All Agency Directors Meeting
October 11, 2011

Presented by: Michael Jordan, COO and DAS Director

All Agency Directors Meeting Agenda

8:00 a.m. Welcome | Michael Jordan
8:15 a.m. Work Group Presentations
9:20 a.m. The Honorable Governor John Kitzhaber

Break

9:45 a.m. Work Group Presentations
10:30 a.m. Next Steps | Sarah Miller, George Naughton
10:45 a.m. Q & A | Closing Comments
We must set clear priorities & a clear vision of where we want our state to be in the future.

We must overhaul state government to deliver on those priorities.

We must stay the course by developing a ten-year reinvestment plan – a clear strategy to guide how we will invest our resources in the future in a way that will continue to move us toward our goal.
The 10-Year Plan for Oregon Project seeks to implement Governor Kitzhaber's vision to “Rebuild Oregon’s House” by:

1) creating a strategic plan for the state, and

2) implementing a 10-year outcome based investment framework and budget process for the state

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1. Create a common statewide vision of the future
2. Ensure accessibility and accountability to all Oregonians
3. Create fiscal sustainability over time
4. Develop a plan to save resources in good times to maintain services in bad times
5. Provide decision makers and the public with data on results to foster informed decision making
Agency Directors & Governor Policy Advisors have been working in teams to form the foundations of a strategic plan:

- Specific outcomes by policy areas
- Societal indicators of progress towards outcomes
- Specific performance measures to support outcomes
- Strategies to change cost curves over the long term
- Innovation areas for investment in the short term to accelerate progress towards reaching outcomes

Seven Policy Outcome Areas for 10-Year Plan

- Economy & Jobs
- Education
- Good Government
- Healthy Environment
- Healthy People
- Livable Communities
- Safety
10-Year Plan for Oregon
Outcome Area: Good Government

Presented by: Barry Pack, Deputy Secretary of State
Date: October 11, 2011

Work Group Members

- Darren Bond, Treasury
- Jim Bucholz, Department of Revenue
- Paul Cleary, Public Employee Retirement System
- Karen Gregory, Department of Revenue
- Joni Hammond, Department of Environmental Quality
- Michael Jordan, Department of Administrative Services
- Kris Kautz, Department of Administrative Services
- Larry Niswender, Oregon Lottery
- Barry Pack, Secretary of State
- Mary Williams, Department of Justice
- Greg Wolf, Governor’s Office
- Linda Gilbert, Budget and Management
- Blake Johnson, Budget and Management
- Laurie Byerly, Legislative Fiscal Office
- Matt Stayner, Legislative Fiscal Office
Outcome Statement

Oregon State Government will be trustworthy, responsive, and solve problems in a financially sustainable way.

Indicator #1: Public opinion and understanding of government

- Create a Good Citizenship Class of 2025 – K-12 curriculum on government and personal finance;
- Create a Citizen Panel for Engagement;
- Create and distribute a state agency scorecard tracking and ranking common measure for responsiveness, cycle times, cost/unit and other customer-focused metrics;
- Create an online tax, fee and budget transparency dashboard;
- Provide centralized professional management services for Boards and Commissions, and consider restructuring, consolidating or reducing the number of Boards and Commissions.
Indicator #2: State’s credit ratings

- Review existing policies and establish a comprehensive strategic financial policy of reserves and debt financing;
- Identify and prioritize government services that can be sustained given Oregon’s fluctuating revenues.

Areas of Innovation for ‘13- ‘15

- Each of the good government strategies will take multiple biennia to complete, but incremental steps must start right away.
- Some of these ideas aren’t new, they’re just tough to implement in a political environment. Strong leadership is required to ensure success.
- Many of these strategies overlap and impact other outcomes, and it is vital that they be coordinated across the enterprise of state government.
10-Year Plan for Oregon
Outcome Area: Healthy Environment

Presented by: Katy Coba, Department of Agriculture &
Tim Wood, Department of Parks & Recreation

Date: October 11, 2011

Work Group Members

• Katy Coba, Ag
• Dick Pedersen & Joni Hammond, DEQ
• Mel Kohn, DHS
• Debbie Colbert, ODFW
• Tom Byler, OWEB
• Phil Ward, WRD
• Diana Enright, ODOE
• Doug Decker, DOF
• Mike Bordelon, DOF
• Vicki McConnell, DOGAMI
• Tim Wood, Parks & Rec
• Jim Rue, DLCD
• Jeff Samuels, OSP
• BAM,
• LFO,
• Governor’s Office
Outcome Statement

Oregon’s natural resources are managed sustainably in support of a healthy economy, environment and community.

