

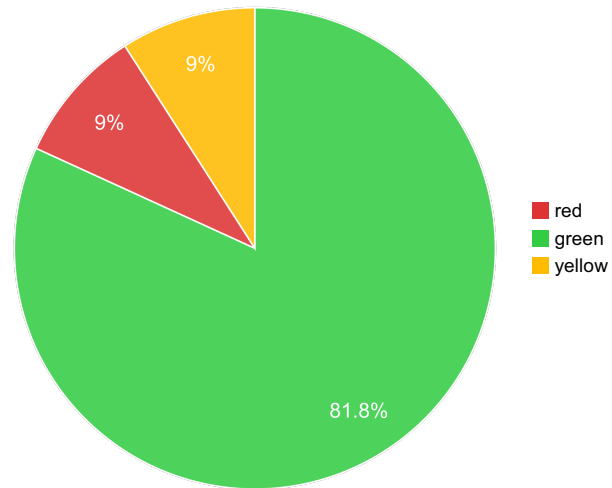
# Oregon Business Development Department

Annual Performance Progress Report

Reporting Year 2023

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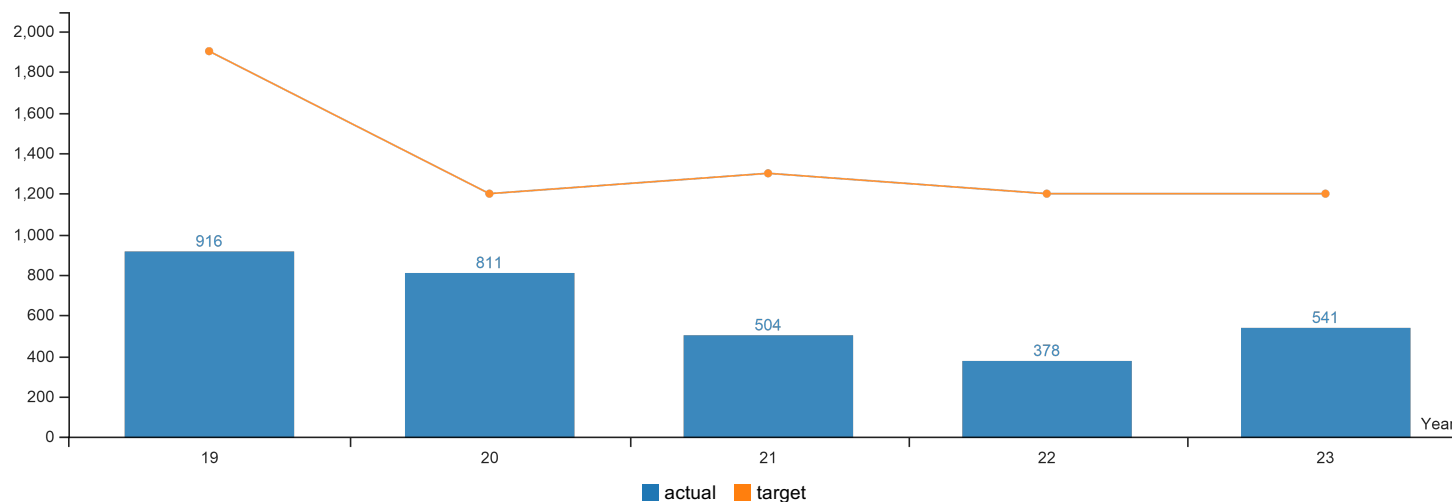
KPM #	Approved Key Performance Measures (KPMs)
1	Number of jobs created -
2	Number of jobs retained -
3	Personal income tax generated by the Department's investment in jobs -
4	New export sales of assisted clients -
5a	Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government Contract Assistance Program assistance. -
5b	Number of federal contracts awarded to Oregon businesses receiving Government Contract Assistance Program assistance. -
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.
7	Number of community capital projects assisted for planning (infrastructure, community and organizational). -
8	Number of community capital construction financing projects that address public health and safety issues. -
9	Number of community capital construction financing projects that assist with future economic and community development. -
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.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	81.82%	9.09%	9.09%

KPM #1	Number of jobs created -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Total jobs created</b>					
Actual	916	811	504	378	541
Target	1,900	1,200	1,300	1,200	1,200

### How Are We Doing

Employment data pulled from the Oregon Employment Department (OED) for Full-Time-Equivalent jobs created in FY2023 at businesses assisted by Business Oregon shows job creation of 541, exceeding the previous two years of reporting, but below the target. This measure counts only jobs created via businesses with direct funding through the agency and that have job creation tied to the funding.

