

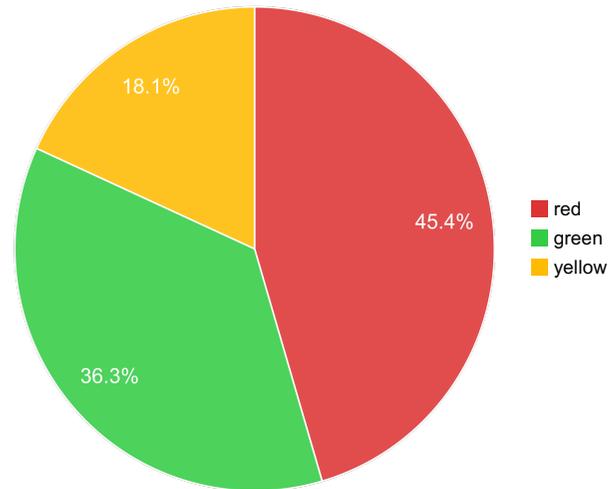
Business Oregon

Annual Performance Progress Report

Reporting Year 2020

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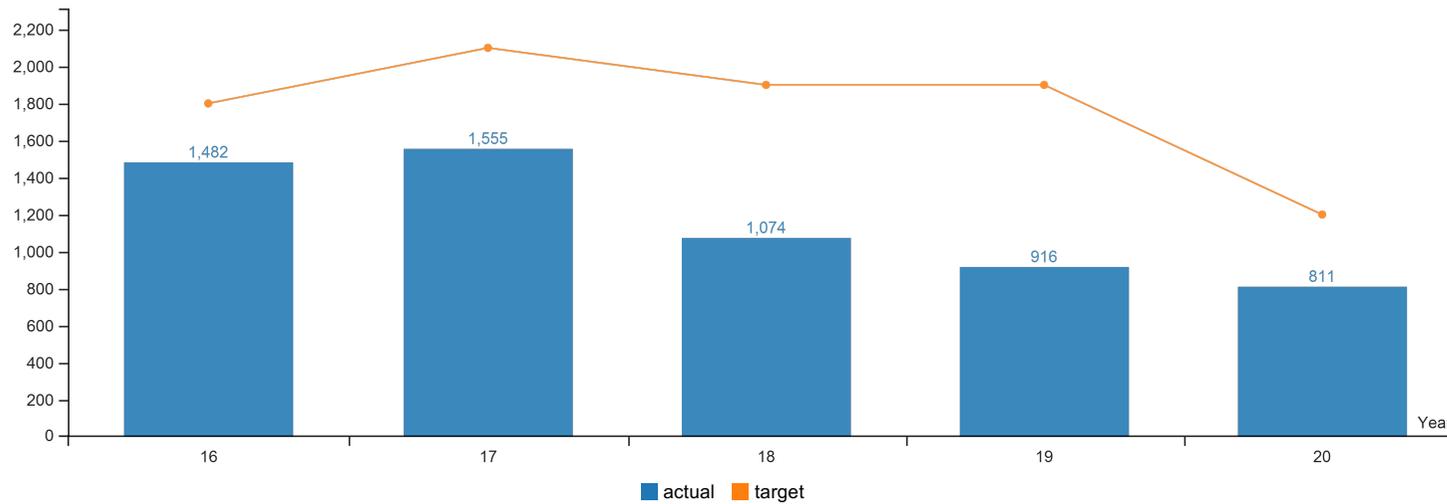
KPM #	Approved Key Performance Measures (KPMs)
1	Number of jobs created -
2	Number of jobs retained -
3	Personal income tax generated by the Department's investment in jobs -
4	New export sales of assisted clients -
5a	Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government Contract Assistance Program assistance. -
5b	Number of federal contracts awarded to Oregon businesses receiving Government Contract Assistance Program assistance. -
6	Number of new industrial sites/acres certified "project ready." -
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:	36.36%	18.18%	45.45%

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

* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
Total jobs created					
Actual	1,482	1,555	1,074	916	811
Target	1,800	2,100	1,900	1,900	1,200

How Are We Doing

Business Oregon funds supported the creation of 811 jobs in Oregon in FY 2020. This was 32 percent short of the FY 2020 target of 1,200 jobs created. The number of jobs created in FY 2020 was 105 less than jobs created in FY 2019, a decrease of 12 percent.

The 811 jobs created primarily reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council (Oregon InC). Current Oregon InC investments and programs included are:

- SBIR/STTR Awards
- Oregon InC supported Organizations and Initiatives:
 - Oregon BEST
 - Drive Oregon
 - ONAMI
 - OTRADI
 - OWET
 - RAIN
 - SOAR
 - Oregon Story Board

Factors Affecting Results

Jobs created has steadily declined since FY 2015, when jobs created was 2,214. Private sector employment in Oregon over this time increased by an annualized rate of just over 2 percent a year, as such, cyclical changes do not explain the decrease in jobs created at the department.

The primary reason for declines in KPM 1 is reduced expenditures on direct job creation projects across all programs, followed by less jobs created per dollar spent from Strategic Reserve Fund projects. In recent years Business Oregon has emphasized the quality, accessibility, and location of the jobs created by projects we fund, as well as using funds to drive longer-term economic outcomes versus short-term direct job creation. Examples of these types of investments include creating long-term assets in rural areas, like funding an entrepreneurial hub in the city of Independence, and a semi-truck training simulator in Tillamook County, both investments from the Strategic Reserve Fund this year.

