

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1579

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Michael Graham
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Date: February 7, 2022**Measure Description:**

Directs Oregon Business Development Department to develop and implement Economic Equity Investment Program to award grants to organizations that provide culturally responsive services to support economic stability, self-sufficiency, wealth building and economic equity among disadvantaged individuals, families, businesses and communities in Oregon.

Government Unit(s) Affected:

Oregon Business Development Department (OBDD)

Summary of Fiscal Impact:

Costs related to the measure will require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
Oregon Business Development Department (OBDD)		
General Fund		
Personal Services	623,115	241,375
Services and Supplies	456,386	461,750
Special Payments	48,217,374	
TOTAL GENERAL FUND	\$49,296,875	\$703,125
Positions	8	1
FTE	3.00	1.00

Analysis:

Senate Bill 1579 directs the Oregon Business Development Department (OBDD) to develop and implement an Economic Equity Investment Program under which OBDD will award grants to organizations that provide culturally responsive services to support economic stability, self-sufficiency, wealth building and economic equity among disadvantaged individuals, families, businesses and communities in this state. OBDD must prescribe the form and manner in which an organization may apply for a grant under the program and may prescribe an application fee in an amount not to exceed \$99. Grant moneys must be awarded to organizations only for proposals to provide outreach, support and resources to individuals, families, businesses or communities whose future is at risk. Upon request, the measure directs OBDD to provide technical assistance to organizations that receive grant moneys under the program, and states that OBDD may consult with an organization about the organization's needs. OBDD must conduct biennial evaluations of the services provided by organizations that are funded with grant moneys under the Economic Equity Investment Program and report its findings to an interim committee of the Legislative Assembly no later than September 15th of every even-numbered year.

The measure establishes the Economic Equity Investment Fund, and all moneys in the fund are continuously appropriated to OBDD for the purposes of developing and implementing the Economic Equity Investment Program. The measure appropriates \$50,000,000 (\$50 million) General Fund to OBDD for the purpose of carrying out its provisions, and the appropriation is available continuously until expended. The measure takes effect 91 days after adjournment *sine die* and its provisions become operative on January 1, 2023.

While the measure appropriates \$50 million General Fund to OBDD for the purpose of establishing the Economic Equity Investment Program to award grants to organizations that provide culturally responsive services, there are several indeterminate factors that would materially impact the measure's administrative requirements. For instance, it is unclear whether OBDD needs to fully disburse the \$50 million (aside from program administration, evaluation and training costs) before June 30, 2023; it is unclear how many community-based organizations will seek grants and technical assistance and the scope of that assistance; and the extent to which application fee revenue will support the ongoing administrative costs of the program.

Despite these uncertainties, this fiscal impact statement assumes that the program's administrative costs will be funded from the \$50 million General Fund appropriation, since the application fee revenue (at \$99 per application) is anticipated to fall short of the program's administrative costs. Because OBDD does not have the staffing to absorb the responsibilities of this program within the timeframe indicated, OBDD anticipates needing eight full-time, limited duration positions (3.00 FTE) in 2021-23, which include: a Principal Executive Manager D to direct the program by assigning work, in order to meet established goals, objectives and target dates; an Operations and Policy Analyst (OPA) 4 to manage project steps, monitor and track project budgets, schedules and performance, and coordinate project activities with internal units; an OPA 3 to monitor and evaluate contractor performance; an Administrative Specialist 1 to develop procedures, systems and forms necessary to complete work and ensure efficient flow of information; an Information Services Specialist 6 to coordinate program activities with internal units (technology services team); a Procurement and Contract Specialist 3 to develop project and services contracts; and a Accounting Tech 3 to ensure funds are distributed appropriately with all proper documentation. The measure also directs OBDD to conduct biennial evaluations of services and to report its finding to interim committees of the Legislative Assembly. To support this work, OBDD anticipates that one OPA 4 position (1.00 FTE) will continue in the 2023-25 biennium.

In total, OBDD estimates it will expend the entire \$50 million General Fund appropriation over the next two biennia: \$49.3 million in 2021-23 and \$0.7 million in 2023-25. An estimated \$48.2 million will be distributed as special payments in the form of grants to organizations that provide culturally responsive services and the remaining \$1.8 million will be expended as personal services costs and services and supplies costs, the latter of which will include technical assistance to organizations, marketing and outreach, review of policies, rules and contracts by the Department of Justice, and equity impact analyses.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact to OBDD's budget and the state General Fund.