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MEMO PPT

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KPM PPT



MEMORANDUM

Date: April 8, 2013
To: Ways and Means Subcommittee for Transportation and Economic Development
From: Tim McCabe, Director - Oregon Business Development Department
Subject: Phase 2 Budget Discussions

Phase 2 Business Oregon discussions with the Ways and Means Transportation and Economic Development Subcommittee call for identifying “budget drivers”, “major budget issues”, and “decisions that need to be made regarding the agency budget.” Descriptions of the Policy Option Packages are also required to be addressed. Additionally, Other Fund balances, the latest quarterly long-term vacancy report, and 10% reduction options are required to be presented. The agency is prepared to discuss all these items with the Subcommittee, but in advance of those discussions, the following presentation of those topics is provided for Subcommittee review.

2013-15 Department Budget Drivers

- ✓ ***Create and retain jobs for Oregonians:*** Assist Oregon businesses in creating and retaining jobs and generating revenue for the state - Strategic Reserve Fund, Business Expansion Program, Business Finance Programs, and Industry Competitiveness Fund.
- ✓ ***Implement Oregon InC 2.0:*** Ensure Oregon businesses can remain more competitive in the global marketplace and therefore create more jobs by helping entrepreneurs turn research technology into new company products – Oregon Innovation Council.
- ✓ ***Develop a global economic strategy for the state:*** Create new opportunities for Oregon companies to access foreign markets to export their products and services. Capitalize on foreign direct investment opportunities, particularly with Asia, to create jobs for Oregonians – Industry Competitiveness Fund.
- ✓ ***Improve Industrial land readiness and redevelopment opportunities:*** Maintain and improve Oregon’s competitive advantage for business expansion and recruitment on industrial sites and lands through site certification, interagency collaboration, infrastructure and marketing – Industrial Lands.

- ✓ ***Meet rural project development and management capacity needs:*** Improve rural and smaller communities' access to technical assistance for capital construction project development and management requirements – Infrastructure Finance Authority.
- ✓ ***Enhance infrastructure finance program funds:*** Increase community availability of funding for infrastructure needs at lending rates commensurate with the community economy; leverage resources collaboratively with other funding entities – Infrastructure Finance Authority.

Major Budget Issues/Funding Decisions – General Fund and Lottery Fund

Core Programs

Strategic Reserve provides forgivable loan incentives to businesses to create or retain jobs. Program success is measured by jobs created/retained and the percentage of the loan amount returned to the state by the income tax generated in two years by the jobs created/retained.
Funding: \$15.6 million (\$15.3 m LF; \$0.3 k OF)

Business Expansion Program provides forgivable loans to businesses that create new jobs at salaries that meet or exceed 150% of local or state median wage. Success is measured by the number of jobs created and the amount of the loan is limited to the projected income tax generated over two years by the job created. Funding for the program is included in the Strategic Reserve and will be available should the BEP expiration get extended per HB 2225.
Funding: \$4.0 million within Strategic Reserve (part of the \$15.3 m LF)

Industry Competitiveness Fund supports businesses in a variety of ways and enables the department to proactively and strategically target and respond to time-sensitive opportunities in industries with high growth and statewide economic significance. **POP # 103** adds funding to the base budget for the following additional activities:

- **Export Promotion and Assistance** funding was received from the federal STEP program during the 2011-13 biennium (nearly \$874,000). The federal money allowed an acceleration of Oregon's exports to foreign markets. The funding expires September, 2013 and \$300,000 is requested to continue the export grant program momentum; \$125,000 is requested to build out the network of foreign representatives who help Oregon companies navigate foreign markets; \$100,000 is requested to advance the international competitiveness of certain Oregon industry clusters. **Funding: \$ 525,000** (LF)
- **Work Ready Communities (WRC)** use the National Career Readiness Certificate (NCRC), an industry recognized credential that identifies an individual's skills in applied math and reading/locating information. The NCRC is a core element of the Work Ready Communities (WRC) initiative. By investing in the Work Ready Communities initiative, the state can help businesses, workers, and communities expand employment opportunities that include manufacturing and technology based industries to address current and future growth demand. Oregon's communities need to be able to demonstrate the availability of skilled workforce necessary for companies to locate and grow. Certifying and marketing these strengths to existing and potential new businesses is a powerful economic development tool that can help Oregon businesses. Two key elements of the WRC initiative include:

- Regional Marketing, Branding, and Business Development Promotion: Communities do not have the resources to effectively implement strategic marketing plans nor develop marketing collateral (print and media) that can aggressively promote their economic development aspirations. Communities need to be able to participate in activities such as trade shows, business fly-outs, and/or site selector recruitment visits to help drive new business growth. Regional marketing funds will help communities to take pro-active initiatives which define and drive opportunities that will result in business leads which ultimately will convert to new Oregon jobs. Funding: \$550,000 (LF)
- Key Industry Cluster Skills Analysis: Critical industry sectors fuel the state's economy. Oregon's key industry strategies support regional sector partnerships of employers, economic development entities, workforce development organizations, education and other stakeholders. Sector partnerships are intended to remove bottlenecks that inhibit recruitment, hiring, training or worker placement in an industry. The outcome of the Key Industry Cluster Skills Analysis is to get workers ready for the higher wage, higher skill, in-demand occupations these sectors offer. Funding: \$450,000 (LF)

Funding: \$1,000,000 (LF)

- **Oregon Manufacturing Assistance** improves manufacturing efficiency and profitability. Manufacturing is a major source of employment in Oregon – in 2011, roughly 19% or \$30 billion of Oregon's economy was derived from manufacturing. The additional funding request will increase a doubling of the number of Oregon companies that can be provided services further increasing companies' competitive edge. Oregon has seen an uptick in firms bringing production back to Oregon or setting up new operations. As of January 1, 2013, the Oregon Manufacturing Expansion Program (OMEP) has reported working with 133 companies/organizations, a 21 percent increase, over the established contracted business services. OMEP reports strong, sustained demand for assistance from companies around the state. **Funding: \$ 200,000 (LF)**
- **Small Business Innovation Research (SBIR) & Small Business Technology Transfer Research (STTR)** recapitalization will provide funding to assist Oregon small businesses applying for the SBIR and/or STTR federal grants that are critical to advancing their research and development needs and thereby profiting from the technology's commercialization. **Funding: \$100,000 (LF)**
- **Entrepreneurs and Small Business Assistance** currently funds a part of the statewide outreach and educational efforts for entrepreneurs organized by the Oregon Entrepreneurial Network (OEN), as well as two regional Angel investment conferences (\$70,000 a biennium). An increase of \$100,000 will enable with OEN an expansion of outreach and educational programs to strengthen support for Oregon startups and entrepreneurs in non-Metro regions, as well as help start a statewide Oregon Angel conference to attract additional private funds into Oregon. An additional \$125,000 for small business technical services funding via matching grants will grow jobs and create wealth by providing local second-stage companies that have a high growth potential with professional services at the critical time in their development. This funding will provide the agency with the ability to direct assistance to some of Oregon's smallest businesses in rural or distressed communities who need financial assistance to access training, services, and capital they need for success. **Funding: \$225,000 (LF)**

Total Funding: \$2.05 million (LF)

Oregon InC helps entrepreneurs turn cutting edge research into new companies and jobs. Its initiatives provide research and matching grants that help companies get off the ground, help open the door to hard to find capital, provide access to cutting edge R&D laboratories and researchers, and show established industries how innovation can revitalize their products and profits. **POP # 101** includes funding for 7 initiatives for 2013-15:

- **Oregon Wave Energy Trust (OWET)** funded research and matching grants are attracting wave energy developers from around the world, speeding up the regulatory process, involving coastal residents and businesses in key decisions. It is helping bring North America's only grid-connected test site, which will attract developers from around the world. **Funding: \$2.5 million (LF)**
- **Drive Oregon** is helping Oregon designers and researchers commercialize electric vehicle-related technologies including batteries, motors, charging stations and electronic components, making Oregon a critical cog in the EV supply chain. **Funding: \$2.25 million (LF)**
- **Unmanned Aerial Systems Center** is a new initiative that will create a research center and business incubator for the fast-growing unmanned aerial systems cluster, including a flight test site with proposed headquarters in Redmond/Bend area. **Funding: \$2.5 million (LF)**
- **Oregon Story Board** builds on Portland's successful Portland Incubator Experiment (PIE) Incubator. This new initiative will identify, recruit, capitalize, accelerate and promote early stage high-tech startups in the digital storytelling, video game, film and television industries. **Funding: \$900,000 (LF)**
- **Oregon Nanoscience & Microtechnologies Institute (ONAMI)** is Oregon's first Signature Research Center and is now a nationally-recognized collection of laboratories and researchers, including the Lokey Labs in Eugene, the Microproducts Breakthrough Institute in Corvallis; and the Center for Electron Microscopy and Nanofabrication in Portland. **Funding: \$6.1 million (LF)**
- **Oregon Built Environment & Sustainable Technologies Center (Oregon BEST)** focuses on renewable energy and green buildings, supports research leading to new technologies and products, and helps the building industry embrace green principles such as eco-districts, solar awnings, micro wind turbines, and green roofs. **Funding: \$8 million (LF)**
- **Oregon Translational Research & Development Institute (OTRADI)** OTRADI and its new business accelerator is helping researchers and emerging biotech companies in areas as diverse as oncology, neuroscience, medical devices and infectious diseases with high-speed drug screening, analysis and mentoring. **Funding: \$2.0 million (LF)**

To date, the \$58 million Oregon InC investments have helped capture more than \$350 million in federal and private grants. Initiatives have helped incubate more than 35 companies, raise \$120 million in private capital. Oregon InC's 11 shared labs have been used by almost 300 organizations to perfect ideas as diverse as portable kidney dialysis machines and new malaria fighting drugs. **Funding: \$25 million (LF)**

Special Public Works provides funding to communities to address their infrastructure or essential community facility needs. Additional SPWF funding of \$24.5M is included in **POP #102** and will result in annual revolving payments of approximately \$2 million – an incremental increase that will eventually lead to the target funding level of \$65M annually. The additional interest earnings from increased capitalization are targeted to program and staff support for communities needing capacity assistance. **Funding: \$24.5 million (OF)** Lottery Bond proceeds

New Programs

Innovation Partnership proposes via **POP #104** Oregon's research universities address the demands of cutting-edge science and competitive industries that require a continual upgrading of capacity and expansion of business support and incubation efforts. This proposal includes:

- **Upgrade to Oregon's IT Infrastructure** – Oregon has not kept pace with neighboring states in state-of-the-art information technology networking and real-time decision support systems. Each year Oregon falls behind threatens its ability retain top talent, make the most impactful discoveries, claim intellectual property and translate these assets into products and jobs. Three steps start the major effort to develop the Oregon Research Collaboratory:
Planning – Analyzing and building upon the lessons learned by other states that have upgraded their computing infrastructure within their economic development strategy;
Initial Pilot Projects – (1) link OHSU's Center for Spatial Systems Biomedicine in the Collaborative Life Science Building with PSU's Computer Science Department and the nearby Portland State Business Accelerator (PSBA) and OTRADI's Business Incubator (OBI) and (2) connect OSU, UO and the companies and labs in the OREGON RAIN incubation facilities; and
Implementation – Based upon the above, begin implementation of a full statewide IT network that would let businesses, universities, and agencies tap into national and global high speed systems.

Funding to complete the initial work is estimated at \$4.6 million (\$4M capital; \$.6M operations). Future biennia funding will fully implement a more comprehensive statewide IT solution to speed access to regional, national and global networks for all Oregon companies, universities, and agencies, coupled with specific tools to foster more collaboration among the state researchers and effect a more competitive system of research capabilities.

- **South Willamette Valley Accelerator (OREGON RAIN)** – The Oregon Regional Accelerator and Innovation Network (OREGON RAIN) is proposed to coordinate and leverage the research activities of UO, OSU, Oregon InC and the three Signature Research Centers to advance the formation, growth and retention of technology-based startups. The genesis of this initiative came from the success of Portland State Business Accelerator and OTRADI's Business Incubator which has spawned startup companies and strengthened economic development clusters. The expected outcome is a tripling of new business and job creation in the south Willamette Valley. The proposed funding request is \$7.5M (\$5M capital; \$2.5M operations) The \$5M capital is for facilities acquisition and improvements in Eugene and Corvallis, \$2M for staffing and \$.5M for business program development.
- **Metals Manufacturing** – The Oregon Metals Initiative, a public-private-academic partnership, has started discussions with Intel, IBM and other regional IT leaders including the Pacific Northwest National Laboratory and Boeing, about using sensors and maximizing the potential of data analytics to greatly enhance the efficiency with which manufacturers and their suppliers consume electricity, water, and scarce materials. New, more sustainable manufacturing practices could result in the expansion of existing companies and starting new ones. Funding will be used to hire metals-related faculty, launch corporate-driven research projects, and upgrade testing equipment at the state universities, all of which could increase the competitiveness of a \$60M Manufacturing Institute proposal. Funding is \$3.4M (\$2.4M for operations and \$1M for capital).

All three initiatives poise Oregon to create high-wage jobs, fill a major research infrastructure need that allows the universities to be more competitive in seeking external funding through collaboration, and lays the foundation for future scalability of essential projects. **Funding: \$10 million** (COP proceeds **POP #090**); **\$5,500,000** (LF **POP #104**)

Oregon Growth Fund capitalization via **POP #104** is the result of the Oregon Investment Act (2012 Session HB 4040) and an opportunity to dramatically improve the state efforts to attract and improve the availability of capital to help catalyze economic development across the state. The new strategy requires an innovative vision regarding capital deployment that brings together the strengths of the public and private sector. The strategy requires clear objectives and safeguards, and a clear methodology to measure results and also requires the private sector to assume a substantial amount of risk. The willingness of government to abandon the status quo is a critical requirement to consolidate disparate economic development dollars, and to collaborate to advance the best opportunities for job wage growth. **Funding: \$5 million (LF)**

Seismic Rehabilitation Grant Program provides grants to schools and critical public buildings for the seismic rehabilitation of such facilities. The Seismic program is a progressive mitigation program to address seismic issues. The program is proposed for transfer from the Military Department to the Infrastructure Finance Authority via **POP #475 and 476**. The Infrastructure Finance Authority is experienced in administering grants for local public purpose projects that are capital investments. Staff positions, funding, and General Fund debt service for general obligation bonds are included in the transfer. **Funding: \$3.9 million (GF); (+\$37.3 million (OF) Lottery Bond proceeds**

Regional Solutions Infrastructure Projects funded within **POP #102** include:

- **Regional Solutions Advisory Committee Funding** for investment in locally identified priority projects provides each of the 10 Regional Solutions Areas with \$2 million for area to assure those projects advance. The Infrastructure Finance Authority will act as the fiduciary vehicle for distribution of the funds. **Funding: \$20 million (OF) Lottery Bond proceeds**
- **Regional Conveners Economic Initiatives Funding** for investment by Regional Solutions Committee 'conveners' is proposed for statewide use relating to community and/or regionally identified economic development initiatives. The projects will be recommended by the Regional Solutions Committees. The conveners will determine funding approval and use the Infrastructure Finance Authority as the fiduciary vehicle for distribution of the funds. **Funding: \$30 million (OF) Lottery Bond proceeds**

Special Projects funded with requests within **POP #102** include:

- **O & C Timberland Collaboration Funding** is proposed to provide dedicated funding to determine means to obtain acceptable levels of timber resources from O & C lands. Efforts will additionally advance voluntary efforts around conservation, timber and wildfire management efficiencies and other pilot efforts that increase public values associated with O & C lands. **Funding: \$1.4 million (OF) Lottery Bond proceeds**
- **Eastern Oregon Forest Collaboration Funding** provides for continued development of forest science/technology and a business model to advance stable timber supply agreements that reduce harvest planning/implementation costs and advance project efforts that focus on at-risk Eastern Oregon mill infrastructure. **Funding: \$4 million (OF) Lottery Bond proceeds**
- **Celilo Falls Confluence Project Funding** finances a collaborative effort of Pacific Northwest tribes, renowned artist Maya Lin, civic groups from Washington and Oregon and other artists, architects and landscape designers for an environmental restoration and a tribute artwork. **Funding: \$1.7 million (OF) Lottery Bond proceeds**

Industrial Lands Readiness and Site Certification provides funding (POP #105) for a limited duration position to administer the Industrial Lands Readiness program and work with the Local Governments and Regional Solution Teams to directly assist property owners to make an industrial site ready and competitive for business expansion and location. During the current biennium, the lack of dedicated state resources to fund assessments on sites resulted in fewer certifications, fewer re-certifications, increased costs for property owners and slower progress on certification activities. Without state assistance, the site certification activities can only be self-funded by the property owner. **Funding: \$127,737 (LF)**

Oregon Arts Commission POP #090 requests funding to be used for 8 to 10 grants of \$25,000 to \$75,000 for two-year projects that will focus on increasing student proficiency in Twenty-First Century learning & innovation skills (creativity, innovation, critical thinking, problem solving, communication and collaboration) through work between schools and professional organizations emphasizing opportunities such as internships, mentorship programs, industry residencies in schools and student residencies at industry firms. The grants also support partnerships between K-12 districts, post-secondary institutions, arts/cultural non-profit organizations and/or professional STEAM-industry businesses to increase opportunities for students in grades 6-12 to engage and connect with Oregon arts and creative industries. The grants will be administered by the Oregon Arts Commission. **Funding: \$500,000 (GF)**

Budget Detail - General Fund and Lottery Funds

| | | <u>Core Programs</u> | | | |
|----|---|----------------------|---------------|--------------|---------------|
| | | 2011-13 LAB | | 2013-15 GRB | |
| | | GF/LF | TF | GF/LF | TF |
| 1 | Strategic Reserve Fund | | | | |
| | Base Funding | 7.00 | 7.30 | 11.00 | 11.30 |
| | Lottery carryover | 2.90 | 2.90 | 4.00 | 4.00 |
| | 2013-15 Inflation (2.4%) | - | - | 0.30 | 0.30 |
| | Total Strategic Reserve Fund - Other Fund is interest earned & repayments | 9.90 | 10.20 | 15.30 | 15.60 |
| 2 | Business Expansion Program - 100% Lottery Funds | 4.00 | 4.00 | - | - |
| 3 | Industry Competitiveness Fund (ICF) | | | | |
| | Base Funding | 1.30 | 1.30 | 1.30 | 1.30 |
| | Lottery carryover | 0.40 | 0.40 | 0.02 | 0.02 |
| | 2013-15 Inflation (2.4%) | - | - | 0.04 | 0.04 |
| | 2013-15 Policy Option Package (POP #103) | - | - | 2.05 | 2.05 |
| | Total Industry Competitiveness Fund - 100% Lottery Funds | 1.70 | 1.70 | 3.41 | 3.41 |
| 4 | Oregon InC | | | | |
| | (POP #101) | 15.40 | 15.40 | 25.00 | 25.00 |
| | Total Oregon InC - 100% Lottery Funds | 15.40 | 15.40 | 25.00 | 25.00 |
| 5 | Special Public Works Fund | | | | |
| | Projects | - | 80.20 | - | 58.50 |
| | Debt Service | - | 43.50 | - | 22.40 |
| | Re-capitalization (POP #102 - Sale Date 10/01/13) | - | - | - | 22.50 |
| | Re-capitalization (POP #102 - Sale Date 03/01/15) | - | - | - | 5.40 |
| | Total Special Public Works Fund - 100% Other Fund | - | 123.70 | - | 108.80 |
| | | <u>New Programs</u> | | | |
| | | 2011-13 LAB | | 2013-15 GRB | |
| | | GF/LF | TF | GF/LF | TF |
| 6 | New funding for "Innovation Center" (POP #104) - 100% Lottery Funds | - | - | 5.50 | 5.50 |
| 7 | Seed Funding for Oregon Growth Fund (POP #104) - 100% Lottery Funds | - | - | 5.00 | 5.00 |
| 8 | Seismic Rehabilitation Grant Program | | | | |
| | Base Funding (from Military Dept) (POP #475) - \$200 K GF (Operations) / \$3.7 m GF DS | - | - | 3.90 | 11.20 |
| | Re-capitalization Policy Option Package (POP #476) | - | - | - | 30.00 |
| | Total Seismic Rehabilitation Grant Program - \$37.3 m Other Funds (bond proceeds) | - | - | 3.90 | 41.20 |
| 9 | Regional Infrastructure (Reg Solutions) | | | | |
| | General Fund COP bonds (Pkg #090) - \$826 K GF DS on \$10 m XI-Q COP Bonds + \$200 K Col | - | - | 0.82 | 11.06 |
| | Regional Solutions Lottery Bonds (POP #102 - Sale Date 05/01/14) | - | - | - | 22.77 |
| | Regional Infrastructure Lottery Bonds (POP #102 - Sale Date 03/01/15) | - | - | - | 34.08 |
| | Total Regional Infrastructure (Reg Solutions) - \$20 m + Col/ \$30 m + Col | - | - | 0.82 | 67.91 |
| 10 | Special Projects (Lottery Bond Sales) | | | | |
| | O&C Timberland Collaboration (POP #102 - Sale Date 10/01/13) | - | - | - | 1.65 |
| | Eastern OR Forest Collaboration (POP #102 - Sale Date 10/01/13) | - | - | - | 2.32 |
| | Eastern OR Forest Collaboration (POP #102 - Sale Date 05/01/14) | - | - | - | 2.32 |
| | Confluence Project - Celilo Falls (POP #102 - Sale Date 05/01/14) | - | - | - | 2.01 |
| | Total Special Projects (Lottery Bond Sales) - 100% Lottery Bonded Projects - Other Funds | - | - | - | 8.30 |
| 11 | Industrial Lands Readiness and Site Certification (POP #105) - 100% Lottery | | | | 0.01 |

Major Budget Issues/Funding Decisions – Other Funds

Oregon Minority Women and Emerging Small Business funding is requested via POP #106 to replace a 20+ year old data base and software system, establish a Compliance Specialist position, and establish a legal budget to remedy a federal audit finding.