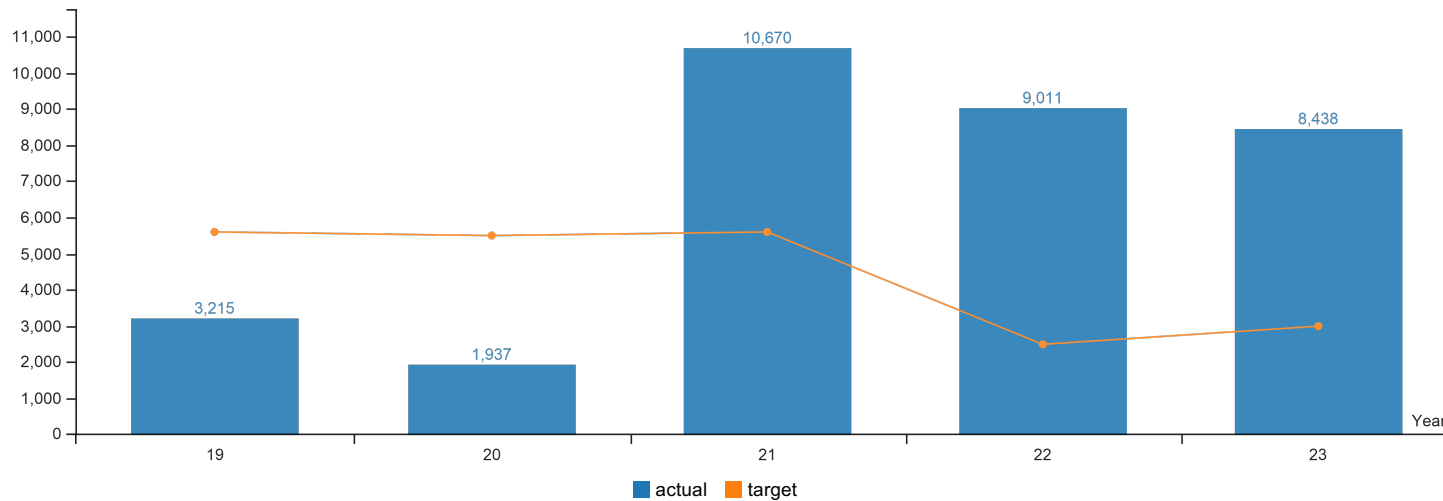
The jobs created primarily reflect investments from the Strategic Reserve Fund, Emerging Opportunity Fund, Business Expansion Program, business finance programs, and Oregon Innovation Council (Oregon InC) programs. This number does not include job creation that occurred at businesses receiving Emergency Business Assistance Grants and Operational Cost Assistance Grants that Business Oregon issued to non-traded-sector small businesses such as restaurants, gyms, and bars in the height of the pandemic, as while those had job retention goals, they did not have job creation tied to the awards. Those businesses added 1,517 jobs in FY2023.

### Factors Affecting Results

We have concerns about a change in the OED data we rely on for this metric, which is preliminary “hours worked” data provided to us from OED in late September each year. Our internal agency policy that covers job counting methodology outlines how we calculate jobs as full-time-equivalent jobs, based on total hours worked at a business establishment, divided by 1,820. The 1,820 number approximates a full-time employee working one year. We do this to account for part-time jobs. The hours worked data is no longer dependable, as the “hours worked” field is no longer being filled out completely or accurately by employers since OED’s system modernization. In many cases, businesses plug in the default (40 hours a week), but in some cases businesses enter impossibly high values for hours worked, or simply zero. In future APPR reporting, we are shifting to a total jobs number, not based on the total payroll hours divided by 1,820. That jobs data comes from a different dataset not impacted by the issues we’re seeing in the hours worked dataset. To account for part-time jobs, we will also report wages in the APPR narrative, as ultimately, wages reflect job quality.

KPM #2	Number of jobs retained -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Total Jobs Retained</b>					
Actual	3,215	1,937	10,670	9,011	8,438
Target	5,600	5,500	5,600	2,500	3,000

#### How Are We Doing

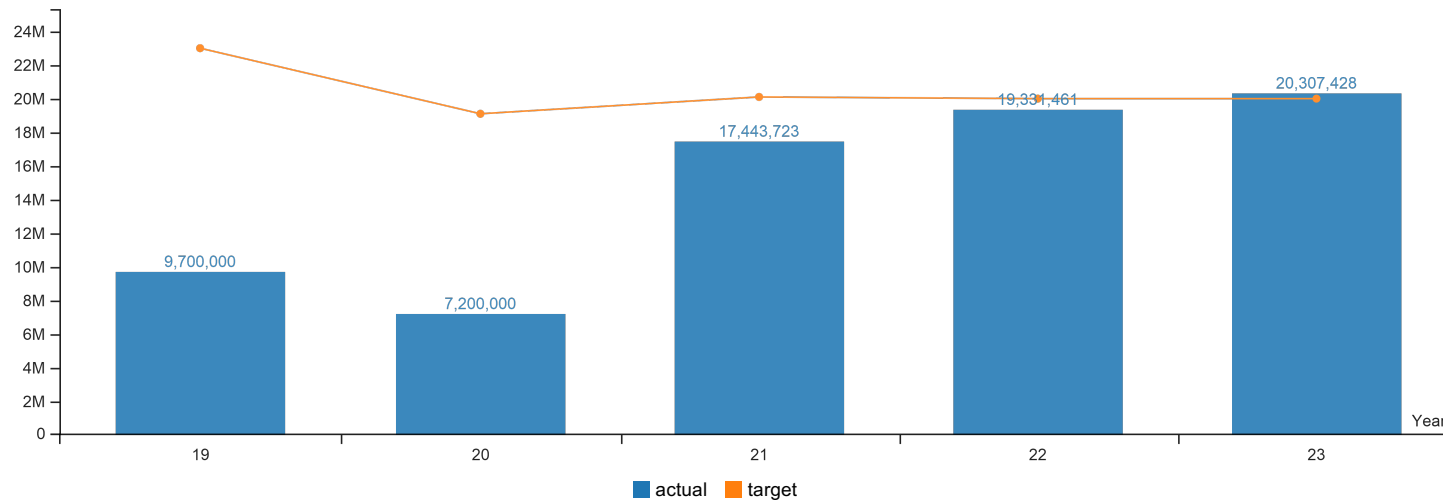
Business Oregon funds supported the retention of 8,438 jobs at businesses in Oregon in FY 2023, greatly exceeding the target of 3,000, but less than FY 2022. The 8,438 jobs retained primarily reflect investments from the Strategic Reserve Fund, Emerging Opportunity Fund, Business Expansion Program, business finance programs, Oregon Innovation Council (Oregon InC) programs, and two emergency COVID-19 relief programs – Emergency Business Assistance Grants and Operational Cost Assistance.

