners

Josephine County Commissioners

Representatives for the following agencies are on the SOREDI's Board:

Pacific Power

US Bank

Key Title

Grants Pass City Council

Southern Oregon University

Josephine County Commissioner

Jackson County Commissioner

Rogue Community College

The Job Council

Avista Utilities

LTM, Inc.

Josephine/Crater Title

Western Bank

Ashland City Council

Oregon Employment Department

While SOREDI, the Regional Strategies Board, the Workforce Advisory Committee, the Job Council and the Business Resource Team have played important roles in economic planning and development in Jackson County, there are many other agencies and organizations that work locally on these issues as well.[35]

Together, these agencies and programs have worked to revitalize and diversify southern Oregon's economy over the past decade, focusing on basic education, job training, and shifting the economy away from dependence on timber and wood products. A move away from raw lumber to secondary wood products has occurred, high technology and manufacturing companies have been recruited, and food industries and agriculture have been nurtured.

CHART 2

Key Industry Data for Jackson and Josephine Counties

	Persons Employed	
	1980	**1995**
Agriculture	1,573	1,912
Biotechnology	32	65
Environmental Services	1,727	2,606
Forestry Products	7,513	6,582
High Technology	1,271	1,782
Metals	371	1,181
Professional Services	5,213	8,647
Software	0	213
Tourism	1,958	2,934

Source: Regional Strategies Board, "Jackson-Josephine 1993-1999 Strategic Plan, Biennial Legislative Report," January 15, 1997, p. 10.

Under the economic planning employed since the early 1990s, millions of dollars have been spent on the region in the hopes of creating a thriving and prosperous community in southern Oregon. Changes have unquestionably taken place in Jackson County, but are they for the better? Certainly dislocated timber workers are learning new skills and trades such as how to do reforestation and other forestry related work besides logging. Infrastructure has been built to support strategic economic goals. State agencies and local organizations have spent considerable time, effort and dollars attempting to turn around Jackson County's beleaguered economy. Major decisions have been made over how to spend public dollars for the public benefit of economic development: which industries to recruit, retain, expand, and nurture. After ten years of concentrated economic development efforts in the County, have the development strategies implemented been effective? What are the results? The next section examines Jackson County today and attempts answer these questions.

[35] Agencies and organizations that work on economic development in Jackson County include: Medford City Council; Ashland City Council; Grants Pass City Council; Jackson County Commissioners; Josephine County Commissioners; Southern Oregon University; Rogue Community College; Oregon Economic Development Department; Oregon Employment Department; and the Oregon Department of Adult and Family Services.

IV. JACKSON COUNTY TODAY — GAUGING THE RESULTS OF A DECADE OF DEVELOPMENT

After ten years, what are the results of millions of dollars spent on economic development in Jackson County? Have the goals of providing living wage jobs, increasing the standard of living, and bringing down poverty and unemployment rates been achieved? To answer this question, this section of the report looks at the following statistics for Jackson County:

- ***poverty levels;***
- ***unemployment rate;***
- ***wages; and,***
- ***real earnings.***

Poverty Levels in Jackson County

The Department of Health and Human Services issues poverty guidelines each year. These guidelines are used by the government to determine financial eligibility for particular programs. They are also used by researchers to gauge the effectiveness of certain programs and economic initiatives.[36]

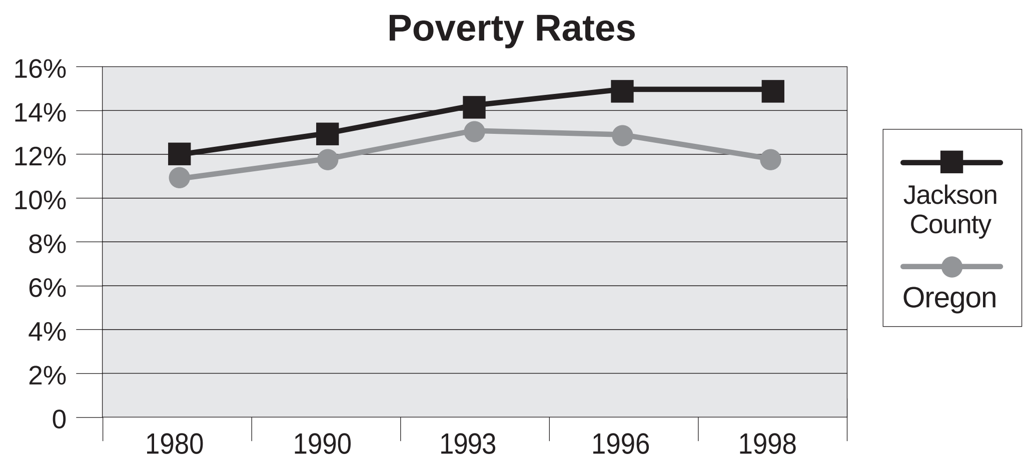
The 1999 Federal Poverty Guidelines are:[37]