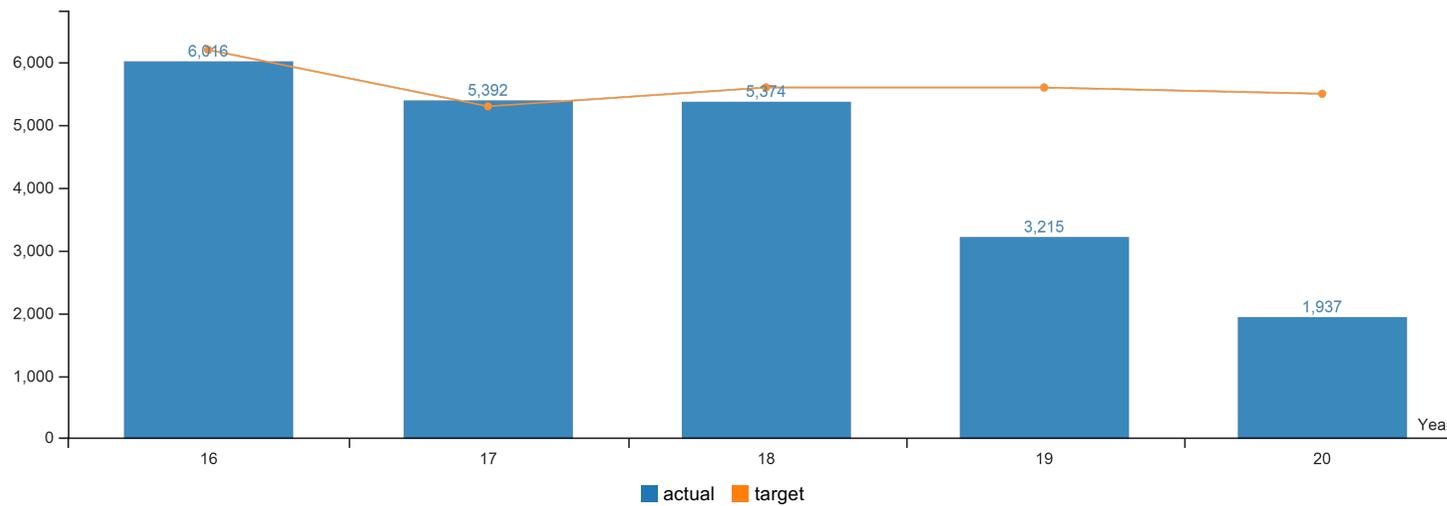
Adding more detail, the agency looks for quality jobs that pay above the regional average wage, those that are accessible without a four-year college degree, and jobs located in rural communities. Often this results in fewer jobs created per project than if we focused only on larger projects in the Portland metro area. Business Oregon does track and report a breakdown of these categories (Quality, Accessible, Rural) separately in its annual report.

The agency does not currently include jobs created from property tax and industrial land development programs we manage with local communities, such as Enterprise Zones and the Strategic Investment Program. However, these programs are critical for business development and job creation and retention throughout the state. The agency does report results of these programs in its annual report.

Job losses from COVID-19 in the second quarter of 2020 had a minimal impact on jobs created in FY 2020 due to fewer job losses in traded sector industries (a focus of Business Oregon) early in the pandemic. It did however impact resources and staff time on job-creating projects, as staff were focused on community and business resiliency in the face of COVID for four months during this time frame.

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

* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
Total Jobs Retained					
Actual	6,016	5,392	5,374	3,215	1,937
Target	6,200	5,300	5,600	5,600	5,500

How Are We Doing

Business Oregon funds supported the retention of 1,937 jobs in Oregon in FY 2020. This was 65 percent less than the FY 2020 target of 5,500 jobs retained. The number of jobs retained in FY 2020 was 1,278 less than jobs retained in FY 2019, a decrease of 40 percent.

The 1,937 jobs retained primarily reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council (Oregon InC). Current Oregon InC investments and programs included are:

- SBIR/STTR Awards
- Oregon InC supported Organizations and Initiatives:
 - Oregon BEST
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Factors Affecting Results

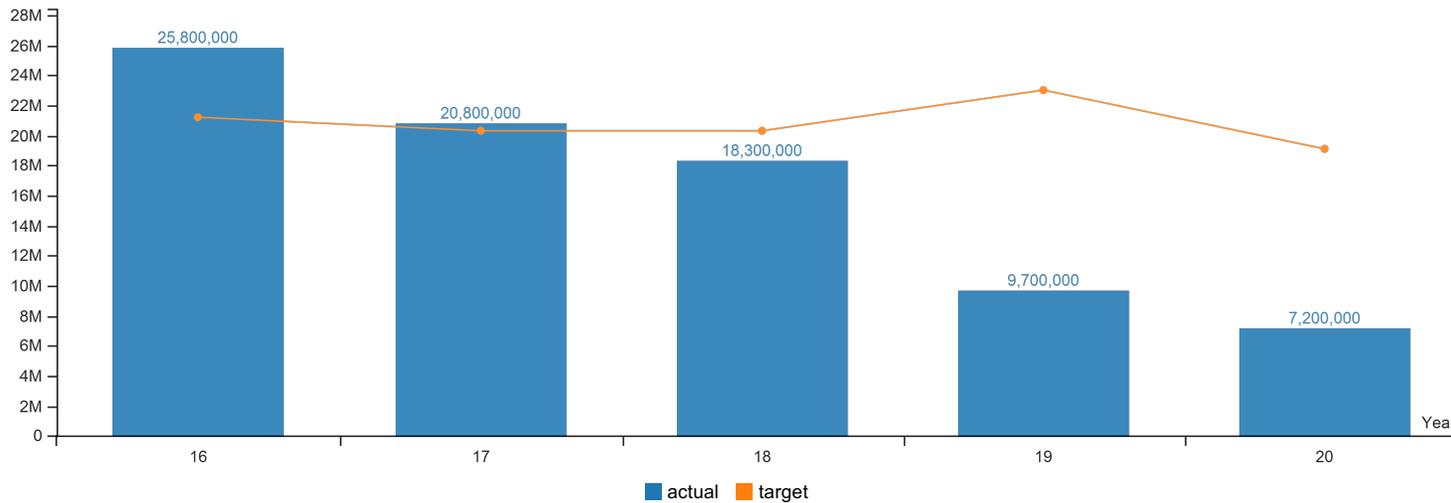
Part of the decline in jobs retained compared to the target of 5,500 can be explained by a large project that was incorrectly categorized as a job retention project in FY 2018 that was removed from the FY 2019 analysis. Nonetheless, jobs retained has declined since FY 2015, when jobs retained was 6,677. Private sector employment in Oregon over this time increased by an annualized rate of over 2 percent a year. As such, cyclical changes do not explain the decrease in jobs retained at the department.

