



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	General Fund Debt Service	Lottery Fund	Lottery Fund Debt Service	Other Fund Non Ltd	Other Fund Ltd	Federal Fund	Total Fund	Pos	FTE
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)	\$ (29,550)	\$ (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	507,373	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 filed.
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 200 053	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.

OF Ending Balance Form Jan 2013 (2).xls

4/5/2013 6:54 AM

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	0		Administrative expenses reimbursed after incurred
Nonlimited	300-00-00-00000	0473/Ports Lottery Bonds (1132, 1133, 1309, 0519)	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	17,950,006	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 369.120	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	66,404		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:

Oregon Business Development Department
2013 - 2015 Biennium

Agency Number: 12300

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 (5% 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 (SBD) 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.

Oregon Business Development Department
2013 - 2015 Biennium

Agency Number: 12300

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 \$62 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.

Oregon Business Development Department

2013 - 2015 Biennium

Agency Number:

12300

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 - 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 biennium
			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 28.2%. 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 in the future.
			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.

Oregon Business Development Department

2013 - 2015 Biennium

Agency Number:

12300

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 30 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 capability of the Agency.

Oregon Business Development Department															
2013 - 2015 Biennium													Agency Number:		12300
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														
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 requirement to the National Endowment for the Arts.	
			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)	(10)	(11.00)		