Indicator #1: Air, land, water and wildlife resources are at optimal health

- Implement and better integrate state-adopted natural resource plans
- Develop decision support tools and information necessary to engage the public in policy making
- Develop new or more efficient means to achieve desired environmental outcomes to compliment traditional regulatory approaches
- Empower communities to identify and act on environmental and economic opportunities and challenges associated with the state’s natural resources
- Diversify funding to support natural resource programs over the long term
Indicator #2: Natural resource economy helps support a healthy overall economy

- Develop new or more efficient means to achieve desired environmental outcomes to compliment traditional regulatory approaches
- Empower communities to identify and act on environmental and economic opportunities and challenges associated with the state’s natural resources
- Implement and better integrate state-adopted natural resource plans

Indicator #3: Native plant and wildlife habitat supports diverse wildlife populations

- Develop new or more efficient means to achieve desired environmental outcomes to compliment traditional regulatory approaches
- Implement and better integrate state-adopted natural resource plans
- Diversify funding to support natural resource programs over the long term
### Indicator #4: Oregonians actively participate in outdoor recreation activities

- Implement and better integrate state-adopted natural resource plans

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### Indicator #5: Exposure to environmental toxins is minimized and state is responsive when communities raise concerns about environmental exposures

- Empower communities to identify and act on environmental and economic opportunities and challenges associated with the state’s natural resources
Indicator #6: Lands are conserved for healthy natural resource economies, livable communities and healthy environments

- Implement and better integrate state-adopted natural resource plans
- Develop new or more efficient means to achieve desired environmental outcomes to compliment traditional regulatory approaches

Indicator #7: Meets renewable energy standard and citizens comply with environmental, and fish and wildlife laws

- Implement and better integrate state-adopted natural resource plans
- Develop new or more efficient means to achieve desired environmental outcomes to compliment traditional regulatory approaches
Areas of Innovation for ‘13- ‘15

• Propose ecosystem services pilot project
  – Forest land conversion
  – Mitigation banking for renewable energy
• Implement an Integrated Water Strategy Project
• Farm-to-local community food pilot project
• Work with federal and state economic development agencies to develop/pilot news ways to use Oregon’s timber resources and wood products infrastructure to create and market new products that are sustainable and project an image of Oregon as good stewards of its natural resources
• Integrate public health impacts explicitly into at least three natural resource planning processes
• Make all state-owned property smoke free

10-Year Plan for Oregon
Outcome Area: Livable Communities

Presented by: Matt Garrett, Department of Transportation
Date: October 11, 2011
Work Group Members

- John Borden  
  Legislative Fiscal Office

- Tamara Brickman  
  Oregon Department of Administrative Services
  Budget and Management

- Richard Crager  
  Oregon Department of Housing and Community Services

- Michelle Delister  
  Legislative Fiscal Office

- Diana Enright  
  Oregon Department of Energy

- Matthew Garrett  
  Oregon Department of Transportation

- Linda Gilbert  
  Oregon Department of Administrative Services
  Budget and Management

- Jeni Hammond  
  Oregon Department of Environmental Quality

- Brian Henson  
  Oregon Department of Public Safety Standards and Training

- Susan Jordan  
  Legislative Fiscal Office

- Dr. Melvin Kohn  
  Oregon Department of Human Services

- Pegge McGuire  
  Oregon Department of Housing and Community Services

- David Moon  
  Oregon Judicial Department

- Mitch Morrow  
  Oregon Department of Corrections

- Lynn Peterson  
  Governor’s Office

- Jim Rue  
  Oregon Department of Land Conservation and Development

- Lynn Schoessler  
  Business Oregon Infrastructure Finance Authority

- Greg Wolf  
  Governor’s Office

Outcome Statement

Oregonians should live in a healthy community. The benefits and challenges of growth should be shared equitably in communities statewide.
Indicator #1: Oregonians should be comfortable, healthy and happy in their communities

