SB 5524 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Tamara Brickman, Department of Administrative Services
Reviewed By: Matt Stayner, Legislative Fiscal Office

Oregon Business Development Department
2023-25

PRELIMINARY

Budget Summary*

	2021-23 Legislatively Approved Budget[1]	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				$ Change	% Change
General Fund	$ 199,285,313	$ 4,352,292	$ 40,548,025	$ (158,737,288)	(79.7%)
General Fund Debt Service	$ 74,053,211	$ 90,722,590	$ 90,722,590	$ 16,669,379	22.5%
Lottery Funds	$ 106,013,902	$ 84,416,644	$ 98,964,711	$ (7,049,191)	(6.6%)
Lottery Funds Debt Service	$ 42,985,875	$ 47,504,550	$ 47,504,550	$ 4,518,675	10.5%
Other Funds Limited	$ 1,268,010,206	$ 315,631,721	$ 859,026,872	$ (408,983,334)	(32.3%)
Other Funds Debt Service	$ 3,418,634	$ -	$ -	$ (3,418,634)	(100.0%)
Other Funds Nonlimited	$ 318,412,339	$ 335,617,414	$ 335,617,414	$ 17,205,075	5.4%
Other Funds Debt Service Nonlimited	$ 8,897,360	$ 13,779,447	$ 13,779,447	$ 4,882,087	54.9%
Federal Funds Limited	$ 122,500,606	$ 51,011,386	$ 97,904,234	$ (24,596,372)	(20.1%)
Total	$ 2,143,577,446	$ 943,036,044	$ 1,584,067,843	$ (559,509,603)	(26.1%)

Position Summary

Authorized Positions	183	145	183	0
Full-time Equivalent (FTE) positions	167.04	144.50	175.94	8.90

[1] Includes adjustments through January 2023

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Subcommittee's recommended budget for the Oregon Business Development Department (OBDD) is comprised of eight percent General Fund, nine percent Lottery Funds, 78 percent Other Funds, six percent Federal Funds. Of the General Fund, 69 percent is for Debt Service and of the Lottery Funds revenues, 35 percent is for Debt Service.

Revenues supporting the Department's Other Funds programs include loan principal and interest repayments, investment interest earnings, General Obligation Bond and Oregon Bond Bank revenue bond proceeds, loan and service fees, donations, pass through monies received from Oregon Health Authority for the Safe Drinking Water Program, and an assessment from state agencies for the Certification Office of Business Inclusion and Diversity (COBID) (formerly Minority, Women and Emerging Small Businesses program). The Oregon Department of Transportation (ODOT) finances 45 percent of the COBID assessment because OBDD manages the certification of the U.S. Department of Transportation's Disadvantaged Business Enterprise program on behalf of ODOT and the remaining 55 percent is assessed to state agencies based on FTE.

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Summary of Transportation and Economic Development Subcommittee Action

OBDD's mission is to invest in Oregon businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy. The Department's vision statement is "Prosperity for all Oregonians." Core functions of the Department include rural community development and infrastructure financing; business retention, expansion, and recruitment; export promotion and international trade; industry innovation and research and development; entrepreneurship and small business assistance; and support for arts and cultural organizations. OBDD is organized into four operating divisions: Business, Innovation, and Trade; the Infrastructure Finance Authority; the Arts Division; and Operations. The Office of Film and Video is a program unit within the Department's budget for passthrough purposes only.

The Subcommittee approved a budget of $1,584,067,843 total funds; consisting of $131,270,615 General Fund, $146,469,261 Lottery Funds, $859,026,872 Other Funds expenditure limitation, $97,904,234 Federal Funds expenditure limitation, $349,396,861 Other Funds Nonlimited, and 183 positions (175.94 FTE). This represents a total funds decrease of 26.1 percent from the 2021-23 Legislatively Approved Budget (LAB). OBDD's position count remains the same as the 2021-23 LAB at 183 positions; however, is an increase of 8.90 FTE.

Operations

The Operations Division contains the Director's Office and provides central services and oversight to OBDD. The Director's Office oversees the department, legislative activities, governmental relations, communications, and supports the Business Oregon Commission. Fiscal and Budget Services is responsible for the Department's budget development and administration, financial reporting, accounts receivable, accounts payable, employee payroll, and agency contracts. Employee Services provides human resource services for the Department and the Technology Project Office maintains the Department's information technology.

The Subcommittee recommended a budget of $21,064,483 total funds ($15,436,848 Lottery Funds expenditure limitation; $4,994,557 Other Funds expenditure limitation; and $633,078 Federal Funds expenditure limitation) and 56 positions (54.38 FTE). The total funds budget represents 36.7 percent increase from the 2021-23 LAB. The Subcommittee recommended the following packages:

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Package 082: September Eboard. This package increases expenditure limitation by $380,782 Other Funds and $372,213 Federal Funds and establishes three permanent positions (3.00 FTE) in the Operations Program for administration and activities associated with the Broadband Equity, Access, and Deployment (BEAD) grant, State Digital Equity Planning (DE) grant, and American Rescue Plan Act (ARPA) Capital Projects Funds for broadband allocated to the Oregon Business Development Department as approved by the Emergency Board during its September 2022 meeting. The portion of the position costs funded by ARPA Capital Projects Funds (Other Funds) in this package is facilitated through a reduction in expenditures for grants to other government units in the Infrastructure program. This appears as an increase in expenditures from ARPA Capital Projects Funds in the Operations program and a reduction in the Infrastructure program, but does not change overall expenditures of ARPA Capital Projects Funds agency wide.

Package 108: Staffing. This package increases Other Funds expenditure limitation by $218,032, including $72,677 ARPA funds, and establishes a limited duration Procurement and Contract Specialist position (0.75 FTE) in the Operations program. The position is a continuation of a position added in the 2021-23 biennium to address workload issues with additional programs and funding allocated to the Department, including programs and projects funded through ARPA.