#### Factors Affecting Results

Two emergency COVID-19 relief programs – Emergency Business Assistance grants and Operational Cost Assistance grants – which provided direct financial assistance to small and medium-sized businesses impacted by COVID-19 in Oregon continue to boost job retention numbers. The same future shift in employment data used in the methodology described in KPM #1 will also apply to KPM #2.

KPM #3	Personal income tax generated by the Department's investment in jobs -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>State Income Tax Revenue</b>					
Actual	\$9,700,000.00	\$7,200,000.00	\$17,443,723.00	\$19,331,461.00	\$20,307,428.00
Target	\$23,000,000.00	\$19,100,000.00	\$20,100,000.00	\$20,000,000.00	\$20,000,000.00

### How Are We Doing

In FY 2023, jobs created and retained at businesses receiving Business Oregon funds generated an estimated \$20.3 million in state personal income tax revenue, just exceeding the target of \$20 million. Estimated state personal income tax revenue from jobs created and retained in FY 2023 was 5 percent higher than FY 2022.

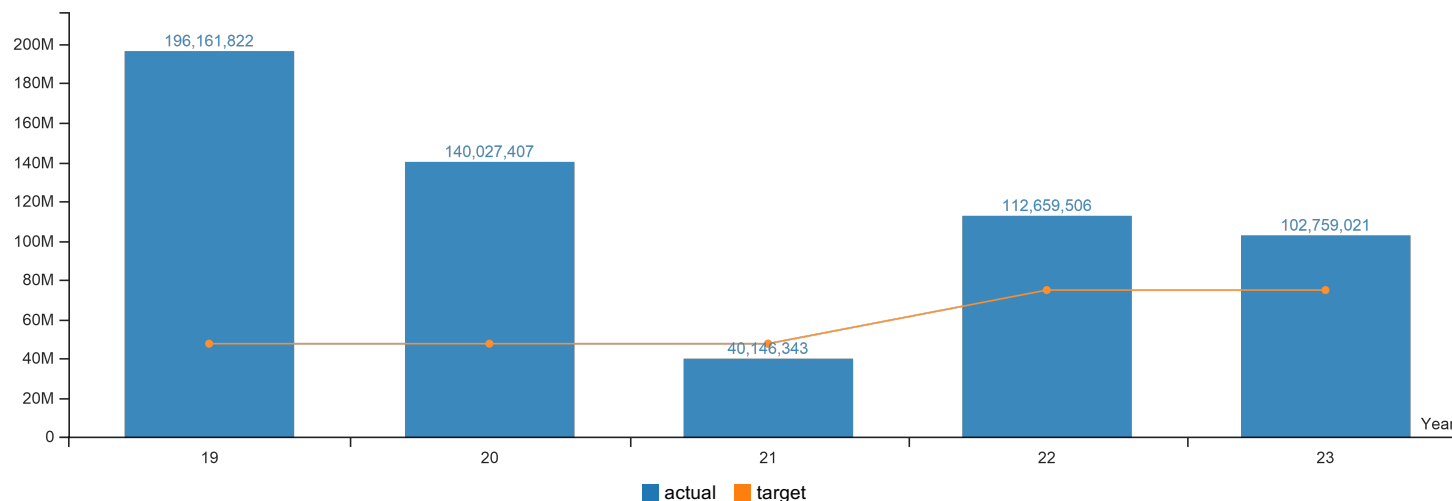
The \$20.3 million in state personal income tax revenue is derived from the jobs created and retained reported in KPMs one and two, which primarily reflects investments from the Strategic Reserve Fund, Emerging Opportunity Fund, Business Expansion Program, business finance programs, Oregon Innovation Council (Oregon InC) programs, and two emergency COVID-19 relief programs – Emergency Business Assistance grants and Operational Cost Assistance grants.

### Factors Affecting Results

The jobs retained in FY 2023 were much higher than pre-pandemic FY 2020, which continues to lead to higher personal income taxes generated in FY 2023, due to two emergency COVID-19 relief programs — Emergency Business Assistance grants and Operational Cost Assistance grants — which provided direct financial assistance to small and medium-sized businesses impacted by COVID-19 in Oregon. FY 2023 continues to reflect the impact of those two programs. That said, the average wage of jobs created and retained from those programs — and therefore the resulting income taxes paid by individuals in those jobs — is much lower than the higher paying traded sector jobs that are normally the focus of the department's programs, since the COVID-19 relief programs were targeted to businesses in industries that happen to pay low wages (such as restaurants, bars, etc.).

KPM #4	New export sales of assisted clients -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>New export sales of assisted clients (in millions of dollars)</b>					
Actual	\$196,161,822.00	\$140,027,407.00	\$40,146,343.00	\$112,659,506.00	\$102,759,021.00
Target	\$47,800,000.00	\$47,800,000.00	\$47,800,000.00	\$75,000,000.00	\$75,000,000.00

### How Are We Doing

Overall exports from Oregon last year were \$34 billion, another record year for the state. Business Oregon's documented new export sales from clients assisted for FY 2023 is \$102,759,021, exceeding the KPM target. Export sales include immediate and expected sales reported by Oregon businesses supported with both technical and financial assistance from Business Oregon. We continued to utilize both a state-funded export grant program, the Oregon Trade Promotion Program (OTPP), and a federally-funded export grant program, the State Trade Export Promotion program (STEP) to help small businesses enter new foreign markets, or grow sales in existing foreign export markets.