Number in Family	Gross Monthly Income	Gross Yearly Income
1	$ 687	$ 8,240
2	$ 922	$11,060
3	$1,157	$13,880
4	$1,392	$16,700

[36] The federal government is considering raising the poverty levels even further, recognizing that the guidelines have not kept pace with inflation. Louis Uchitelle, "Devising new math to define poverty," *The New York Times*, October 18, 1999.

[37] U.S. Department of Health and Human Services, http://aspe.hhs.gov/poverty/99poverty.htm.

GRAPH 4



Source: Oregon Progress Board and Oregon Population Survey. Most recent figure for Jackson County is 1997, for Oregon 1998.

As Graph 4 shows, the numbers of Jackson County residents living in poverty has steadily increased since 1980.[38] In addition, poverty rates in the County have been consistently higher than the state average. Jackson County also has higher rates of Temporary Aid to Needy Families (TANF) participants than the state average. Statewide, there are 5.5 TANF cases per 1,000 people, while in Jackson County, there are 6.7 cases per 1,000.[39] In addition, the Oregon Food Bank reports that southern Oregon (Jackson and Josephine Counties) has the highest frequency of emergency food assistance and the highest percentage of people in the state needing more than one food box a month. The Food Bank also states that southern Oregon has the highest percentage of people with education beyond high school in need of emergency assistance.[40]

The large and rising numbers of people living in poverty in Jackson County reflect economic development strategies that have failed to impact poverty rates and increase the standard of living for residents.

[38] U.S. Census Bureau, www.census.gov.

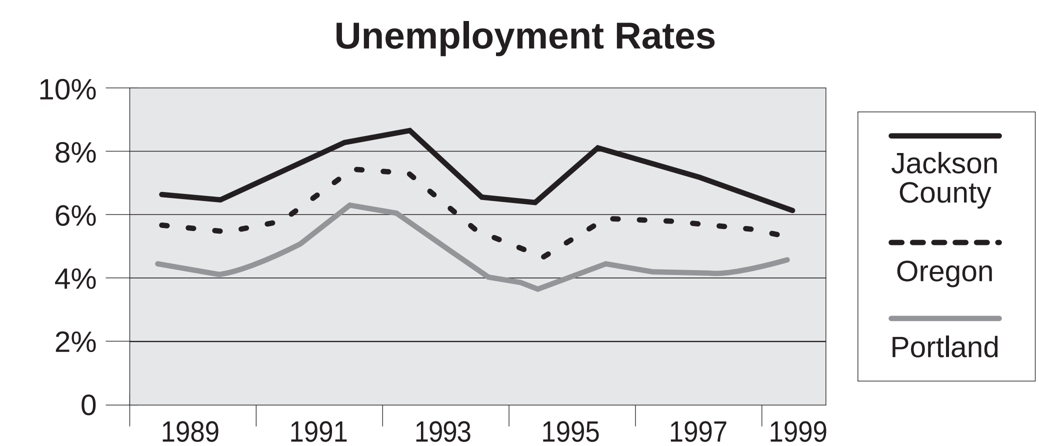
[39] Adult and Family Services, "Flash Statistics" August 1999, p. 3.

[40] Oregon Food Bank, "Profiles of Poverty and Hunger in Oregon: 1998 Hunger Factors Assessment Survey," p. 23.

Rates of Unemployment

As Graph 5 shows, the unemployment rate in Jackson County today is 6.2%. This rate has remained essentially unchanged since 1987 (when it was 6.4%) and is consistently higher than the state average (presently 5.3%).[41] The Portland metropolitan region has an even lower unemployment rate of 4.5%.[42] The stagnant unemployment rate (consistently higher than the state's) demonstrates the failure of the County's economic development policies to affect the employment situation for many Jackson County residents.