- Community participation and empowerment of citizens

Indicator #2: Economic growth, economic parity between socio-economic groups, healthy workers and a jobs-housing balance

- Integrate transportation, land use and housing affordability

- Leverage investments, incentivize actions and coordinate agencies at state, regional and local levels to maximize resources
**Indicator #3: Access to a wide-range of services**

- Leverage investments, incentivize actions and coordinate agencies at state, regional and local levels to maximize resources
- Capacity building in Oregon communities
- Community participation and empowerment of citizens

**Indicator #4: Preventing homelessness and crime**

- Community participation and empowerment of citizens
- Capacity building in Oregon communities
Indicator #5: Equal access to opportunity (geographic & demographic equity)

- Capacity building in Oregon communities

Indicator #6: Commute times, for all modes, and access to safe and reliable transportation options

- Integrate transportation, land use and housing affordability
- Leverage investments, incentivize actions and coordinate agencies at state, regional and local levels to maximize resources
Indicator #7: Quality of air, water and land in a community, in addition to the availability of reliable, affordable energy

- Leverage investments, incentivize actions and coordinate agencies at state, regional and local levels to maximize resources
- Capacity building in Oregon communities
- Integrate transportation, land use and housing affordability

Areas of Innovation for ‘13- ‘15

- Build capacity in Oregon communities through the legislature or the Governor directing agencies to examine their current programs and funding streams to see how they inhibit, encourage or potentially fund local capacity building. Direct state funding to areas where the most capacity building is needed.

- Develop a set of best practices for program design that all state agencies can use; this would address coordination with other agencies, leverage of other investments, inclusion of multiple program criteria (i.e., impacts on housing affordability and public health within transportation programs), how to incorporate equity, and how to design programs to promote citizen and community empowerment.

- Although many existing statutes call for the integration of transportation and land use planning, there is no legislative direction on how housing or affordable housing should be incorporated into the plans. A legislative concept that provides guidance on the integration of housing with transportation and land use decisions would be helpful to both state agencies and local governments.
10-Year Plan for Oregon
Outcome Area: Economy & Jobs

Presented by: Tim McCabe, Business Oregon
Date: October 11, 2011

Work Group Members

<table>
<thead>
<tr>
<th>Brenda Bateman</th>
<th>Steve Bender</th>
<th>Tamara Brickman</th>
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<tr>
<td>Krisa Caldwell</td>
<td>General Caldwell</td>
<td>Traci Cooper</td>
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<td>Michelle Deister</td>
<td>Matthew Garrett</td>
<td>Linda Gilbert</td>
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<td>Paul Grove</td>
<td>Lisa Hanson</td>
<td>Scott Harra</td>
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<td>Erinn Kelley-Siel</td>
<td>Robin La Monte</td>
<td>Tim McCabe</td>
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<td>Sean McCormick</td>
<td>Doug McKeen</td>
<td>Curt Melcher</td>
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<td>Bob Repine</td>
<td>Tom Rinehart</td>
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<td>DJ Vogt</td>
<td>Laurie Warner</td>
<td>Jim Willis</td>
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Outcome Statement

Oregon has a diverse and dynamic economy that provides jobs and prosperity for Oregonians.

Indicator #1: Employment growth and people are financially independent in every Oregon community

- Comprehensive Industrial Lands Data Base
- Access to Capital
- Diversify Labor Skills to Meet Business Need
Indicator #2: It is easy to grow and start businesses in Oregon

- Comprehensive Industrial Lands Data Base
- Access to Capital
- Diversify Labor Skills to Meet Business Need
- Comprehensive Interagency E-permit Website

Indicator #3: A skilled and ready workforce available to fill newly developed and available jobs

- Diversify Labor Skills to Meet Business Need
10-Year Plan for Oregon
Outcome Area: Safety