- **Aging Software** prohibits the department from having more than one staff person enter data into the system at a time and implementing an online application process. The estimated cost for new software to be hosted through an outside vendor is \$100,000 per biennium. An additional one-time amount of \$60,000 is needed for installation, migration and training. **Funding: \$170,000 (OF)**
- **Compliance Specialist 2 position** loaned from ODOT for the last 3 years has been key to bringing the program to its present state. The number of certifications has tripled since 2004. The Governor's Office has recently launched a statewide outreach program to reach an aspirational goal of 12,000 firms certified. In addition, there are statutory requirements to process certifications within a specific timeframe. Funding is requested to establish a permanent position within the program to carry on the the current workloads and expected increase in demand performed by the expiring loaned ODOT staff. **Funding: \$137,147 (OF)**
- **Remedy Federal Audit Finding** that cited the high risk of not affording applicants appellant rights when they are denied certification or decertified. The department is currently at risk for not developing a strong legal precedence for decertification or denial of certification which may cause higher legal costs in the future. This request is to establish a legal budget that would cover the costs of an Administrative Law Judge review and determination for applicants to appeal to after the department makes a determination. **Funding: \$225,000 (OF)**

Total Funding: \$532,147 (OF) Statewide Assessment

Rural Capacity Assistance is requested via POP # 109 to provide assistance to rural communities to address the administrative requirements that accompany federal or state funded capital construction projects. Absent the capacity to meet the administrative requirements communities become liable for failing to administer Davis Bacon wage rates or Buy American provisions. Liability issues are both time consuming and financially significant to resolve. A recent study, June 2012, concluded that additional knowledgeable staffing assistance to small communities is essential to advancing the capacity of such communities and assuring project success. A full time, permanent position, Program Analyst 3 to implement and sustain the proposed response to community needs is requested. **Funding: \$183,300 (OF) SPWF/WWF**

2013-15 Governor's Balanced Budget

Policy Option Packages

| Description | General Fund | | Lottery Fund | Lottery Fund | | Other Fund | | Federal Fund | Total Fund | Pos | FTE |
|---|-------------------|---------------------|----------------------|---------------------|----------------------|----------------------|------------------|--------------|-----------------------|----------|-------------|
| | General Fund | Debt Service | | Debt Service | Non Ltd | Other Fund Ltd | | | | | |
| Policy Option Packages | | | | | | | | | | | |
| Pkg. 101 - Oregon Innovation Council | \$ - | \$ - | \$ 25,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,000,000 | - | - |
| Pkg. 102 - SPWF Recapitalization | \$ - | \$ - | \$ - | \$ 5,981,990 | \$ 91,940,124 | \$ 1,752,704 | \$ - | \$ - | \$ 99,674,818 | 3 | 3.00 |
| Pkg. 103 - Industry Competitiveness Fund | \$ - | \$ - | \$ 2,050,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,050,000 | - | - |
| Pkg. 104 - Strategic Reserve Fund | \$ - | \$ - | \$ 10,500,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,500,000 | - | - |
| Pkg. 105 - Industrial Land Readiness and Site Certification | \$ - | \$ - | \$ 127,737 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 127,737 | 1 | 1.00 |
| Pkg. 106 - OMWESB | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 532,147 | \$ - | \$ - | \$ 532,147 | 1 | 1.00 |
| Pkg. 109 - Rural Capacity | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 183,300 | \$ - | \$ - | \$ 183,300 | 1 | 1.00 |
| Pkg. 475 -Transfer of Seismic Rehabilitation Grant Program | \$ 205,677 | \$ 3,710,464 | \$ - | \$ - | \$ - | \$ 7,300,000 | \$ - | \$ - | \$ 11,216,141 | 1 | 1.00 |
| Pkg. 476 -Seismic Rehabilitation Debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,000,000 | \$ - | \$ - | \$ 30,000,000 | 2 | 1.00 |
| Total Policy Option Packages | \$ 205,677 | \$ 3,710,464 | \$ 37,677,737 | \$ 5,981,990 | \$ 91,940,124 | \$ 39,768,151 | \$ - | \$ - | \$ 179,284,143 | 9 | 8.00 |
| Analyst Recommendation Packages | | | | | | | | | | | |
| Pkg. 081 - May 2012 E-Board | \$ 9,006 | \$ - | \$ 11,868 | \$ - | \$ - | \$ 283,968 | \$ 120,000 | \$ - | \$ 424,842 | - | - |
| Pkg. 090 - Analyst Adjustments | \$ 500,000 | \$ 826,663 | \$ - | \$ - | \$ - | \$ 10,235,000 | \$ - | \$ - | \$ 11,561,663 | - | - |
| Pkg. 091 - Statewide Administrative Savings | \$ - | \$ - | \$ (160,239) | \$ - | \$ - | \$ 100,000 | \$ - | \$ - | \$ (60,239) | - | - |
| Pkg. 092 - PERS Taxation Policy | \$ (2,893) | \$ - | \$ (35,554) | \$ - | \$ - | \$ (28,683) | \$ (3,743) | \$ - | \$ (70,873) | - | - |
| Pkg. 093 - Other PERS Adjustments | \$ (23,144) | \$ - | \$ (284,429) | \$ - | \$ - | \$ (229,466) | \$ (29,950) | \$ - | \$ (566,989) | - | - |
| Total Analyst Recommendation Packages | \$ 482,969 | \$ 826,663 | \$ (468,354) | \$ - | \$ - | \$ 10,360,819 | \$ 86,307 | \$ - | \$ 11,288,404 | - | - |
| Total Policy Packages | \$ 688,646 | \$ 4,537,127 | \$ 37,209,383 | \$ 5,981,990 | \$ 91,940,124 | \$ 50,128,970 | \$ 86,307 | \$ - | \$ 190,572,547 | 9 | 8.00 |

Other Fund Balances

The Other Fund Balance spreadsheet with comments regarding the balances follows on the next pages.

UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2011-13 & 2013-15 BIENNIA

Agency: Oregon Business Development Department
 Contact Person (Name & Phone #): Shannon Addison, (503) 986-0017

| (a) Other Fund Type | (b) Program Area (SCR) | (c) Treasury Fund #/Name | (d) Category/Description | (e) Constitutional and/or Statutory reference | (f) 2011-13 Ending Balance | | (g) 2013-15 Ending Balance | | (j) Comments |
|------------------------|---------------------------|--|-----------------------------|--|----------------------------|------------|----------------------------|-------------|---|
| | | | | | In LAB | Revised | In GRB | Revised | |
| Limited - OF | 110-00-00-00000 | 401/927 Misc Receipts | Operations | ORS285A.200 | 672,510 | 648,945 | 607,373 | 656,945 | Fund balance is used for payroll & operating costs during Q1 each biennium before lottery revenues are received. |
| Limited - OF | 210-00-00-00000 | 412 Business Retention | Grant Fund | ORS 285A.224 | 38,641 | 47,574 | 5,712 | 0 | 2011-13 Loan Repayments are more than anticipated. |
| Non-limited - OF | 210-00-00-00000 | 471 & 1077 Oregon Business Development Fund (OBDF) | Loan program | ORS 285B.092 | 5,664,698 | 8,815,671 | 3,430,127 | 4,997,201 | 11-13 ending balance higher than budget due to cash carry-over from 09-11 and an increase in loan repayment due to the early payoff of loans. |
| Limited - OF | 210-00-00-00000 | 541 Capital Access Fund | Loan program | ORS 285B.135 | 102,871 | 105,328 | 5,819 | 5,819 | |
| Non-limited - OF | 210-00-00-00000 | 613 Entrepreneurial Development Loan Fund (EDLF) | Loan program | ORS 285B.758 | 0 | 1,532,326 | 444,654 | 444,654 | 11-13 transfers of \$2.75 million from OBDF approved by Commission. Funds will be loaned out in 2013-15 biennium as part of the revolving loan fund. |
| Non-limited - OF | 210-00-00-00000 | 654 Credit Enhancement Fund (CEF) | Loan program | ORS 285B.215 | 4,926,452 | 6,049,054 | 6,477,054 | 6,477,054 | 2011-13 Guarantee Fees are more than anticipated and transfer of \$950,000 Lottery Funds to CEF. Balance of fund used as leverage along with Federal SSBCI grant to achieve required 10:1 ratio. Total exposure (incl SSBCI) is \$34.7 million |
| Non-limited - OF | 210-00-00-00000 | 768/1027/1218 Brownfields Redevelopment Loan Fund | Loan program | ORS 285A.188 | 143,899 | 7,614 | 218,320 | 0 | Revised ending balance lower than budget due to decreased cash carry-over from 09-11 and 11-13 loan repayments are less than anticipated. |
| Limited - OF | 210-00-00-00000 | 921 Strategic Reserve Fund (SRF) - Program Income | Grant/loan Fund | ORS 285B.266 | 0 | 0 | 134,994 | 134,994 | |
| Limited - OF | 210-00-00-00000 | 925 Local Economic Opportunity Fund (Formerly Regional Invest) | Grant Fund | ORS285B.260 | 0 | 0 | 0 | 0 | Current balance will be expended in 2011-13 |
| Limited - OF | 210-00-00-00000 | 927 New Market Tax Credit | Operations | ORS 285C.650 | 0 | 70,000 | 0 | 181,581 | 50 FTE position has not yet been filled. |
| Limited - OF | 210-00-00-00000 | 927 Industrial Dev Rev | Operations | ORS 285B.326 | 0 | 97,551 | 0 | 122,551 | 11-13 Ending balance higher than budget due to cash carry-over from 09-11. |
| Limited - OF | 210-00-00-00000 | 927 OMWESB | Operations | ORS 200.055 | 108,313 | 110,751 | 486,143 | 238,506 | |
| Limited | 300-00-00-00000 | 0433/SPWF 0655/Water Wastewater 0473/Port RLF | IFA Operations | ORS 285A.096 | 195,183 | 195,183 | 95,193 | 95,193 | Beg cash + current year transfers = 1 years requirements |
| Nonlimited | 300-00-00-00000 | 0433/SPWF Lottery Bonds (0938, 0995, 0996, 0997, 1027, 1044, 1157, 1308, 1407) | Loan program | 285B.410-285B.479 and 285B.482 | 17,859,049 | 72,748,435 | 58,099,630 | 58,099,630 | 11-13 ending balance higher than budget due to cash carry-over from 09-11 and an increase in loan repayment due to the early payoff of loans. |
| Nonlimited | 300-00-00-00000 | 0655/Water Wastewater Lottery Bonds (0995, 0996, 1027, 1044, 1075, 1372) | Loan program | 285B.560-285B.599 and 285B.482 | 18,604,920 | 27,741,499 | (9,454,256) | (9,454,256) | 11-13 ending balance higher than budget due to cash carry-over from 09-11 and an increase in loan repayment due to the early payoff of loans. |

| | | | | | | | | | | |
|--------------|-----------------|---|--------------|--------------|------------|------------|------------|------------|--|--|
| Nonlimited | 300-00-00-00000 | 0797/Safe Drinking Water Lottery Bonds (1027, 1068, 1069, 1075) | Loan program | ORS285A.213 | | | | | | |
| | | | | | 33,984,891 | 33,984,891 | 8,229,651 | 8,229,651 | | Federal Drinking Water State Revolving Funds |
| Limited | 300-00-00-00000 | 0809/SDW Admin | Operations | ORS285A.213 | 0 | | 0 | 0 | | Administrative expenses reimbursed after incurred |
| Nonlimited | 300-00-00-00000 | 0473/Ports Lottery Bonds (1132, 1133, 1309, 0510) | Loan program | ORS285A.708 | | | | | | |
| | | | | | 4,904,175 | 4,904,175 | (723,898) | (723,898) | | |
| Limited | 300-00-00-00000 | 0510/Port Planning & Marketing | Other | ORS 285A.654 | | | | | | |
| | | | | | 117,003 | 117,003 | 37,702 | 37,702 | | |
| Nonlimited | 300-00-00-00000 | 1334/OR Infrastructure Finance Fund | Other | ORS 285A.103 | | | | | | |
| | | | | | 0 | 0 | 0 | 0 | | |
| Limited - OF | 600-00-00-00000 | 1085/1138 Cultural Trust | Trust Fund | ORS 359.405 | 17,950,009 | 19,275,406 | 21,682,705 | 23,008,102 | | 11-13 Ending balance higher than budget due to cash carry-over from 09-11. |
| Limited - OF | 600-00-00-00000 | 401 Arts Programs | Operations | ORS 359.120 | 170,335 | 142,618 | 160,051 | 132,334 | | |
| Limited - OF | 910-00-00000 | 893 Connecting OR Communities | Grant Fund | ORS 759.445 | 26,628 | 59,444 | 33,678 | 66,494 | | 11-13 Ending balance higher than budget due to cash carry-over from 09-11 and an increase in 2011-13 revenue |

Objective: Provide updated Other Funds ending balance information which reflects the agency's best estimate of changes in economic conditions or budget adjustments due to General Fund allotment reductions.

Instructions:

Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.

Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2011-13 Legislatively Approved Budget. If this changed from previous structures, please note the change in Comments (Column (j)).

Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).

Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.

Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.

Columns (f) and (h): Use the appropriate, audited amount from the 2011-13 Legislatively Approved Budget and the 2013-15 Governor's Recommended Budget.

Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. Do not include adjustments for reduction options that have been submitted unless the options have already been implemented as part of the 2011-13 General Fund approved budget or otherwise incorporated in the 2011-13 LAB. Provide a description of revisions in Comments (Column (j)).

Column (j): Please note any reasons for significant changes in balances previously reported during the 2011 session.

Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or \$50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.

Long Term Vacancy Report

Quarterly Long-term Vacancy Report - as of March 31, 2013

| Position No | Vacancy Date | Division | Previous Incumbent | FTE | Fund Type | Reason | Update |
|-----------------------------------|--------------|----------|--------------------|------|-----------|--|--|
| Permanent Positions | | | | | | | |
| 0030101 | 06/08/12 | BITD | D. Olsen | 1.00 | LF | Recruitment in Process | Recruitment in Process - Anticipate hire date Apr 13 |
| 0040101 | 07/01/11 | IFA | L. Schoessler | 1.00 | OF | Filled by Deputy Director | Open - pending |
| 0060405 | 11/30/11 | IFA | J. Zelenka | 1.00 | OF | Reclass pending; recruitment to follow | Recruitment in Process - Anticipate hire date Apr 13 |
| 3001007 | 05/31/11 | IFA | B. Ault | 1.00 | OF | Update of pos description; in process | Recruitment in Process - Anticipate hire date May 13 |
| 3012001 | 07/01/11 | BITD | (SB 817) NMTC | 0.50 | OF | New Program (no revenue) | vacant (will hire in 13-15) |
| Limited Duration Positions | | | | | | | |
| 2011002 | 07/01/11 | BITD | (SB 766) | 0.50 | OF | New Program (no revenue) | vacant - will not hire in 11-13; position not in 13-15 |
| 2011003 | 07/01/11 | SS | (SB 766) | 0.25 | OF | New Program (no revenue) | vacant - will not hire in 11-13; position not in 13-15 |

BITD - Business, Innovation & Trade Division
 IFA - Infrastructure Finance Authority
 SS - Shared Services Division

10% Reduction Options

The 10% reduction plan presented herein mimics the previously prepared 5%, 10% and 15% General and Lottery funds reduction plan provided to the Legislative Fiscal Office in January, 2013. The Oregon Business Development Department has a combined total of \$95,596,228 of General and Lottery funds in the baseline budget comprised of 4.2% General Funds, 43.0% Lottery Funds for program and operations, and 52.8% Lottery Fund Debt Service.

The inclusion of Lottery Fund Debt Service in the baseline budget reduction calculation effectively increases the Lottery Fund reduction target from 10% to 21.2% for economic development programs and operations administration. The programs which are paid for with lottery funds include:

- Governor's Strategic Reserve Fund,
- Industry Competitiveness Fund,
- direct business assistance programs,
- international export assistance programs,
- administration of the aforementioned programs (staffing and services & supplies) and
- central services provided by human resources, budget and finance, information technology, procurement and the Director's Office.

The resources in these areas support the economic development programs.

The agency approached determining reductions by first looking at projected ending fund balances which are not necessary for first quarter cash flow. Second, unallocated funds were reviewed. Finally, a straight 5% across the board reduction was applied. These reductions comprise the first tier of reduction options. Reductions at this level would cut the department's ability to be flexible in responding to economic development opportunities during the biennium. Many local economic development partners, specifically the Small Business Development Centers (SBDC's) and the General Contracting Assistance Program (GCAP), use these funds for leveraging other local and federal funding. Also, the Governor's Strategic Reserve Fund and the Industry Competitiveness fund would be reduced, which negatively impacts job creation and retention in the state. Reductions in professional services contracting within various sections reduces the department's ability to provide technical assistance that supports underserved communities as well as industry research and analysis that support business recruitment efforts.

The department's biggest asset is the staff who meet with and assist businesses and community leaders. The staff administer and manage economic and community development programs which assist businesses in creating and retaining jobs in Oregon. The department employs staff reductions as the last option to reach reduction levels. Usually, staffing reductions are incorporated only after 10% reductions are reached.

The Arts Commission is the only department program with General Funds. The proposed reductions are in three programs: Cultural Tourism grants, Capacity Building activities for arts and culture nonprofits, and Operating Support grants for medium and large arts groups. The Arts Commission reduction option plan retains funds that support the connections of the arts with education, community development and the ability of arts organizations to offer programs of the highest artistic quality. The Arts Commission staff provides important program oversight, grants management and technical assistance statewide. No reductions in staff are proposed.