Business Oregon helps small to medium sized enterprises (up to 500 employees) grow revenue through export sales, which diversifies their customer base and assists Oregon small businesses be more globally competitive. Business Oregon leverages both state and federal funds to achieve export sales goals by supporting trade events and other export growth strategies for Oregon small businesses in target industry groups. Our federal partners include the Small Business Administration (SBA) and the Export Import Bank of the U.S. (EXIM Bank). Sales revenue resulting from these partnerships is reflected in this key performance measure.

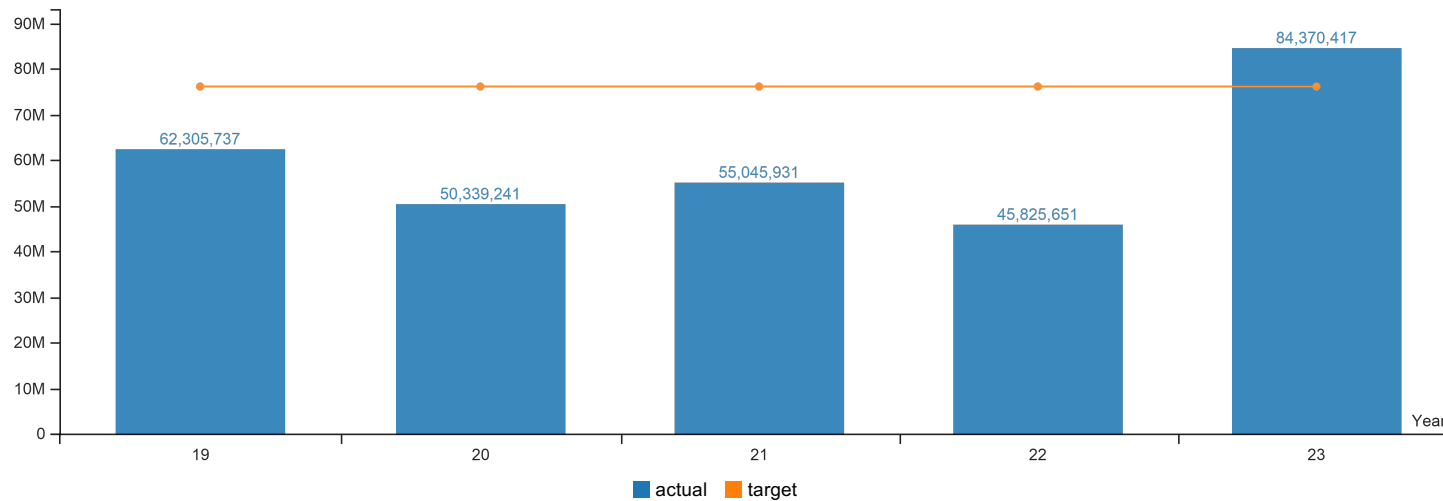
### Factors Affecting Results

Over the last few years, demand for the department's services, connections, trade promotion opportunities, and export grants continue to be needed as small businesses grow in the global economy. An important factor to consider is that export development takes time and a commitment to a multi-year export development plan. Often, attendance at an international trade event is only the first step that will eventually lead to export sales. While demand for export assistance grows, federal funding has been reduced by one third this past year, leaving many Oregon companies without export assistance in the form of matching grants. Exports remain a strong and growing part of Oregon's economy with markets in the Pacific Rim showing tremendous growth opportunities for Oregon exporters. Despite continued supply chain issues, inflated freight costs, stalled trade agreements, a high U.S. dollar that makes U.S. goods and services more expensive, Oregon exports have bucked

the national trend and grown each of the past seven years.

KPM #5a	Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government Contract Assistance Program assistance. -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Total amounts of federal contracts awarded</b>					
Actual	\$62,305,737.00	\$50,339,241.00	\$55,045,931.00	\$45,825,651.00	\$84,370,417.00
Target	\$76,000,000.00	\$76,000,000.00	\$76,000,000.00	\$76,000,000.00	\$76,000,000.00

**How Are We Doing**

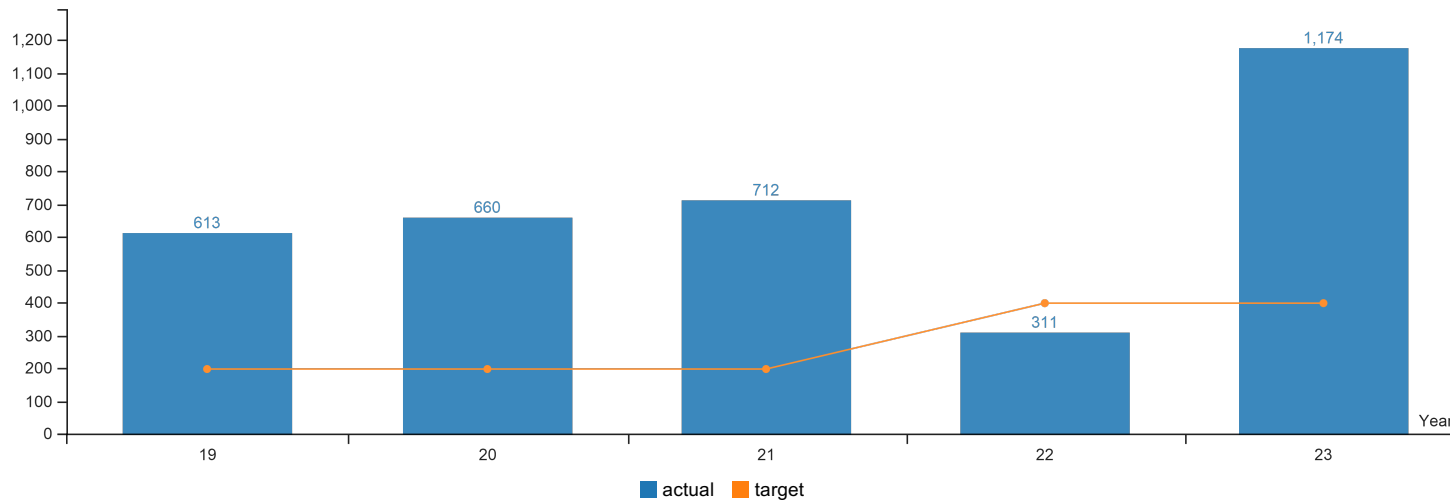
The total amount of federal contracts Government Contract Assistance Program (GCAP) achieved in fiscal year 2023 was \$84,370,41, a significant increase over FY 2022. Business Oregon does not administer this program or perform this work, but funds and administers a contract with the Organization for Economic Initiatives' (dba Apex Accelerators) GCAP program, to assist start-ups and small firms seeking to grow their businesses through government contracting opportunities.

