

Analysis

Oregon Business Development Department

Small Business Assistance Programs KPM Report

Analyst: Steve Bender

Request: Acknowledge receipt of a proposed replacement Key Performance Measure (KPM) to measure the effectiveness of the agency's small business assistance programs.

Recommendation: Acknowledge receipt of the report, decline approval of the proposed KPM, and direct the agency to submit a new proposed Key Performance Measure to measure the effectiveness of the agency's small business assistance programs to the Emergency Board, no later than September 2014.

Analysis: During the 2013 session, the Oregon Business Development Department (OBDD) asked the Joint Committee on Ways and Means to delete its Key Performance Measure (KPM) relating to small business assistance programs. That measure reports the percent of small businesses that remain in business at least four years after receiving assistance from the Department. The Joint Committee on Ways and Means denied this request and directed "the Department to propose, in the 2014 session, a replacement measure of the effectiveness of its small business assistance programs."

There currently are two small business assistance programs supported in the OBDD budget. OBDD does not provide direct services in these programs, instead, services are delivered by contract providers. The two contractors are the Oregon Small Business Development Center Network (OSBDCN), receiving \$2.2 million in the 2013-15 biennium, and the Government Contract Assistance Program (GCAP), receiving approximately \$425,000 in 2013-15. The OSBDCN provides technical assistance to entrepreneurs starting, running, and growing small businesses. GCAP provides technical assistance to help small businesses land government contracts. Additionally, both programs receive funds from the federal government.

OBDD reports that difficulties with the current measure, the lack of sufficient data, and the cost of obtaining the data that is available, all make it impractical to maintain the current KPM. The agency reports it spent \$50,000 during the 2009-11 biennium to validate data for the current KPM.

OBDD proposes replacing the current KPM with a measure of the "Amount of federal and private leverage (funding) for technical assistance for small business realized during the contracting period." The reported value of this measure would be total federal and private support dollars that became available to the two programs, as a result of the state support dollars provided in the budget.

The Legislative Fiscal Office (LFO) recommends against approval of the proposed KPM. The proposed KPM does not provide any information on the performance of the small business assistance programs. Additionally, since the federal government sets the rates by which it provides matching funds, neither the agency nor the contractors would have any influence on the reported KPM value. The reported values would be determined solely by the federal match rates then in effect, and by the level of state support the Legislature appropriates for the programs.

LFO recommends that the Committee acknowledge receipt of the report, decline approval of the proposed KPM, and direct the agency to submit a new proposed Key Performance Measure to measure the effectiveness of the agency's small business assistance programs to the Emergency Board, no later than September 2014.