Business Oregon's 10% General Fund and Lottery Fund reduction options follow:

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Detail of 10% Reduction to 2013-15 Current Service Level Budget

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|--|-------------------|----------------------------------|--|----|--------------|----|-------|----|-------|--------------|------|-----|--|--|
| Priority (ranked with highest priority first) | Dept. Initials | Prgm. or Activity Initials | Program Unit/Activity Description | GF | LF | OF | NL-OF | FF | NL-FF | TOTAL FUNDS | Pos. | FTE | Impact of Reduction on Services and Outcomes | |
| Dept | Prgm/ Div | | | | | | | | | | | | | |
| Lottery Reduction (8% from Operating) | | | | | | | | | | | | | | |
| | | | Uncommitted carryover | | \$ (200,000) | | | | | \$ (200,000) | | | | Estimated available cash balance. Lottery Fund carryover is used for cash flow at the beginning of each biennial cycle, as Lottery Fund allocations are not received until after the first quarter. This reduction could cause cash flow issues. |
| | | | Shared Services -IS Section | | \$ (92,656) | | | | | \$ (92,656) | | | | Reduction in Information Services Section services & supplies budget - specifically IT Professional Services. |
| | | | Film & Video | | \$ (57,681) | | | | | \$ (57,681) | | | | 5% reduction. Represents a 23% reduction to Marketing & Advertising which will affect the Film Office's ability to attract new business to Oregon and will lower awareness of Oregon in the Film market. Reduction to travel will lower the presence of the Film Office around the state. |
| | | | BITD Program (Unallocated) | | \$ (147,000) | | | | | \$ (147,000) | | | | 5% reduction in BIT Unallocated Funds. |
| | | | BITD Program (Strategic Reserve Fund) | | \$ (765,000) | | | | | \$ (765,000) | | | | 5% reduction to Strategic Reserve Fund. This reduction will negatively impact job creation and retention. |
| | | | BITD - Operations | | \$ (3,845) | | | | | \$ (3,845) | | | | Reduction to Business Services Section - travel reductions which will minimize the ability to provide technical assistance to underserved communities. |
| | | | BITD - Operations | | \$ (36,000) | | | | | \$ (36,000) | | | | Reductions to Administration and Clean Tech Section - reductions to professional services contracting that support industry research and analysis that supports recruitment work of agency. |
| | | | BITD - Program (ICF) | | \$ (93,000) | | | | | \$ (93,000) | | | | 6.8% reduction - ICF (\$68 K), Oregon Manufacturing Extension Partnership (\$25 K), and Small Business Assistance Program (\$95 K). This reduction will reduce the ability to provide state matching funds for federal requirements which will negatively impact job creation and profitability of Oregon manufacturers and small businesses who participate in these technical assistance programs. |
| | | | BITD - Program (Direct Bus. Asst Programs) | | \$ (110,500) | | | | | \$ (110,500) | | | | 5.4% reduction in total to these programs: Small Business Development Center (SBDC) Network, Government Contract Assistance Program (GCAP) and Business Retention Program. |
| | | | BITD - Operations | | \$ (120,000) | | | | | \$ (120,000) | | | | Reductions to Business Development Section - reduce professional services contracting services that support industrial lands research and instate travel. The reductions in travel will significantly impact the outreach efforts of the Business Development Officers and Industrial Lands Specialist. |
| | | | BITD - Operations | | \$ (193,500) | | | | | \$ (193,500) | | | | Reductions to Global Strategies Section - reductions will reduce number of state-wide outreach trips Global Trade team is able to conduct to recruit, train, and consult on exporting and export financing. Will reduce the number of international trade events Global Trade team can travel to in order to support Oregon Small & Medium Enterprises. Will reduce number of networking and educational events team can attend. Will eliminate European Union trade representation for entire biennium. |

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Detail of 10% Reduction to 2013-15 Current Service Level Budget

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|--|-------------------|----------------------------------|--|----|----------------|----|-------|----|-------|----------------|------|--------|--|---|
| Priority (ranked with highest priority first) | Dept. Initials | Prgm. or Activity Initials | Program Unit/Activity Description | GF | LF | OF | NL-OF | FF | NL-FF | TOTAL FUNDS | Pos. | FTE | Impact of Reduction on Services and Outcomes | |
| Dept | Prgm/ Div | | | | | | | | | | | | | |
| | | | BITD - Program (Unallocated) | | \$ (145,000) | | | | | \$ (145,000) | | | | Additional 4.9% reduction in BIT Unallocated Funds; cumulative reduction is 9.9% |
| | | | BITD - Operations | | \$ (74,000) | | | | | \$ (74,000) | | | | Additional reductions to Administration and Clean Tech Section – further reducing funding for professional services contracting, and travel for recruitment officer. Reducing the travel budget will hamper recruitment leads which will result in fewer new jobs, lower sales for existing businesses, and less investment in Oregon. These reductions affect the ability of the team to contract for due diligence, or speed up responses on projects. |
| | | | BITD - Operations | | \$ (3,893) | | | | | \$ (3,893) | | | | Additional reduction to Business Services Section – travel reductions which will minimize the ability to provide technical assistance to underserved communities. |
| Lottery Reduction (10% from Operating) | | | | | | | | | | | | | | |
| | | | BITD Program (Strategic Reserve Fund) | | \$ (735,000) | | | | | \$ (735,000) | | | | Additional 4.8% reduction to Strategic Reserve Fund; cumulative reduction is 9.8%. This reduction will negatively impact job creation and retention. |
| | | | BITD - Program (ICF) | | \$ (149,000) | | | | | \$ (149,000) | | | | Additional 11% reduction - ICF (\$67 K), Oregon Manufacturing Extension Partnership (\$25 K), Oregon Trade Promotion Program (\$57 K); cumulative reduction is 17.8%. This reduction will reduce the ability to provide state matching funds for federal requirements of the State Trade Export Program (STEP), and the overall Oregon Trade Promotion Program (OTPP). |
| | | | BITD - Program (Direct Bus. Asst Programs) | | \$ (198,000) | | | | | \$ (198,000) | | | | Additional 9.7% reduction in total to these programs; cumulative reduction is 15.1%. Small Business Development Center (SBDC) Network, Government Contract Assistance Program (GCAP) and Business Retention Program. |
| | | | Shared Services - IS Section | | \$ (171,186) | | | | | \$ (171,186) | (1) | (1.00) | | Eliminate 1 pos / 1.00 FTE. Eliminating this position will severely limit the Information Services Section's ability to respond to agency desktop issues. This will create a workload issue for remaining staff and will reduce the agency's ability to take on medium to large size projects. |
| | | | Film & Video | | \$ (57,681) | | | | | \$ (57,681) | | | | 5% additional reduction; cumulative reduction is 10%. Reduces advertising and marketing budget by an additional 22%, reduces travel budget by another 47.5% and eliminates funds dedicated for Los Angeles recruitment. These cuts would reduce the office's ability to market Oregon and recruit projects to the state. Without an effective marketing budget for the L.A. market, OFVO estimates as much as a 50% drop in new projects. In 2009 the total number of film, television, and commercial spending on new projects in Oregon was \$20 million. |
| | | | BITD - Operations | | \$ (220,705) | | | | | \$ (220,705) | (1) | (1.00) | | Additional reductions to Business Development Section – Eliminate 1 pos / 1.00 FTE. This will reduce statewide retention and expansion opportunities by 15% or approximately 45 business opportunities. Reduced sponsorship funds will impact economic development partners and reduce the agencies outreach efforts. |
| | | | Shared Services - Directors Office | | \$ (119,000) | | | | | \$ (119,000) | | | | Eliminates travel necessary to promote the state's economic development opportunities in foreign markets. |
| | | | BITD - Program (Unallocated) | | \$ (402,000) | | | | | \$ (402,000) | | | | Additional 13.7% reduction in BIT Unallocated Funds; cumulative reduction is 23.6%. |
| | | | Shared Services | | \$ (13,422) | | | | | \$ (13,422) | | | | Eliminate Services & Supplies budget supporting eliminated positions (travel, phone, training, office expense, etc.) |
| Additional Lottery Reductions (due to D/S Included in baseline) | | | | | | | | | | | | | | |
| | | | BITD Program (Strategic Reserve Fund) | | \$ (2,062,181) | | | | | \$ (2,062,181) | | | | 13.5% additional reduction to Strategic Reserve Fund, cumulative reduction is 23.3%. This reduction is anticipated to result in the loss of over 3,000 jobs retained or created in Oregon. |

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| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|--|-------------------|----------------------------------|--|----|--------------|----|-------|----|-------|--------------|------|--------|--|----|
| Priority (ranked with highest priority first) | Dept. Initials | Prgm. or Activity Initials | Program Unit/Activity Description | GF | LF | OF | NL-OF | FF | NL-FF | TOTAL FUNDS | Pos. | FTE | Impact of Reduction on Services and Outcomes | |
| Dept | Prgm/ Div | | | | | | | | | | | | | |
| | | | BITD - Operations | | \$ (156,320) | | | | | \$ (156,320) | (1) | (1.00) | Additional reductions to Global Strategies Section – Eliminate 1 pos / 1.00 FTE which will reduce the number of Oregon Small & Medium Enterprises that can be served through the export program. Will further reduce the number of state-wide outreach trips Global Trade team is able to conduct to recruit, train, and consult on exporting and export financing. Will further reduce the number of international trade events the Global Trade team can travel to in order to support Oregon Small/Medium Enterprises. Will eliminate the European Union trade representation for the second year of the | |
| | | | BITD - Operations | | \$ (131,015) | | | | | \$ (131,015) | | (0.50) | Additional reduction to Business Services Section – Reduces 1 pos / 0.50 FTE. Eliminates state participation with most minority, women and emerging small business development organizations. Significant travel reduction which will minimize ability to provide technical assistance to underserved communities. | |
| | | | BITD - Program (Direct Bus. Asst Programs) | | \$ (228,000) | | | | | \$ (228,000) | | | Additional 11.1% reduction in total to these programs; cumulative reduction is 26.2%. Small Business Development Center (SBDC) Network, Government Contract Assistance Program (GCAP) and Business Retention Program. | |
| | | | Film & Video | | \$ (115,000) | | | | | \$ (115,000) | | | 10% additional reduction; 20% cumulative reduction. The OFVO would either eliminate a staff position or do an across-the-board salary reduction of about 20%. In addition, almost all travel would be eliminated (allowance for mileage would remain) and most marketing moneys would be removed. Such cuts would require the office to reduce the amount of services it provides such as location scouting, coordinating between state and local agencies for filming and general community outreach. The reduction to marketing and travel budget would likely result in a further decline in new projects. While it is still the case that the film incentive programs are the most important aspect of project recruitment, the inability to market those programs will present significant challenges | |
| | | | Shared Services - Communications Section | | \$ (247,216) | | | | | \$ (247,216) | (1) | (1.00) | Eliminates one (1) position / 1.00 FTE. Reduces the agency ability to respond to media inquiries, public meeting notifications and other critical communications between citizens and the agency. | |

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Detail of 10% Reduction to 2013-15 Current Service Level Budget

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|--|-------------------|----------------------------------|--|----|--------------|----|-------|----|-------|--------------|------|--------|--|----|
| Priority (ranked with highest priority first) | Dept. Initials | Prgm. or Activity Initials | Program Unit/Activity Description | GF | LF | OF | NL-OF | FF | NL-FF | TOTAL FUNDS | Pos. | FTE | Impact of Reduction on Services and Outcomes | |
| Dept | Prgm/ Div | | | | | | | | | | | | | |
| | | | Shared Services - IS Section | | \$ (258,682) | | | | | \$ (258,682) | (1) | (1.00) | Eliminate one (1) position / 1.00 FTE. Eliminating this position will change the scope / purpose of the agency's Information Services Section from planning improvements to just keeping the lights on. The duties / responsibilities of the eliminated position will be shifted to the CIO, which include: planning, organizing, staffing, leading, and controlling remaining ISS staff in support of the agency's mission. | |
| | | | Shared Services - Strategic Services Section | | \$ (54,594) | | | | | \$ (54,594) | | (0.50) | Reduce one (1) position from 1.00 FTE to 0.50 FTE. Reduces support to the Tribal Cluster for Economic Development and Community Services support, Oregon Growth Board, Economic Recovery Review Council, Oregon Business Development Commission, and the Director of the agency. | |
| | | | BITD - Operations | | \$ (443,096) | | | | | \$ (443,096) | (1) | (1.00) | Additional reductions to Global Strategies Section - Eliminates one additional position / 1.00 FTE. Will reduce both the European Union and the China trade representation for the entire biennium. Will eliminate employee recruitment funds and membership in SSTS (nation-wide innovation policy organization). Will eliminate employee training. | |
| | | | BITD - Operations | | \$ (502,460) | | | | | \$ (502,460) | (3) | (3.00) | Additional reductions to Administration and Clean Tech Section Eliminates 3 pos / 3.00 FTE. Workload will be shifted to other staff during a critical time of declining resources and assistance. Staff reductions and program funding will hamper the agency's ability to meet its job creation, retention, and investment recruitment goals. | |
| | | | BITD - Operations | | \$ (809,214) | | | | | \$ (809,214) | (1) | (1.00) | Additional reduction of (1) Regional BDO position will reduce statewide retention and expansion opportunities by total of 30 per cent, or approximately 90 business opportunities. This is due to the larger service areas and travel times that reduce the number of business calls that can be made and time that officers meet with regional ED partners, local government, and Ports; resulting in fewer jobs retained and created, and reduction in assistance to local governments. Replacing 2 coordinator/specialists and 1 office support position with contracted services will increase customer response times, reduce partner assistance, and reduce the reporting/analysis | |

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| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|--|-------------------|----------------------------------|--|---------------------|-----------------------|-------------|-------------|-------------|-------------|-----------------------|-------------|----------------|--|--|
| Priority (ranked with highest priority first) | Dept. Initials | Prgm. or Activity Initials | Program Unit/Activity Description | GF | LF | OF | NL-OF | FF | NL-FF | TOTAL FUNDS | Pos. | FTE | Impact of Reduction on Services and Outcomes | |
| Dept | Prgm/ Div | | | | | | | | | | | | | |
| General Fund Reduction (5%) | | | | | | | | | | | | | | |
| | | | Arts Commission - Cultural Tourism Grants | \$ (140,000) | | | | | | \$ (140,000) | | | | Eliminates the grant category which supports arts based cultural tourism activities. This grant category supports economic activities in urban and rural locations around Oregon. Will eliminate leveraged local contributions and earned revenue of over \$1.1 million. Developed in collaboration with Travel Oregon, the Arts Commission has supported over 50 cultural tourism projects since this program was started in 2008. The activities have developed local cultural tourism product, adding to the marketability of local communities as destinations for out of town visitors. This reduction will impact Oregon's federal 1:1 match |
| | | | Arts Commission - Creative Capacity Initiative | \$ (60,048) | | | | | | \$ (60,048) | | | | Eliminates year 1 of the consulting support to arts organizations, part of the Arts Capacity Building work that has resulted in improved operational strength and stronger business models for participating organizations. The reduction will decrease direct service to arts groups outside the metro area where no alternative services are available |
| General Fund Reduction (10%) | | | | | | | | | | | | | | |
| | | | Arts Commission - Creative Capacity Initiative | \$ (70,000) | | | | | | \$ (70,000) | | | | Eliminates year 2 of the consulting support to arts organizations, part of the Arts Capacity Building work that has resulted in improved operational strength and stronger business models for participating organizations. The reduction will eliminate direct service to arts groups in rural areas outside the metro area where no alternative services are available |
| | | | Arts Commission - Creative Capacity Initiative | \$ (130,100) | | | | | | \$ (130,100) | | | | 25% reduction to Capacity grants to arts organizations, critical matching grants that support efforts to strengthen arts organization overall performance to deliver quality arts programs across Oregon. Reduction will eliminate funding to approximately 10 arts groups needing organizational development support in order to better present public programs |
| Totals | | | | \$ (400,148) | \$ (9,115,847) | \$ - | \$ - | \$ - | \$ - | \$ (9,515,995) | (13) | (14.50) | | |

| A | B | C | D | E | F | G | H | I | J | |
|----|---|--|---------------------------------------|--------------------|----------------------|--------------------|-----------------------|------------|-------------------------------|--|
| 1 | Oregon Business Development Department | | | | | | | | | |
| 2 | 2013-15 Biennium Governor's Budget | | | | | | Agency Number: | | | 12300 |
| 3 | | | | | | | | | | |
| 4 | Section 1 - Details of Policy Option Packages with General Fund or Lottery Funds Impacts | | | | | | | | | |
| 5 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 6 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 7 | 101 | Oregon Innovation Council | | | | | | | | (see attached detailed one page documents for each initiative) |
| 8 | | ONAMI | \$ 6,100,000 | \$ - | \$ - | \$ 6,100,000 | - | - | \$0 | Add to already created 31 companies and 120 jobs in advanced materials characterization and nonfabrication instruments, micro-level manufacturing and engineering research. |
| 9 | | BEST | \$ 8,000,000 | \$ - | \$ - | \$ 8,000,000 | - | - | \$0 | Support research leading to new technologies and products focused on renewable energy and green buildings and add to the 23 already assisted companies that have commercialized products. |
| 10 | | OTRADI | \$ 2,000,000 | \$ - | \$ - | \$ 2,000,000 | - | - | \$0 | Continue bioscience incubator activity that has already helped 30 bioscience companies and 130 researchers at the high throughput labs for drug screening, analysis and mentoring. |
| 11 | | OWET | \$ 2,500,000 | \$ - | \$ - | \$ 2,500,000 | - | - | \$0 | Attract wave energy developers, speeding the regulatory process, involving residents and business in decision making, and preparing for commercial buoy demonstrations |
| 12 | | Drive Oregon | \$ 2,250,000 | \$ - | \$ - | \$ 2,250,000 | - | - | \$0 | Realize commercialization of electric vehicle relate technologies including electronic components, software, and semiconductors |
| 13 | | Unmanned Aerial Systems Center of Excellence | \$ 2,500,000 | \$ - | \$ - | \$ 2,500,000 | - | - | \$0 | Create a research center and business incubator for the fast growing UAS cluster, including a flight test site with proposed headquarters in Bend/Redmond area. |
| 14 | | Oregon Story Board | \$ 900,000 | \$ - | \$ - | \$ 900,000 | - | - | \$0 | Recruit, train and project early state high-tech start-up companies in the areas of digital storytelling, video game, film and television industries creating an industry cluster and branding the state. |
| 15 | | Additional proposals (tbd) | \$ 750,000 | \$ - | \$ - | \$ 750,000 | - | - | \$0 | |
| 17 | 102 | SPWF Recapitalization | | | | | | | | |
| 18 | | SPWF Re-capitalization | | | | | | | | |
| 19 | | Projects | \$ - | \$24,452,044 | - | \$24,452,044 | | | \$0 | Funding to provide loan and/or grant financing for community infrastructure needs or essential community facilities replacement. Revolved loan payments add to the pool of annually available capital. Funding will finance 10 to 20 new projects statewide. |
| 20 | | Cost of Issuance on Bonds | \$ - | \$390,801 | - | \$390,801 | | | \$0 | |
| 21 | | Bond Reserves | \$ - | \$2,667,155 | - | \$2,667,155 | | | \$0 | |
| 22 | | Debt Service | \$ 2,948,785 | \$0 | - | \$2,948,785 | | | \$5,328,503 | |

| 5 | A | B | C | D | E | F | G | H | I | J |
|----|-------|--|--------------------------------|--------------|---------------|--------------|-----------|-----|------------------------|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 6 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 24 | | Regional Solutions | | | | | | | | |
| 25 | | Projects | \$ - | \$20,000,000 | - | \$20,000,000 | - | - | \$0 | Funding for investment in locally identified priority projects for each of the 10 Regions Solutions Areas with \$2M assured for each area. Funding will finance 10 to 20 local projects. |
| 26 | | Cost of Issuance on Bonds | \$ - | \$323,338 | - | \$323,338 | | | \$0 | |
| 27 | | Bond Reserves | \$ - | \$2,131,662 | - | \$2,131,662 | | | \$0 | |
| 28 | | Debt Service | \$ 2,131,662 | \$0 | - | \$2,131,662 | | | \$4,261,105 | |
| 30 | | Projects | \$ - | \$30,000,000 | - | \$30,000,000 | - | - | \$0 | Funding for investment by Regional Solutions Committee Conveners for statewide use relating to community and/or regionally identified economic development initiatives. Funding will finance 10 to 30 regionally significant projects. |
| 31 | | Cost of Issuance on Bonds | \$ - | \$483,520 | - | \$483,520 | | | \$0 | |
| 32 | | Bond Reserves | \$ - | \$3,121,480 | - | \$3,121,480 | | | \$0 | |
| 33 | | Debt Service | \$ - | \$0 | - | \$0 | | | \$6,238,895 | |
| 35 | | Forestry Collaborative | | | | | | | | |
| 36 | | O & C Timberland Collaboration | | | | | | | | |
| 37 | | Projects | \$ - | \$1,400,000 | - | \$1,400,000 | - | - | \$0 | Dedicated funding to determine acceptable levels of timber resources from O & C lands via conservation efforts, timber and wildfire management efficiencies, and other efforts to increase public value of O & C lands |
| 38 | | Cost of Issuance on Bonds | \$ - | \$44,459 | - | \$44,459 | | | \$0 | |
| 39 | | Bond Reserves | \$ - | \$160,541 | - | \$160,541 | | | \$0 | |
| 40 | | Debt Service | \$ 215,170 | \$0 | - | \$215,170 | | | \$309,600 | |
| 42 | | Eastern Oregon Forest Collaboration | | | | | | | | |
| 43 | | Projects | \$ - | \$4,000,000 | - | \$4,000,000 | - | - | \$0 | Funding for continued development of forest science & technology and a business model to advance stable timber supply agreements with reduced cost for Eastern Oregon mills. |
| 44 | | Cost of Issuance on Bonds | \$ - | \$98,951 | - | \$98,951 | | | \$0 | |
| 45 | | Bond Reserves | \$ - | \$446,049 | - | \$446,049 | | | \$0 | |
| 46 | | Debt Service | \$ 521,716 | \$0 | - | \$521,716 | | | \$874,166 | |
| 48 | | Confluence Project - Celilo Falls | | | | | | | | |
| 49 | | Projects | \$ - | \$1,750,000 | - | \$1,750,000 | - | - | \$0 | Funding for a collaborative environmental restoration and tribute artwork at Celillo Falls by NW tribes, civic groups, architects, artists and landscape designers. |
| 50 | | Cost of Issuance on Bonds | \$ - | \$47,055 | - | \$47,055 | | | \$0 | |
| 51 | | Bond Reserves | \$ - | \$167,945 | - | \$167,945 | | | \$0 | |
| 52 | | Debt Service | \$ 164,657 | \$0 | - | \$164,657 | | | \$332,485 | |
| 53 | | Error in the Package | \$ - | \$2,007,828 | - | \$2,007,828 | | | | |
| 54 | | ** Note - Bond Reserves of \$8,694,832 and OF limitation placed in this package in error of \$2,007,828, for a total of \$10,702,660 should be removed | | | | | | | | |

