Date: March 21, 2023

To: Joint Committee on Ways & Means Subcommittee on Transportation and Economic Development

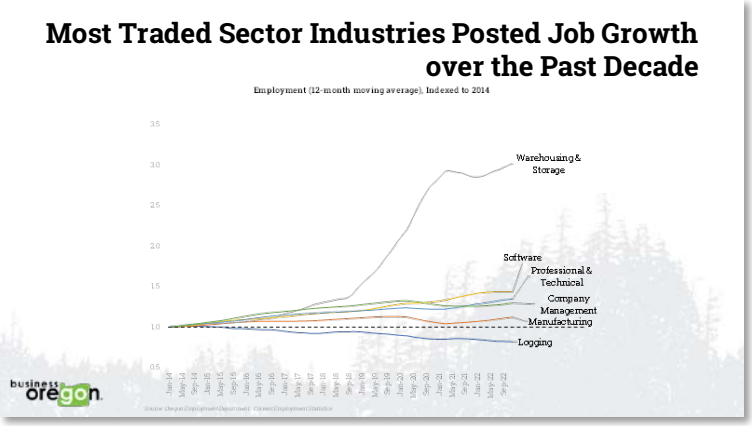
From: Mark Gharst, Business Oregon

RE: Follow-up to day one budget presentation questions

Co-Chair Gomberg and Co-Chair Woods,

Please accept the following agency responses to committee questions asked during Business Oregon's budget presentation on March 20, 2023.

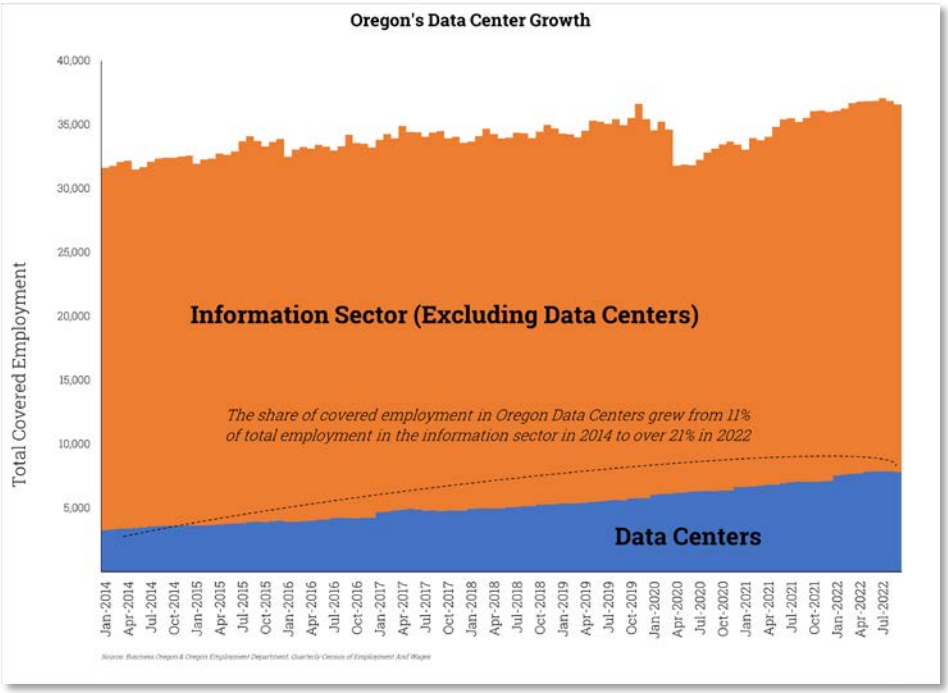
Mark Gharst



Senator Hansell: Where are data centers on the chart on slide 14?

Answer: Data centers are not represented in the traded sector industries on this chart. Data centers mostly fall within the "Information" industry sector, which is the corresponding level of industry sector as those in the slide deck.

The stacked graph to the right shows the level of employment of the Information sector (orange) and the data center industry (blue) since 2014.