GRAPH 5



Source: Oregon Employment Department

[41] Oregon Employment Department, "Medford Metropolitan Statistical Area (Jackson County) Economic Indicators: 1950-1998."
[42] Al Stoebig, Oregon Employment Department, personal communication, October 20, 1999.

Wages

Being employed does not necessarily mean earning enough to get by. The reality is that large portions of workers in Jackson County do not earn a living wage. A living wage is a wage sufficient to pay for a family's basic needs without forcing the family to resort to public assistance, a wage that allows a family to deal with emergencies and to plan ahead.

CHART 4

MONTHLY BUDGET FOR A FAMILY OF THREE IN OREGON[43]

This budget assumes that employers offer health care to their workers.

Food	$ 331
Housing and Utilities	568
Transportation	364
Health care *(with employer paying 80% of cost)*	125
Child Care	498
Household, Clothing and Personal	300
Savings	188
State and Federal Taxes	461
Gross Monthly Income Needed	**$ 2,835**
Poverty Level for Family of Three	**$ 1,157**
Full Time Minimum Wage	**$ 1,040**

The family budget in Chart 4 assumes that the employer pays eighty percent of health care costs. Even with the majority of this expense covered, the income required to simply survive is far above the income specified in federal poverty level for a family of three ($1,157/month). If only one adult is working full time at a minimum wage ($6.50/hour) job, that person will bring home only $1,040 a month.

[43] Northwest Policy Center and Northwest Federation of Community Organization (NWFCO), *The Northwest Job Gap Study*, January 1999, p. 24.

Northwest Policy Center and Northwest Federation of Community Organization (NWFCO), *The Northwest Job Gap Study*, January 1999, p. 24.Living wage jobs are hard to come by in Jackson County. Chart 5 shows the most prevalent occupations in southern Oregon (Jackson and Josephine Counties). The corresponding incomes illustrate the lack of living wage jobs in this area. As of May 1999, the top ten occupations were:[44]

CHART 5

Occupation	Number of Employees	Median Hourly Wage	Gross Monthly Income*
1. Salespersons/Retail	3,802	$ 7.77	$ 901.32
2. Cashiers	2,477	6.87	796.92
3. General Office Clerks	2,399	8.57	1,131.24
4. General Managers/Top Exec.	1,712	21.60	3,456.00
5. Truck Drivers: Heavy/Trac Tr	1,705	11.66	1,865.60
6. Bookkeeping, Accounting & Clerks	1,687	9.88	1,580.80
7. Teachers: Elementary	1,490	n/a	n/a
8. Food Preparation Workers	1,483	5.98	693.68
9. Waiters & Waitresses	1,479	5.70	661.20
10. 1st Line Supervisor: Sales & Related	1,180	13.33	2,132.80

** Gross monthly income is adjusted for average weekly hours worked, as published by the Bureau of Labor Statistics.*

Source: "Oregon Wage Information 1999: Region 8, "Oregon Employment Department and the Bureau of Labor Statistics, http://stats.bls.gov.

The data in Charts 4 and 5 show that:

- 11,640 people (60 percent) in the top ten occupations make less than 100 percent of the federal poverty level for a family of three.
- 77 percent are not making a living wage for a family of three, or even two ($2,835/month and $2,267/month, respectively).
- 69 percent of the top ten occupations do not pay enough even for a single adult to get by ($1,745/month).[45]