Package 109: Modernization Program Continuation – Phase II. This package establishes expenditure limitation of $1,736,252 Lottery Funds, $306,398 Other Funds, and authorizes the establishment a permanent, ongoing Business Process Analyst position. Of the total funding, $1.275 million of the Lottery Funds expenditure limitation and $225,000 Other Funds expenditure limitation related to information technology professional services contracts are provided on a one-time basis. The funding supports continued work on the agency's Economic Development Management System (EDMS) project. The project began in the 2019-21 biennium and has been revised from an in-house development project to a commercial off the shelf (COTS) solution. The project intends to replace the agency's legacy financial portfolio management system: Portfol. The Portfol system is a custom-built application used to manage loan and grant awards, including funding sources, loan terms, and repayments; however, the system has reached its end of life and is no longer supported by the vendor. The unsupported system needs to be replaced with an application that will allow the agency to continue to manage financial awards, as well as provide additional functionality for tracking tax-incentives and meeting increased transparency and reporting requirements. Additionally, as the project has developed, the agency had identified several other internal and external facing systems that can be deployed as a part of the system modernization project. Although the agency was provided position authority in for a Senior Application Developer position and an IT Project Manager position in the prior biennium to bolster the agency's in-house development capabilities, those positions were left unfilled during a significant portion of the 2021-23 biennium to fund contracted information technology professional services contracts as the project evolved to seeking a COTS solution. One of those positions is has been converted to a Data Architect position for which the agency is currently in recruitment. The other position has been repurposed to serve as a user adoption and training coordinator for agency needs for EDMS and future programs.

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The project has been re-scoped, and a new timeline established. The agency is currently working on developing the planning and project artifact documents to achieve stage gate 2 recertification from DAS Enterprise Information Services and move towards achieving stage gate 3 certification following the issuance of a revised Request for Proposals (RFP) which is expected to be issued June of 2023. A revised stage gate 3 certification is anticipated be applied for in November of 2023, and the solution will likely not be starting implementation until April of 2024. The Subcommittee approved the following budget note related to the project:

> **Budget Note: Economic Development Management System Modernization**
> Associated with the resources provided to the Oregon Business Development Department in policy option package 109, the agency is directed to continue its use of contracted information technology professional services contracts for project management, business analysis, and organizational change management related to the EDMS project. The agency is to make a report to the Joint Committee on Ways and Means during the 2024 legislative session providing a detailed status report on the project, updated implementation plans, timelines, expenditures, resource needs, and any other information related to the project as requested.

Package 111: Economic Equity Investment Positions. The current service level includes expenditure limitation of $11.6 million Other Funds for expenditures from Economic Equity Investment Fund established in Senate Bill 1579 (2022). This funding is for awarding grants to organizations providing culturally responsive services, supporting economic stability, self-sufficiency, wealth building and economic equity among disadvantaged individuals, families, businesses, and communities in Oregon. Agencywide, this package modifies the current service level by reducing special payments (grants) and increasing personal services and services and supplies to fund six limited duration positions. In the Operations program, the package establishes a limited duration full-time Procurement and Contract Specialist position (0.75 FTE) and a limited duration full-time Information Specialist 6 position (0.75 FTE). Offsetting expenditure reductions are made in the Business, Innovation, and Trade program with an agencywide net increase in expenditure limitation of $82,101 to be covered by interest earnings from the fund.

Package 801: LFO Analyst Adjustments. This package adds $485,452 Lottery Funds for the transfer of two positions (2.00 FTE) into the Operations Program from the Business, Innovations and Trade division. The increase in Lottery Funds is the net difference from the transfer of two positions, including a government relations position and a Diversity, Equity, and Inclusion manager position from the Business Innovation and Trade division to the Director's Office in the Operations division. The package is offset by a reduction of $302,779 Lottery Funds in unallocated Services and Supplies expenditures in this division that was included in the agency's reduction options.

Package 803: Brownfields. This package increases Other Funds expenditure limitation by $56,148 and authorizes the establishment of a limited duration Procurement and Contract Specialist position (0.25 FTE) to support the Brownfields Properties Revitalization program established by House Bill 2518 (2021).

Business, Innovation, Trade

The Business, Innovation, and Trade (BIT) Division promotes business retention, growth, and job creation through multiple programs and services. Business retention and recruitment are an area of focus for this division. The Division promotes access to capital through loans, credit guarantees, and investments in funds investing in early-stage businesses through the Oregon Growth Board. The Division promotes exports by Oregon businesses through trade missions, the attraction of foreign direct investment, and the promotion of exports for small and medium sized businesses. Finally, the Division funds a variety of initiatives aimed at encouraging research and development and entrepreneurship, many of which work with the university system.

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The Subcommittee recommended a budget of $387,945,294 total funds ($14,500,000 General Fund; $77,456,902 Lottery Funds expenditure limitation; $245,753,532 Other Funds expenditure limitation; $37,258,810 Federal Funds expenditure limitation; $12,796,050 Other Funds Nonlimited) and 76 positions (71.93 FTE). The total funds budget represents a 6.2 percent increase from the 2021-23 LAB. The Subcommittee recommended the following packages:

Package 081: June 2022 Emergency Board. This package increases Federal Funds expenditure limitation by $26.5 million and establishes four permanent full-time positions (4.00 FTE). The revenue supporting the expenditures in this package is from an award from the U.S. Treasury Department under the State Small Business Credit Initiative program. Both the expenditure limitation and position authority were approved by the Emergency Board during the June 2022 meeting. The total grant award is $83.5 million. The performance period for the federal funding runs through December 31, 2031. The total grant funding is intended to be distributed in three tranches. The $26.5 million increase in Federal Funds expenditure limitation contained in this package is for the first tranche of funding and represents the approved expenditures from the Emergency Board. The second and third funding tranches are contingent on 80 percent of the previous tranche(s) being committed and reviewed by the U.S. Treasury. OBDD estimates the second tranche will be drawn upon late in 2024. The Department will return to the Legislature for additional expenditure limitation at that time.