| | A | B | C | D | E | F | G | H | I | J |
|----|-----------|---|--------------------------------|--------------|---------------|--------------|-----------|-----|------------------------|--|
| 5 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 6 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 56 | 103 | Industry Competitiveness Fund | | | | | | | | |
| 57 | | Export Promotion & Assistance | \$ 525,000 | \$ - | \$ - | \$ 525,000 | - | - | \$0 | Accelerating Oregon's exports to foreign markets. |
| 58 | | Work Ready Communities Initiative | \$ 1,000,000 | \$ - | \$ - | \$ 1,000,000 | - | - | \$0 | Assist in certifying workers in key employment areas that include mfg and technology based industries to address current and future growth demand. |
| 59 | | Oregon Manufacturing Assistance | \$ 200,000 | \$ - | \$ - | \$ 200,000 | - | - | \$0 | Increased funding to manufacturing businesses who need access to R & D, lean and high performance services that will assist in producing high quality products, create new jobs, enhance profits and increase investment in trained and skilled workforce. |
| 60 | | Small Business Innovation Research (SBIR) & Small Business Technology Transfer (STTR) | \$ 100,000 | \$ - | \$ - | \$ 100,000 | - | - | \$0 | Provides funding to assist OR small businesses to apply for the SBIR and/or STTR federal grants that are critical to advancing their R & D needs and ability to profit from commercialization. |
| 61 | | Entrepreneurs & Small Business Asst | \$ 225,000 | \$ - | \$ - | \$ 225,000 | - | - | \$0 | Competitive pool of funding to assist sm. Businesses through Oregon Entrepreneur's Network (OEN). |
| 63 | 104 / 090 | Innovation Infrastructure & Oregon Investment Act (HB 4040) | | | | | | | | |
| 64 | | I. Innovation Infrastructure | | | | | | | | Used in concert with funds from Pkg #090 which includes money for the capital piece of the Initiative. (see additional handouts for more information) |
| 65 | 104 | Information Technology Infrastructure Upgrade | \$ 600,000 | \$ - | \$ - | \$ 600,000 | - | - | \$0 | Develop Oregon Research Collaboratory. Operations support for Initial projects linking OHSU Biomedicine and PSU Computer Science facilities, and UO and OSU RAIN laboratories. (\$600,000 for Operations). |
| 66 | 090 | | \$ - | \$ 4,000,000 | \$ - | \$ 4,000,000 | - | - | \$0 | Article XI-Q Certificate of Participation (COP) Bonds to be used for New Innovation Investments. This proposal requests funds for: Oregon Research Collaboratory (\$4.0 m in capital) |
| 67 | 104 | Oregon RAIN | \$ 2,500,000 | \$ - | \$ - | \$ 2,500,000 | - | - | \$0 | Operation funding for Regional Accelerator and Innovation Network (RAIN) resulting in tripling new business and job creation in South Willamette Valley. (\$2.5 m for Operations). |
| 68 | 090 | | \$ - | \$ 5,000,000 | \$ - | \$ 5,000,000 | - | - | \$0 | Article XI-Q Certificate of Participation (COP) Bonds to be used for New Innovation Investments. This proposal requests funds for: RAIN (\$5.0 m in capital); |
| 69 | 104 | Metals Manufacturing | \$ 2,400,000 | \$ - | \$ - | \$ 2,400,000 | - | - | \$0 | Funding for metals related faculty, launching corporate research projects, and upgrading testing equipment state universities. (\$2.4 m in Operations). |
| 70 | 090 | | \$ - | \$ 1,000,000 | \$ - | \$ 1,000,000 | - | - | \$0 | Article XI-Q Certificate of Participation (COP) Bonds to be used for New Innovation Investments. This proposal requests funds for: Oregon Metals Manufacturing (\$1.0 m in capital) |
| 71 | 090 | Cost of Issuance on Bonds | \$ - | \$ 235,000 | \$ - | \$ 235,000 | | | \$0 | Cost of Issuance on \$10.5 m Article XI-Q Certificate of Participation (COP) Bonds to be used for capital investment for Innovation projects above. |
| 72 | 090 | Debt Service | \$ 826,663 | \$ - | \$ - | \$ 826,663 | | | \$1,654,743 | 2013-15 Debt Service on \$10.5 m Article XI-Q Certificate of Participation (COP) Bonds to be used for capital investment for Innovation projects above. |

| | A | B | C | D | E | F | G | H | I | J |
|----|--|--|--------------------------------|--------------|---------------|--------------|-----------|------|------------------------|---|
| 5 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 6 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 74 | | II. Oregon Investment Act (HB 4040) | \$ 5,000,000 | \$ - | \$ - | \$ 5,000,000 | - | - | \$0 | Seed capital for the Oregon Growth Fund - to be managed by the Oregon Growth Board established in HB 4040 (2011 Session). Provides a targeted, yet flexible approach to public investments. |
| 76 | 105 | Industrial Land Readiness & Site Certification | \$ 127,737 | \$ - | \$ - | \$ 127,737 | 1 | 1.00 | \$0 | The accelerated land readiness assistance and planning associated with the Industrial Land Readiness & Site Certification Program will require additional staffing to help coordinate industrial site readiness and certification activities, coordinate activities with Regional Solutions Teams, manage work of contractors, and document records for the land readiness process. Requests one (1) 24 mo Limited Duration position, Program Analyst 1 . |
| 78 | 475 | Transfer of Seismic Rehabilitation Grant Program | | | | | | | | |
| 79 | | Projects | \$ - | \$ 7,293,839 | \$ - | \$ 7,293,839 | | | \$0 | Transfers the Seismic Rehabilitation Grant Program from the Office of Emergency Management in the Military Department to the Oregon Business Development Department. The Seismic Grant Rehabilitation Program addresses seismic issues for Education Facilities and Emergency Services Facilities. Project funding will finance already in place project commitments. Transfers one (1) 24 mo, Permanent Full-Time position, Program Analyst 3 (1.00 FTE) |
| 80 | | Operations | \$ 205,677 | \$ 6,161 | \$ - | \$ 211,838 | 1 | 1.00 | \$211,838 | |
| 81 | | Debt Service | \$ 3,710,464 | \$ - | \$ - | \$ 3,710,464 | | | \$3,701,263 | |
| 83 | 090 | Analyst Adjustments - Grants to the Oregon Arts Commission | | | | | | | | |
| 84 | | Oregon Arts Commission | \$ 500,000 | \$ - | \$ - | \$ 500,000 | - | - | \$0 | Funding for 8-10 grants that will focus on increasing student proficiency in Twenty First Century learning and innovation skills. |
| 85 | Section 2 - Details of Policy Option Packages without General Fund or Lottery Funds Impacts | | | | | | | | | |
| 86 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 87 | 106 | OMWESB | \$ - | \$ 532,147 | \$ - | \$ 532,147 | 1 | 1.00 | \$237,147 | This package is to respond to three business needs: 1. Replacement of over 20 year old database and software system (\$170 K); 2. Establishment of Compliance Specialist 2 (\$137,147), and 3. Establish a legal budget to remedy a federal audit finding (\$225 K). |
| 89 | 109 | Rural Capacity | \$ - | \$ 183,300 | \$ - | \$ 183,300 | 1 | 1.00 | \$183,300 | Requests one (1) permanent full-time Program Analyst 3 position to implement and sustain the a response to community needs for specialized assistance with state and federal funding compliance regulations. |

| | A | B | C | D | E | F | G | H | I | J |
|-----|---|--|--------------------------------|-----------------------|---------------|-----------------------|-----------|-------------|------------------------|--|
| 5 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 6 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 91 | 476 | Seismic Grant Rehabilitation (New Bonding) | | | | | | | | Requests new bond issuances of \$30 m in General Obligation Bonds (Article XI-M (Education) and Article XI-N (Emergency Services)). Staffing - requests one (1) Program Analyst 2 (0.50 FTE) and one (1) Administrative Specialist 1 (0.50 FTE). |
| 92 | | Operations | \$ - | \$ - | \$ - | \$ - | 2 | 1.00 | tbd | (Note - there are some technical issues regarding this pkg. Personal Services (PS) costs were not added with the position count. |
| 93 | | Projects | \$ - | \$ 29,464,200 | \$ - | \$ 29,464,200 | | | \$0 | Funding will finance 20 additional projects statewide. |
| 94 | | Cost of Issuance on Bonds | \$ - | \$ 535,800 | \$ - | \$ 535,800 | | | \$0 | One-time funding with bonding. |
| 95 | | Debt Service | \$ - | \$ - | \$ - | \$ - | | | \$4,273,350 | (Note - the bond sale proceeds in this pkg are scheduled for late in the 2013-15 biennium, therefore there is no GF Debt Service in 13-15. However, there will be General Fund Debt Service in 2015-17). |
| 96 | Section 3 - Details of Essential Packages Unique to the Agency (e.g., phase-ins/phase-outs, mandated caseloads, debt service adjustments, inflation exceptions, fund shifts) | | | | | | | | | |
| 97 | PKG # | Name / Description | General Fund and Lottery Funds | Other Funds | Federal Funds | TOTAL FUNDS | Positions | FTE | 2015-17 Biennium Costs | Expected Outcomes of Funding This POP / Other Funds Sources (where applicable) |
| 98 | 022 | Phase out - Oregon InC | \$ (15,440,000) | \$ - | \$ - | \$ (15,440,000) | - | - | (See Pkg #101) | The Oregon Innovation Council budget is phased out every biennia and new funding is requested in a Policy Option Package. |
| 100 | Base | Debt Service Adjustment | \$ (31,639,937) | \$ 2,880,267 | \$ - | \$ (28,759,670) | - | - | \$0 | Adjustment to Debt Service (DS) from 2011-13 DS schedule to 2013-15 projected DS schedule |
| 101 | | Totals | \$ 1,822,594 | \$ 144,823,542 | \$ - | \$ 146,646,136 | 6 | 5.00 | 27,606,395 | |
| 102 | | | | | | | | | | |



Initiative: ONAMI

2011-13 Funding: \$5.2M

2013-15 Request: \$6.1M

Mission: ONAMI accelerates research and commercialization of materials science and related device and system technologies in Oregon

2011-13 Accomplishments:

- 11 gap projects initiated to help start up companies prove commercial potential of products. Biennial goal was 7. To date, 31 companies started with 120 employees, such as Energy Storage Systems from Portland, which just won \$1.725M from the U.S. Department of Energy to advance their low cost, environmentally benign flow battery that helps small businesses reduce electricity costs and at the same time helps integrate renewable energy sources into the grid.
- 128+ companies using the shared NanoNet facilities this biennium (242 cumulative; 300 across all Oregon InC labs). The network is part of 11 shared labs funded with Oregon InC funds and stocked with expertise and equipment aimed at meeting the specific needs of business. Fee for service generated by lab usage is \$1.32 M to date.
- \$60 M in federal and private research leverage returned to Oregon despite declining federal funding environment.
- \$20 M in non-state capital (from private, federal and customer sources) raised by ONAMI gap fund companies (\$113M cumulative) in very tough environment
- \$21.5 M Center for Sustainable Materials Chemistry, built with ONAMI support, opened on University of Oregon campus next to the ONAMI-supported Lokey Labs. The chemistry labs are a national center attracting industry research from companies such as Boeing and Corning Glass; housing research that leads to spinout companies such as Inpria and Amorphics, and top graduate students who will start the next generation of spinouts.
- Launched successful Entrepreneur-in-Residence (EIR) program started with help from US EDA grant. The EIRs mentor new start ups often lacking in business experience.
- ONAMI awarded “Best in Technology-Based Economic Development” award from national State Science and Technology Institute for Commercializing Research.

2013-15 Expected Outcomes:

- Increase in funding would allow restoration of gap grant fund used to support new companies to 2009 levels.

(over)

- Funding request would continue:
 - EIR program post-EDA funding
 - Continue proposal matching (flat funding) with emphasis on industry funding growth
 - Continue facility promotion with slightly reduced funding and professional marketing approach



Initiative: Oregon BEST

2011-13 Funding: \$3.66 M

2013-15 Request: \$8 M

Mission: Building on the successful ONAMI model of supporting emerging technologies and companies through research and commercialization grants plus mentoring, Oregon BEST is tapping Oregon's national reputation in green building and clean tech to grow new companies, green building products and sustainable technologies.

2011-13 Accomplishments

- Established 7 shared-user signature research facilities that give Oregon's research faculty, green industry, and students access to cutting-edge research tools and expertise. Over 51 companies have utilized and benefitted from these facilities.
- Directly helped Oregon BEST affiliated faculty and researchers to attract over \$14 million in federal, private or foundation research funding. This includes helping OSU, UO and PSU attract \$4.1 million for solar energy research and \$2.1 million for green building research.
- First 4 commercialization award grantees (start-up companies) have brought in over \$2 million in follow-on investment.
- Deployed \$2 million in Commercialization grant awards to accelerate the commercialization process for 23 start up companies with promising new technologies and services ranging from renewable energy to stormwater treatment, energy efficiency to green building materials. These companies will benefit from technical engagement with university professors and labs and coaching and contacts provided by Oregon BEST's Entrepreneurs-in-Residence.
- Developed a network of 200+ Oregon BEST Member Faculty at four universities who serve as a statewide expertise resource for Oregon's clean-tech industry.
- Led over 150 design and construction industry leaders in creating three research agendas. The agendas outline prioritized research needs and guide researchers to address barriers faced by industry. Oregon BEST is building research teams to execute these research projects and pursuing funding by engaging with federal agencies, corporations, and private foundations.
- Developed and launched an international design competition to develop products that can be made here in Oregon. Teams with winning product designs will be supported in bringing their innovations to market.
- Continued to grow Oregon BEST FEST into the premier Northwest clean tech innovation conference.
- Developed and launched Bonneville Power Administration's Technology Innovation University Consortium, a collaborative research and engagement partnership with four universities to

address critical grid transmission and distribution infrastructure needs. Leveraged \$250,000 in BPA investment to increase university focus on important energy innovation opportunities.

- Established new relationships in Washington DC with key personnel at the NSF, U.S. Dept. of Energy, U.S. General Services Administration, EPA, Oregon's congressional delegation, and other offices to position Oregon for increased research funding and commercialization.
- Developed a bi-monthly E-newsletter that is sent to over 2,000 subscribers throughout Oregon with the latest information on business-university collaboration.

2013-15 Expected Outcomes:

- Double the number of commercialization grants that accelerate small Oregon companies, growing portfolio to 60 companies.
- Provide entrepreneur support service to over 75 companies, including both Commercialization Grant portfolio companies and those receiving start-up affiliate benefits like coaching, participating in events, grant writing support, and connections to other resources.
- Help start ups attract \$10 M in non-state revenue sources (private and federal capital)
- Generate \$60 M in university faculty leverage
- Double shared lab usage to 100 companies.
- Accelerate university growth around 2-3 centers of excellence by growing lab infrastructure, developing research teams for pursuit of federal grants, engaging students with internships, and aligning industry partners. This will help to grow our research leverage even more significantly.
- Increased industry outreach via research agenda development forums, design competitions, and expansions to Oregon BEST FEST's reach and content.
- Increased national exposure for Oregon's companies and universities via targeted communications and outreach.
- Expand statewide impact by partnering with organizations around the state to increase the number of companies helped in communities all over Oregon.

Initiative: OTRADI—Oregon Translational Research and Development Institute

2011 Funding: \$2.7M

2013 Request: \$2.0M

Mission: OTRADI's mission is to fuel economic development and jobs for Oregon's bioscience industry and to develop innovative research into products that benefit human health.

2011 Accomplishments:

- Since our inception in 2007, OTRADI has leveraged \$10M in state funding into >\$55M in private and federal funding for Oregon.
- In April 2013, OTRADI is opening the OTRADI Bioscience Incubator (the OBI), the state's first and only bioscience-specific incubator. The OBI will provide 13,000 square feet of labs/offices and business mentoring program for 5-8 bioscience companies, providing opportunities for more than 50 high-wage bioscience jobs.
- OTRADI has worked with over 30 bioscience companies and over 130 researchers in Oregon.
- OTRADI has co-written small business grants with Oregon companies, raising over \$15M for Oregon businesses since 2009.
- OTRADI is steadily growing its own fee-for-service business, which has earned over \$500K to date, with the goal of becoming fully self-sustaining within the next four years. We have reduced our state "ask" for the 2013 biennium in accordance with growing our sustainable business model.
- OTRADI has helped recruit bioscience companies to Oregon, adding and/or sustaining more than 30 jobs since 2011.

2013 Proposals:

- **OTRADI Revenue Generation and Self-Sustainability:** Generate \$750K in fee-for-service, grant and incubator-related revenue for OTRADI.
- **OTRADI Bioscience Incubator (OBI):** OTRADI will manage the OBI and begin fundraising to expand the incubator and OBI business mentoring program. Revenue from the OBI will contribute to OTRADI's growing self-sustainability plan.
- **Commercialization & Business Development:** Mentor and/or assist 30 bioscience companies (25 existing affiliates and 5 new start-ups). Assist bioscience companies in raising \$10M in external (federal/private) funding.
- **Bioscience Research Agenda:** Generate \$20M in leveraged bioscience research funding for university, non-profits and other bioscience partners.

- **Bioscience Job Growth:** Create/retain 70 Oregon bioscience jobs (cumulative since 2011) via research funding, commercialization, recruitment and bioscience corporate growth.



Initiative: OWET

2011-13 Funding: \$2.5 M

2013-15 Request: \$2.5 M

Mission: Promote the responsible development of ocean energy in Oregon and be the center of the industry in the United States. Oregon has natural advantages such as a coastal sea floor that produces the best wave regime in the continental United States; hundreds of miles of underused powerlines on the coast creating a ready-made grid, and the Northwest National Marine Renewable Energy Center in Newport. OWET-sponsored scientific research speeds up permitting for developers, and its commercialization grants helps researchers and companies attract critical matching federal and private dollars

2011-2013 Accomplishments:

- Helped secure the nation's first grid connected test center from the US Dept of Energy, the Pacific Marine Energy Trust (PMEC). PMEC will attract ocean energy companies from around the nation and world to test in Oregon for the next 20 to 30 years, and ensure Oregon is center of development in North America.
- Instrumental in ensuring that the state Territorial Sea Plan provides viable locations for development and a clear and reasonable regulatory pathway.
- Leveraged \$5.5 M from all sources for wave development (to date: \$26.2 M, including \$18.4 of federal money and \$6.3 M of private.)
- OWET provided 10 grants (\$1.59 M) to promote oceans R&D the research and development of ocean energy in Oregon in the current biennium. Anticipated leverage \$5.6 M (3.5-1 ROI). Key grants included NWEI, who successfully deployed their device at the NNMREC testing area in Newport, and the Oregon Department of Military to help pay for a feasibility study for nearshore technologies at Camp Rilea.
- Funded study by Bittner Shen, an Oregon company, to help develop low-impact, single-point moorings, which has been a primary request from the fishing industry.
- OWET continues to fund studies to facilitate development, including environmental studies and a key utility study that will characterize the ocean resource and describe the enhanced value of ocean energy to utilities such as BPA.
- Raised \$295,182 in non-state dollars to fund OWET operations; \$200,000 from US Department of Energy to perform a market and supply chain analysis for the industry.

2013 Expected Outcomes:

- OWET's 2013 strategic plan will narrow its focus to emphasize more funding for research and development, which we believe will provide the most return on the state's investment.
- PMEC will represent a growing focus for OWET, as we partner with NNMREC to maximize the value of that national facility to Oregon, and to attract private federal funding of in-water projects.
- OWET will also continue to focus on improving the regulatory environment. Ocean energy was selected by the governor's office for the "Regulatory Efficiency and Simplification Project," and we will present a detailed comprehensive plan to the governor's office in the next biennium.
- OWET will continue to provide the nation's most comprehensive clearinghouse of wave energy related information.
- OWET's Cumulative Effects Analysis Tool will be commercialized in 2013-15, potentially providing OWET with a source of funding. That tool will be used by companies and agencies for site selection and to gauge the potential impacts of an ocean energy project on the natural environment.
- OWET will use its grant funding to help supply chain companies like Wiggins Tug and Barge prepare for this growing industry.



Initiative: Drive Oregon (new in 2011-13)

2011 Funding: \$1.2 M

2013 Request: \$2.25 M

Mission: Leverage Oregon’s core strengths in design, sensor development, electronic components, software, battery development and semiconductors to make the state a critical part of the national Electric Vehicle supply chain. Mission is not to make Oregon the Detroit of EVs, but to be a critical supplier to whoever fills that role.

2011-13 Accomplishments:

- On track to leverage \$2.5 million in matching federal and private grants for Oregon companies on \$440,000 investment (5:1 ROI). For instance, \$42,000 to EV4 Oregon’s pilot project to produce and install a unique electric vehicle charging station in Tualatin that allows DC “quick charging” in areas with limited grid capacity. This system, being developed in partnership with Powin Energy and OpConnect, matched by \$210,000 in private funding from Powin.
- Assisted 3 Oregon companies on demonstration projects to commercialize their new products. For instance, \$44,000 grant matched by \$220,000 federal grant for work with PSU and Conscious Commuter, a developer of an electric assist bicycle. Grant allowed Conscious Commuter to begin production of first 30 bicycles.
- Assist 75 active, dues-paying members who comprise emerging cluster. Provide members with investor forums and industry conferences (August conference, for instance, drew Prof. Zechang Sun, the Vice Dean of Automotive Engineering at Tongji Univ in China). A trade show grant program provides assistance to small manufacturers to attend shows to make supply chain and sales connections; 6 Oregon companies with 15 participants attended EVS26 in Los Angeles through program.
- Connect at least 3 Oregon companies to new or significantly expanded supply chain opportunities. This includes trade show and investor forum opportunities.
- Jobs creation - \$50,000 grant to Ashland-based Brammo Inc. to open a satellite facility in Portland for its Special Projects Group, strengthening its R&D work and new product development. This new facility is expected to ramp up quickly to employ a dozen engineers and designers by the end of 2013. Brammo will spend at least \$970,000 in matching funds at this facility over the coming year.

2013-15 Expected Outcomes

- Drive Oregon request earmarks new dollars to new grant and commercialization opportunities that will leverage company and federal matches. No new funds will go to operations.