One thing to note is that actual employment on data center campuses will be higher than these figures due to contractors who are often counted in professional and technical services sectors, as well as construction and electrical workers who are counted in the broader construction sector. The jobs that make up the graph to the right are only direct employees of the data centers themselves.

Co-Chair Woods: Can you elaborate on KPM 5a?

Answer: KPM 5a represents the total dollar amount of federal contracts awarded to Oregon businesses that receive consulting services through the Government Contract Assistance Program (GCAP), which is operated by the Organization for Economic Initiatives. Business Oregon contracts with that organization, working with them on a scope of work to execute the program and administering the contract.

The GCAP program assists start-ups and small firms seeking to grow their businesses through government contracting opportunities. The organization works with small businesses on early-stage growth issues and training them on how to seek and secure government procurement opportunities to increase revenues. The organization then gathers data on the firms that are successful in securing federal contracts (the number and value of the contracts) after receiving services from GCAP.

Quarterly data shows quarters 2 and 3 fell far short of the typical quarterly number of contracts and dollar amount awarded. We shared this with GCAP program leadership and asked them to explore what steps need to be taken to improve those numbers. GCAP has contractual obligations to Business Oregon to help Oregon businesses receive $152,000,000 in federal contracts during the 2021-2023 biennium.

GCAP has reported that government contracting opportunities have increased significantly in Q4 2022 and GCAP federal contract numbers are now hitting record highs. We anticipate that GCAP will meet or exceed federal contracting dollar targets for the 2021-2023 biennium. It is also worth noting that because this is a pass-through program not run by Business Oregon staff, and a tiny slice of Business Oregon's budget, the agency has proposed eliminating this metric from the Key Performance Measures.

Co-Chair Gomberg: Can you break out KPMs 1 through 3 by region?

Answer: Please see regional data below.

KPM 1: Job Creation

Region	*2021*	*2022*
Central	117	53
All Eastern Oregon	4	4
Greater Eastern (North)	*C*	*C*
Greater Eastern (South)	*C*	*C*
Northeast	*C*	*C*
North and South Central Combined	34	3
North Central	*C*	*C*
South Central	*C*	*C*
Metro	249	122
Mid-Valley	29	96
North Coast	11	11
South Coast	6	4
South Valley/ Mid-Coast	42	52
Southern	11	33
Oregon Total	*504*	*378*

C-Confidential due to employment data restrictions when there is a small number of reporting firms

KPM 2: Job Retention

Region	*2021*	*2022*
Central	1,113	1,238
Greater Eastern (North)	245	264
Greater Eastern (South)	193	215
Metro	1,422	1,703
Mid-Valley	861	966
North Central	422	451
North Coast	795	923
Northeast	153	179
South Central	171	166
South Coast	569	595
South Valley/ Mid-Coast	1,518	1,335
Southern	937	977
Oregon Total	*8,399*	*9,012*

KPM 3: Income Tax Revenue		
Region	*2021*	*2022*
Central	$2,699,379	$3,052,237
Greater Eastern (North)	$325,090	$446,796
Greater Eastern (South)	$178,485	$196,030
Metro	$4,133,528	$4,527,582
Mid-Valley	$1,374,744	$2,043,896
North Central	$863,658	$857,774
North Coast	$1,315,175	$1,508,161
Northeast	$202,651	$219,975
South Central	$342,269	$222,764
South Coast	$726,985	$847,790
South Valley/ Mid-Coast	$2,983,975	$2,646,348
Southern	$2,297,784	$2,762,110
Oregon Total	*$17,443,723*	*$19,331,461*

Additional Information: For additional information on the agency KPMs we would also direct the committee to the supplementary materials available on OLIS, information on KPMs begins on page 9.

Deputy Director Cummings indicated during a response to a question from Representative Cate around Oregon's competitiveness relative to other states that we would share a recent Strategic Assessment of Incentives completed at the agency's request. That report includes benchmarking of Oregon against competitor states.

We have passed along Co-Chair Gomberg's observations about some old information on the Regional Solutions website to Governor's Office staff who are responsible for the program and maintain the website.