Package 090: Analyst Adjustments. There are two items contained in this package for the Business Innovation and Trade division. The first of these is the establishment of a one-time General Fund appropriation of $13.5 million for the completion of projects through the Emerging Opportunities Program providing flexible grants to public and/or private entities for pilot projects targeted at facilitating private investment in Oregon, with a focus on leading or emerging business sectors. This program was authorized in the 2021 Legislative Session and funded with a General Fund appropriation of $25 million. Of that original appropriation, the agency has estimated that $13.5 million will remain unexpended at the end of the 2021-23 biennium and therefore this action reestablishes the expenditure authority in the 2023-25 for these unspent funds in the 2021-23 biennium. It is the intent of the Legislature that total program expenditures over both biennia do not exceed the original $25 million appropriation.

The second item is the establishment of a one-time General Fund appropriation of $1 million for the provisioning of grants to local governments to aid in the short and long-term efforts to recover from the 2020 wildfire season. The funding is available for a variety of activities that include, but are not limited to human resources, land use planning, infrastructure planning, FEMA recovery applications, building permit application processing, financial and administrative program support, and translation services. A $6 million appropriation was provided to OBDD for this purpose in the 2021-23 session. Of that original appropriation, the agency has estimated $1 million will remain unexpended at the end of the 2021-23 biennium. This action reestablishes the expenditure authority in the 2023-25 for these unspent funds in the 2021-23 biennium. It is the intent of the Legislature that total program expenditures over both biennia do not exceed the original $6 million appropriation.

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Package 101: COBID Staffing. This package increases expenditure limitation by $1,254,032 Other Funds and authorizes the establishment of four permanent positions (4.00 FTE). This package provides resources to build capacity within the Certification Office for Business Inclusion and Diversity (COBID) to help reduce certification processing times, increase outreach efforts, compile statistical information to better track the availability of certified firms and their use by public contracting agencies, and implement stronger resources and advocacy to support small businesses, such as the implementation of education programs and a mentor protégé program. Two of the added positions are Compliance Specialists (2.00 FTE) to address both current and anticipated workload issues. Two Public Affairs Specialist positions (2.00 FTE) are added to assess and evaluate current program efforts and develop new methods and standards to improve outreach efforts generally and specifically to

address the application and engagement needs, including informational materials, application process, direct outreach and one on one support businesses operated by traditionally underserved communities that may have been historically or culturally marginalized by government institutions.

Package 105: Technical Assistance Program. This package makes a one-time increase of $5 million Lottery Funds expenditure limitation and establishes a limited-duration Program Analyst position (1.00 FTE) to provide resources to the Technical Assistance for Underrepresented Businesses program. These funds will fund competitive grants to culturally specific organizations to increase their technical assistance capacity. The organizations are uniquely positioned to deliver business technical assistance through staff with similar cultural, language, and lived experiences to the communities that they serve.

Package 108: Staffing. This package increases expenditure limitation by $212,270 Federal Funds, $609,066 Other Funds, including $408,641 ARPA funds, and establishes two limited duration Regional Project Manager positions (1.30 FTE) to continue work on ARPA funded programs and projects began, but not completed, in the 2021-23 biennium. A limited duration Regional Project Manager position (0.75 FTE) is established for federal grant work associated with U.S. Department of Commerce, Economic Development Authority grants, which were received by OBDD in the 2021-23 biennium. Additionally, a permanent full-time Business Finance position (1.00 FTE) is established to address ongoing workload.

Package 111: Economic Equity Investment Positions. The current service level includes expenditure limitation of $11.6 million Other Funds for expenditures from Economic Equity Investment Fund established via SB 1579 in the 2022 legislative session to award grants to organizations providing culturally responsive services supporting economic stability, self-sufficiency, wealth building and economic equity among disadvantaged individuals, families, businesses, and communities in Oregon. This package modifies the current service level by reducing grant payment expenditures and increasing personal services expenditures to add six limited duration positions for operation of the program. In the Business, Innovation, and Trade program, the package results in a net reduction of expenditure limitation of $293,022 Other Funds, establishes two Operations and Policy Analyst positions (1.50 FTE), an Administrative Specialist position (0.75 FTE), and a program management position (0.75 FTE). Offsetting expenditure increases in the Operations program result in a net increase in expenditure limitation of $82,101 that is to be covered by interest earnings from the fund.

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Package 120: Reclassifications. This package adds $15,385 Lottery Funds expenditure limitation for the reclassification of an Operations and Policy Analyst position to a Program Analyst position in the BIT division as approved by DAS Chief Human Resource Office.

Package 801: LFO Analyst Adjustments. This package decreases Lottery Fund expenditure limitation by $2,766,552, increases Other Funds expenditure limitation by $97,000, and eliminates two positions (2.00 FTE) in Business Innovation and Trade division. The net reduction in Lottery Fund expenditure limitation is resultant from four individual adjustments as follows:

- A reduction of $788,231 and the elimination of two positions (2.00 FTE) associated with the transfer of a government relations position (1.00 FTE) and a Diversity, Equity, and Inclusion manager position (1.00 FTE) from the Business Innovation and Trade division to the Director's Office in the Operations division.
- A reduction of $975,745 in expenditure authority from the Strategic Reserve Fund. This reduction was included in the agency's reduction options and represents a 10% reduction in expenditures from the current service level
- A reduction of $468,685 in expenditures authority for the Oregon Innovation Council as included in the agency's reduction options and represents a 2.5% reduction in expenditures from the current service level
- A $533,861 reduction in unallocated services and supplies expenditures as included in the agency's reduction options.

The $97,000 Other Funds expenditure limitation increase allows for the agency to transfer interest earnings accrued in the Eastern Oregon Border Economic Development Fund in the prior biennium to the Eastern Oregon Border Economic Development Board.