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- Increases would go to:
 - Expand current matching grant program, which provides up to \$50,000 to match other funding sources and leverage a minimum of \$5 for each \$1 granted. This program will focus on leveraging larger outside investments.
 - Create Commercialization & Demonstration grants, providing grants of up to \$150,000 to help Oregon companies demonstrate the viability of their products through small scale pilot programs, prototype development, proof-of-concept demonstrations, and similar projects.
 - Seed funding to develop shared facilities, equipment, labs similar to R&D facilities provided by SRCs.
- Expand programs to new areas. Currently actively partnering Oregon Institute of Technology with both its Klamath Falls faculty and its Renewable Energy Engineering Program in Wilsonville. For example, Drive Oregon provided one of its first Matching Grants to OIT Professor James Long for work with Drive Oregon member KersTech Vehicle Systems for work on an electric-hydraulic compound motor. Also working with Automotive Technology Department at Linn Benton Community College, and looking for additional opportunities.



Initiative: Unmanned Aerial Systems Center of Excellence (New initiative)

2013-15 Request: \$2.5 M (*One biennium of funding proposed.*)

Mission: Creates a center for R&D and business development for unmanned aerial systems, including a flight test site. Potential to coalesce emerging cluster with strong job creation potential.

Oregon InC Recommendation for Inclusion in 2013-15 Innovation Plan:

- Support emerging UAV cluster developing in state; utilize Oregon's geographic advantages as a test site; support application for FAA Test Facility.
- High jobs creation potential.

2013 Proposals:

- Create test site headquarters and build infrastructure in Redmond/Bend area, including tracking equipment, portable ground radar, ADS-B, computers, calibration components, baseline sensors with a range of capabilities, data analysis equipment, supporting software, ground control station, observation tower, etc.
- Seed business partnerships for new commercialization activities, marketing, promotional materials, and development of proposals through innovation grants (SBIRs, STTRs, etc.) and related funding mechanisms.



Initiative: PIE/Oregon Story Board (New Initiative)

2013-15 Request: \$900,000 (One biennium of funding proposed.)

Mission: Recruit, train and promote early stage high-tech startups in the digital storytelling, video game, film and television industries.

Oregon InC Recommendation for Inclusion in 2013-15 Innovation Plan:

- Potential to create high-paying jobs in an industry cluster that helps brand the state and attract creative talent.
- Strong leadership; affiliation with Wieden & Kennedy; proven track record of company and jobs creation (180 in software cluster).
- The infrastructure investments would be available to resources throughout the creative community.

2013-15 Expected Outcomes

- Create a Digital Content Accelerator, a collaborative environment designed to foster and nurture the creative talent that conceives, produces, and delivers digital content – a group that boasts an average individual income of \$83,250 per year.
- Replicate the current highly successful PIE software model - two-year incubation cycle featuring two distinct "classes" of participants with eight (8) companies participating in each class for a total of 16 companies. In addition to PIE curriculum, mentoring, and seed funding, participation includes access to office space, equipment, and creative infrastructure, as well as technologies that improve the innovation capacity of an the film and television, video game, and digital storytelling industries.
- Tap potential revenue streams through grants, equity stakes in accelerated companies, intellectual property (IP) licensing, brokering creative relationships and projects, matching sponsorships from private industry in order to end state participation after 1 biennium.

A person wearing a red jacket and a dark helmet with a headlamp is shown in profile, leaning over a blue surface. The background is a clear blue sky. The person appears to be working on a structure, possibly a bridge or a large piece of machinery.

Oregon InC's Mission

Oregon InC is a unique partnership between 40 private sector leaders and the state's research universities. It provides companies and entrepreneurs with the building blocks they need to survive the "valley of death" where 90 percent of start ups fail to make the trip from great idea to the marketplace.

ONAMI

ONAMI has helped:

- ❑ Create 31 companies with 120 employees
- ❑ Raise over \$100 million in capital
- ❑ Create the renowned Lokey Labs in Eugene, used by 242 organizations for research.

Funding Request: \$6.1M

Oregon BEST

Oregon BEST:

- Expanded Oregon's national reputation in green building and clean tech.
- Established 7 research labs used by 51 companies
- Helped 23 companies commercialize their products.

Funding Request: \$8M

OTRADI

OTRADI:

- Created state's first and only bioscience incubator.
- Helped 30 bioscience companies and 130 researchers at its high throughput labs
- Earned \$500,000 in fees-for-service.

Funding Request: \$2M

(Last biennium of funding.)

Oregon Wave Energy Trust

OWET:

- Secure North America's first grid-connected test center in Oregon, attracting companies worldwide to state.
- Craft the Territorial Sea Plan.
- Sponsor scientific research that streamlines permitting for developers.

Funding Request: \$2.5 M



Drive Oregon

Drive Oregon leverages Oregon's strengths in designing and building electronic components, software and semiconductors.

The goal is not to make Oregon the Detroit of EVs, but to be a critical supplier to whoever is.

Funding Request: \$2.25 M

Unmanned Aerial Systems Center of Excellence

Unmanned Aerial Systems Center of Excellence creates a center for R&D and business development for unmanned aerial systems, including a flight test site. Potential to coalesce emerging cluster with strong job creation.

Funding Request: \$2.5 M

(One biennium of funding proposed.)

PIE/Oregon Story Board

PIE/Oregon Story Board recruits, trains and promotes early stage high-tech startups in the digital storytelling, video game, film and television industries. Potential to create high-paying jobs in an industry cluster that helps brand the state and attract creative talent.

Funding Request: \$900,000

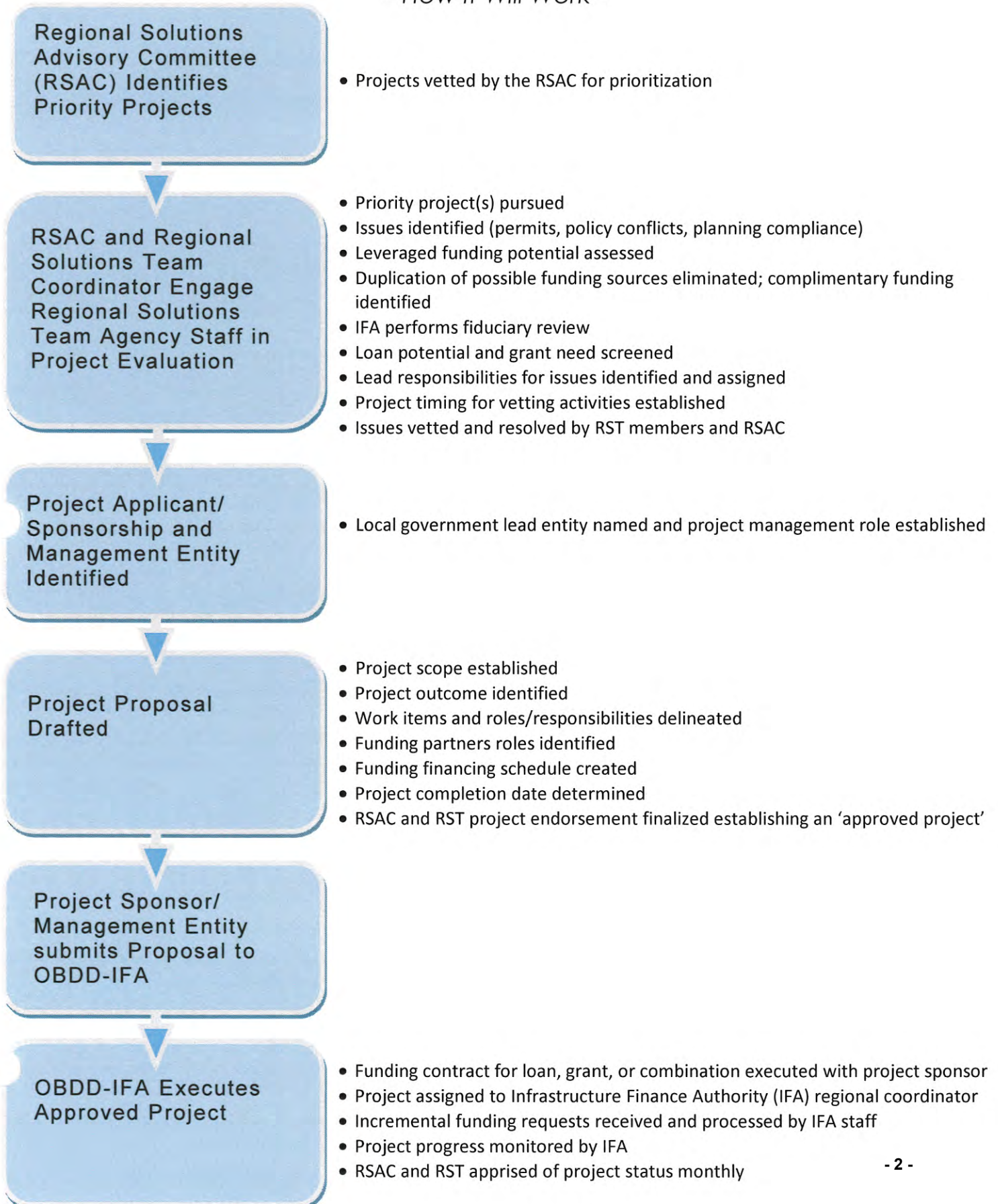
(One biennium of funding proposed.)

Special Public Works

The Special Public Works Fund provides funding to communities to address their infrastructure or essential community facility needs. Additional SPWF funding of \$24.5M is included in POP #102 and will result in annual revolving payments of approximately \$2 million – an incremental increase that will eventually lead to the target funding level of \$65M annually. The additional interest earnings from increased capitalization are targeted to program and staff support for communities needing capacity assistance. Funding: \$24.5 million (OF) Lottery Bond proceeds

Regional Solutions Advisory Committee Priority Projects Funding \$20M

– How It Will Work –





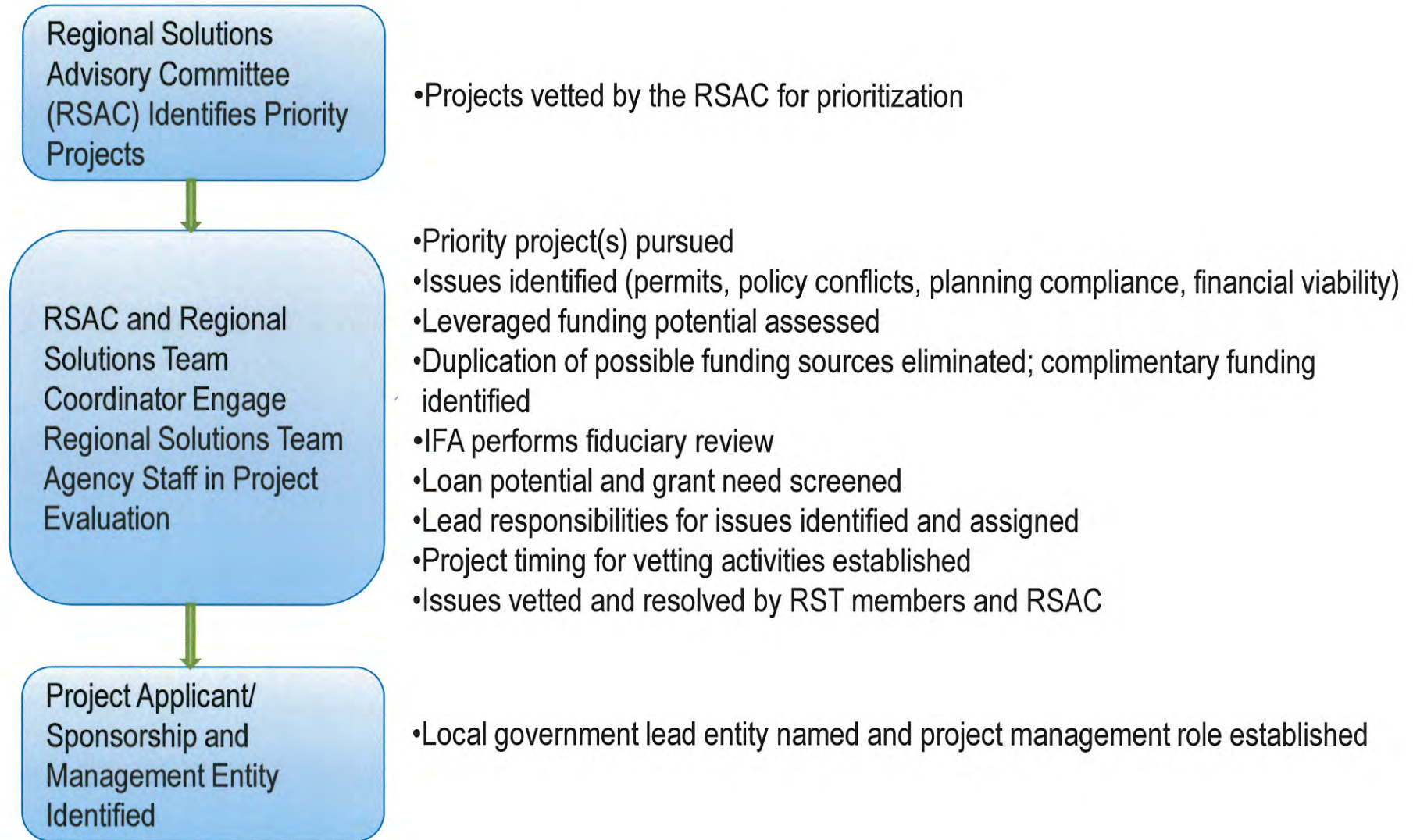
Joint Committee on Ways and Means
Subcommittee on
Transportation and Economic Development



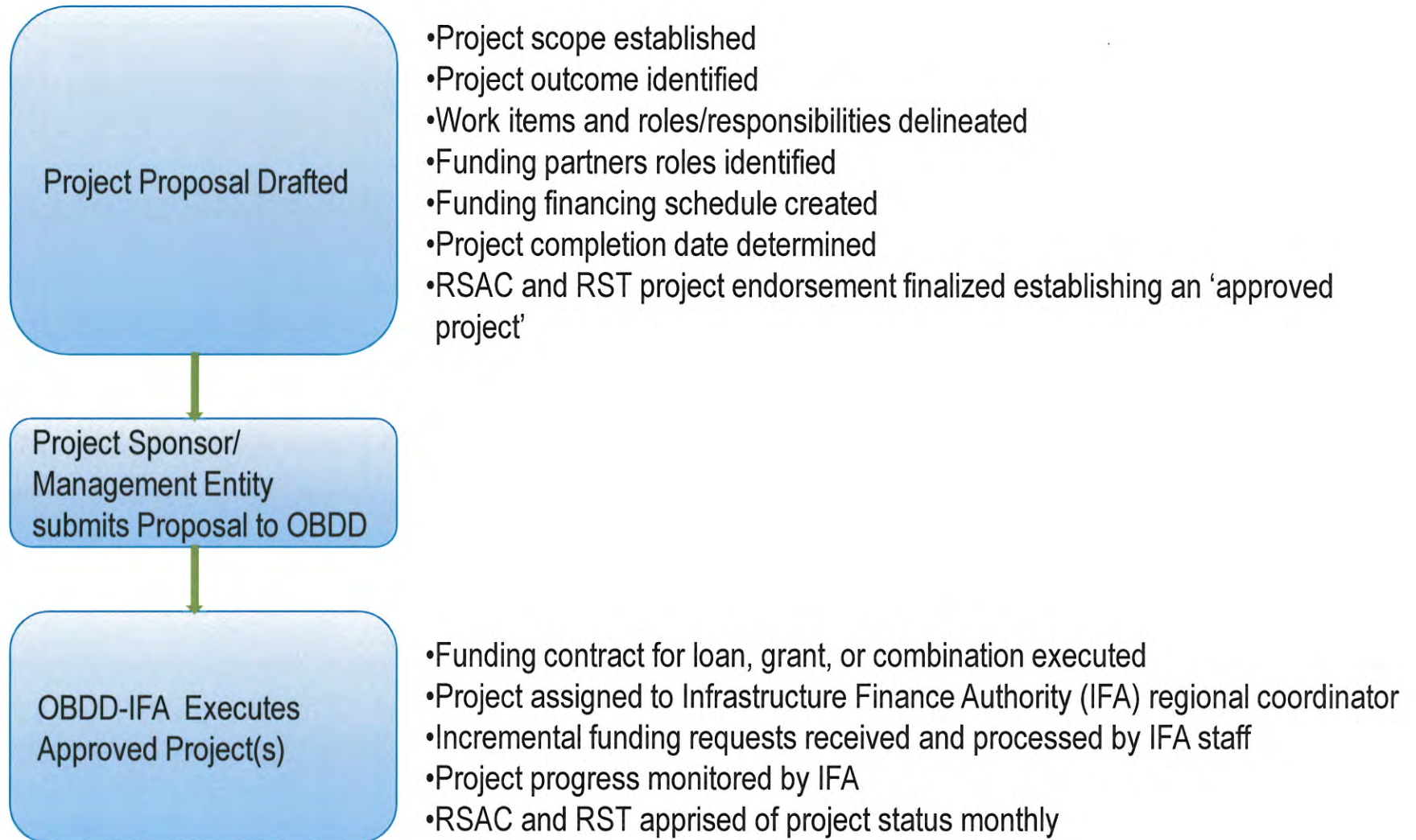
Regional Solutions Advisory Committee Priority Projects Funding

- Funding: \$20 Million – Allocated at \$2 Million per each of 10 Regional Solutions Areas
- Oversight: Regional Solutions Advisory Committee
- Eligible Applicants: Local Government
- Funding Type: Grants and/or Loans
- Eligible Activities: Infrastructure Project, including long-range planning, research, and design.