**Factors Affecting Results**

While a large increase, GCAP is contractually required to help Oregon small businesses secure \$152 million in federal contracts per biennium. FY 2023 was a solid increase but the biennium number of just over \$130 million is still shy of the biennium target. GCAP continued to have difficulties similar to those of other organizations related to staffing. Also there has been a trend of smaller contracts being awarded. As exhibited in KPM 5b, there has been a large increase in the number of contracts coming to Oregon, they are just smaller awards, thus staying shy of the overall dollar target.

KPM #5b	Number of federal contracts awarded to Oregon businesses receiving Government Contract Assistance Program assistance. -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Total Number of Federal Contracts Awarded through services provided by GCAP</b>					
Actual	613	660	712	311	1,174
Target	200	200	200	400	400

#### How Are We Doing

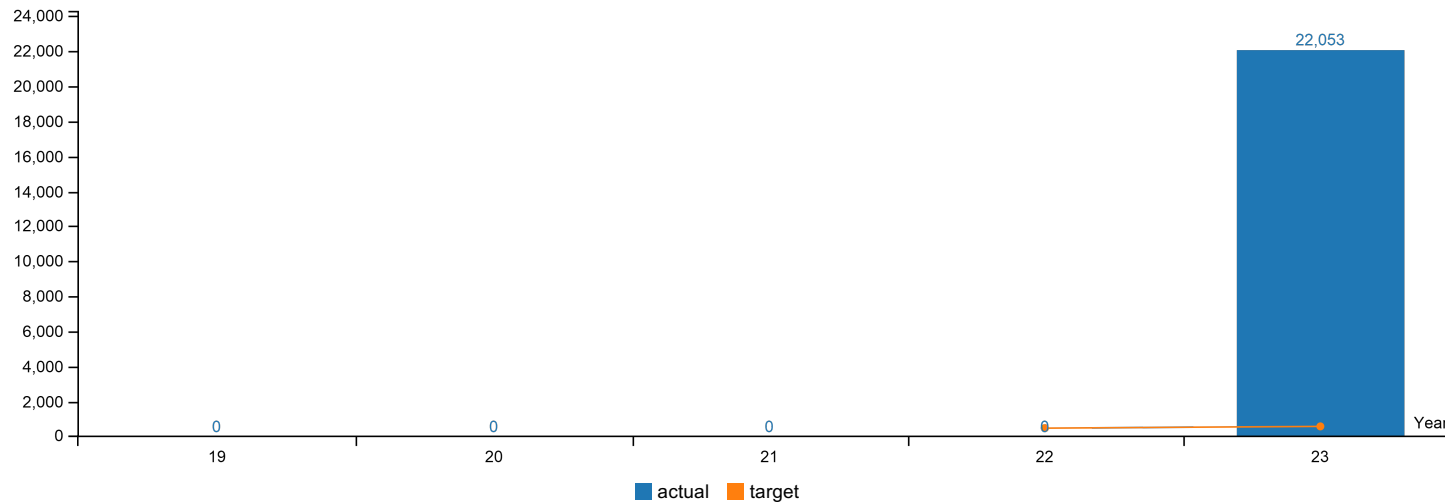
Business Oregon does not administer this program or perform this work, but funds and administers a contract with the Organization for Economic Initiative's GCAP program, to assist start-ups and small firms seeking to grow their businesses through government contracting opportunities. GCAP assisted Oregon small businesses secure 1,174 federal contracts during the fiscal year, a significant increase from prior years.

#### Factors Affecting Results

Organization for Economic Initiatives reports that the database contractor they have been working with was able to capture more data than the previous contractor. There have been many federal contracts awarded to Oregon firms, but they are smaller-valued contracts, which is evident in KPM data with high numbers of contracts, but the lower dollars awarded.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Additional Jobs Created through Property Tax Abatement Programs</b>					
Actual					22,053
Target				500	600