Presented by: Max Williams, Department of Corrections
Date: October 11, 2011

Work Group Members

- Steven Powers and Duke Shepard – Governor’s Office
- Linda Gilbert, Michael Kennedy, Blake Johnson – BAM
- Max Williams, Mitch Morrow, Chane Griggs – ODOC
- Vicki McConnell - DOGAMI
- Kevin Birch, Satish Upadhyay – ODF
- Craig Prins, Mike Wilson - CJC
- Chris Brown - OSP
- Rem Nivens - OYA
- Mike Caldwell, Sean McCormick – OMD
- Eriks Gabliks, Troy Abney – DPSST
- Lois Day, Jerry Waybrant – DHS
- Mary Williams, Anna Joyce – DOJ
- Michael Wood, DCBS
- Aaron Felton, BPPPS
Outcome Statement

Oregonians will be safe and feel safe where they live, work and play.

Indicator #1: Law Enforcement

• Justice Reinvestment/sentencing reform
• Provide adequate funding for law enforcement
• Right youth, right placement, right treatment
• Re-entry services
Indicator #2: Natural Hazards/Disaster Response

- Invest in the transition to a Next Generation 9-1-1 Environment
- Create Regional Assistance Teams to provide support for local government
- Continued investment in Seismic Rehabilitation of schools and emergency service facilities
- Maintain and improve fire prevention and suppression effectiveness.

Indicator #2: Natural Hazards/Disaster Response

- Develop risk, damage, and loss assessments from identified natural hazards
- Invest in development of outreach and education tools that assist communities with building resilience
- Incentivize communities to implement comprehensive hazard response plans
- Maintain facilities for the Oregon National Guard in support of their Homeland Security and Emergency Response Missions.
<table>
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<tr>
<th>Indicator #3: Vulnerable Population/Work Place Safety</th>
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<tr>
<td>• Implement Differential Response in the Child Welfare system</td>
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<td>• Increase availability to in-home safety and reunification services for Child Welfare families</td>
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<tr>
<td>• Increase availability of addiction and mental health services</td>
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<td>• Increase number of Relief Nurseries and similar community-based services.</td>
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<tr>
<td>• Increase community services to support adults with disabilities, seniors, and their families.</td>
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</tbody>
</table>
Areas of Innovation for ‘13- ‘15

• Strategies that would divert low-level property offenders away from prison and into enhanced community supervision and treatment programs.

• Increased investment in evidence-based community treatment, transition and release services.

Areas of Innovation for ‘13- ‘15

• Redesign of community corrections funding model that does not create a disincentive for counties to move low risk offenders off of the caseload using evidence based practices.
10-Year Plan for Oregon
Outcome Area: Education

Presented by: Ed Dennis, Department of Education &
Cam Preus, Community College & Workforce Development

Date: October 11, 2011

Work Group Members

- Tim Nesbitt, Governor’s Office
- Margie Lowe, Governor’s Office
- Steve Marks, Governor’s Office
- Vickie Chamberlain, Teachers Standards and Practices Commission
- Keith Menk, Teachers Standards and Practices Commission
- Cam Preus, Community Colleges and Work Force Development
- Laurie Warner, Employment Department
- Bill Fink, Employment Department
- Sona Andrews, Oregon University Systems
- Josette Green, Student Assistance Commission
- Iris Bell, Oregon Commission on Children and Families
- Jim Sherzinger, Department of Human Services
- Doug McKean, Bureau of Labor and Industries
- Bill McGee, Budget and Management, DAS
- Jim Carbone, Budget and Management, DAS
- Kate Nass, Budget and Management, DAS
- Monica Brown, Legislative Fiscal Office (Observer only)
- John Terpening, Legislative Fiscal Office (Observer only)
Outcome Statement #1

All Oregon’s children enter kindergarten ready to learn.

– Key Indicator: Young children are healthy, growing, and learning.

Outcome Statement #2

All Oregonians advance along the learning pathway as quickly as possible while meeting their individual needs.

– Key Indicator: Increased % of students that meet proficiency/outcomes at grade level through elementary, middle and high school years.
Outcome Statement #3

All Oregonians graduate from high school and are college or career ready.
– Key Indicator: Completion rate in 3 or 4 or 5 years.

