

Federal Grant Application Request  
**Oregon Business Development Department**  
State Trade and Export Promotion [STEP] Program

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**Analyst:** Steven Bender

**Request:** Approve the submission of a federal grant application to the U.S. Small Business Administration (SBA) in the amount of \$450,000, for funds available under the State Trade and Export Promotion (STEP) program.

**Recommendation:** Approve the request.

**Analysis:** The Oregon Business Development Department (OBDD) is asking the Joint Committee on Ways and Means to approve submission of a federal grant application for \$450,000 under the State Trade and Export Promotion (STEP) grant program.

The U.S. Small Business Administration (SBA) is offering STEP grants to support state export programs that assist eligible small businesses. This is the fourth year the SBA has solicited applications for STEP grants. The agency applied for and received STEP grant awards in each of the previous three years. The application deadline for the current round of grant awards is May 20, 2015.

OBDD would use the STEP grant funds to expand the Oregon Trade Promotion Program (OTPP). The OTTP provides financial assistance to Oregon companies attending international trade shows or trade missions in order to enter new export markets or expand sales in existing markets. The financial assistance takes the form of grants to offset portions of the costs of attending the trade shows and missions. Financial grants of up to \$5,000 are awarded to eligible small businesses under the OTTP program. The agency also offers companies Global Trade Specialists who provide counseling and technical assistance services. The STEP funds would expand the OTTP to serve more companies, and to fund other expanded services including trade show booth rentals and promotion and marketing materials. Funds would also be used for smaller training grants to companies.

The STEP grant program includes a 25% percent state match requirement. Business Oregon would apply \$150,000 Lottery Funds in the OTTP program to meet the full 25% state match requirement. This will not impact the ability of the Lottery Funds to provide program services.

The Legislative Fiscal Office recommends approval of the request. The agency will be able to meet the required match requirements without taking resources or personnel away from other programs. Furthermore, there are no continuing requirements for the agency to maintain any programs or expenditure levels after the expiration of the grant. If the application is successful, the Legislature will need to increase the agency's Federal Funds expenditure limitation during the 2016 Session to accommodate expenditures of grant funds.



May 5, 2015

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
State Capitol, H-178  
Salem, OR 97301-4048

Dear Co-Chairpersons:

### **Letter of Intent to Apply for a Federal Grant**

The purpose of this letter is to provide notification to the Joint Committee on Ways and Means that the Oregon Business Development Department (Business Oregon) intends to submit an application to U.S. Small Business Administration (U.S. SBA) for a \$450,000 State Trade and Export Promotion (STEP) Grant. Business Oregon is currently executing the third year of this Grant, and this letter describes Business Oregon's intend to apply for the fourth year of the STEP Grant.

The State Trade and Export Promotion Grant provides funding for states to carry out export programs that assist eligible small business concerns. The aim of the STEP grant is twofold: 1) increase the number of small businesses that are exporting and 2) increase the value of exports for those small businesses that are currently exporting. Based on the U.S. SBA's Program Application Guidelines for Federal Fiscal Year 2015, the federal share of this program will be 75% and requires a 25% state match requirement; Business Oregon is planning to use \$150,000 of Industry Competitiveness Funds to meet the match. Application deadline for this grant is May 20, 2015.

### **Background**

The Oregon Business Development Department (OBDD) proposes a STEP Year 4 Project that will continue to build upon the successes of the previous STEP Years 1 through 3, and will measurably increase the value of exports from Oregon and increase the number of exporters in the state. OBDD will use the project funds to provide eligible small businesses with the financial incentive, export training and expertise to facilitate entry into new markets and finding new customers. Business Oregon promotes exporting because it strengthens our service and manufacturing companies and improves Oregon's competitiveness in a worldwide economy – thus creating and retaining jobs right here in Oregon.

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair

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In the last few years, STEP has been an integral part of the Business Oregon's export promotion strategy. In Year One, 69 small and medium sized Oregon businesses received STEP export promotion grants and reported back \$47 million in immediate and expected export sales as a result of their STEP grants. In Year Two, 87 businesses participated reporting \$76 million in immediate and expected export sales, and in Year Three, currently over 70 businesses have applied for an export grant; thus far, those businesses who have already utilized an export grant have reported back \$1 million in immediate and expected export sales to-date. (Business Oregon requires companies to report export sales numbers immediately following a grant-supported export event, and then again 6 months and 12 months later.)

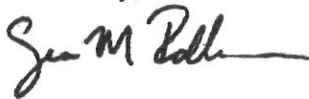
OBDD's STEP Year 4 project is designed on the model of the existing Oregon Trade Promotion Program (OTPP), which has demonstrated success and provided value for Oregon exporters since 2001. As with OTPP, STEP-eligible applicants receive financial assistance for trade promotion activities and training, and are also assigned a dedicated Global Trade Specialist for counseling and technical assistance services (OBDD).

By boosting the level of both financial and technical assistance available to small businesses, OBDD's STEP Year 4 Project will help more Oregon exporters from more communities take advantage of the export promotion and training resources available to them and help them attain a new level of export success.

**Finally, should the grant be awarded, the department will require an increase in its 2015-17 Federal Funds expenditure limitation of \$450,000. No additional state funding is requested. The department will utilize 2015-17 current service level lottery fund allocation in the Industry Competitiveness Fund for the match. No additional staff positions are required.**

Thank you for your consideration of this request. If you have any questions, please contact me at 503-986-0123.

Sincerely,



Sean Robbins  
Director

c: Ken Rocco, Legislative Fiscal Office  
George Naughton, Budget and Management  
Steve Bender, Legislative Fiscal Office  
Dustin Ball, Budget and Management