Package 804: Lottery Fund Limitation Carry Forward. This package adds $8,477,500 in Lottery Funds expenditure limitation, on a one-time basis, to allow the Department to expend previously allocated Lottery Fund revenues for committed funding agreements anticipated to be in place by the end of the 2021-23 biennium. This package authorizes OBDD to carry forward funding from the 2021-23 biennium and does not allocate new Lottery Funds. The amounts included in this package are:

- $1.0 million for the Industry Competitiveness Fund.
- $5.0 million for the Strategic Reserve Fund.
- $521,000 for the Oregon Innovation Council.
- $658,500 for projects related to the Oregon Metals Initiative.
- $1.3 million for operations and activities of the Oregon Manufacturing Innovation Center.

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Package 806: Ag Overtime and Advanced Manufacturing. This package includes three separate budgetary actions:

1. Other Funds expenditure limitation of $9,450,000 is established from Agricultural Overtime Award Fund established under section 2, chapter 12, Oregon Laws 2023 for providing financial assistance to eligible employers to mitigate the costs associated with the agricultural overtime compensation requirements.
2. Other Funds expenditure limitation of $189,961,278 is established from the Oregon CHIPS Fund established under section 6, chapter 25, Oregon Laws 2023, and five, permanent positions (2.88 FTE) are authorized to be established for the administration of the Oregon CHIPS program, including the awarding of grants, provision of loans, and making application assistance grants to businesses applying for federal semiconductor financial assistance.

3. Other Funds expenditure limitation is increased by $3 million from the University Innovation Research Fund to allow the agency to expend unanticipated unexpended fund balances in the 2023-25 biennium.

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Infrastructure

The Infrastructure Finance Division (IFD) assists communities in building and maintaining critical infrastructure through low-cost financing, grants, technical assistance, and capacity building. IFD has dedicated funding sources for municipal infrastructure, water, and wastewater facilities to ensure compliance with federal law, seismic rehabilitation for schools and emergency facilities, port and airport facilities, levee improvements, marine navigation improvements, and other facilities supporting economic and community development. IFD programs are a primary source for the state's rural communities to access low-cost financing for vital public infrastructure projects. As communities and entities identify projects, IFD staff work directly with applicants to develop preliminary proposals before proceeding to complete program applications.

The Subcommittee recommended a budget of $1,010,537,011 total funds ($21,671,479 General Fund; $4,591,498 Lottery Funds expenditure limitation; $590,049,859 Other Funds expenditure limitation; $57,803,364 Federal Funds expenditure limitation; $336,420,811 Other Funds Nonlimited) and 41 positions (40.13 FTE). The total funds budget represents a 37.3 percent decrease from the 2021-23 LAB. The Subcommittee recommended the following packages:

Package 082: September Eboard. This package decreases Other Funds expenditure limitation by $380,782 and increases Federal Funds expenditure limitation by $3,466,665 and establishes five permanent positions (5.00 FTE) in the Infrastructure program for administration and activities associated with the BEAD grant, State Digital Equity Planning grant, and ARPA Capital Projects Funds for broadband allocated to OBDD as approved by the Emergency Board during its September 2022 meeting. The net decrease in Other Funds expenditure limitation from ARPA Capital Projects Funds results from a reduction in grants to other governmental units (special payments) and an increase in personal services to fund a portion of positions authorized in this program and in the Operations program. Since a portion of these expenditures is recognized in the Operations program, the net change to Other Funds expenditures in this program is negative but does not change overall expenditures of ARPA Capital Projects Funds agency wide.

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Package 090: Analyst Adjustments. This package includes the establishment of a one-time $21,671,479 General Fund appropriation in the Infrastructure division for the completion of a series of projects that were provided General Fund appropriations in the 2021-23 biennium, but for which, it is anticipated that amounts will remain unexpended at the end of that biennium. These projects and associated remaining unexpended funding reestablished in this package are:

1. $750,000 for a grant to the Historic Rivoli Theater Performing Arts Center Restoration Coalition for work on the Rivoli Theater restoration. The original appropriation of $1.5 million was made as a part of a package of investments in rural infrastructure in the 2022 legislative session.
2. $10 million for distribution to the Oregon International Port of Coos Bay to support the continuation and final completion of the engineering and design work related to the deepening and widening of the Federal Navigation Channel at Coos Bay to support existing businesses and promote new business opportunities. The original appropriation of $15 million was provided to the agency in the 2022 legislative session.

3. $684,000 for distribution to the City of St. Helens for financial support required to complete several activities related to the fill and redevelopment of a portion of the city's wastewater lagoon connecting the city's downtown riverfront district with the city-owned industrial park. The original appropriation of $984,000 was provided to the agency in the 2022 Legislative session.
4. $1 million to make grants to specific local governments for financial assistance for their building and planning departments' staffing needs. The original appropriation made in the 2021 legislative session totaled $4,328,074 with specified allocations of:
    - Lane County $755,319
    - Linn County $275,000
    - Lincoln County $190,000
    - Douglas County $375,000
    - Marion County $975,000
    - Jackson County $710,000
    - City of Talent $280,000
    - City of Phoenix $677,755
5. $3.5 million for a grant to the City of Sweet Home for a wastewater treatment plant upgrade. This represents the estimated residual unspent funding from a 2021 appropriation of $7 million General Fund which was a renewal of a General Fund appropriation made for the same purpose in the 2019-21 biennium, but the grant funding was not able to be drawn upon by the City of Sweet Home prior to the end of the biennium.
6. $5,737,479 for a grant to the Confederated Tribes of the Warm Springs for water system upgrades and a wastewater treatment plant upgrade. This amount includes unspent amounts from a $5,648,000 General Fund appropriation made to the department in the 2021 session for water systems upgrades and a $89,479 General Fund appropriation in the 2022 session for the reestablishment of residual unexpended amounts for improvements to the Warm Springs wastewater treatment plant, installation of water meters, and improvements to the water distribution system from General Fund appropriations totaling $7.8 million in the 2019-21 biennium.

This action reestablishes the expenditure authority in the 2023-25 biennium for these unspent funds in the 2021-23 biennium. It is the intent of the Legislature that total program expenditures over both biennia do not exceed the original appropriation amounts noted for each item.