Comparing FY 2020 to FY 2015, jobs retained is down across most programs. Job retention decreased the most from Strategic Reserve Fund, with 1,154 jobs retained in FY 2020, down 4,479 jobs from FY 2015. The primary reason for declines in KPM 2 is reduced expenditures on job retention projects across all programs, followed by less jobs retained per dollar spent from Strategic Reserve Fund projects. As noted in KPM 1, Business Oregon has emphasized the quality, accessibility, and location of the jobs created by projects we fund, and has used program funding to improve long-term outcomes rather than just the number of immediate direct jobs created or retained.

Job losses from COVID-19 in April through June of 2020 had a minimal impact on jobs retained in FY 2020 due to fewer job losses in traded-sector industries early in the pandemic. This generally did not result in lower employment over the four-quarter average for most of Business Oregon's projects.

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	2016	2017	2018	2019	2020
State Income Tax Revenue					
Actual	\$25,800,000.00	\$20,800,000.00	\$18,300,000.00	\$9,700,000.00	\$7,200,000.00
Target	\$21,200,000.00	\$20,300,000.00	\$20,300,000.00	\$23,000,000.00	\$19,100,000.00

How Are We Doing

In FY 2020, jobs created and retained by businesses funded by Business Oregon generated an estimated \$7.2 million in state personal income tax revenue. This was 63 percent less than the FY 2020 target of \$19.1 million. Estimated state personal income tax revenue from jobs created and retained in FY 2020 was \$2.5 million lower than FY 2019, a decrease of 26 percent.

The \$7.2 million in state personal income tax revenue primarily reflect investments from the Strategic Reserve Fund, Business Expansion Program, Business Finance programs, and Oregon Innovation Council.

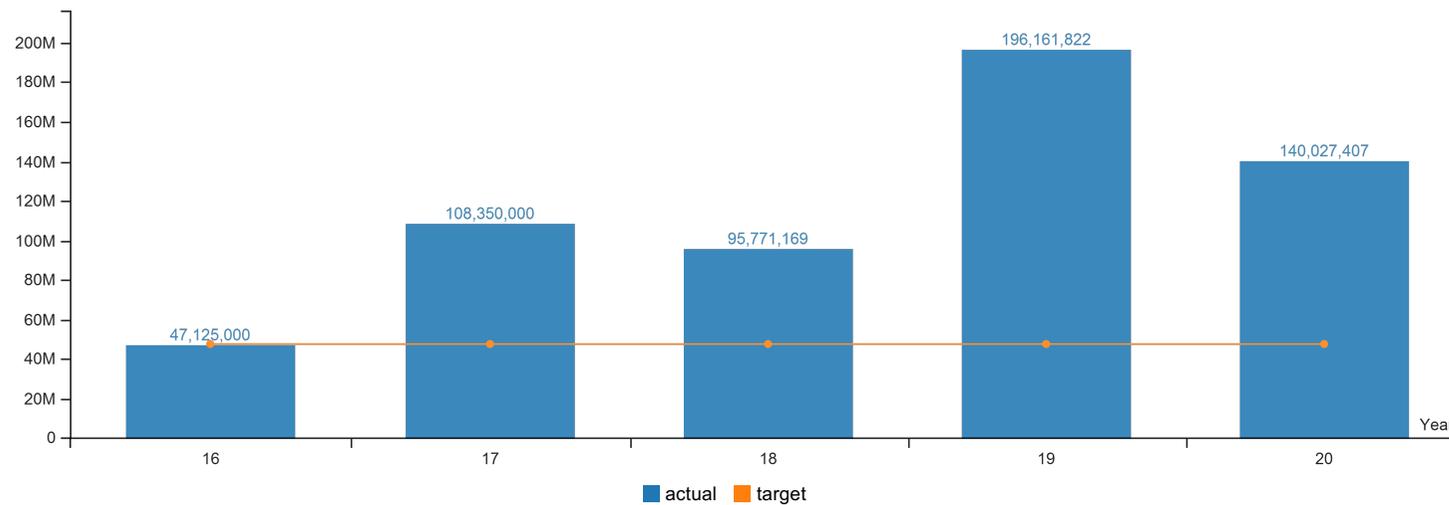
Factors Affecting Results

The combined jobs created and retained in FY 2020 were lower than FY 2019, which led to lower personal income taxes generated in FY 2020. Personal income tax generated by the department has steadily declined since FY 2015, when personal income tax generated was \$29.5 million. Private sector employment in Oregon over this time increased by an annualized rate of over 2 percent a year, as such, cyclical changes do not explain the decrease in personal income tax generated by the department.