How It Will Work

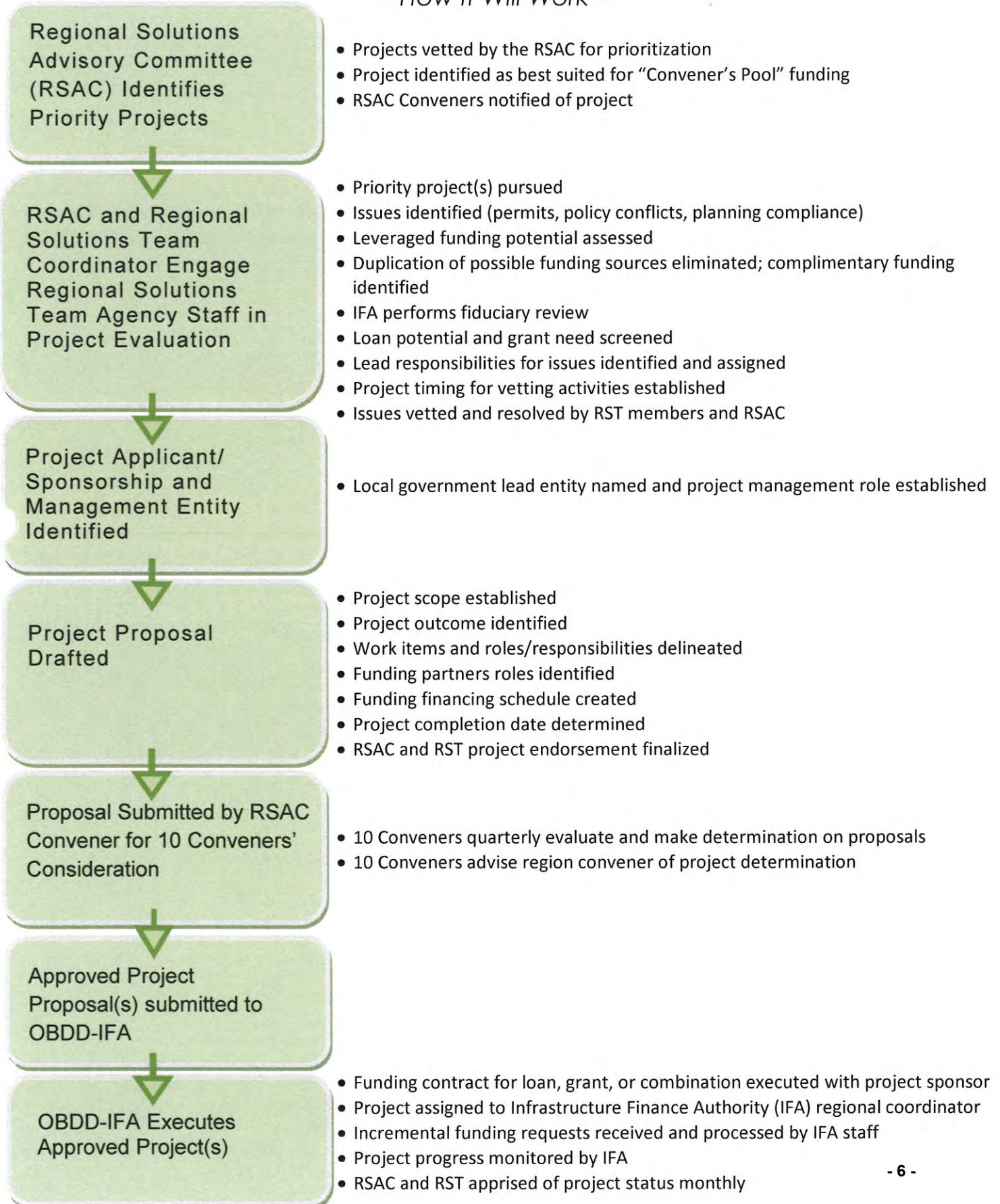


How It Will Work



Regional Solutions Conveners Economic Initiatives Infrastructure Funding \$30M

– How It Will Work –





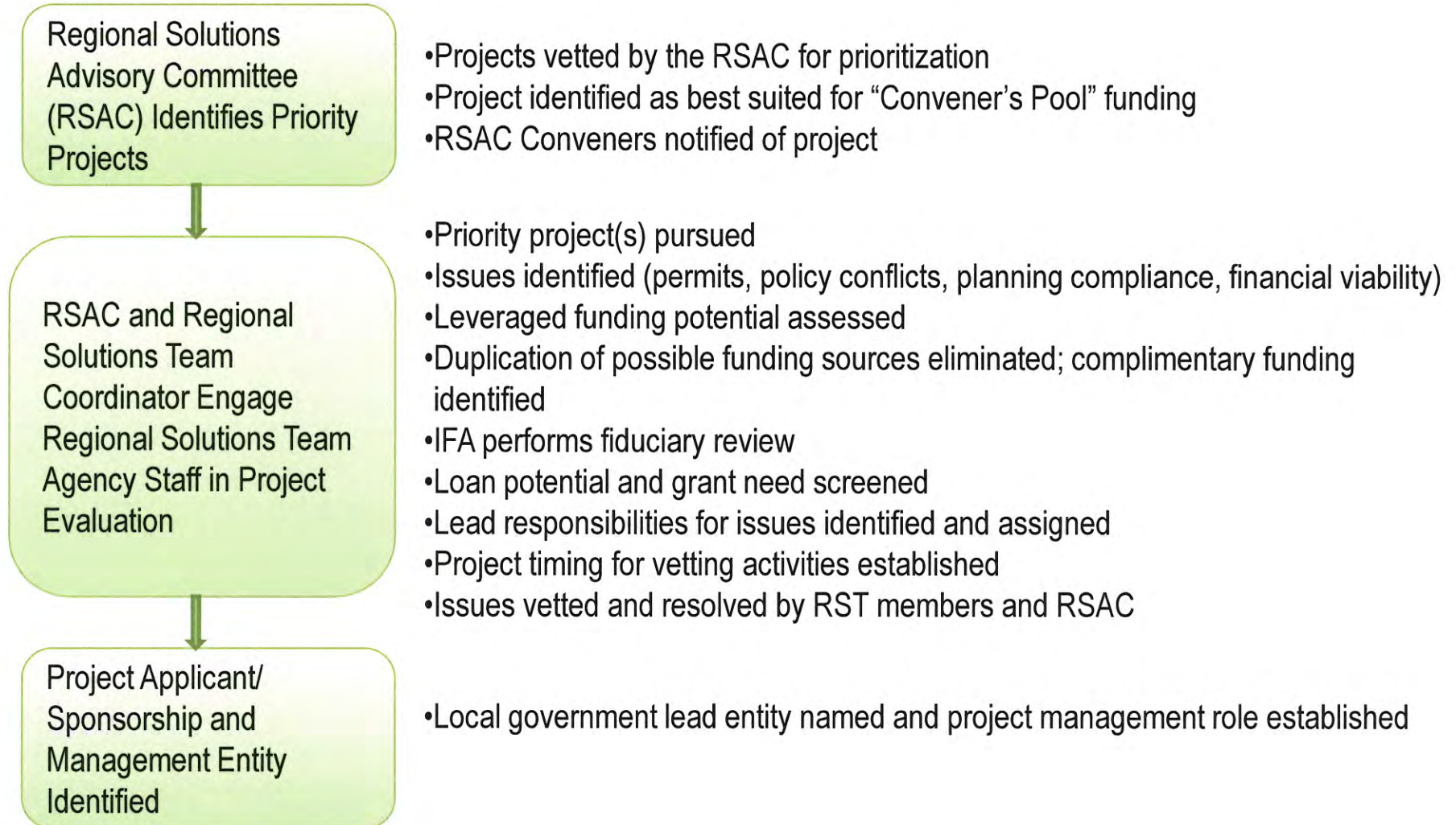
Joint Committee on Ways and Means
Subcommittee on
Transportation and Economic Development



Regional Solutions Conveners Economic Initiatives Infrastructure Funding

- Funding: \$30 Million – Statewide Pool
- Oversight: Regional Solutions Advisory Committee Conveners
- Eligible Applicants: Local Government
- Funding Type: Grants and/or Loans
- Eligible Activities: Regional development initiatives including but not limited to infrastructure related to industrial development sites, local government facilities improvements, water storage and delivery, and planning and design.

How It Will Work



How It Will Work

Project Proposal Drafted

- Project scope established
- Project outcome identified
- Work items and roles/responsibilities delineated
- Funding partners roles identified
- Funding financing schedule created
- Project completion date determined
- RSAC and RST project endorsement finalized

Proposal Submitted by
RSAC Convener for 10
Conveners' Consideration

- 10 Conveners quarterly evaluate and make determination on proposals
- 10 Conveners advise region convener of project determination

Approved Project
Proposal(s) submitted to
OBDD-IFA

OBDD-IFA Executes
Approved Project(s)

- Funding contract for loan, grant, or combination executed with project sponsor
- Project assigned to Infrastructure Finance Authority (IFA) regional coordinator
- Incremental funding requests received and processed by IFA staff
- Project progress monitored by IFA
- RSAC and RST apprised of project status monthly

Regional Solutions

Oregon Business Development Department

2013-15 Governor's Budget

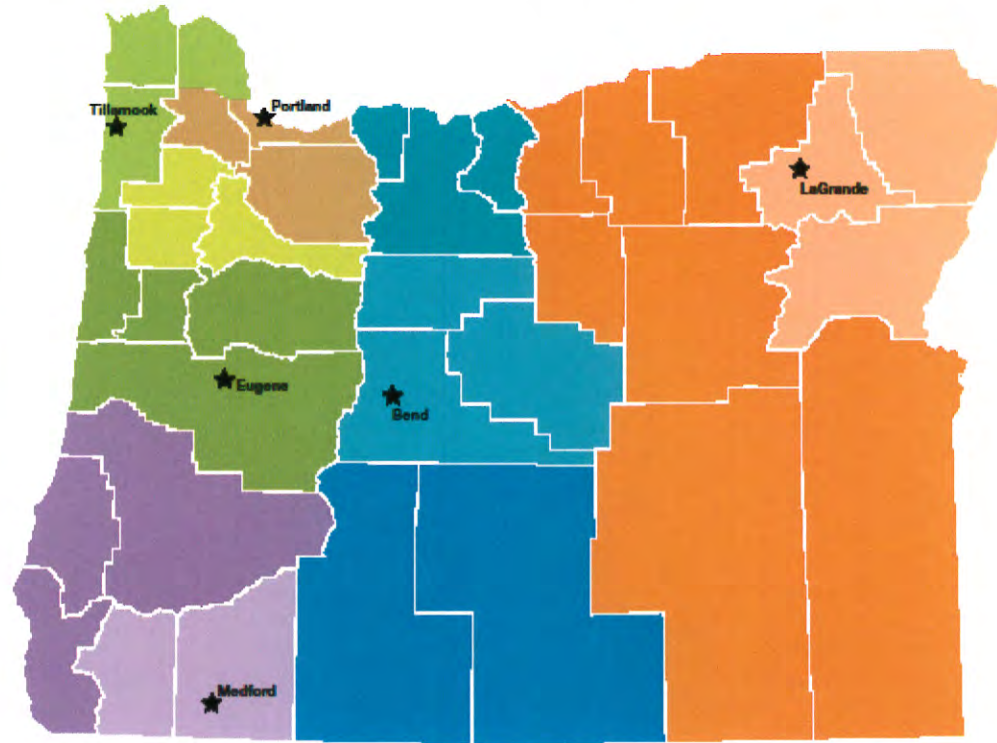


JOHN A. KITZHABER, M.D.
GOVERNOR

Regional Solutions

\$20M* Regional Advisory Committees
\$30M* Convener Fund for high impact projects

- North Coast Region**
Sen. Betsy Johnson
 - Mid-Valley Region**
Sue Miller
 - South Valley Region**
Sen. Frank Morse
- South Coast Region**
Keith Tymchuk
 - Southern Oregon Region**
Bill Thorndike
- Metro Region**
Bill Wyatt
- Central Region**
Mike Hollem
 - North Central Region**
Mike McArthur
 - South Central Region**
Jane O'Keeffe
- Greater Eastern Oregon Region**
Bob Davies
 - Northeast Oregon Region**
Bob Davies
- Regional Solution Center**



*Lottery Bond Proceeds POP 102

Forest Collaboratives

Oregon Business Development Department

2013-15 Governor's Budget

| Component | Administrating Agency | OCTOBER Bond Sales | MAY Bonds Sales |
|--|-----------------------|------------------------|----------------------|
| <i>Federal Forest Health Investment (program identified as Eastern Oregon Forest Collaboration in POP 102)</i> | | | |
| Technical & Science Support | ODF | \$750K | \$250K |
| Small Grant Program | OWEB | \$600K | \$240K |
| Project Manager—Federal Forest Business Model | Governor's Office | \$275K | -- |
| New Business Model | OBDD | \$1.5 million | \$385K |
| <i>Subtotal</i> | | <i>\$3.125 million</i> | <i>\$875K</i> |
| <i>O&C Lands (program identified as O&C Timberlands Collaboration in POP 102)</i> | | | |
| O&C Legislation | ODF | \$200K | -- |
| O&C Incentives Fund | OWEB | \$675K | \$525K |
| <i>Subtotal</i> | | <i>\$875K</i> | <i>\$525K</i> |
| TOTAL | | \$4 million | \$1.4 million |

Industry Competitiveness Fund

Industry Competitiveness Fund (ICF) implements and supports strategies to increase the local, national and global competitiveness of Oregon businesses and high-value industries.

ICF is a resource that increases the competitiveness, capacity, growth and profitability of industry clusters, statewide and regional economic development partners, and international trade (export) businesses through the Oregon Trade Promotion Program.

The primary customers of the Industry Competitiveness program are Oregon businesses that may be typically associated with one or more of the following industries: renewable energy, energy efficiency, natural resources, manufacturing, metals, high technology, sports apparel, or recreation products.

ICF is also used as a state match that may be used or required to leverage federal and private funding for programs such as the State Trade and Export Program, Oregon Manufacturing Extension Partnership (OMEP), the Oregon Small Business Development Center Network (OSBDCN) and the Government Contracting Assistance Program (GCAP).

Additionally, ICF dollars help the state partner with regional economic development entities to cohesively advance the state's economy.

2011-2013 Results

| Category | Total Awarded |
|--|------------------|
| Export Promotion & Assistance | 255,000 |
| Oregon Manufacturing Assistance | 490,000 |
| Entrepreneurs and Small Business Assistance | 100,000 |
| Key Industries <ul style="list-style-type: none">• Advanced Manufacturing• Clean Technology• Forest and Wood Products• High Technology• Outdoor Gear and Apparel | 207,000 |
| Economic Development Partnerships | 38,500 |
| Total | 1,090,500 |

2011-13 Budget for Industry Competitiveness Fund

1,700,000

Industry Competitiveness Fund

Policy Option Package – 103

Industry Competitiveness Fund supports businesses in a variety of ways and enables the department to proactively and strategically target and respond to time-sensitive opportunities in industries with high growth and statewide economic significance. **POP # 103** adds funding to the base budget for the following additional activities:

Export Promotion and Assistance funding was received from the federal STEP program during the 2011-13 biennium (nearly \$874,000). The federal money allowed an acceleration of Oregon's exports to foreign markets. The funding expires September, 2013 and \$300,000 is requested to continue the export grant program momentum; \$125,000 is requested to build out the network of foreign representatives who help Oregon companies navigate foreign markets; \$100,000 is requested to advance the international competitiveness of certain Oregon industry clusters. Funding: \$ 525,000

Work Ready Communities use the National Career Readiness Certificate (NCRC), an industry recognized credential issued by ACT, that identifies an individual's skills in applied math and reading/locating information. The NCRC is a core element of the Work Ready Communities (WRC) initiative. By investing in the Work Ready Communities initiative, the state can help businesses, workers, and communities to expand employment opportunities that include manufacturing and technology based industries to address current and future growth demand. Oregon's communities need to be able to demonstrate the availability of skilled workforce necessary for companies to locate and grow here. Certifying and marketing these strengths to existing and potential new businesses can be a powerful economic development tool that can help Oregon businesses

Two key elements of the WRC initiative include:

- Regional Marketing, Branding, and Business Development Promotion: Business Oregon works with local businesses, economic development practitioners and workforce teams to help generate business expansion and job creation opportunities. In many cases, communities do not have the resources to effectively implement strategic marketing plans nor develop marketing collateral (print and media) that can aggressively promote their economic development aspirations. Most communities need to be able to participate in activities such as trade shows, business fly-outs, and/or site selector recruitment visits to help drive new business growth. Regional marketing funds can help communities to take pro-active investments that can define and drive opportunities that can result in the generation of business leads that can ultimately be converted to new Oregon jobs. The Work Ready Communities Initiative funds would be provided to communities/regional investment areas based on proposal submissions that qualify under the program criteria. (\$225,000 per biennium: 10-15 proposal applicants/\$15,000 to \$22,500) Funding: \$550,000
 - *An example how communities can benefit from the marketing/branding funds he should reference Scappose industrial park who has struggled to attract investors and new businesses because of lack of funds to have a more "robust" marketing plan and outreach program.*
- Key industry cluster skills analysis: Critical industry sectors fuel the state's economy. Oregon's key industry strategies support regional sector partnerships of employers, economic development entities, workforce development organizations, education and other stakeholders that address common skill

Industry Competitiveness Fund

needs (or gaps) in target industries. Sector partnerships are intended to remove bottlenecks that inhibit recruitment, hiring, training or worker placement in an industry. The intended outcome of these efforts are to prepare workers for the higher wage, higher skill, in-demand occupations these sectors offer. Identifying and analyzing sets of skills and competencies of various industries will serve to give Oregonians an edge that allows portability and transferability of skills and expertise across a wide range of occupations. Business Oregon would contract for 4- 5 targeted cluster analysis that would serve as a mechanism to translate the skills that businesses need from the workforce system and also helps businesses better define their own recruitment and training needs for greater economic growth. Funding: \$450,000

Funding: \$1,000,000

Oregon Manufacturing Assistance improves manufacturing efficiency and profitability. Manufacturing is a major source of employment in Oregon – in 2011, roughly 19% or \$30 billion of Oregon’s economy was derived from manufacturing. The additional funding request will increase the number of Oregon companies that can be provided services further increasing companies’ competitive edge.

Business Oregon contracted with the Oregon Employment Department (OED) last May to conduct a survey of traded sector businesses in Oregon to gather information on firms that have or are planning to bring (onshore) jobs back to Oregon. The survey showed that 21 percent of Oregon businesses that have produced goods or services abroad have onshored jobs back to Oregon over the past three years. In addition, nearly 18 percent of Oregon businesses that have produced goods or services abroad are considering or planning to onshore jobs back to Oregon. In total, nearly a quarter of Oregon businesses that have produced goods or services abroad have either onshored jobs back to Oregon, plan to onshore jobs back, or are considering onshoring jobs back over the next three years.

The survey results also show that nearly a quarter of Oregon traded sector businesses producing goods or services abroad have been involved in onshoring. Manufacturing appears to be the traded sector that is leading this trend, although other traded sectors are involved as well. Based on Business Oregon business account activities, Oregon has seen an uptick in firms bringing production back to Oregon or setting up new operations.

As of January 1, 2013, the Oregon Manufacturing Expansion Program (OMEP) has reported working with 133 companies/organizations, a 21 percent increase, over the established contracted business services. OMEP reports strong, sustained demand for assistance from companies around the state. Funding: \$ 200,000

NOTE: Text has been adjustment from Phase 1 submission. Original text indicated we would double the number of companies served when the request was based on a \$500,000 increase to OMEP. This statement should have been edited to reflect the final GRB figure.

Industry Competitiveness Fund

Small Business Innovation Research (SBIR) & Small Business Technology Transfer Research (STTR) recapitalization will provide funding to assist Oregon small businesses applying for the SBIR and/or STTR federal grants that are critical to advancing their research and development needs and thereby profiting from the technology's commercialization. Business Oregon supports a matching grant program that helps Oregon's small businesses participate in the highly competitive federal SBIR/STTR grant program.

SBIR/STTR (Small Business Innovation Research/Small Business Technology Transfer) grants are awarded through 11 federal agencies to help provide early-stage Research and Development funding to small technology companies (or individual entrepreneurs who form a company). Agencies solicit applications in highly technical areas which they believe have strong commercial potential. Phase 1 grants offer up to \$150,000 to help companies determine the technical merit, feasibility and commercial potential of their ideas or technologies; Phase II awards go up to \$1 million to continue R&D.

Since 1983, Oregon businesses have received 1,867 SBIR/STTR awards worth more than \$523.4 million. And those awardees have received more than 1,434 patents.

One award winner, for example, is Northwest Unmanned Aerial Vehicles of McMinnville, which received \$666,000 from the Department of Defense to continue testing on its engines.

Because the application process is long, detailed and technical, Business Oregon offers a matching grant program that helps small businesses navigate the process. Business Oregon will provide \$3,000 matching grants to eligible Oregon businesses to hire a consultant to assist with writing a grant application, and a \$500 matching grant to hire a proposal review consultant or attend a qualified SBIR/STTR conference. Funding: \$100,000

Entrepreneurs and Small Business Assistance currently funds a part of the statewide outreach and educational efforts for entrepreneurs organized by the Oregon Entrepreneurial Network (OEN), as well as two regional Angel investment conferences (\$70,000 a biennium). An increase of \$100,000 will enable with OEN an expansion of outreach and educational programs to strengthen support for Oregon startups and entrepreneurs in non-Metro regions, as well as help start a statewide Oregon Angel conference to attract additional private funds into Oregon. An additional \$125,000 for small business technical services funding via matching grants will grow jobs and create wealth by providing local second-stage companies that have a high growth potential with provide professional services at the critical time in their development. This funding will provide the agency with the ability to direct assistance to some of Oregon's smallest businesses in rural or distressed communities who need financial assistance to access training, services, and capital they need for success. Funding: \$225,000

Funding: \$2.05 million

A Partnership for Innovation and Competitiveness: A Proposal from Oregon's Research Universities

Overview

Oregon realizes substantial returns on modest investments by linking its four research universities (Oregon State, University of Oregon, Portland State, and Oregon Health and Science University) with established industries and new businesses. Over the past eight years, the Oregon Innovation Council (Oregon InC) and its three Signature Research Centers (SRCs) focusing on nanoscience (ONAMI), biotechnology (OTRADI), and environmental technology (BEST), have worked with the universities to achieve a return of seven dollars for every dollar invested by the Oregon Legislature, through research grants, new startup companies, and venture capital.ⁱ In addition, an increasing share of the universities' \$800M of annual research expenditures come from major collaborative, interdisciplinary grants, over \$10M each, involving two or more of the schools.

When Oregon InC was launched, few other states had comparable programs, and federal funding was more readily available. Oregon's economic success is now threatened by competition from other states building similar but larger strategic initiatives linking economic development with research and innovation. Washington,ⁱⁱ Arizona,ⁱⁱⁱ Ohio,^{iv} and others have out-invested Oregon in the past decade, buffering their economies from the latest recession, and increasing their success rates for federal grants. However, by upgrading our telecommunications infrastructure, strengthening collaboration, expanding business incubation capabilities outside Portland, and taking advantage of Oregon-based computing expertise from companies like Intel and IBM, we can leapfrog these other states and recapture a leadership position in innovation.

Objective

Oregon's research universities, Oregon InC, and Oregon-based companies propose a "Partnership for Innovation and Competitiveness" that will position Oregon to more effectively use scientific and technological discovery to grow new businesses, preserve the competitiveness of our existing manufacturing base, and participate in the shaping of entirely new industries. This initiative includes five components:

- *Networking*: Enhance high-speed computer networking capacity and associated expertise across the state to allow unprecedented sharing and analysis of huge data sets ("Big Data"), which are transforming industries ranging from drug development to energy generation to resource management.
- *Incubation*: Add business incubation facilities in Corvallis and Eugene to those near PSU and OHSU, thus launching a distributed network that can increase the success of startup companies derived from university-based research statewide.
- *Competitiveness*: Make Oregon's extensive metals industry more competitive through stronger research and training ties to university faculty and students.
- *Efficiency*: Use the IT industry's latest analytics techniques to help manufacturing companies design more efficient and cost-effective processes and supply chains.
- *Partnerships*: Better support private sector partners and job creation by connecting the five Regional Solution Centers to each other and the universities.

Partnership

To achieve these objectives, the coordinated proposal consists of three initiatives:

- *Research Collaboratory*: Construct a high-speed computing network in Oregon, modeled after those in Washington and Ohio, to allow university researchers and their private sector partners to address society's largest and most complex problems, leading to greater grant success and the launching of new start-ups.
- *Accelerator & Innovation Network*: Build the Oregon Regional Accelerator and Innovation Network (OREGON RAIN) in the South Willamette Valley, in order to coordinate and leverage the research activities of UO, OSU, and the three SRCs to advance the formation, growth and retention of technology-based companies outside of Metro Portland. RAIN will also take advantage of the Regional Solution Centers, planned new IT infrastructure, and previous municipal investments.
- *Metals Initiative*: Expand the Oregon Metals Initiative to provide better linkages between regional industry and university researchers, while also supporting the development of highly instrumented, computationally enhanced manufacturing (another potential application of "Big Data"). These steps will also strengthen a \$60M proposal bid for federal funds to establish an Oregon-based node in the new National Manufacturing Institute Network.