The package also establishes one-time Other Funds expenditure limitation of $267,642,183 from American Rescue Plan Act (ARPA) State Fiscal Recovery Funds for projects that were funded in the 2021-23 biennium from ARPA monies, but for which those monies were not fully expended in the 2021-23 biennium. The following table identifies the projects:

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Recipient	Project Description	Original Funding Amount	2023-25 Biennium Funding Reestablished
City of Powers	Sewer Collection System Grouting & Repair	$3,000,000	$2,750,000
City of Roseburg	Stormwater Drainage Improvements	$1,570,064	$1,470,064
City of Turner	Water Pipe Project	$3,000,000	$2,900,000
City of Ashland	Talent-Phoenix-Ashland Intertie Improvements	$3,000,000	$3,000,000
City of Nyssa	Water Expansion	$3,000,000	$500,000
City of Carlton	Wastewater Treatment Plant	$5,800,000	$5,400,000
City of Gates	Water Meter Replacement Equipment	$25,000	$12,369
City of Echo	Wastewater System Improvements	$1,500,000	$32,899
City of Echo	Water System Improvements	$5,530,000	$5,280,000
City of Astoria	Wastewater Treatment Plant Headworks Improvement	$4,860,000	$4,660,400
City of Mill City	Storm Drainage Improvements	$2,923,500	$2,673,500
City of Elgin	Wastewater Collection System	$2,640,125	$1,640,125
City of Lakeside	New Wastewater Treatment Plant	$14,628,685	$14,128,685
City of Astoria	16th St Distribution Waterline Replacement	$2,790,000	$2,440,000
City of Redmond	Skyline Village Affordable Housing Sewer	$950,000	$950,000
Wasco County Conservation District	Mosier Million #2	$900,000	$800,000
City of Mosier	Wastewater Treatment Plant Improvements	$2,500,000	$2,400,000
City of Hood River	Waterfront Stormwater Line	$2,694,953	$2,694,953
City of Scappoose	New Headworks-Grit Chamber-Smith Road Pump Station	$3,100,000	$3,050,000
City of Scappoose	Basalt Well, Keys Rd Reservoir, Miller WTP Repair	$6,900,000	$6,850,000
City of Astoria	Pipeline Road Waterline Resilience	$2,930,000	$2,930,000
City of Tillamook	Water Transmission Line Replacement	$12,000,000	$12,000,000
City of Cave Junction	Water Distribution Center	$200,000	$50,000
Lyons-Mehama Water District	Reservoir and Pipeline Improvements	$5,260,000	$5,260,000
City of Aurora	Water Storage Tank and Pump Station	$4,284,203	$3,279,644
Arch Cape Domestic Water Supply District	Arch Cape Forest Project	$2,000,000	$940,000
City of Aumsville	Water System Improvements	$3,257,000	$3,257,000
Crane Union School District	Crane Community Water and Sewer System	$3,200,000	$2,900,000

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Lane County	McKenzie River Area Water & Wastewater Proj Mngr	$5,166,667	$5,106,667
Lane County	McKenzie River Area Septic Repair & Replacement	$5,166,667	$4,966,667
Lane County	McKenzie River Area Water & WW Prelim Eng Report	$5,166,667	$4,966,667
Lincoln County	Lincoln County Panther Creek Septic	$2,552,350	$2,352,350
Lincoln County	Lincoln County Panther Creek Stormwater	$1,447,650	$1,397,650
Panther Creek Water District	Water Reservoir Replacement	$1,800,000	$1,651,557
City of Philomath	Water Treatment Plant and Reservoir Construction	$12,000,000	$11,750,000
City of Corvallis	Rock Creek Transmission Main	$10,500,000	$10,000,000
City of Waldport	Water Tank Project	$974,850	$874,850
Port of Toledo	Sanitary Sewer Extension to Hwy 20	$2,425,798	$1,925,798
City of Clatskanie	Wastewater Treatment Plant	$10,000,000	$9,800,000
Town of Lakeview	Water Treatment Facility	$15,000,000	$15,000,000
Marion County	North Santiam Canyon Sewer Project	$50,000,000	$45,000,000
Lincoln County	Well Repair	$500,000	$450,000
Mapleton Water District	Water Infrastructure Project	$1,140,000	$840,000
City of Detroit	Drinking Water System	$3,000,000	$2,250,000
City of Sandy	Wastewater System Improvements	$14,700,000	$13,700,000
Hyak Tongue Point, LLC	1500 Metric Ton Mobile Lift Project	$7,000,000	$2,614,536
City of Reedsport	Flood Reduction Resiliency Project	$1,150,260	$1,150,260
Panther Creek Water District	Regional Drinking Water Quality Improvements	$11,000,000	$10,800,000
City of Garibaldi	Wastewater Master Plan	$160,000	$135,000
City of Aurora	Wastewater Treatment Plant Facility	$10,545,543	$10,485,543
City of Phoenix	Charlotte Ann Water District Transition	$5,000,000	$4,750,000
City of Merrill	Water Line Improvements	$275,000	$225,000
City of Medford	SW Medford Water and Sewer Infrastructure	$2,700,000	$2,700,000
City of Lafayette	Reservoir Project	$2,250,000	$2,200,000
City of Waldport	Wastewater Treatment Plant	$1,400,000	$1,300,000
City of Falls City	Wastewater Treatment Facility	$2,500,000	$2,500,000
City of Mill City	Sewer Improvements	$2,500,000	$2,500,000
Total All Projects		**$292,464,981**	**$267,642,183**

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Package 121: Oregon Industrial Site Readiness Program. This package establishes Other Funds expenditure limitation of $20 million for the Oregon Industrial Site Readiness Program for tax reimbursements. Program revenues are transferred to OBDD from the Oregon Department of Revenue. The program provides state income tax reimbursements to local governments providing funds to ready industrial sites for development. The program provides a mechanism for a local government to recover the costs associated with the preparation of a regionally significant industrial site for industrial use through the receipt of up to 50 percent of the state income tax paid by employees working at that site whose average wage is at least 150 percent of the county or state average wage, whichever is less. Beginning the year after a project reaches its employment thresholds tax reimbursements are annually distributed to the approved local government. OBDD is authorized to reimburse $10 million a year across all projects.