Lower personal income taxes generated by the department since FY 2015 are primarily the result of lower jobs created and retained over that time. Another factor affecting results over time is lower average wages of jobs created and retained. The average wage of jobs created and retained in FY 2020 was 26 percent lower than the inflation adjusted average wage of jobs created and retained in FY 2015. Lower average wages have resulted in lower income tax revenue per job created and retained, despite slight increases in effective tax rates between FY 2015 and FY 2020. Also, the jobs associated with projects in rural areas, and jobs that are accessible without a four-year degree — two areas of focus mentioned in KPMs 1 and 2 — are often lower-wage jobs than those found in large business projects in metro areas.

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

* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
New export sales of assisted clients (in millions of dollars)					
Actual	\$47,125,000.00	\$108,350,000.00	\$95,771,169.00	\$196,161,822.00	\$140,027,407.00
Target	\$47,800,000.00	\$47,800,000.00	\$47,800,000.00	\$47,800,000.00	\$47,800,000.00

How Are We Doing

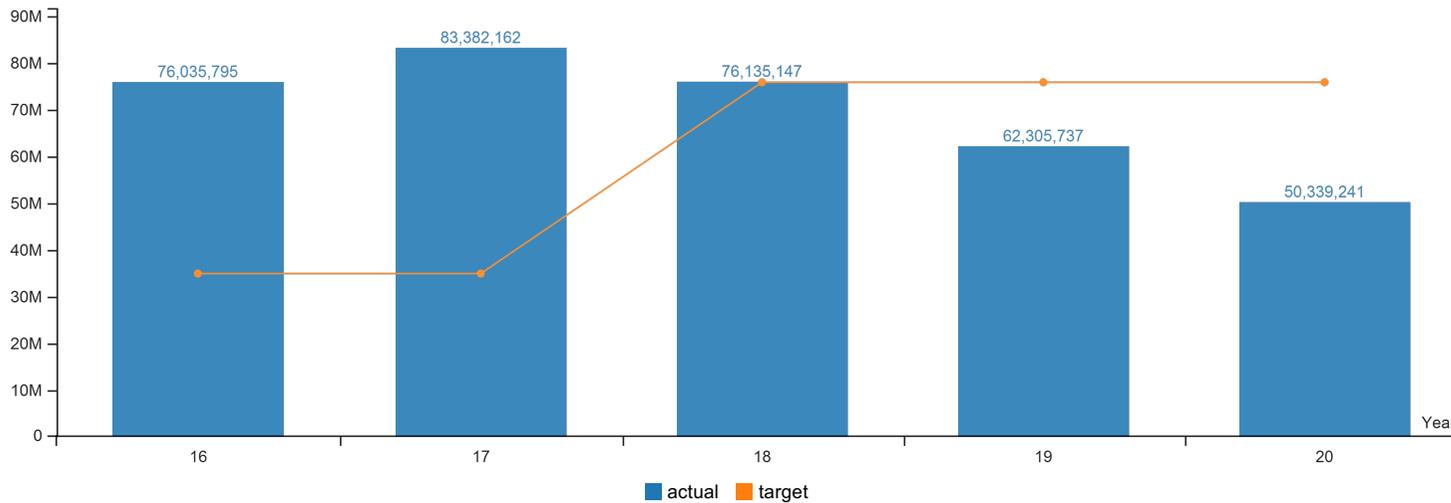
Documented new export sales for FY 2019 is \$140,027,407, exceeding the KPM target. Export sales include immediate and expected sales reported by Oregon businesses supported with both technical and financial assistance from Business Oregon. Business Oregon leverages both state and federal funds to achieve export sales goals by supporting trade events and opportunities for target industry groups and Oregon small business exporters. Our federal partners include SBA, ExIm Bank, and the Softwood Export Council. Sales revenue resulting from these partnerships are reflected in this measure.

Factors Affecting Results

In early 2020, Business Oregon was projecting yet another record year for export sales for this measure, following another record year of overall Oregon exports in calendar year 2019. However, due to COVID-19, Oregon businesses were not able to attend trade shows during the last four months of the fiscal year and therefore sales were lower than expected. Still, these businesses significantly outperformed the target amount. Moving forward, the Global Trade team at Business Oregon is organizing virtual trade shows, trade missions, e-commerce opportunities, and website optimization and localization for Oregon businesses in international markets.

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	2016	2017	2018	2019	2020
Total amounts of federal contracts awarded					
Actual	\$76,035,795.00	\$83,382,162.00	\$76,135,147.00	\$62,305,737.00	\$50,339,241.00
Target	\$35,000,000.00	\$35,000,000.00	\$76,000,000.00	\$76,000,000.00	\$76,000,000.00

How Are We Doing

The total amount of federal contracts GCAP achieved in fiscal year 2020 was \$50,339,241. This is lower than in fiscal year 2019 but on track to fulfill contractual obligations of \$100 million biennially.