Research Vice Presidents selected these projects because they collectively offer the fastest path to the creation of high wage, technology-related jobs in Oregon, harness the collective power of our public universities, and have the greatest potential to leverage external dollars for Oregon. The investments proposed herein have been scaled to meet time-sensitive needs with an initial commitment of \$15.5 million in the 2013-15 biennium.

Resources

The Oregon Business Development Department's proposed budget includes a policy option package earmarking resources for the aforementioned projects as follows:

- Oregon Research Collaboratory: \$4.6M (\$4.0M in capital and \$0.6M in operations) to set up initial demonstration projects linking the new OHSU-PSU-OSU Collaborative Life Science Building with PSU's Engineering College; and the OSU and UO campuses with their new business incubation facilities.
- Regional Accelerator & Innovation Network: \$7.5M (\$2.5M operations and \$5.0M capital) for the 2013-2015 biennium including \$5M for facilities acquisition and improvement in Eugene and Corvallis, \$2M for staffing, including student interns, and \$0.5M for business program development.
- Oregon Metals Initiative: \$3.4M (\$2.4M operations and \$1.0M capital) in the 2013-2015 biennium, to hire metals-related faculty, launch corporate-driven academic research projects, and upgrade testing equipment at the state universities, all of which could increase the competitiveness of the \$60M Manufacturing Institute proposal as well as strengthen regional industries.

ⁱ <http://www.oregon4biz.com/assets/docs/13-15InnoPlan.pdf>

ⁱⁱ <http://www.pnwgp.net/>

ⁱⁱⁱ http://www.flinn.org/file/a_bridge_crossed.pdf

^{iv} http://www.sri.com/sites/default/files/brochures/final_oh_impact_exec_sum_sri.pdf



Oregon Growth Board

Overview Report & Recommendations

April 2013

Oregon Growth Board

The Fundamental Goal

- Lift Oregon's efforts and improve outcomes to attract and make available capital for business formation and growth, and effectively compete with other states.

Oregon Growth Board

The Opportunity

- Create sustainable high-wage jobs
 - Generate financial returns for the State
 - Leverage outside private capital
 - Increase the number and types of businesses assisted
- Result: an Oregon economy that is growing more rapidly and more sustainably.

Oregon Growth Board

The Competitive Challenge

- Nationally, states seeing & driving structural economic changes.
 - Chasing big plants replaced by home-grown innovation

- Progressive States – have comprehensive agendas.
 - R&D activity (public & private)
 - Entrepreneurial ecosystems
 - Availability and access to growth capital

- Oregon well-positioned with the right strategies.
 - Can leverage infrastructure to create sustainable advantage

Oregon Growth Board

The Need

- Capital scan (2011-2012) by the Oregon Community Foundation (OCF), Meyer Memorial Trust (MMT), Office of the Treasurer, Business Oregon.
 - Uncovered capital gaps in the State.
- Ford Foundation & USDA Data (Scruggs Report)
 - Provided National context and pointed out areas where Oregon is at a competitive disadvantage today.
- State missed out on some SSBCI \$ due to inability to meet structure and timing of grants.

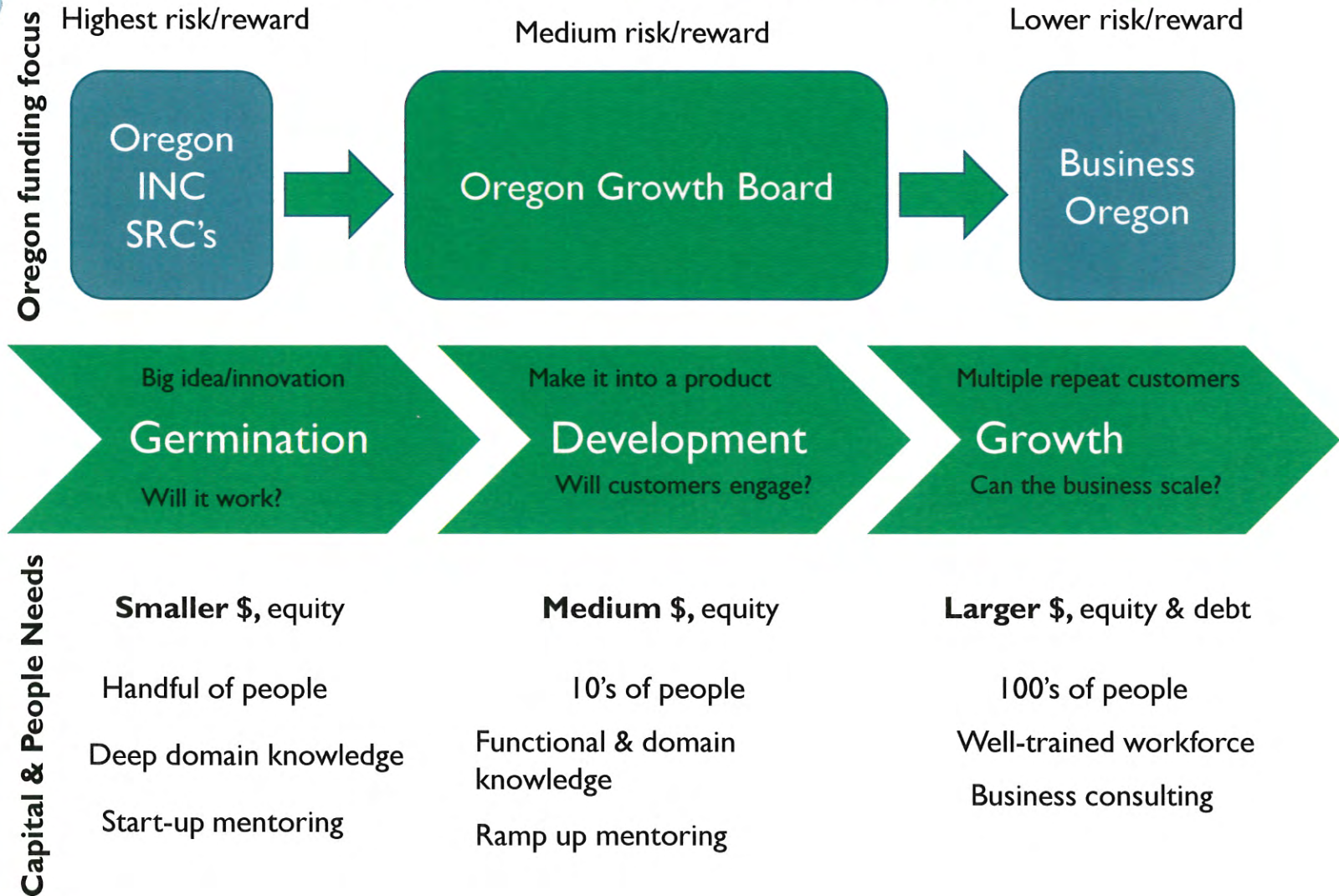
Oregon Growth Board

The Tools

- Oregon Investment Act (HB 4040) passed in February 2012.
- Board confirmed in late May 2012, formally met 8 times during the following 9 months to assess and make recommendations.
- Board took inventory of existing Oregon programs (Business Oregon, Oregon Growth Account, Oregon Inc....)
- Board looked at best practices from other states (Cimarron & Cromwell reports...)
- Now ready to make recommendations for action.

Oregon Growth Board

Lifecycle of a job-creating startup



Oregon Growth Board

Filling the Top of the Funnel is the Key

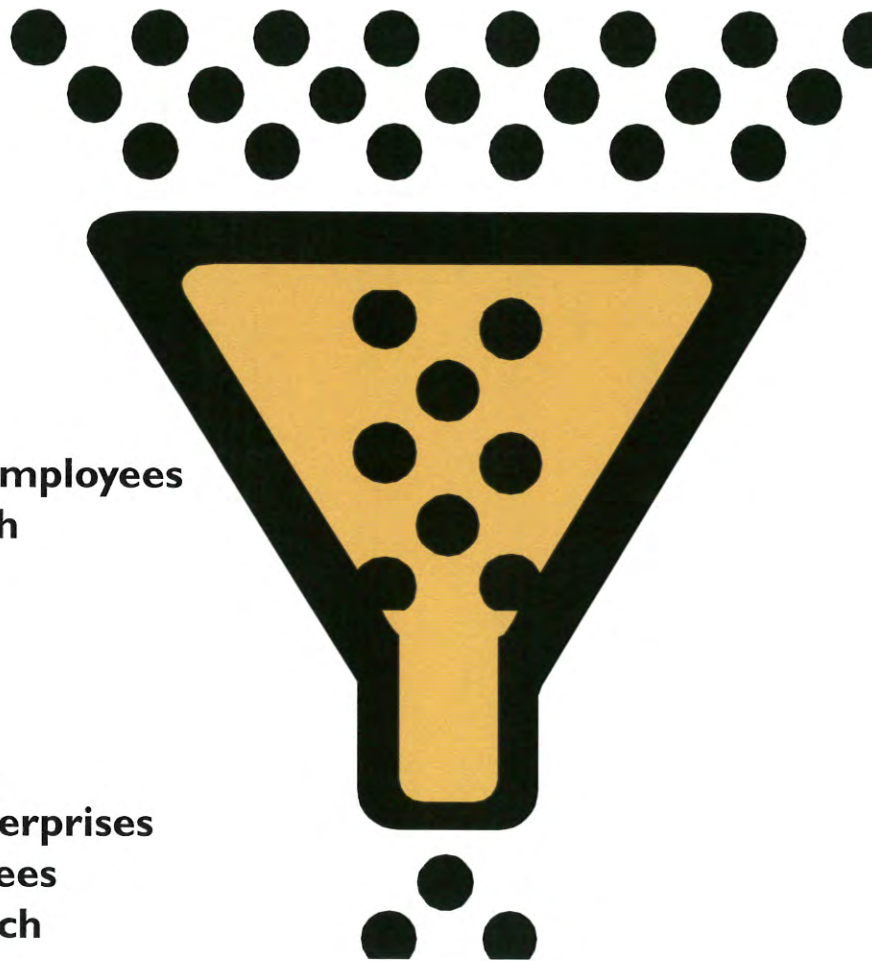
Need 100's of startups
Each with low 10's of employees
\$100K's of investment \$ in each



To generate 10's of companies
Each with high 10's / low 100's of employees
With \$1M's of investment \$ in each



To result in a handful of major enterprises
Each with 500 to 1000's of employees
With \$10M's of investment \$ in each



Oregon Growth Board

State Finance Programs Supporting Business & Jobs Today

Early Stage,
Emerging,
Entrepreneurial
Businesses

Oregon Growth Account
Oregon Investment Fund
Oregon Innovation Council
Signature Research Centers (ONAMI, etc.)
Entrepreneurial Development Fund

Owner Key
Business Oregon
Treasurer's Office
Department of Energy
Infrastructure Finance Authority
ODOT

Established,
Growing
Businesses
Needing Debt
Capital

Business Energy Tax Credit - Manufacturing
Small Energy Loan Program
Oregon New Market Tax Credit
Oregon Business Development Fund
Credit Enhancement Fund
Strategic Reserve Fund
Business Expansion Program
Industrial Development Bond
Industry Competitiveness Fund
Capital Access Program

Infrastructure
Development

Brownfields/Industrial Lands
IFA Infrastructure Programs
Immediate Opportunity Fund
Connect Oregon
Flexible Funds Grant Award

Oregon Growth Board

The Model

- A Board operating in a similar mode to how the Oregon Investment Council invests our pension dollars.
 - Ability to allocate capital for business development programs to serve the State's needs as they evolve.
 - Flexibility to react to changes in the marketplace with portfolio management agility to respond to opportunities quickly.
 - Utilizing outside professionals and experts to select managers and monitor performance.
 - Set & monitor clear standards of performance and accountability.

Oregon Growth Board

The Next Steps

- Remove the sunset provision in the Oregon Investment Act
- Support umbrella strategy investing across capital continuum (early stage, growth, debt, mentoring...) in traded sector firms in Oregon.
- Balance drive for financial returns with sustainable high-wage job creation.
- Transfer oversight of Oregon Growth Account to the Oregon Growth Board.
- Create Oregon Growth Fund with different funding sources and different disbursement obligations than OGA.
- Provide the Board will allocation authority, in conjunction with the Business Oregon Commission, to coordinate capital resources.
- Make clear that the Board will not invest in any specific project or company, nor compete with private capital resources.

Oregon Growth Board

Starting the Process

- Initially, go after the low-hanging fruit of early-stage needs.
- Focus on filling the “top of the funnel” – including support for commercialization from Signature Research Centers (ONAMI, etc.)
- Develop a portfolio across Oregon regions and industries.
- Develop a monitoring system to provide feedback.
- Be a catalyst to leverage private dollars, yet be ready to step away if/when private capital reaches critical mass in an area. Actively avoid competition with private sources of capital.
- Move systematically over time from focus on early-stage, to growth capital, to infrastructure as the Board proves its value.

Oregon Growth Board

The Funding

➤ Best practices: review of other states with successful programs indicates Oregon should fund \$40M-\$50M for early stage / growth portion of the challenge.

➤ Oregon Growth Account: ~ \$28M

➤ Governor's budget: ~ \$5M



~\$33M

➤ This is a starting point and should be structurally developed for sustainability.



Oregon Growth Board

Thank you!

Questions?

Industrial Lands Readiness and Site Certification

Industrial Lands Readiness and Site Certification provides funding (POP #105) for a limited duration position to administer the Industrial Lands Readiness program and work with the Local Governments and Regional Solution Teams to directly assist property owners to make an industrial site ready and competitive for business expansion and location. During the current biennium, the lack of dedicated state resources to fund assessments on sites resulted in fewer certifications, fewer re-certifications, increased costs for property owners and slower progress on certification activities. Without state assistance, the site certification activities can only be self-funded by the property owner. Funding: \$127,737 (LF)

Seismic Rehabilitation Grant Program

Seismic Rehabilitation Grant Program provides grants to schools and critical public buildings for the seismic rehabilitation of such facilities. The Seismic program is a progressive mitigation program to address seismic issues. The program is proposed for transfer from the Military Department to the Infrastructure Finance Authority via POP #475 and 476. The Infrastructure Finance Authority is experienced in administering grants for local public purpose projects that are capital investments. Staff positions, funding, and General Fund debt service for general obligation bonds are included in the transfer. Funding: \$3.9 million (GF); (+\$37.3 million (OF) Lottery Bond proceeds

Oregon Arts Commission

POP #090 requests funding to be used for 8 to 10 grants of \$25,000 to \$75,000 for two-year projects that will focus on increasing student proficiency in Twenty-First Century learning & innovation skills (creativity, innovation, critical thinking, problem solving, communication and collaboration) through work between schools and professional organizations emphasizing opportunities such as internships, mentorship programs, industry residencies in schools and student residencies at industry firms. The grants also support partnerships between K-12 districts, post-secondary institutions, arts/cultural non-profit organizations and/or professional STEAM-industry businesses to increase opportunities for students in grades 6-12 to engage and connect with Oregon arts and creative industries. The grants will be administered by the Oregon Arts Commission. Funding: \$500,000 (GF)

Oregon Minority Women and Emerging Small Business (OMWESB)

OMWESB funding is requested via POP #106 to replace a 20+ year old data base and software system, establish a Compliance Specialist position, and establish a legal budget to remedy a federal audit finding.

Aging Software prohibits the department from having more than one staff person enter data into the system at a time and implementing an online application process. The estimated cost for new software to be hosted through an outside vendor is \$100,000 per biennium. An additional one-time amount of \$60,000 is needed for installation, migration and training. Funding: \$170,000 (OF)

Compliance Specialist 2 position loaned from ODOT for the last 3 years has been key to bringing the program to its present state. The number of certifications has tripled since 2004. The Governor's Office has recently launched a statewide outreach program to reach an aspirational goal of 12,000 firms certified. In addition, there are statutory requirements to process certifications within a specific timeframe. Funding is requested to establish a permanent position within the program to carry on the the current workloads and expected increase in demand performed by the expiring loaned ODOT staff. Funding: \$137,147 (OF)

Remedy Federal Audit Finding that cited the high risk of not affording applicants appellant rights when they are denied certification or decertified. The department is currently at risk for not developing a strong legal precedence for decertification or denial of certification which may cause higher legal costs in the future. This request is to establish a legal budget that would cover the costs of an Administrative Law Judge review and determination for applicants to appeal to after the department makes a determination. Funding: \$225,000 (OF)

Total Funding: \$532,147 (OF) Statewide Assessment

Rural Capacity

Rural Capacity assistance is requested via POP # 109 to provide assistance to rural communities to address the administrative requirements that accompany federal or state funded capital construction projects. Absent the capacity to meet the administrative requirements communities become liable for failing to administer Davis Bacon wage rates or Buy American provisions. Liability issues are both time consuming and financially significant to resolve. A recent study, June 2012, concluded that additional knowledgeable staffing assistance to small communities is essential to advancing the capacity of such communities and assuring project success. A full time, permanent position, Program Analyst 3 to implement and sustain the proposed response to community needs is requested. Funding: \$183,300 (OF) SPWF/WWF



Ways & Means Budget Discussions Phase 2

Ways and Means Subcommittee on Transportation
and Economic Development

April 9, 2013

2013-15 Budget Drivers

- Create and Retain Jobs for Oregonians
- Implement Oregon InC 2.0
- Develop a Global Economic Strategy for the State
- Improve Industrial Land Readiness & Redevelopment Opportunities
- Meet Rural Project Development and Management Capacity Needs
- Enhance Infrastructure Finance Program Funds

Policy Option Package Summary

(Major Budget/Funding Decisions)

101 - Oregon Innovation Council (Oregon InC)

- Oregon Nanoscience & Microtechnologies Institute (ONAMI) Funding: \$6.1M
- Oregon Built Environment & Sustainable Technologies Center (Oregon BEST) Funding: \$8M
- Oregon Translation Research & Development Institute (OTRADI) Funding: \$2.0M
- Oregon Wave Energy Trust (OWET) Funding: \$2.5M

Policy Option Package Summary Con't

(Major Budget/Funding Decisions)

101 - Oregon Innovation Council (Oregon InC)

- Drive Oregon Funding: \$2.25M
- Unmanned Aerial Systems Center Funding: \$2.5M
- Oregon Story Board Funding: \$900,000

102 - Special Public Works

Funding: \$24.5M (OF) Lottery Bond Proceeds

Policy Option Package Summary Con't

(Major Budget/Funding Decisions)

102 - Regional Solutions Infrastructure Projects

- Regional Solutions Advisory Committee Funding: \$20M (OF)
Lottery Bond Proceeds
- Regional Conveners Economic Initiatives Funding: \$30M (OF)
Lottery Bond Proceeds

102 - Special Projects

- O&C Timberland Collaboration Funding: \$1.4M (OF)
Lottery Bond Proceeds
- Eastern OR Forest Collaboration Funding: \$4M (OF)
Lottery Bond Proceeds
- Celilo Falls Confluence Project Funding: \$1.7M (OF)
Lottery Bond Proceeds

Policy Option Package Summary Con't

(Major Budget/Funding Decisions)

103 - Industry Competitiveness Fund (ICF)

- Export Promotion and Assistance Funding: \$525,000
- Work Ready Communities Funding: \$1,000,000
- Oregon Manufacturing Assistance Funding: \$200,000
- Small Business Innovation Research & Small Business Technology Transfer Research Funding: \$100,000
- Entrepreneurs & Small Business Assistance Funding: \$225,000

Policy Option Package Summary Con't

(Major Budget/Funding Decisions)

104 - Innovation Investments

- Upgrade to Oregon's IT Infrastructure Funding: \$4.6M
(\$0.6M Operations; \$4M Capital)
- South Willamette Valley Accelerator (Oregon RAIN)
Funding: \$7.5M
(\$2.5M Operations; \$5M Capital)
- Metals Manufacturing Funding: \$3.4M
(\$2.4M Operations; \$1M Capital)
- Oregon Investment Act Funding: \$5M

Policy Option Package Summary Con't

(Major Budget/Funding Decisions)

105 - Industrial Lands Readiness and Site Certification

Funding: \$127,737 (LF)
Lottery Bond Proceeds

475 - Seismic Rehabilitation Grant Program

Funding: \$3.9M (GF)
(+\$37.3M (OF) Lottery Bond Proceeds)

090 - Oregon Arts Commission

Funding: \$500,000 (GF)

Policy Option Package Summary Con't

(Major Budget/Funding Decisions – Other Funds)

106 - Oregon Minority Women and Emerging Small Business

- Aging Software Funding: \$170,000 (OF)
- Compliance Specialist 2 Position Funding: \$137,147 (OF)
- Remedy Federal Audit Finding Funding: \$225,000