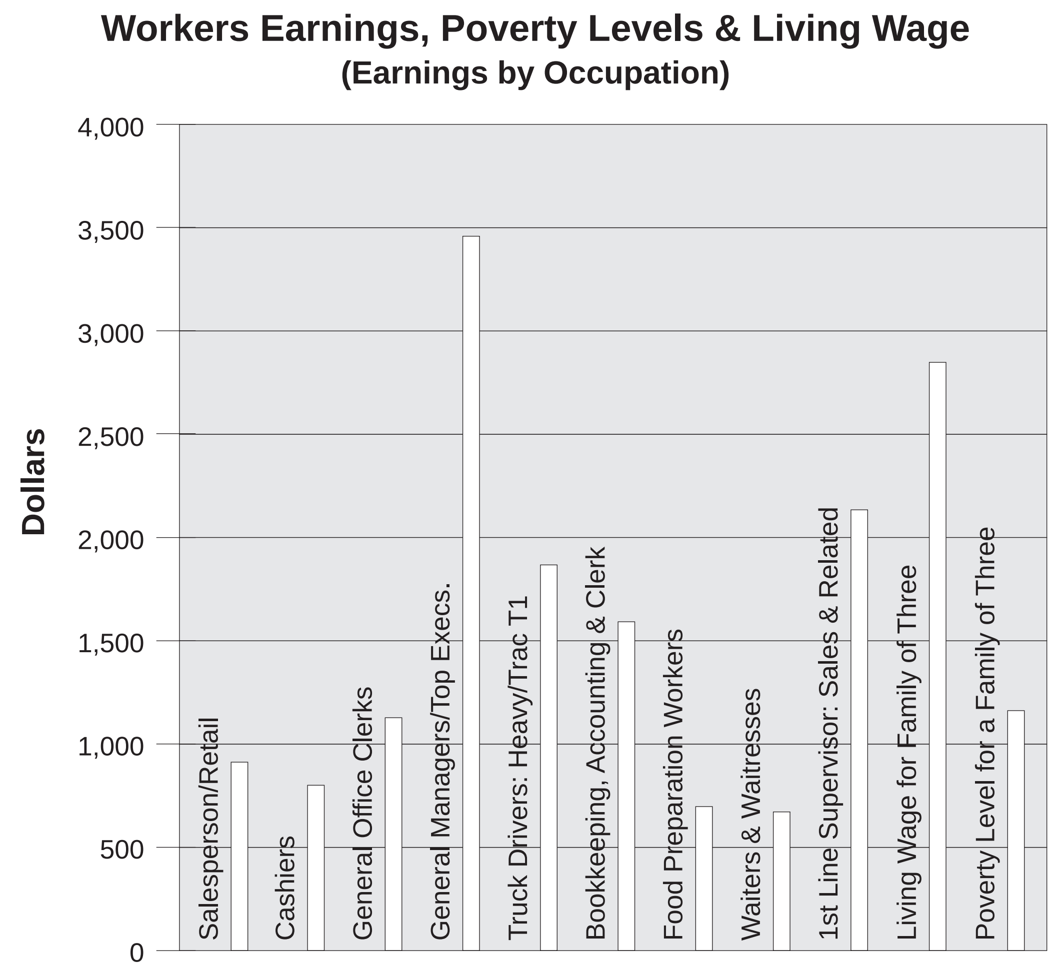
Economic development strategies employed by Jackson County over the past decade have clearly not created an abundance of living wage jobs. Rather, an over supply of low wage jobs exists, creating a community of working poor.

[44] Data not available on an individual county basis.

[45] Northwest Policy Center and Northwest Federation of Community Organizations (NWFCO), *The Northwest Job Gap Study*, January 1999.

Graph 6 compares Jackson County's top ten occupations and their wages to the federal poverty level and to a living wage for a family of three. It illustrates the large gap between what most occupations pay and what it really takes to get by in Jackson County.

GRAPH 6

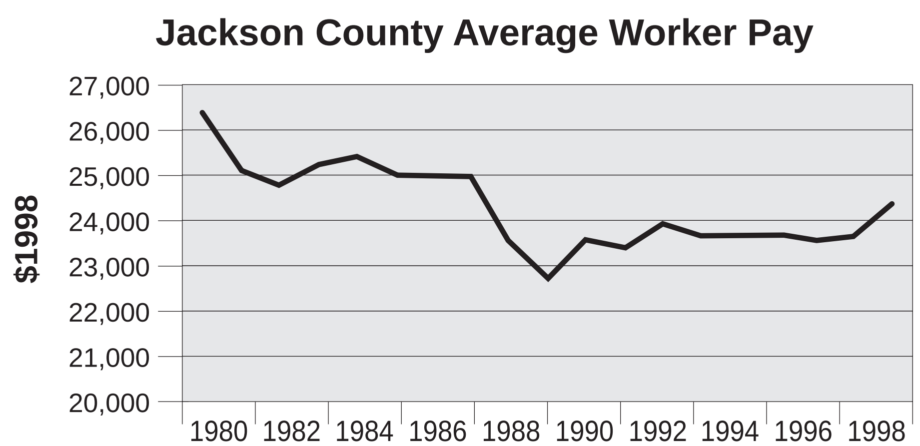


Source: Oregon Employment Department, Bureau of Labor Statistics and The Northwest Job Gap Study.