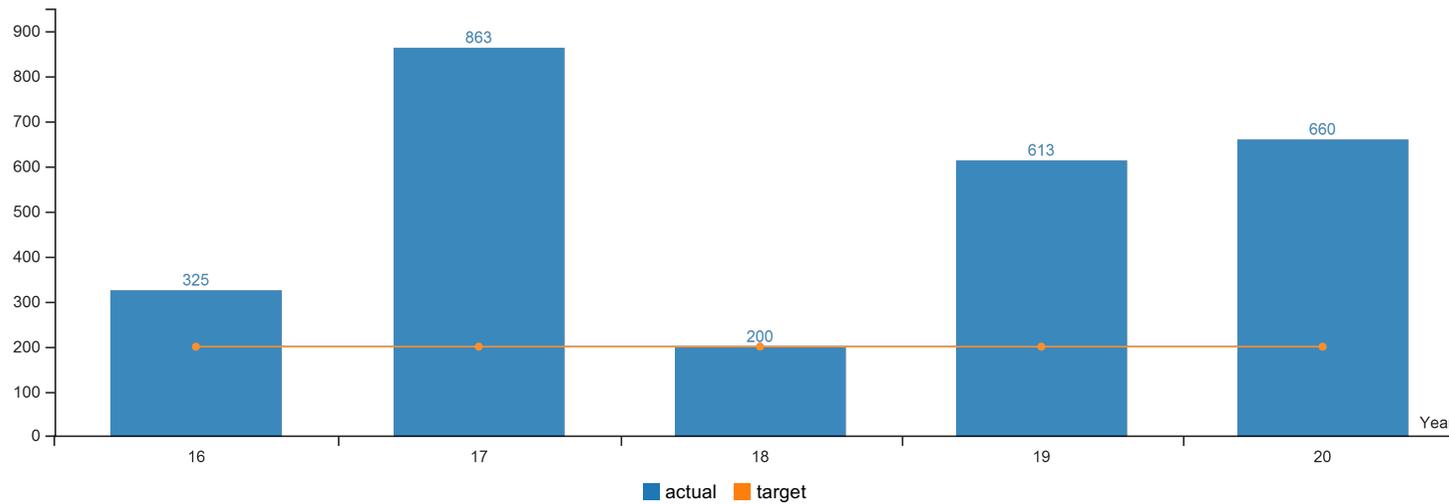
Business Oregon, through its partnership with the Organization for Economic Initiative's Government Contract Assistance Program (GCAP), assists start-ups and small firms seeking to grow their businesses through government contracting opportunities. The organization has more than 25 years of experience in working with small businesses on early stage growth issues and training them on how to seek and secure federal and state procurement opportunities.

Factors Affecting Results

While the number of contracts has exceeded the target, the contract values have been smaller. Also, GCAP receives performance data on the value of contracts from a third party vendor which acquires and reports federal contract data. It may not include data for every firm and may experience lag times with regards to data entry. COVID-19 may have also affected contracting beginning in March of 2020.

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	2016	2017	2018	2019	2020
Total Number of Federal Contracts Awarded through services provided by GCAP					
Actual	325	863	200	613	660
Target	200	200	200	200	200

How Are We Doing

Oregon small businesses using the Government Contract Assistance Program (GCAP) received 660 federal contracts in fiscal year 2020, a slight increase from 2019 and well above the target of 200.

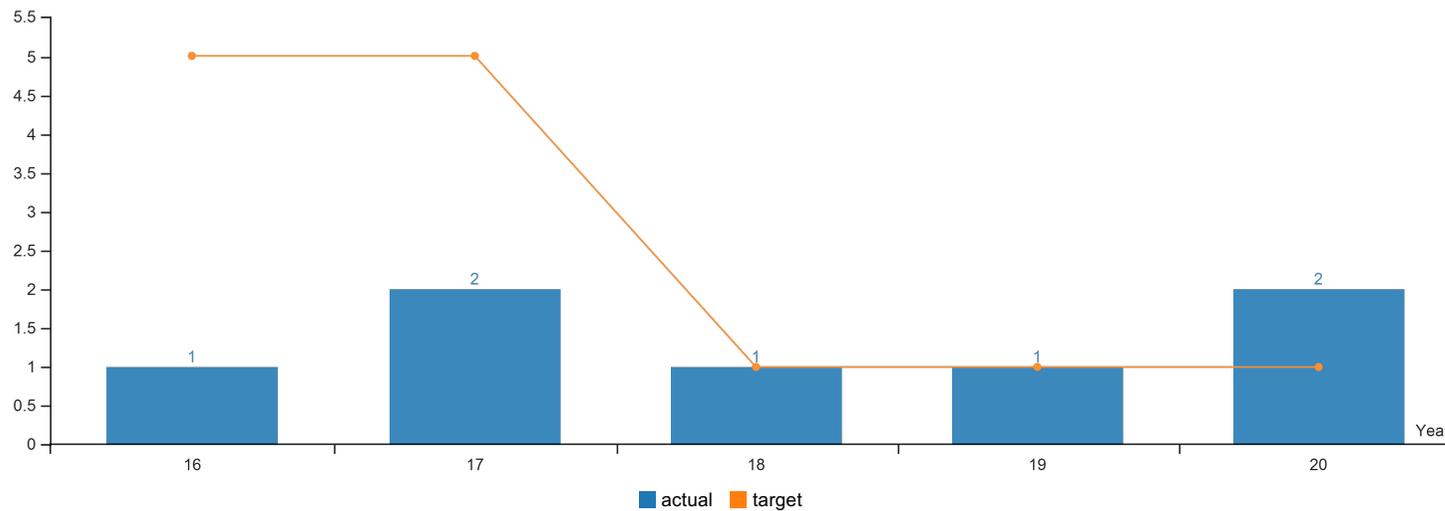
Business Oregon, through its partnership with the Organization for Economic Initiative's Government Contract Assistance Program (GCAP), assists start-ups and small firms seeking to grow their businesses through government contracting opportunities. The organization has more than 25 years of experience in working with small businesses on early-stage growth issues and training them on how to seek federal and state procurement opportunities.

Factors Affecting Results

There's been strong demand for the program, as more firms in Oregon see value in securing federal contracts. GCAP receives performance data on value of contracts from a third party vendor which acquires and reports federal contract data. While it may not include data for every firm and may experience lag times with regards to data entry, it has in recent years been including a more accurate representation of individual contracts received than in prior years. COVID-19 may have also affected contracting beginning in March of 2020.