Package 801: LFO Analyst Adjustments. This package increases Other Funds expenditure limitation by $264,800, Federal Funds expenditure limitation by $14,650,000, and establishes one permanent full-time Operations and Policy Analyst position (1.00 FTE) in the Infrastructure Finance division.

The increase in Other Funds expenditure limitation and the position provide OBDD with resources to expand staffing related to the administration of the Safe Drinking Water Revolving Loan Fund in anticipation of significant increased federal funding for the program through the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Bill. OBDD operates the Safe Drinking Water Revolving Loan Fund portion of the state's Safe Drinking Water Program through an interagency agreement with the Oregon Health Authority.

The increase in Federal Funds expenditure limitation is for grant funds OBDD anticipates receiving from the United States Forest Service, to provide grants and loans for economic development projects benefitting communities in the vicinity of the Opal Creek Wilderness area. In 1996, 37,500 acres of federal forestlands were transferred to the Opal Creek Wilderness Area. In conjunction with the land transfer, $15 million in federal funding was authorized to address economic development for communities near the wilderness area to mitigate the potential loss of timber revenues for those communities.

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Package 803: Brownfields. This package increases Other Funds expenditure limitation by $4,893,852, Federal Funds expenditure limitation by $1,691,700 and establishes a permanent full-time Operations and Policy Analyst (1.00 FTE) in the Infrastructure Finance division to support the Brownfields Properties Revitalization program established by House Bill 2518 (2021). The package also provides support for the administration of federal grants through the Brownfields Cleanup Fund. The Other Funds portion of this package will provide funding for approximately half of the costs of the position established in the package and provides for forgivable loans and program administrative costs from the Brownfields Properties Revitalization Fund. The Federal Funds portion of this package will provide funding for approximately half of the costs of the position established in the package and $1.5 million to provide loans and grants for Brownfield cleanup projects.

Package 804: Lottery Fund Limitation Carry Forward. This package provides $1.6 million in Lottery Funds expenditure limitation for funding allocated in the 2021-23 biennium for a committed funding agreement with the Port of Port Orford for a cannery improvement project.

Package 805: Capital Projects Carry Forward. This package increases Other Funds expenditure limitation, on a one-time basis, by $26,407,000 and establishes a limited duration part-time position (0.13 FTE) to provide OBDD with resources to expend the remaining funds allocated to four programs or projects authorized in the 2021-23 biennium. The projects and associated funding are:

- $2,127,000 Other Funds and a part-time Operations and Policy Analyst position (0.13 FTE) to provide grants or loans to plan or construct tide gates, culverts and associated drainage infrastructure, obtain professional services for tide gate coordination or for technical studies with a statewide benefit for tide gate project development, and program administration from the Tide Gate Grant and Loan Fund established under section 21, chapter 10, Oregon Laws 2022 (2nd special session).
- $ 7.5 million Other Funds for to provide grants from the Levee Project Grant Fund, for levee projects as defined in ORS 285B.410 and established in section 34, chapter 671, Oregon Laws 2019. This amount is in addition to the $7.5 million Other Funds available in the current service level bringing the total 2023-25 expenditures for these purposes to $15 million.
- $4 million Other Funds for County Fair Capital Improvement grants. This amount is in addition to the $5 million Other Funds available in the current service level, which brings the total 2023-25 expenditures for these funds to $9 million. The funding for these grants is from bonds issues in the 2021-23 biennium.
- $12,780,000 Other Funds for grant funding currently obligated for a drinking water system project by the City of Salem. The funding for this project is from bonds issued in the 2021-23 biennium.

Package 806: Ag Overtime and Advance Manufacturing. This package increases Other Funds expenditure limitation by $10 million from the Industrial Land Loan Fund established under section 23, chapter 25, Oregon Laws 2023, for administrative and program related costs of the program.

PRELIMINARY

Film and Video

The Oregon Film and Video Office is a semi-independent agency recruiting and facilitating film and television production in Oregon. The Office carries out this mission by being a first point of entry for both out-of-state and in-state production companies and by using marketing and sales tools, a website, blog, newsletter, and social media presence, a large locations database, and other key recruitment tools such as tax credit incentive programs like the Oregon Production Investment Fund and the Greenlight Oregon Labor rebate. As a semi-independent state agency, its staff are not state employees.

The Subcommittee recommended a budget of $1,479,463 Other Funds expenditure limitation. This represents a 4.2 percent increase from the 2021-23 LAB. The Subcommittee did not recommend any packages for this program.

Arts

The mission of the Arts Division is to increase access to culture for all Oregonians, to promote the talent of Oregon's youth and to play a role in job creation and retention. The Arts Division of OBDD includes both the Arts Commission and the Oregon Cultural Trust. The Arts Commission develops statewide policy and provides services to arts organizations, artists, and communities. The Commission also provides statewide funding to arts organizations, individual artists and arts programs through grants and special initiatives. The Oregon Cultural Trust promotes Oregon's arts, humanities, heritage, preservation, and history. Through a tax credit, the Oregon Cultural Trust encourages citizen participation in donating directly to over 1,500 cultural organizations and to the Trust.