Outcome Statement #4

All Oregonians who pursue education beyond high school get a degree or certificate and are ready to contribute to Oregon’s economy.
– Key Indicator: Employer satisfaction surveys
10-Year Plan for Oregon
Outcome Area: Healthy People

Presented by: Bruce Goldberg, Oregon Health Authority
Date: October 11, 2011

Work Group Members

- Bruce Goldberg
- Suzanne Hoffman
- Erinn Kelley-Siel
- Kelly Freels
- Linda Ames
- Pegge McGuire
- Kim To
- Iris Bell
- Kate Nass
- Nancy Latini
Outcome Statement

Oregonians are healthy and have the best possible quality of life at all ages.

Indicator #1: Decrease the number of Oregonians with chronic illness

- Shift greater allocation of state resources for prevention activities to reduce obesity, smoking, and addictions and to increase physical activity.

- Implement a coordinated health and human services information system to assure coordination and delivery of services in most efficient manner.

- Fundamentally change how health care is delivered in Oregon. (see next indicator)
**Indicator #2: Oregonians are able to get the health care they need**

- Fundamentally change how health care is delivered to focus on better health, better care, lower cost. Create local “Coordinated Care Organizations” responsible for these outcomes and use state purchasing power to align all public purchasing through them.

- Implement a coordinated health and human services information system to assure coordination and delivery of services in most efficient manner.

**Indicator #3: The basic human needs of Oregonians are met**

- Help provide and assure all Oregonians have warm, safe, and secure housing
  - Leverage resources and case management across agencies to meet household needs
  - Improve energy assistance and housing stock
  - Engage public safety

- Help assure access to sufficient, nutritious food.
  - Increase participation in SNAP, summer food
  - Strengthen Food Bank, access to farmers markets
  - Nutrition policies in child care & other settings
  - Improve access to healthy foods in SNA
Areas of Innovation for ‘13- ‘15

• Extend use of Coordinated Care Organizations from Medicaid to broader public and commercial purchasing of health care.

Next Steps: Reframing the 2-Year Budget Cycle

• Outcome-Based Budgeting Principles
  – Focus budget on achieving outcomes over 10 year through strategic spending & investments
  – Start budget process with amount available to fund
  – Separate people who make recommendations on budgets from the people who receive the money
  – Make budget decisions based on getting best measureable outcomes for money available
Next Steps: Reframing the 2-Year Budget Cycle

- 10 Year Plan for Oregon sets common vision for State

- Governor sets initial allocation targets for 2013-2015 budget to seven outcome areas in March 2012

- Agencies submit proposals to deliver services to meet outcomes to Governor chosen “Buying Teams”
  - Provide evidence about why service meets outcomes
  - Provide measures to demonstrate performance

- “Buying Teams” provide initial feedback on proposals, connecting program areas that may not know each other exists

Next Steps: Reframing the 2-Year Budget Cycle

- Second round of agency proposals to “Buying Teams” for final evaluation and prioritization for funding by 8/15/2012

- “Buying Teams” prepare recommendations to Governor about what should (and should not) get funded in 2013-2015 budget cycle by 9/30/2012

- Governor makes final adjustments and proposes budget to Legislature on 12/1/2012
### Outcome-Based Budgeting

<table>
<thead>
<tr>
<th>Moving From</th>
<th>Moving Toward</th>
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<tbody>
<tr>
<td>2-year budgeting focused on “balancing” the budget</td>
<td>Budgeting inside fiscal constraints to meet long-term outcomes</td>
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<tr>
<td>Funding specific agencies</td>
<td>Funding programs designed to achieve outcomes</td>
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<tr>
<td>Unlimited budget requests from agencies</td>
<td>Clear limits, expectations, and criteria to focus agency budget proposals</td>
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<tr>
<td>Debating levels of funding</td>
<td>Debating results we want to achieve with state spending</td>
</tr>
<tr>
<td>Spending all available revenue</td>
<td>Saving &amp; creating fiscal sustainability</td>
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<tr>
<td>Competition for funding between agencies</td>
<td>Joint responsibility for program delivery</td>
</tr>
<tr>
<td>Disconnected agency performance indicators</td>
<td>Outcome linked indicator measures of success</td>
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