KPM #6	Number of new industrial sites/acres certified "project ready." -
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2016	2017	2018	2019	2020
Number of new industrial sites certified					
Actual	1	2	1	1	2
Target	5	5	1	1	1

How Are We Doing

We met the target, with two sites certified as "project ready" totaling 19.8 acres. In addition, one additional 29 acre site is in the process of certification, and 8 sites were re-certified "project ready" totaling 403 acres. One site was also pre-certified, the first step in full certification.

Factors Affecting Results

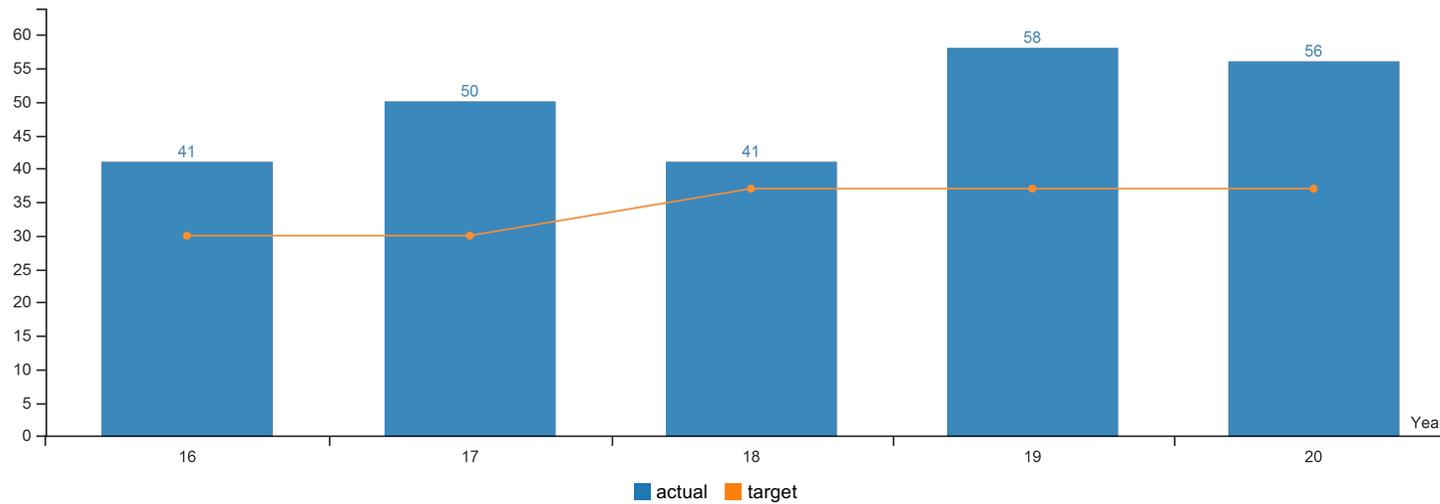
Limited options for funding site studies and financing public infrastructure remains the challenge to achieving certification or maintaining recertification. The reduction in number of sites recertified compared to previous reports is partly a result of decreased state and local government resources for this work.

Absent of any new infusion of funding to certify sites, Business Oregon will continue to seek innovative solutions that assist local communities in developing an ample supply of "shovel ready" industrial sites. Currently, the department is using the Special Public Works Fund's planning grant to pay for this work for publicly-owned sites. Alternatively, privately owned sites have been provided a self-fund/contract option. Last month, Business Oregon included an industrial site readiness concept in its EDA CARES Act grant application; if the grant is awarded, it would provide funding for the next three years.

Furthermore, the department continues to expand the Regionally Significant Industrial Site (RSIS) program, eight sites have been designated thus far. Business Oregon expects to see one or two RSIS applications next year. The RSIS program allows public-funded site development costs to be recouped by a municipality from 50% percent of state income taxes from new jobs that are ultimately created at the site, that meet program thresholds.

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	2016	2017	2018	2019	2020
Number of community capital projects assisted for planning					
Actual	41	50	41	58	56
Target	30	30	37	37	37

How Are We Doing

Business Oregon awarded 56 planning projects exceeding the target of 37. The 56 projects represent approximately \$3.5 million in planning funds. This measure includes planning projects associated with Business Oregon’s Special Public Works Fund, Water/Wastewater fund, ports funding programs, Safe Drinking Water Revolving Loan fund, and Community Development Block Grants. Examples of planning projects are plans for industrial lands development; water system master and resiliency planning; and capital project plans that support community infrastructure and facilities such as wastewater treatment, safe drinking water, and community facilities.