The Subcommittee recommended a budget of $24,814,452 total funds ($4,376,546 General Fund; $18,228,924 Other Funds expenditure limitation; and $2,208,982 Federal Funds expenditure limitation) and 10 positions (9.50 FTE). The Subcommittee recommended the following packages:

Package 120: Reclassifications. This package appropriates $24,254 General Fund and increases Other Funds expenditure limitation by $3,883 for the reclassification of a Program Analyst position in the Arts program as approved by the DAS Chief Human Resource Office

Package 805: Capital Projects Carry Forward. This package establishes Other Funds expenditure limitation totaling $9,149,378 for the Oregon Arts and Cultural Trust, for the distribution of grants funded by the issuance of Lottery revenue bonds for cultural facilities as follows:

- $750,000 for the Maxville Heritage Interpretive Center - Preservation of Maxville Townsite
- $2,000,000 for the Artists Repertory Theatre
- $600,000 for the Josephy Center for Arts and Culture
- $295,000 for the Eastern Oregon Regional Theatre - Baker Orpheum Theatre Restoration
- $1,250,000 for the Chehalem Cultural Center - Performing Arts Wing
- $750,000 for the Siltez Tribal Arts and Heritage Society
- $1,600,000 for the Jon G. Shedd Institute for the Arts
- $600,000 for the Little Theatre on the Bay - Liberty Theatre Expansion
- $304,378 for the Columbia River Maritime Museum - Lightship Columbia Preservation
- $1,000,000 for the Portland Art Museum - Rothko Pavilion

The bonds supporting these projects were not issued until late in the 2021-23 biennium and therefore funding was not able to be distributed in that biennium.

Lottery & General Obligation Bond Debt Svc

The Lottery and General Obligation Bond Debt Service program is used to track the payment of Lottery and General Obligation Debt Service, including both principal and interest payments. Revenue to pay debt service comes from the General Fund and Lottery Funds.

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The Subcommittee recommended a budget of $138,227,140 total funds ($90,722,590 General Fund and $47,504,550 Lottery Funds expenditure limitation). This represents a 14.8 percent increase from the 2021-23 LAB. There are no positions associated with this program. The Subcommittee did not recommend any packages for this program.

Summary of Performance Measure Action

See attached Legislatively Adopted 2023-25 Key Performance Measures form.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Business Development Department
Tamara Brickman -- (971) 719-3492

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
2021-23 Legislatively Approved Budget at Jan 2023 *	$ 273,338,524	$ 148,999,777	$ 1,271,428,840	$ 327,309,699	$ 122,500,606	$ -	$ 2,143,577,446	183	167.04
2023-25 Current Service Level (CSL)*	$ 95,074,882	$ 131,921,194	$ 315,631,721	$ 349,396,861	$ 51,011,386	$ -	$ 943,036,044	145	144.50
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 12300-110 - Operations									
Package 082: September Eboard									
Personal Services	$ -	$ -	$ 359,986	$ -	$ 351,417	$ -	$ 711,403	3	3.00
Services and Supplies	$ -	$ -	$ 20,796	$ -	$ 20,796	$ -	$ 41,592		
Package 108: Staffing									
Personal Services	$ -	$ -	$ 207,634	$ -	$ -	$ -	$ 207,634	1	0.75
Services and Supplies	$ -	$ -	$ 10,398	$ -	$ -	$ -	$ 10,398		
Package 109: Modernization Program Continuation -									
Personal Services	$ -	$ 194,225	$ 34,275	$ -	$ -	$ -	$ 228,500	1	0.88
Services and Supplies	$ -	$ 1,542,027	$ 272,123	$ -	$ -	$ -	$ 1,814,150		
Package 111: Economic Equity Investment Positions									
Personal Services	$ -	$ -	$ 351,455	$ -	$ -	$ -	$ 351,455	2	1.50
Services and Supplies	$ -	$ -	$ 23,668	$ -	$ -	$ -	$ 23,668		
Package 801: LFO Analyst Adjustments									
Personal Services	$ -	$ 760,231	$ -	$ -	$ -	$ -	$ 760,231	2	2.00
Services and Supplies	$ -	$ (274,779)	$ -	$ -	$ -	$ -	$ (274,779)		
Package 803: Brownfields									
Personal Services	$ -	$ -	$ 53,548	$ -	$ -	$ -	$ 53,548	1	0.25
Services and Supplies	$ -	$ -	$ 2,600	$ -	$ -	$ -	$ 2,600		
SCR 12300-210 - Business, Innovation, Trade									
Package 081: Jun3 2022 Eboard									
Personal Services	$ -	$ -	$ -	$ -	$ 1,181,481	$ -	$ 1,181,481	4	4.00
Services and Supplies	$ -	$ -	$ -	$ -	$ 441,400		$ 441,400		
Special Payments	$ -	$ -	$ -	$ -	$ 24,877,119	$ -	$ 24,877,119		
Package 090: Analyst Adjustments									
Special Payments	$ 14,500,000	$ -	$ -	$ -	$ -	$ -	$ 14,500,000		
Package 101: COBID Staffing									
Personal Services	$ -	$ -	$ 838,576	$ -	$ -	$ -	$ 838,576	4	4.00
Services and Supplies	$ -	$ -	$ 415,456	$ -	$ -	$ -	$ 415,456		

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DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
Package 105: Technical Assistance Program									
Personal Services	$ -	$ 222,486	$ -	$ -	$ -	$ -	$ 222,486	1	1.00
Services and Supplies	$ -	$ 24,674	$ -	$ -	$ -	$ -	$ 24,674		
Special Payments	$ -	$ 4,752,840	$ -	$ -	$ -	$ -	$ 4,752,840		
Package 108: Staffing									
Personal Services	$ -	$ -	$ 559,528	$ -	$ 195,005	$ -	$ 754,533	4	3.05
Services and Supplies	$ -	$ -	$ 49,538	$ -	$ 17,265	$ -	$ 66,803		
Package 111: Economic Equity Investment Positions									
Personal Services	$ -	$ -	$ 715,403	$ -	$ -	$ -	$ 715,403	4	3.00
Services and Supplies	$ -	$ -	$ 73,016	$ -	$ -	$ -	$ 73,016		
Special Payments	$ -	$ -	$ (1,081,441)	$ -	$ -	$ -	$ (1,081,441)		
Package 120: Reclassifications									
Personal Services	$ -	$ 15,385	$ -	$ -	$ -	$ -	$ 15,385	0	0.00
Package 801: LFO Analyst Adjustments									
Personal Services	$ -	$ (760,231)	$ -	$ -	$ -	$ -	$ (760,231)	(2)	(2.00)
Services and Supplies	$ -	$ (561,861)	$ -	$ -	$ -	$ -	$ (561,861)		
Special Payments	$ -	$ (1,444,430)	$ 97,000				$ (1,347,430)		
Package 804: Lottery Fund Limitation Carry Forward									
Special Payments	$ -	$ 8,477,500	$ -	$ -	$ -	$ -	$ 8,477,500		
Package 806: Ag Overtime and Advanced Manufacturing									
Personal Services	$ -	$ -	$ 779,564	$ -	$ -	$ -	$ 779,564	5	2.88
Services and Supplies	$ -	$ -	$ 152,320	$ -	$ -	$ -	$ 152,320		
Special Payments	$ -	$ -	$ 201,479,394	$ -	$ -	$ -	$ 201,479,394		
SCR 12300-300 - Infrastructure									
Package 082: September Eboard									
Personal Services	$ -	$ -	$ 251,639	$ -	$ 1,067,594	$ -	$ 1,319,233	5	5.00
Services and Supplies	$ -	$ -	$ 49,674	$ -	$ 1,144,071	$ -	$ 1,193,745		
Special Payments	$ -	$ -	$ (682,095)	$ -	$ 1,255,000		$ 572,905		
Package 090: Analyst Adjustments									
Special Payments	$ 21,671,479	$ -	$ 267,642,183	$ -	$ -	$ -	$ 289,313,662		
Package 121: Oregon Industrial Site Readiness Program									
Special Payments	$ -	$ -	$ 20,000,000	$ -			$ 20,000,000		