Real Earnings

As Graph 7 shows, not only are workers making poverty wages, their real earnings have steadily declined over time. Jackson County residents have seen their earnings decline by eight percent since 1980, a decline providing further proof of the failure of economic development in the County.

GRAPH 7



Source: Oregon Employment Department

The picture painted by the above statistics is clear.

- ***Poverty has increased.***
- ***Unemployment remains unchanged.***
- ***77 percent of the top ten occupations pay poverty wages.***
- ***Real earnings have fallen.***

Oregon's economic boom has not resulted in prosperity in Jackson County and neither have ten years of strategic economic development. The current model is clearly not achieving the goals it should, namely providing living wage jobs, increasing the standard of living, and bringing down poverty and unemployment rates in the County. The following section offers initiatives that will meet these goals.

V. RETHINKING THE CURRENT ECONOMIC DEVELOPMENT MODEL

In rethinking the current economic development model, we sought alternatives that would result in raising the wages and living standard of Jackson County residents, as well as expand opportunities for individuals to succeed. The following are five examples of economic development initiatives that promise real change. These initiatives are:

- **instituting career ladder programs;**
- **promoting micro-enterprise development;**
- **lowering the cost of living;**
- **enacting corporate accountability legislation; and,**
- **enacting a countywide living wage ordinance.**

Career Ladders

Career ladders give people the opportunity to move up into better jobs by connecting low-wage, low-skill work with high-wage, high-skill work. The opportunities for low-skilled workers to gain employment that has opportunities for promotions and increasing wages are often few and far between. There is not much room for advancement flipping burgers at a fast food restaurant, but many times those jobs are all that is available. Career ladders make the essential connection between those types of low-wage, low-skill jobs and higher-wage, higher-skilled jobs. Such programs may be company-specific; within a company, low-wage, low-skilled workers are given the opportunity to learn new skills and are encouraged to move up the company job ladder. A career ladder program can also involve a network of businesses, connecting employees doing low-wage, low-skill jobs with jobs in other companies that are a step up the career ladder.

The Job Ladder Project

An innovative new program in Detroit offers a solution to the disconnect between unskilled workers that need family wage jobs and companies that can't seem to find eligible employees. The "Job Ladder Project" is a joint effort of the Detroit Business Education/Training Alliance, the Civic Metropolitan Affairs Coalition; the City's Employment and Training Program and the Joyce Foundation. The project creates formal links between low-paying jobs in one industry and higher paying jobs in another. The lower-paying jobs on the first tier are mostly fast food and other entry level jobs. Tier One employers who participate in the program track workers over a nine month period. If the person performs satisfactorily, they enter a pool of candidates for hire by Tier Two employers, who have job openings paying at least $8 an hour plus benefits. Job seekers who are reluctant to take low wage fast food jobs now have an incentive to stick it out for nine months, knowing that a better paying job is down the line. In the process, they gain valuable work experience. Tier One employers have a lower turnover rate and employees are better motivated. Tier Two employers who were once reluctant to hire inner-city residents are changing their minds through the help of the Job Ladder Project. Workers who would have been considered unskilled and a risk due to a poor employment record now have solid work experience and an employer to vouch for them.

Source: The Joyce Foundation, "1998 Annual Report," pp. 11-14.

Micro-Enterprise Development

By nurturing micro-enterprise development, Jackson County can promote businesses that provide living wage jobs. The Oregon Employment Department reports that self-employment can greatly improve the economic situation of families in rural Oregon.[46] However, would-be entrepreneurs often lack access to start-up resources, particularly in areas outside the major metropolitan regions of the state. One successful method to promote micro-enterprise development is using business incubators that provide assistance and support to people who have been left out of traditional business development and loan/access-to-credit programs.

Business incubators are relatively new ideas, but have had positive results across the country. These programs are designed to provide entrepreneurs with the help they need getting their businesses off the ground. Incubators, "provide comprehensive support to companies in their start-up stages, help entrepreneurs achieve their dreams, and help communities develop more vibrant economies."[47] Programs work by providing industry contacts, structured classroom learning, mentoring programs, and by connecting entrepreneurs with vital resources such as access to credit.

Southern Oregon Women's Access to Credit (SOWAC)

SOWAC is a micro-enterprise development program located in Medford, Oregon and serves Jackson, Josephine and Klamath Counties. SOWAC promotes economic development by providing practical, hands-on training, mentoring, and financing services primarily for women, as well as for men experiencing barriers in their pursuit of entrepreneurship. The organization was established by a group of volunteers in 1990 and began providing services in 1993. SOWAC provides a 16-week training designed to help entrepreneurs develop a market analysis of their business, learn management skills and prepare their business plans. In addition, SOWAC connects entrepreneurs with local mentors and provides financing to businesses not eligible for traditional financing.