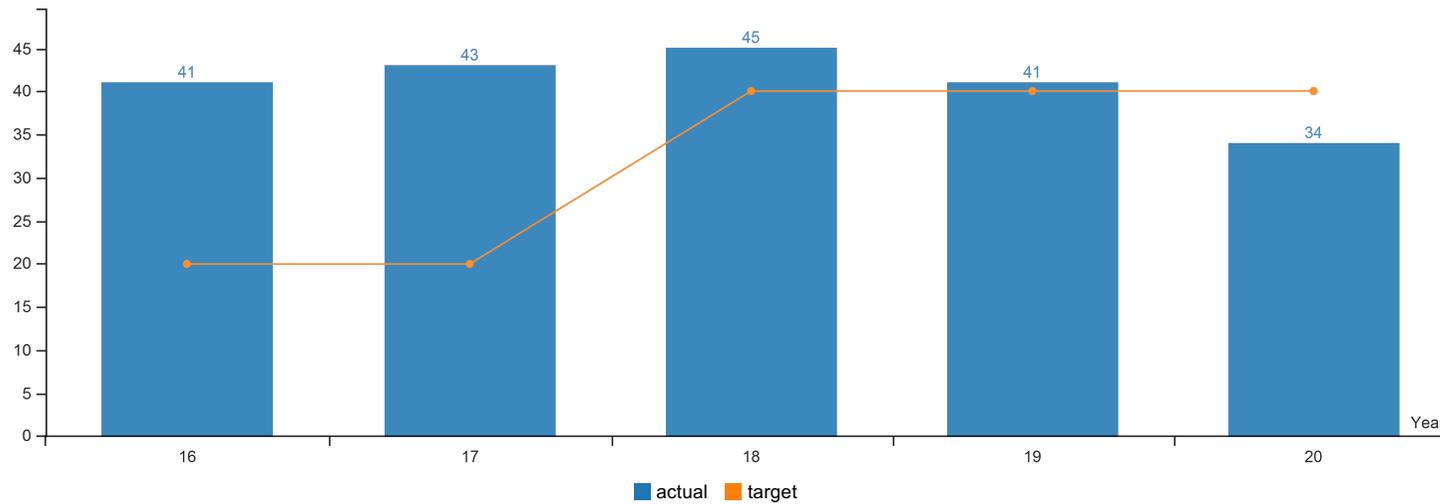
Factors Affecting Results

The demand for planning project awards remains high as communities grapple with aging infrastructure. Communities have acknowledged their existing utility plans are outdated and do not reflect the growth and development which has occurred over the past 10 years. Additionally, expected population growth in many areas is encouraging communities to review current facilities with an eye towards future needs.

Business Oregon expects to see continued demand for construction projects as planning projects are completed and communities seek to move forward with implementing capital improvements. 2020 wildfires devastated dozens of Oregon communities, and we may see a future increase in infrastructure planning and construction as a result. Of course, demand is also dependent on economic factors. Historically, demand has increased and decreased with overall economic conditions. With economic uncertainty related to COVID-19, 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).

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	2016	2017	2018	2019	2020
Number of community capital projects that address water quality and environmental health issues					
Actual	41	43	45	41	34
Target	20	20	40	40	40

How Are We Doing

Business Oregon awarded 34 projects out of a target of 40 for a total of approximately \$44.1 million. While the total number of awards is lower than the previous year's total of 41, project development activities associated with awarded planning funds (KPM 7) should drive interest in capital construction financing projects moving forward.

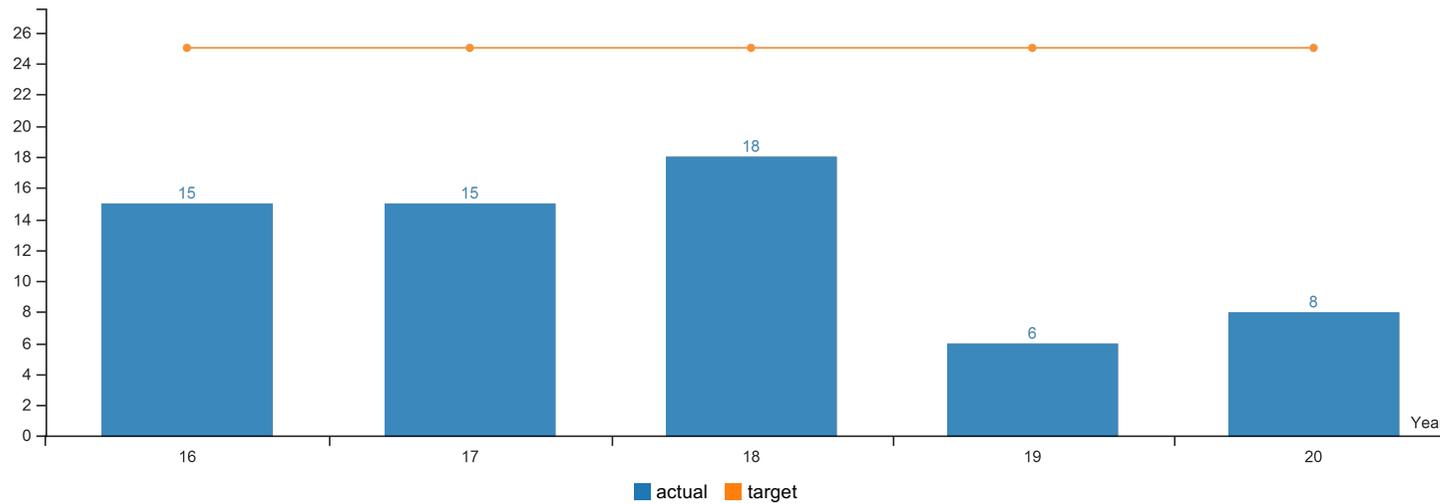
Factors Affecting Results

The need for municipal infrastructure construction remains 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. To supplement lottery bond dollars awarded by the legislature, the department will continue to implement its bond bank authority with the next sale expected in early 2021. While the Bond Bank is one tool for raising funds, it should not be considered the only tool. Lottery bond fund capitalization remains vital to the department's ability to assist communities with financing projects.

Additionally, communities are beginning to take on larger projects, with FY 2020 marking the first time department funding helped a community leverage the Environmental Protection Agency's Water Infrastructure Financing Act (WIFIA) funding by contributing to the required 51% WIFIA match funding requirement.