109 - Rural Capacity Assistance

Funding: \$183,300 (OF)
SPWF/WWF

Long-Term Vacancy Report

Quarterly Long-term Vacancy Report
as of December 31, 2013

| Vacancy Date | Division | FTE | Fund Type | Reason | Update |
|-----------------------------------|----------|------|-----------|---|---|
| Permanent Positions | | | | | |
| 6/8/12 | BITD | 1.00 | LF | Recruitment in process | Anticipate hire date April '13 |
| 7/1/11 | IFA | 1.00 | OF | Filled by Deputy Director | Open - pending |
| 11/30/11 | IFA | 1.00 | OF | Reclass Pending; Recruitment to follow | Recruitment in process; Anticipate hire date April '13 |
| 5/31/11 | IFA | 1.00 | OF | Update of Position Description; in process | Recruitment in Process; Anticipate hire date May '13 |
| 7/1/11 | BITD | .50 | OF | New program (no revenue) | Vacant; will hire in 13-15 |
| Limited Duration Positions | | | | | |
| 7/1/11 | BITD | .50 | OF | New program (no revenue) | Vacant; will not hire in 11-13; position not in 13-15 |
| 7/1/11 | SS | .25 | OF | New program (no revenue) | Vacant; will not hire in 11-13; position not in 13-15 |

BITD – Business, Innovation & Trade Division IFA – Infrastructure Finance Authority SS – Shared Services Division



M E M O R A N D U M

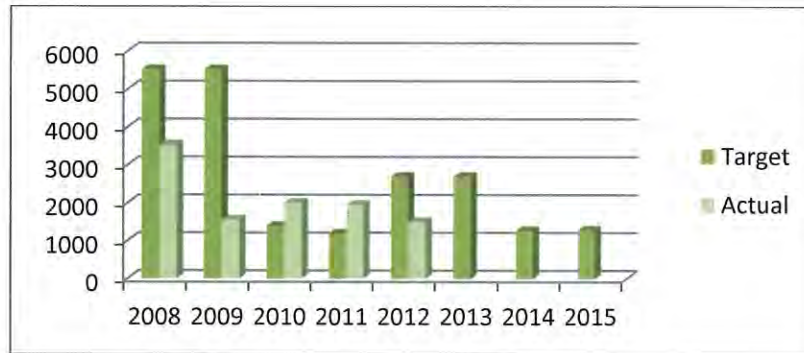
Date: April 4, 2013
To: Ways and Means Subcommittee on Transportation and Economic Development
From: Tim McCabe, Director, Oregon Business Development Department
Subject: Annual Performance Progress Report (Key Performance Measures)

Business Oregon’s key performance measures (KPMs) are used as a tool to help evaluate the agency’s progress towards achieving its mission. There are 10 KPMs – six cover the work of the Business, Innovation, and Trade Division to create and retain jobs for Oregonians, three cover the work of the Infrastructure Finance Authority in the creation of healthy communities where jobs can be located, and one measures the agency’s overall performance determined by our customers in a customer satisfaction survey.

| Key Performance Measures | 2012 Target | 2012 Results |
|---|----------------|----------------|
| Jobs created | 2700 | 1510 |
| Jobs retained | 7500 | 4998 |
| Tax Revenue | \$14.8 million | \$16 million |
| New Export Sales | \$17 million | \$5.59 million |
| Survivability of Small Businesses | 60% | 62% |
| # of Industrial Lands Sites Certified | 6 sites | 2 sites |
| # of Capital Planning Projects Awarded | 25 | 24 |
| # of Capital Construction Projects for Public Health and Safety | 15 | 17 |
| # of Capital Construction Projects for Economic/Community Dev | 15 | 32 |
| % of Customers Rating Satisfaction of Customer Service | 90% | 89% |

The agency met or exceeded six of the 10 performance measures in Fiscal Year 2012: estimated income tax revenue, small business survival rate, infrastructure planning projects, infrastructure construction projects, infrastructure community projects and customer service. For the performance measures jobs created, jobs retained, export sales and the number of industrial site certifications, the agency fell short for the reasons detailed in the information that follows.

Jobs Created



2012 Actual Jobs Created 1510
 Agency Proposed Target 1301
 LFO 2011-13 Budget Note Target 2700

The agency targets were increased in a budget note from the 2011-13 LAB. The target increased by 44% or 1500 jobs to reflect the expanded support in the agency budget for job creation and retention programs. The expanded support primarily came from a 49% increase in funding for the Governor’s Strategic Reserve Fund.

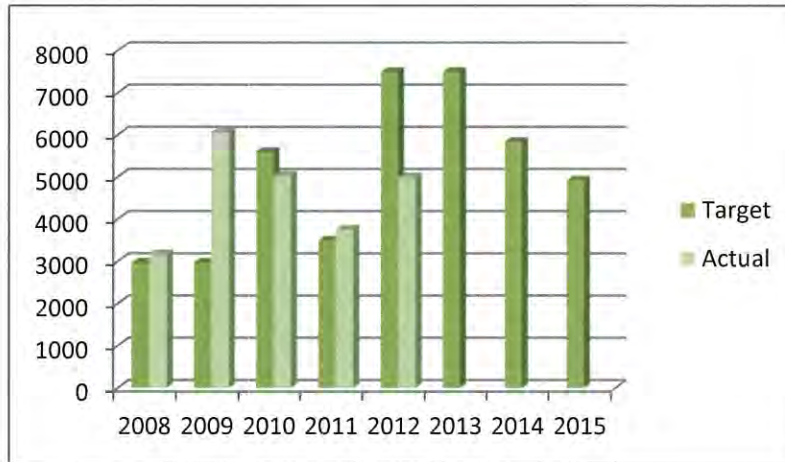
However, jobs do not show up immediately after a company enters into a contract with the agency. Historical analysis of completed projects consistently shows a pattern of when jobs created are projected to occur over five years.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------|--------|--------|--------|--------|--------|
| Share of Jobs Created | 20% | 20% | 30% | 20% | 10% |

Business Oregon uses this pattern to project jobs for future biennia. If asked to project targets for fiscal years 2012 and 2013, the department would have followed the above-methodology and projected a target of 1301 jobs created for 2012. A target of 1301 jobs versus the budget note target of 2700 jobs more accurately reflects the actual result of 1510 jobs created. The agency proposed target for FY2013 using the target methodology is 1325 jobs created versus the 2011-13 LAB budget note target of 2700 retained jobs.

Business Oregon’s targets for the upcoming biennium have been adjusted using this current methodology – the targets recommended for approval are: 1273 for FY2014 and 1286 for FY2015.

Jobs Retained



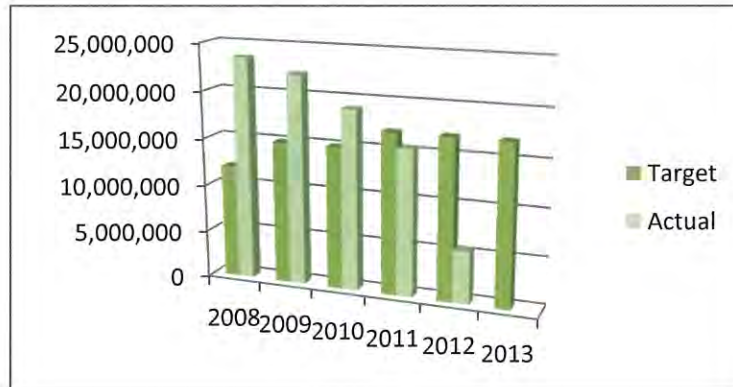
2012 Actual Jobs Retained 4998
Agency Proposed Target 3500
LFO 2011-13 Budget Note Target 7500

As with the jobs created measure, the agency targets for jobs retained also increased in a budget note from the 2011-13 LAB. The target increased by 53% or 4000 jobs to reflect the expanded support in the agency budget for job creation and retention programs. The expanded support primarily came from a 49% increase in funding for the Governor's Strategic Reserve Fund.

During the recession, Business Oregon engaged in a strategy to focus its efforts on providing support and resources to businesses seeking job retention rather than job creation activities. Because of this approach, in FY2012 the agency increased the number of retained jobs by 33% or 1238 jobs from FY2011. While the agency realized a significant rise in retained jobs, the budget note target was not met. If the agency had projected targets for Fiscal Years 2012 and 2013 using our target methodology, the projected target for retained jobs for FY2012 would have been 4815, which the agency exceeded having retained 4998 jobs. The agency proposed target for FY2013 using the target methodology is 5032 jobs retained versus the 2011-13 LAB budget note target of 7500 retained jobs.

The department's targets for the upcoming biennium, 2013-15 have been adjusted using our methodology for estimating targets; the targets recommended for approval are 5840 for FY2014 and 4923 for FY2015.

Export Sales

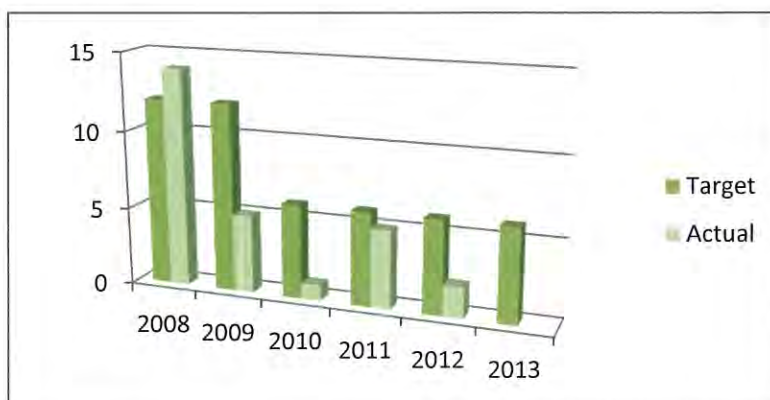


One of Business Oregon’s strategies is to promote international exports working with private and public sector partners. This measure targets growth of revenues to the state via international trade and reflects the agency’s efforts to promote exports of Oregon goods and services.

In previous fiscal years, Business Oregon included both expected sales and actual sales realized through technical assistance which are reported to us by the companies. If we had reported as done in the past, the actual number would be \$25,360,000 – exceeding the target.

However, when looking at this measure and the intent of the measure, the department determined to take a consistent approach and report the “actual” sales. In order to be more strategic about funding decisions, the agency decided at the beginning of FY2012 to ask companies to provide more details regarding the amount of sales generated and sales expected, as well as the number of sales leads, potential agents, distributors and licensees as a result of participating in a Business Oregon subsidized trade event. This is the first fiscal year where companies were required to provide sales information at this detailed level every six months. Ultimately, these statistics will provide a more comprehensive picture of the results obtained and help identify areas that may need additional resources or change in process for improvement.

Industrial Sites Certified



The goal of this performance measure is to assist Oregon communities to build capacity to retain, expand and attract businesses. The measure was adopted in 2004, and the agency has had great

success in certifying sites. A total of 73 sites have been certified since 2004 – 30 of those sites have experienced some development and job creation.

For FY2012, two sites were certified, totaling 112 acres. There are three main reasons for not meeting the target:

1. The “easy” sites have been certified, by “easy” meaning those sites that are least encumbered, i.e. no problems with land titles, no advanced environmental assessments required, no cultural resource impediments, willing land owners, etc.
2. Many of the remaining industrial sites have costly barriers, such as wetland and transportation issues, environmental and cultural protections, land title issues, etc.
3. The program lacks a dedicated funding source to assist owners with the barriers just described, and the costs associated are too great for property owners to pursue on their own.

Business Oregon created a new “decision ready” designation (certified light) program in FY2010, and this program competed for the same staff and assessment resources as the certification program. The costs associated with the “decision ready” program are less than the certification program, and over the last two fiscal years, the department has designated 22 sites as “decision ready”. The expectation over the next biennium is that the highest priority “decision ready” sites will move into the site certification process.

The above-noted information provides an overview of the department’s key performance measures. Moving forward, Business Oregon welcomes the opportunity to further discuss the key performance measures in greater detail and to collaborate with the Legislature to ensure the measurements report the progress that is helpful in guiding budgetary decisions for our state.



Key Performance Measurement Review

2012 Annual Performance Progress Report

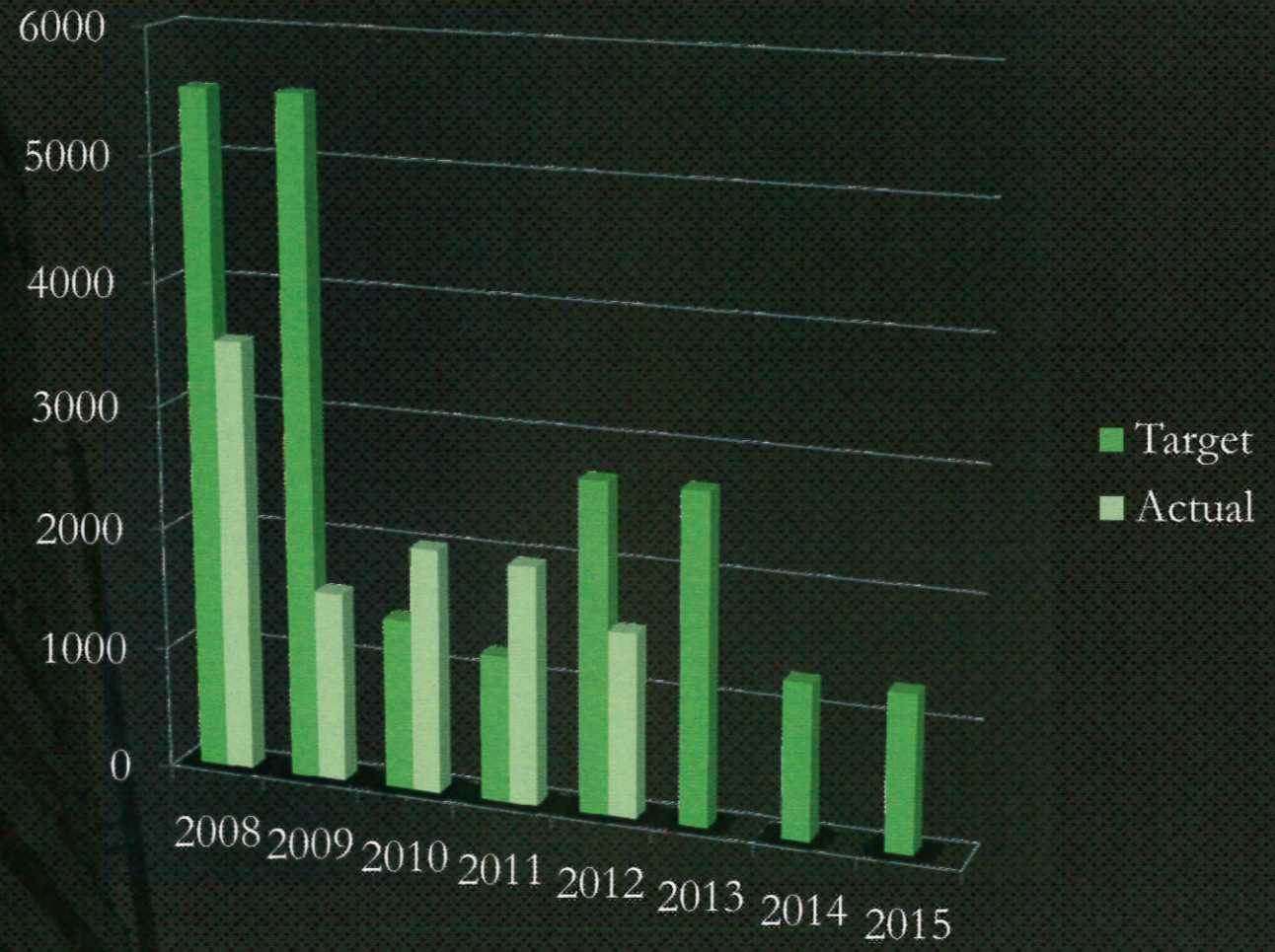
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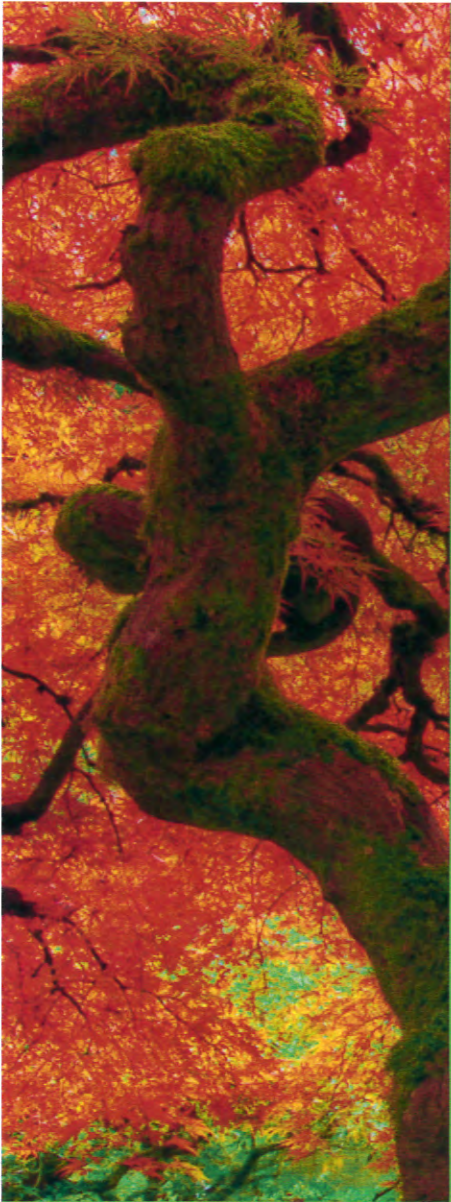




business
oregon

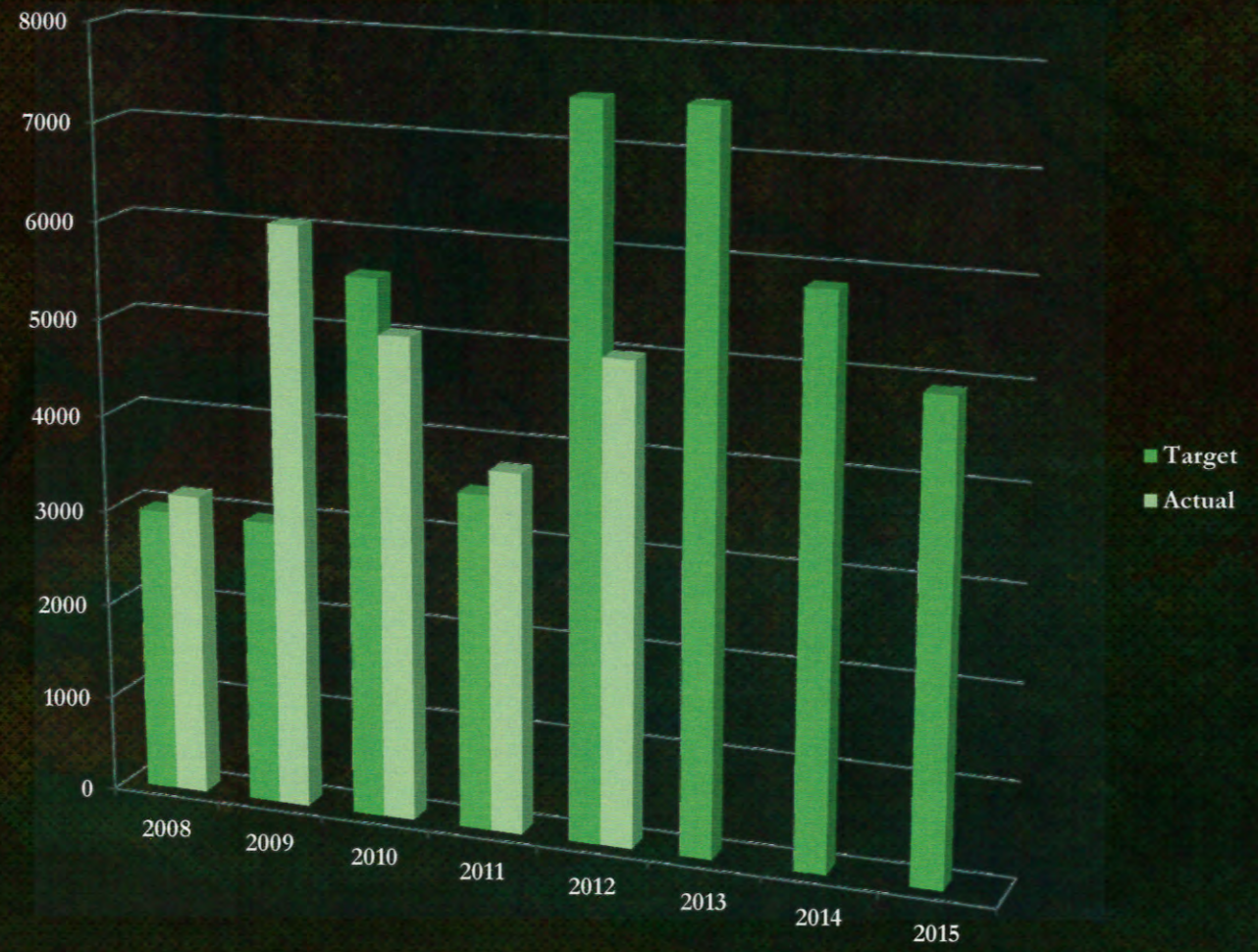
Jobs Created





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Jobs Retained





New Export Sales





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of New Industrial Land Sites Certified "Project Ready"