PRELIMINARY

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS LIMITED	OTHER FUNDS NONLIMITED	FEDERAL FUNDS LIMITED	FEDERAL FUNDS NONLIMITED	TOTAL ALL FUNDS	POS	FTE
Package 801: LFO Analyst Adjustments									
Personal Services	$ -	$ -	$ 250,900		$ -	$ -	$ 250,900	1	1.00
Services and Supplies	$ -	$ -	$ 13,900		$ -	$ -	$ 13,900		
Special Payments	$ -	$ -	$ -	$ -	$ 14,650,000		$ 14,650,000		
Package 803: Brownfields									
Personal Services	$ -	$ -	$ 160,133	$ -	$ 159,814	$ -	$ 319,947	1	1.00
Services and Supplies	$ -	$ -	$ 11,550	$ -	$ 27,050	$ -	$ 38,600		
Special Payments	$ -	$ -	$ 4,722,169	$ -	$ 1,504,836	$ -	$ 6,227,005		
Package 804: Lottery Fund Limitation Carry Forward									
Special Payments	$ -	$ 1,600,000	$ -	$ -	$ -	$ -	$ 1,600,000		
Package 805: Capital Projects Carry Forward									
Personal Services	$ -	$ -	$ 38,625	$ -	$ -	$ -	$ 38,625	1	0.13
Special Payments	$ -	$ -	$ 26,368,375	$ -	$ -	$ -	$ 26,368,375		
Package 806: Ag Overtime and Advanced									
Special Payments	$ -	$ -	$ 10,000,000	$ -	$ -	$ -	$ 10,000,000		
SCR 12300-600 - Arts									
Package 120: Reclassifications									
Personal Services	$ 24,254	$ -	$ 3,883	$ -	$ -	$ -	$ 28,137		
Package 805: Capital Projects Carry Forward									
Special Payments	$ -	$ -	$ 9,149,378	$ -	$ -	$ -	$ 9,149,378		
TOTAL ADJUSTMENTS	$ 36,195,733	$ 14,548,067	$ 543,395,151	$ -	$ 46,892,848	$ -	$ 641,031,799	38	31.44
SUBCOMMITTEE RECOMMENDATION *	$ 131,270,615	$ 146,469,261	$ 859,026,872	$ 349,396,861	$ 97,904,234	$ -	$ 1,584,067,843	183	175.94
% Change from 2021-23 Leg Approved Budget	(52.0%)	(1.7%)	(32.4%)	6.7%	(20.1%)	0.0%	(26.1%)	0.0%	5.3%
% Change from 2023-25 Current Service Level	38.1%	11.0%	172.2%	0.0%	91.9%	0.0%	68.0%	26.2%	21.8%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2023 - 2025 Key Performance Measures

Published: 6/1/2023 10:05:39 AM

Agency: Oregon Business Development Department

Mission Statement:

Business Oregon invests in Oregon's businesses, communities, and people to promote a globally competitive, diverse, and inclusive economy.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2024	Target 2025
1. Number of jobs created		Approved	378	800	800
2. Number of jobs retained		Approved	9,011	3,000	3,000
3. Personal income tax generated by the Department's investment in jobs		Approved	$19,331,461.00	$20,500,000.00	$21,012,500.00
4. New export sales of assisted clients		Approved	$112,659,506.00	$75,000,000.00	$75,000,000.00
5a. Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government Contract Assistance Program assistance.		Approved	$45,825,651.00	$50,000,000.00	$50,000,000.00
5b. Number of federal contracts awarded to Oregon businesses receiving Government Contract Assistance Program assistance.		Approved	311	400	400
6. Additional Jobs Created through Property Tax Abatement Programs - New jobs created at businesses that used either the Enterprise Zone program or Strategic Investment Program.		Approved		750	750
7. Number of community capital projects assisted for planning (infrastructure, community and organizational).		Approved	58	60	60
8. Number of community capital construction financing projects that address public health and safety issues.		Approved	69	60	60
9. Number of community capital construction financing projects that assist with future economic and community development.		Approved	13	15	15
10. Customer Service - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved	86%	90%	90%
	Expertise		88%	90%	90%
	Overall		86%	90%	90%
	Accuracy		88%	90%	90%
	Timeliness		83%	90%	90%
	Availability of Information		80%	90%	90%
6. Number of new industrial sites/acres certified "project ready."		Legislatively Deleted	0		

PRELIMINARY

LFO Recommendation:

The Legislative Fiscal Office recommends the approval of the key performance measure and targets as presented.

SubCommittee Action:

The Subcommittee approved the key performance measures and targets as presented