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	2016	2017	2018	2019	2020
Number of community capital projects that assist with future economic and community development					
Actual	15	15	18	6	8
Target	25	25	25	25	25

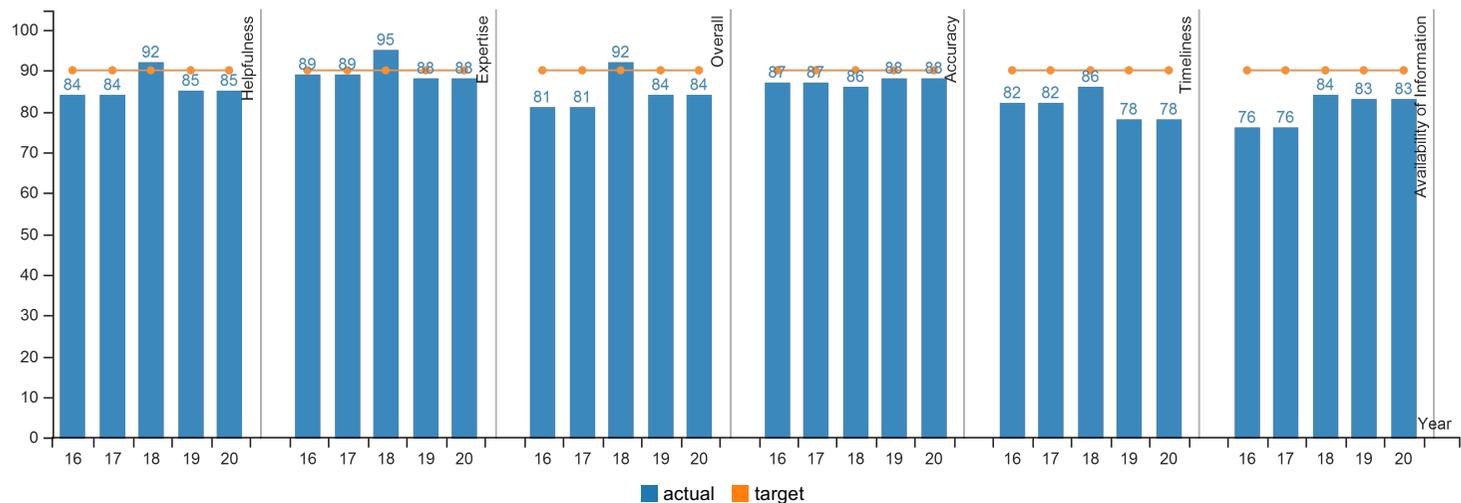
How Are We Doing

Business Oregon completed eight projects out of a target of 25 for a total of approximately \$21.9 million. Communities continue to focus their efforts away from economic and community development projects to health and safety projects, primarily water and wastewater projects. This is likely due to planning efforts for municipal water and wastewater projects with an emphasis on addressing an aging infrastructure and current and future demand. Undertakings associated with community and economic development infrastructure construction are highly dependent on economic cycles. As communities grapple with the economic impacts of COVID-19 and prioritize essential water and wastewater utility investment, Business Oregon expects the shifting of focus to economic and community development will likely not occur for a few more KPM cycles.

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 projects. However, 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 and Association of Counties) and communities to identify opportunities to fund capital construction projects that assist with future economic and community development. Such projects will be instrumental to economic recovery efforts as the threat of COVID-19 subsides.

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	2016	2017	2018	2019	2020
Helpfulness					
Actual	84%	84%	92%	85%	85%
Target	90%	90%	90%	90%	90%
Expertise					
Actual	89%	89%	95%	88%	88%
Target	90%	90%	90%	90%	90%
Overall					
Actual	81%	81%	92%	84%	84%
Target	90%	90%	90%	90%	90%
Accuracy					
Actual	87%	87%	86%	88%	88%
Target	90%	90%	90%	90%	90%
Timeliness					
Actual	82%	82%	86%	78%	78%
Target	90%	90%	90%	90%	90%
Availability of Information					
Actual	76%	76%	84%	83%	83%
Target	90%	90%	90%	90%	90%

How Are We Doing

Overall satisfaction with department services was 84 percent in FY 2019. The Customer Satisfaction Survey is conducted every two years, so the metric data we are reporting for FY 2020 is a duplication of the FY 2019 results. The Customer Satisfaction Survey was emailed to approximately 4,500 external customers using an online survey tool. Depending on the size of the list available for each program, customers were either sampled at random or using a non-random "convenience sampling" methodology.

A total of 278 surveys were completed in May and June of 2019 for a response rate of six percent. Of these respondents, 211 indicated they interacted with Business Oregon in the last year. The 67 who did not were omitted. Over the past year, the 211 respondents reported using the following agency programs:

- Business Development (73%)
- Infrastructure (23%)
- Innovation and Entrepreneurship (24%)
- Arts (18%)

The survey included questions ranking Business Oregon on timeliness, helpfulness, expertise, availability of information, information accuracy, and overall satisfaction. Results with comparisons to recent KPM surveys are provided below (percent of customers giving Business Oregon a mark of "good" or "excellent").

- Timeliness – 78% (vs. 86% in 2018; 84% average from 2014-2018)
- Helpfulness – 85% (vs. 92% in 2018; 89% average from 2014-2018)
- Expertise – 88% (vs. 95% in 2018; 91% average from 2014-2018)
- Availability of information – 83% (vs. 84% in 2018; 82% average from 2014-2018)
- Information accuracy – 88% (vs. 86% in 2018; 88% from 2014-2018)
- Overall satisfaction with department services – 84% (vs. 92% in 2018; 87% from 2014-2018)

Factors Affecting Results

In 2019, the agency adopted a new methodology and approach for KPM #10. From a methodical standpoint it may not be appropriate to compare results of 2019 to previous years. Factors to consider when comparing results include:

- Our survey sample was more robust this year due to a more comprehensive approach to gathering contact information from our databases. This year we made a significant shift and our survey list included customers who had engaged with staff on a project, not just customers receiving financial assistance as had been used in the past. The list also more accurately represents customers of all agency divisions.
- Due to broader customer engagement, we had a response increase of 72 percent (122 responses in 2018 vs. 211 in 2019).