**How Are We Doing**

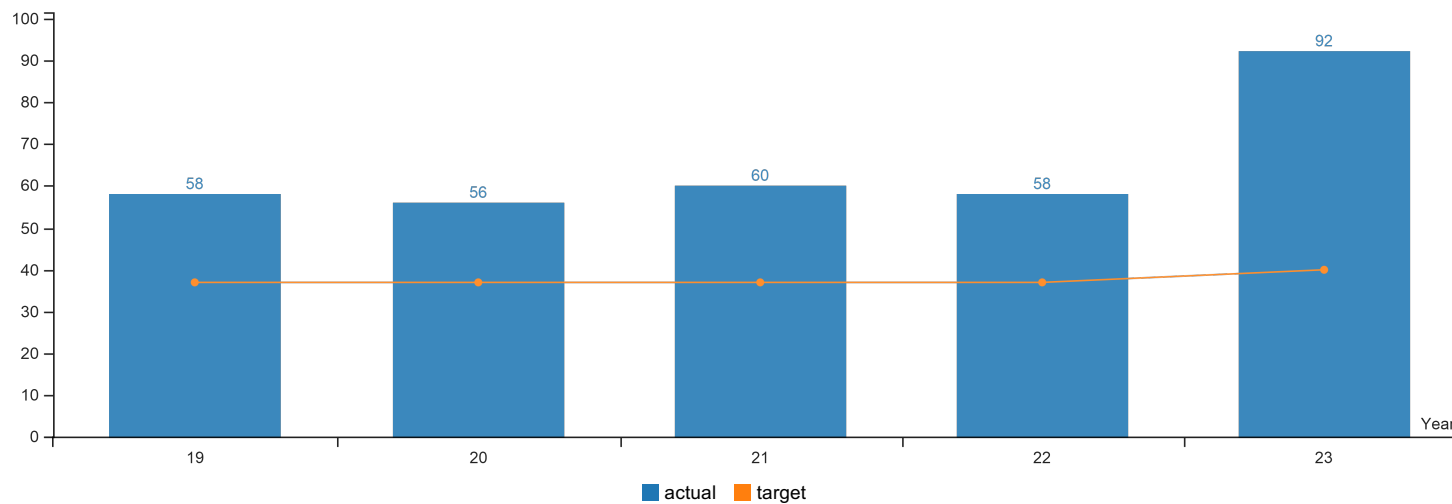
Companies in Oregon using the Enterprise Zone (E-zone) program and the Strategic Investment Program (SIP) reported creating a total of 22,053 jobs in FY 2023. Firms using the Enterprise Zone program reported 13,480 new jobs at the establishments using enterprise zone property tax abatement. Firms currently using Strategic Investment Program property tax abatement reported 8,573 newly created jobs at SIP projects.

**Factors Affecting Results**

Business Oregon helps administer the SIP and E-zone programs, that provide property tax abatement for growing firms for specified time periods. This is a new performance measure to reflect the importance of these two property tax programs to Oregon’s economy, and importance to economic development efforts in communities as they work with local businesses on expansion projects. There were a total of 22 SIP projects included, and 278 E-zone projects. A list of program users and their jobs data can be found on the corresponding program pages for these programs on Business Oregon’s website at <https://biz.oregon.gov>

KPM #7	Number of community capital projects assisted for planning (infrastructure, community and organizational). -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Number of community capital projects assisted for planning</b>					
Actual	58	56	60	58	92
Target	37	37	37	37	40

### How Are We Doing

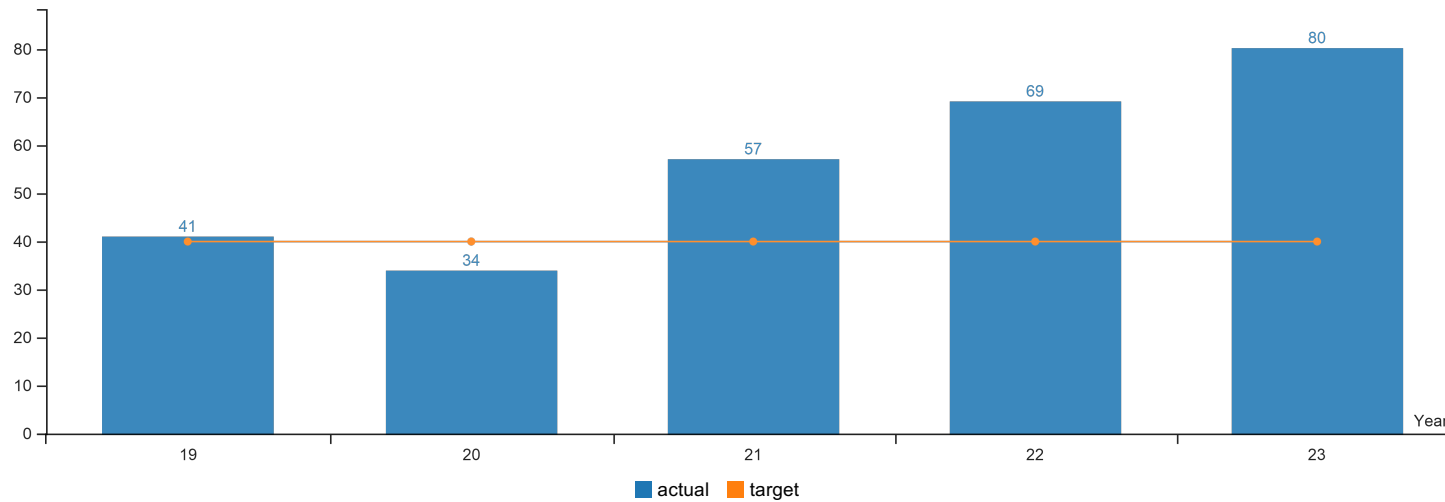
Business Oregon awarded funds for 92 planning projects in FY 2023, exceeding the target of 40. The 92 projects represent approximately \$35 million in planning funds. This measure includes projects associated with Business Oregon’s Special Public Works Fund, Water/Wastewater Fund, Brownfields, Ports funding programs, Safe Drinking Water Revolving Loan Fund, and Community Development Block Grants. Examples of planning projects are plans for brownfield site assessments, industrial lands development, drinking water and wastewater facility plans, and feasibility studies that support community infrastructure objectives such as wastewater treatment, safe drinking water, and modern community facilities. Business Oregon planning project assistance lays the foundation for vibrant and resilient communities.