Through 1999, SOWAC has served 457 people and assisted in the start-up, expansion or stabilization of 150 businesses in Jackson and Josephine Counties. The program budget has grown by more than 350% over the past nine years and SOWAC currently has a revolving loan fund with more than $412,500 in assets for small businesses.

Source: Southern Oregon Women's Access to Credit, "Organizational Fact Sheet," 1998-1999.

[47] National Business Incubation Institute, "Business Incubation: Building Companies, Jobs, Wealth," 1997, p. 6.

Lowering the Cost of Living

The cost of living has a direct impact on how far a paycheck will go. An approach to making income goes further is by lowering the cost of living. Housing is a major living cost. For many Oregonians, housing is a huge chunk of their paycheck. In fact, 70% of renters and 38% of home owners in Oregon spend more than 30 percent of their income on housing.[48] While wages have declined and stagnated in southern Oregon, the cost of housing has not. In Jackson County, the availability of affordable housing has shrunk considerably and Oregon housing prices are among the fastest growing anywhere in the nation. Indeed, the median sales price for a home in Jackson County has increased 51 percent in the 1990s, compared to a 29 percent increase nationwide.[49] With a decline in real earnings over that same period, owning a home is but a dream to many Jackson County residents.

One approach to "help low-income families become homeowners, to gain a stake in the community, and keep the housing affordable when the property is resold"[50] is through community land trusts. The idea behind community land trusts is for non-profit organizations to buy the land on which low-income housing will be built then lease out the property to homeowners. Community land trusts preserve land in perpetuity for low-income housing. Typically, 99-year leases are given to low-income families that buy homes on the property.

Ashland Community Land Trust

The Ashland Community Land Trust was incorporated as a nonprofit organization in September of 1999. Its mission is to develop housing that stays affordable despite growth in home values, currently four to eight percent a year. The Trust has already bought three townhouses. The houses will sell to qualified homebuyers for $90,000, less than half of the $186,000 average price for a home in Ashland. Residents will own their homes, but the Land Trust will continue to own the land the house sits on. When the first buyers sell the property, they get back only what they put into the house and one percent-a-year appreciation. The house is then available at essentially the same cost to the next buyer. People who have worked or lived in Ashland for the past six months and make 80 percent or less of the county's median income are eligible. For a family of four, the qualifying annual income would be $31,050 or less.

The city of Ashland has invested $90,000 of federal Community Development Block Grant funds into the program, and a local developer donated the profit on the three properties, enabling the Trust to buy them for $114,000 each. The subdivision where the houses are located has market-rate homes as well as homes that are a part of the City's affordable housing program.

Source: Dani Dodge, "A few affordable homes for Ashland Townhouses available to people with lower incomes," Medford Mail Tribune, October 10, 1999.

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[48] Figures from 1998 and include utilities. Oregon Progress Board, "Achieving the Oregon Shines Vision: The 1999 Benchmark Performance Report Highlights," March 1999.

[49] Oregon Housing and Community Service Department, "Oregon Housing Cost Study Final Report," December 1998.

[50] Landauer, Robert. "Getting off the housing treadmill," *The Portland Oregonian*, August 11,1999.

Corporate Accountability Legislation

Across the country, municipalities are questioning the use of public dollars to subsidize business that either do not produce jobs or pay poverty wages. Corporations, both public and private, receive billions of dollars of public money in the form of tax breaks, grants, loans and incentives every year. Businesses are generally expected to provide jobs and enhance the local economies of the communities in which they reside. Rarely is there a legal mechanism to enforce such requirements. Research has shown that, more often than not, the public investment in corporations is a waste of money and often causes more harm than good.[51]

Corporate accountability legislation ensures that public funds are spent responsibly by holding corporations receiving public subsidies accountable. The goal of such legislation is to guarantee that corporations that receive public funds are good community neighbors and that the public gets a reasonable return on its investment through high quality living wage jobs or community reinvestment of profits. Corporate accountability legislation may require that:

- **full disclosure on companies claiming tax credits for economic development purposes;**
- **assistance must include a subsidy cap per new jobómeaning a company must create x amount of new jobs per a specified amount of money;**
- **public assistance cannot be used for a company to relocate within the state;**
- **any business that receives government subsidies or assistance for economic development or job growth purposes must:**

1. *create a net increase in jobs within a specified time frame of receiving the assistance.*
2. *pay a living wage (or specified wage level) to all employees (or certain employees), with or without benefits.*
3. *report annually on wage and job goals, or any other specified category.*
4. *report if the subsidized project might cause job loss anywhere else in the U.S.*
5. *repay any subsidies if the company fails to comply with the requirements of receiving assistance (or allow employees to sue for back pay and benefits).*
6. *forfeit tax credits if the highest paid employee's compensation is 25 times (or some specified equivalent) the lowest paid full time worker's compensation.*
7. *comply with environmental rules and regulations.*

Corporate accountability legislation is relatively new, but some legislative successes have been achieved across the country. At least 19 corporate accountability laws have been passed in such states as Colorado, Texas and California.

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[51] Greg LeRoy, "No More Candy Store: States and Cities Making Job Subsidies Accountable," Grassroots Policy Project, 1997.

Corporate Accountability in Minnesota

In May of 1999, Minnesota enacted corporate accountability legislation. The new law compels local and state agencies to develop public purpose criteria for awarding subsidies that include more than just expanding the tax base. The new criteria must include a policy for wages for newly created jobs. Job retention is a legitimate criterion only "where job loss is imminent and demonstrable." Local subsidy awards worth more than $100,000 and state subsidy awards worth more than $500,000 are subject to a public hearing. Local subsidy awards must be approved by an elected body and the agreement must include a commitment by the company to "continue operations at the site where the subsidy is used for at least five years" after receiving the subsidy. The new law also strengthens the state's disclosure requirements, such as requiring more detailed wage and health care disclosure. If a business fails to meet its wage and job creation goals within two years, the subsidy is subject to "claw back." In other words, the company must pay back, with interest, at least part of the subsidy that was awarded. Companies that fail to pay their clawback are banned from getting any new subsidies in the state for five years from the date of failure.

Source: Greg LeRoy, "New Accountability Victory in Minnesota", Good Jobs Firsts, June 1999. www.ctj.org/html/minnmem.htm.

Living Wage Ordinances

"Living Wage" laws are designed to raise the wages of very low income workers by requiring state or municipal contractors, recipients of public subsidies or tax breaks, or in some cases, all businesses, to pay employee wages significantly above the federal minimum of $5.15/hour.

The general concept behind enacting living wage laws is that tax dollars should not be spent to subsidize poverty wage work. When people are paid enough to support their families, they no longer rely on public assistance in the form of Medicaid, food stamps, and other programs that come at taxpayer expense. The businesses covered are only those that have asked for and been granted public assistance either through a contract or subsidy. To insure that the public is getting a decent return on the investment of tax dollars, businesses should be required to provide decent jobs and be held accountable. Individuals that receive public assistance are subject to rules and regulations, and eligibility requirementsóso should businesses that receive public assistance.

Across the country, at least 38 Living Wage laws have been enacted in such cities as Boston, MA, Dayton, OH, and San Antonio, TX, and in counties in North Carolina, Oregon and Wisconsin. In addition, at least another 80 campaigns are underway in other cities and counties to pass such laws.[52]

[52] Association of Communities for Reform Now (ACORN), www.acorn.org.

A Living Wage for Oakland, California

One of the strongest Living Wage ordinances to pass is in Oakland, California. The ordinance was passed in March 1998 and covers companies with more than five employees that enter into service contracts worth at least $25,000, as well as their sub-contractors. It also covers employers who benefit from at least $100,000 in city financial assistance during a one-year period. The ordinance sets a living wage at $8.35/hour with health benefits, $9.60/hour without.* In addition, the wage is indexed to the Consumer Price Index. The ordinance provides affected workers with 12 paid days off annually and 10 unpaid days. It encourages unionization by allowing collective bargaining agreements to supercede living wage requirements. It requires employers to make regular reports to the city on hiring, wages and benefits. Finally, it is accompanied by strong implementing regulations for administration, compliance monitoring and enforcement. In case of violation, workers may sue for back pay and benefits, and the City may terminate contracts, recover the value of the contract or assistance awarded, disbar the employer from future contracts or financial assistance, collect fines, require back pay to employees and pursue other legal remedies.