Date: March 23, 2023

To: Joint Committee on Ways & Means Subcommittee on Transportation and Economic Development

From: Mark Gharst, Business Oregon

RE: Follow-up to day two budget presentation questions

Co-Chair Gomberg and Co-Chair Woods,

Please accept the following agency responses to committee questions asked during Business Oregon's budget presentation on March 21, 2023.

Mark Gharst
503-991-2192 or mark.gharst@biz.oregon.gov

Representative Mannix: Can we consider an overlay of Opportunity Zones and Enterprise Zones to enhance the value of those incentives?

Answer: Business Oregon was involved in making recommendations to the Governor's office at the time the Opportunity Zones were established. The presence of an Enterprise Zone was indeed one of the factors considered when analyzing which census tracts to recommend for the Opportunity Zone program. You can find a map of Opportunity Zones and Enterprise zones here[1].

Co-Chair Woods: Please provide information on the April event at Oregon State University-Cascades Regional Innovation Hub.

Answer: The Central Oregon Innovation Hub[2] will be having an Innovation Summit meeting on April 7 as a part of their planning project. They will discuss their draft asset inventory and discuss what local organizations are able to support innovators and entrepreneurs, gaps and key issues identified in stakeholder feedback to date, the mission of the hub, key activities and how to measure success, and how the hub will be governed. For an invitation, please reach out to Adam Krynicki with OSU-Cascades at adam.krynicki@osucascades.edu.

Co-Chair Woods: Please provide information on the Oregon Growth Board.

Answer: The Oregon Growth Board (OGB) was created to spur economic growth in Oregon. It unlocks private capital to make private equity investments in Oregon companies and builds the capital ecosystem by supporting resident, Oregon-based venture capital funds. The Oregon Growth Board website landing page is here[3], and the Oregon Growth Board meeting schedule is here[4].

Co-Chair Gomberg: Does the Governor's Recommended Budget reduce any funding for organizations on slide 53?

Clarification: Business Oregon replied that only the Government Contract Assistance Program (GCAP) was reduced. To clarify, GCAP's base budget of $483,221 was increased by 4.2% of the Current Service Level (CSL) in

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[1] https://geo.maps.arcgis.com/apps/webappviewer/index.html?id=b0c1911ad4874692be4651d7ba71e77e
[2] https://coinnovationhub.org/
[3] https://www.oregon.gov/biz/aboutus/boards/OGB/Pages/default.aspx
[4] https://www.oregon.gov/biz/aboutus/boards/OGB/Pages/schedule.aspx

the GRB. In the 2021-23 biennium, GCAP received an additional $175,000 in lottery funds to supplement their work. The additional supplemental funding is not at the discretion of the Governor and was not included in GRB.

Also, while Ms. Sinner spoke about the $5M POP for the Technical Assistance for Underrepresented Businesses Program (TA program) (POP 105) on Slide 55, when asked about cuts to GRB on slide 53, Ms. Sinner did not point out the distinction that the TA program is currently funded at $9M in one-time funding with one limited duration employee. The GRB includes ongoing lottery funds to support the TA program at a $5M level and establishes one permanent position to administer the program.

Representative Cate: How much has the agency recouped in repayments on loans through the Special Public Works Fund (SPWF)?

Answer: Over the prior 5 fiscal years, loan repayments have averaged $14.4M per year (low of $10.4M, high of $20.6M) for a total of about $72M.

Representative Cate: How do administrative costs compare to awards on SPWF?

Answer: Over the prior 5 fiscal years, staff and associated services & supplies have averaged $1.7M per year for a total of $8.5M; awards disbursed over the 5 years averaged $24.2M per year for a total of $120.8M.

Co-Chair Gomberg: Are hospitals treated like emergency service facilities (such as police stations) for the purposes of the seismic program?

Answer: Similar to other emergency services buildings, hospitals are considered emergency services and are therefore retrofitted to immediate occupancy standards. Immediate occupancy standard means not only will the building remain standing after an earthquake, but emergency services will be able to continue to operate and provide services. The Seismic Rehabilitation Program has funded hospital projects in the past including OHSU, Peace Health, Providence Hospital and Samaritan Pacific Community Hospital.