### Factors Affecting Results

Communities across Oregon continue to face aging infrastructure, keeping demand for planning projects high. Some communities did not anticipate the level of growth seen in the past 10 years, with expected future population growth requiring communities to plan now to ensure adequate infrastructure to support the continued community and economic development. Upcoming statewide infrastructure funding opportunities associated with the federal Bipartisan Infrastructure Law continued to result in communities pursuing planning initiatives to identify and prioritize projects for funding proposals. Historically, demand has increased and decreased with overall economic conditions. As communities continue to recover from the impacts of COVID-19 and project development and implementation costs continue to increase communities may seek to prioritize those projects that maintain essential utility services such as capital construction projects associated with health and safety objectives (KPM 8). Additionally, increased federal investment into funding programs that offer grant and low interest rates may result in a high level of program demand over the coming years. Of note for KPMs 7, 8, and 9, the Seismic Rehabilitation Grant and Brownfields programs were added. There were 14 Brownfields projects included in KPM 7.

KPM #8	Number of community capital construction financing projects that address public health and safety issues. -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Number of community capital projects that address water quality and environmental health issues</b>					
Actual	41	34	57	69	80
Target	40	40	40	40	40

#### How Are We Doing

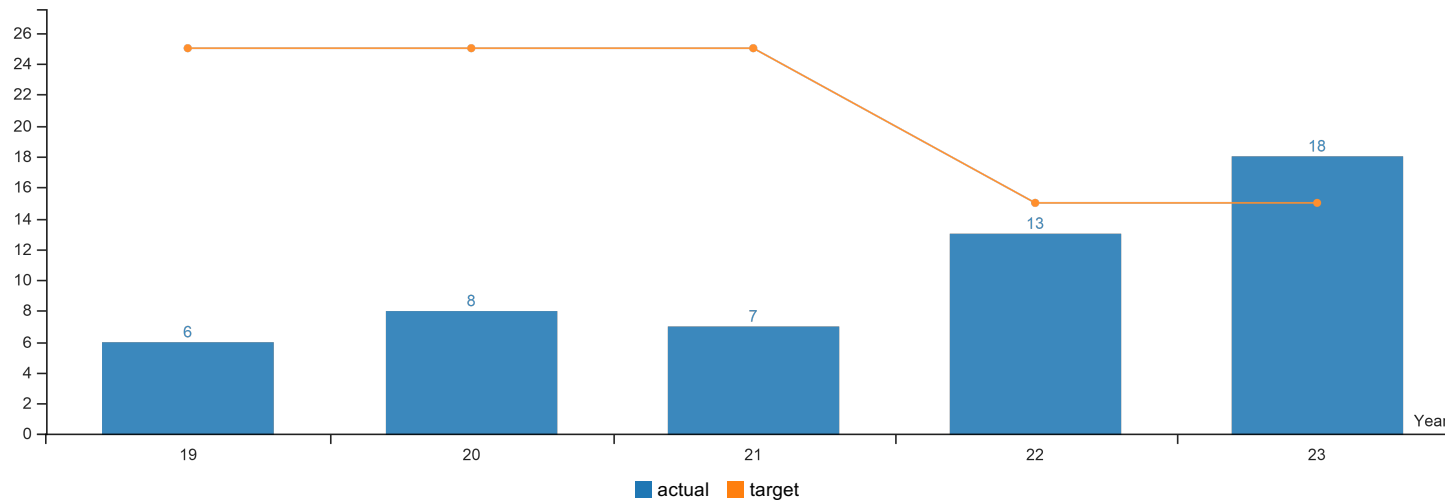
Business Oregon exceeded the target, awarding 80 projects with an investment total of approximately \$159 million, which includes 36 Seismic projects totaling \$85 million. The high funding award pace for planning projects in recent years (KPM #7) may be driving increased interest in community capital construction financing projects with a health and safety focus (KPM #8). Award pace may continue to be high as the state legislature continues to prioritize seismic preparedness and federal funding availability under the Bipartisan Infrastructure Law results in increased interest in existing Business Oregon funding programs.

#### Factors Affecting Results

The need for municipal infrastructure improvements remain high, as is the demand for financing. Project costs continue to grow, and state-supported low-interest financing is vital to small and rural communities that generally do not have bond ratings. Business Oregon will continue to strive to meet the demand of local communities for financial assistance. While the Oregon Bond Bank is one tool the department can utilize to supplement some of the infrastructure programs, recapitalization through lottery funds remains vital to the department's ability to assist communities with financing projects. Enhanced availability of federal funding through the Bipartisan Infrastructure Law will require additional state matching which the legislature supported with capitalization of funds provided through Business Oregon's Special Public Works Fund.

KPM #9	Number of community capital construction financing projects that assist with future economic and community development. -
	Data Collection Period: Jul 01 - Jun 30

\* Upward Trend = positive result



Report Year	2019	2020	2021	2022	2023
<b>Number of community capital projects that assist with future economic and community development</b>					
Actual	6	8	7	13	18
Target	25	25	25	15	15