*1999 Adjusted to the Consumer Price Index.

Source: Association of Communities for Reform Now (ACORN), www.acorn.org.

Greg LeRoy, "No More Candy Store: States and Cities Making Job Subsidies Accountable," Grassroots Policy Project, 1997. No two living wage ordinances passed so far have been identical. Provisions of proposed and existing living wage ordinances include:

- *Indexing the Wage.* This provision generally indexes the wage to the Consumer Price Index, which allows for wages to keep pace with the rising cost of living.
- *Health Benefits.* Most living wage initiatives include (or encourage) health benefits as one of their demands. The wages are set with and without health benefits. For example, in Duluth, Minnesota, employers must pay $6.50/hour with benefits, $7.50 without.
- *Paid Vacation/Sick Leave.* In Jersey City, NJ, Los Angeles and Oakland, CA, employees get between 10 and 12 paid days off.
- *Unpaid Leave.* This provision allows employees (especially parents) to deal with emergencies without being forced to take paid leave.
- *Right to Organize or Labor Peace.* This provision, often a card check/neutrality agreement, generally establishes the ground rules for conduct by the employer and employees during a union organizing campaign. It can also be broadly defined as "responsible labor relations."
- *Disclosure/Reporting Requirements.* This requires companies to make public the amount of jobs created, benefits and rate of pay.
- *First Source/Community Hiring.* Also known as a Community Hiring Hall, this provision gives targeted neighborhoods or groups of local people the first chance at obtaining jobs created by a subsidy or contract. Both Boston, MA and New Haven, CT have this provision.

- *Community Oversight Board.* Such a provision dictates the creation of a community board to oversee that companies affected by the ordinance follow the terms of the living wage law.
- *Job Creation Requirements.* This provision sets job creation goals.

Provisions that living wage ordinances might contain in the future include:

- *Procurement Requirement.* Also known as a "No Sweat Shop" provision. This provision pertains to commodities that the government itself purchases. For example, if the city government buys 1,000 uniforms for the police department, those uniforms would have to be made in the United States by workers who earn a living wage.
- *Childcare and Eldercare.* This provision would provide either full or subsidized child and elder care as a benefit like health insurance.
- *Cafeteria-style Benefits Plan.* In this provision, employees are given a set dollar amount which they can then use to purchase benefits of their choosing, such as health insurance, child care, elder care, or a pension plan.

SUMMARY AND CONCLUSION

The recession of the 1980s caused great change and turmoil in the state of Oregon. Faced with an over-dependence on the timber industry, and skyrocketing unemployment and poverty rates, the state was compelled to completely overhaul its strategies for economic development. A decade later, the Portland metropolitan region has largely recovered, but significant areas of the state still struggle to produce thriving, healthy economies. Jackson County is a prime example of a region experiencing declining incomes, and high unemployment and poverty, despite the overall booming state economy that, by some measures, is healthy and growing.

For the past ten years, Jackson County has spent considerable energy and public money to develop and employ economic development strategies to counter the effects of the recession. These strategies have included recruiting new businesses and assisting existing businesses in order to diversify the economy. The County also extensively restructured, reorganized and coordinated training and development agencies. The goals have been to provide living wage jobs, increase the standard of living, and bring down poverty and unemployment rates. However, as illustrated by such indicators as poverty and unemployment rates, real earnings over time, and worker's wages, it becomes clear that the development strategies have not met the intended goals.

It is time to rethink economic development in Jackson County. Public dollars should no longer be spent on economic development programs that do not benefit all Oregonians. The initiatives that Oregon Action recommends are but five approaches used in communities across the country as successful alternatives to traditional forms of economic development. The initiatives offered do more than funnel development dollars to businesses with the hopes that these funds will trickle down to the general citizenry. These initiatives hold businesses accountable for the public subsidies they receive, foster community involvement and creativity in economic development, and insure that economic development dollars are not spent on creating or subsidizing poverty wage work.

Quality over quantity should be used as a measure of success when judging economic development programs. Job creation is not sufficient if they pay poverty wages. The State Economic Development Department is required by Oregon Revised Statutes to "promote development which will provide family wage jobs,"[53] yet there is no definition of what a "living wage" is. Oregon Action proposes that the criteria for a living wage set out in the *Northwest Job Gap Study* be utilized. Jackson County residents deserve work that pays a living wage.

[53] ORS 285A.020 (3)(d).