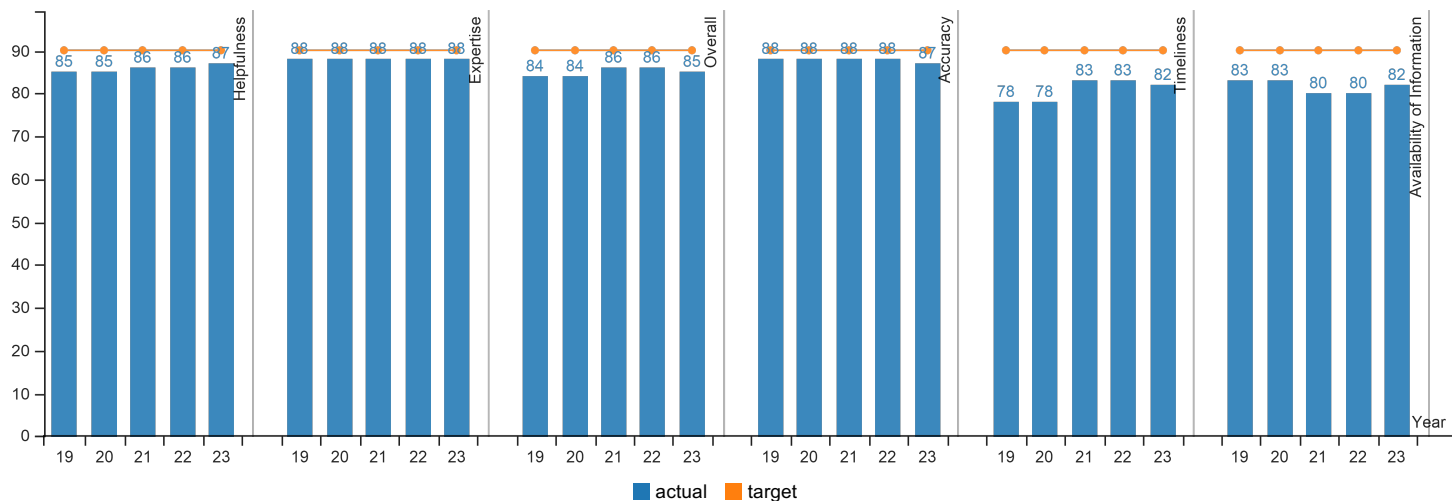
### How Are We Doing

Business Oregon completed 18 projects, exceeding the target of 15, and totaled approximately \$32.9 million in financing. As we have seen in the last three years, communities continue to focus their efforts and limited resources on health and safety projects, primarily water and wastewater projects, and not on economic and community development projects. Our programs serve the need of communities, so our resources have also focused on these other projects. However, with the results of the recent Economic Recovery Plan and the critical need for housing, especially in rural Oregon, we have seen a slight shift in some of the priorities and communities are starting to look at ways to provide housing opportunities. Communities are looking to some of our infrastructure programs to build out the municipally-owned infrastructure which, in turn, allows a developer to build housing at a much more affordable level for working families. This will allow for economic and community development opportunities in these communities.

### Factors Affecting Results

The need for municipal infrastructure construction remains high and the demand for financing will continue to rise as communities address infrastructure needs for business opportunities. Communities continue to focus their efforts on water and wastewater infrastructure, which are generally larger, high-need and high-cost projects. That said, water and wastewater projects are the basis for future economic and community development activities as the latter cannot occur without the former. Business Oregon will work with its program partners (League of Oregon Cities, Association of Counties, Ports, and Special Districts) and communities to identify opportunities to fund capital construction projects that serve both health/safety and assist with future economic and community development. Such projects will be instrumental to continued economic recovery efforts as economic impacts of COVID-19 subside.

KPM #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.  
 Data Collection Period: Jul 01 - Jun 30



Report Year	2019	2020	2021	2022	2023
<b>Helpfulness</b>					
Actual	85%	85%	86%	86%	87%
Target	90%	90%	90%	90%	90%
<b>Expertise</b>					
Actual	88%	88%	88%	88%	88%
Target	90%	90%	90%	90%	90%
<b>Overall</b>					
Actual	84%	84%	86%	86%	85%
Target	90%	90%	90%	90%	90%
<b>Accuracy</b>					
Actual	88%	88%	88%	88%	87%
Target	90%	90%	90%	90%	90%
<b>Timeliness</b>					
Actual	78%	78%	83%	83%	82%
Target	90%	90%	90%	90%	90%
<b>Availability of Information</b>					
Actual	83%	83%	80%	80%	82%
Target	90%	90%	90%	90%	90%

How Are We Doing

85 percent of customer survey respondents rated their overall satisfaction with agency services as “good” or “excellent” in the 2023 survey. This survey is conducted every two years, results for 2023 were collected in the spring and summer of 2023.

As in years past, the survey was emailed to external customers via an online survey tool. Sample lists were created largely from Salesforce (Business Oregon’s customer management tool) with supplemental lists coming from some programs not currently using Salesforce. The survey list was compiled of customers interacting with Business Oregon over the past two years. Over 13,000 surveys were sent and a total of 508 surveys were completed for a response rate of four percent. Respondents reported using the following agency programs (percentages do not add up to 100% as some customers use multiple programs):

- Business Development, Finance, Global Trade, Infrastructure/Community Development, and Innovation and Entrepreneurship: 54%
- COVID-19 Pandemic Relief Assistance Programs: 30%
- Arts: 27%
- Certification Office for Business Inclusion and Diversity (COBID): 18%

The survey included questions ranking Business Oregon on timeliness, helpfulness, expertise, availability of information, information accuracy, and overall satisfaction. Results are provided below, as well in the table above (percent of customers giving Business Oregon a mark of “good” or “excellent”.) Satisfaction ratings for this survey were generally consistent with prior years.

- Timeliness – 82%
- Helpfulness - 87%
- Expertise - 88%
- Availability of information – 82%
- Information accuracy – 87%
- Overall satisfaction with department services – 85%

#### **Factors Affecting Results**

The 2023 Customer Satisfaction survey built on the 2019 and 2021 approach of mining more robust contact lists via Salesforce, which resulted in a better sample and total number of completed surveys. The response rate was lower than 2021 but consistent with years prior. The low response rate could be due in part to the increased incidence of surveys emailed to professionals and perhaps fatigue among respondents causing them to decline participation. Business Oregon will continue to evaluate process improvements to increase the response rate of future surveys.