

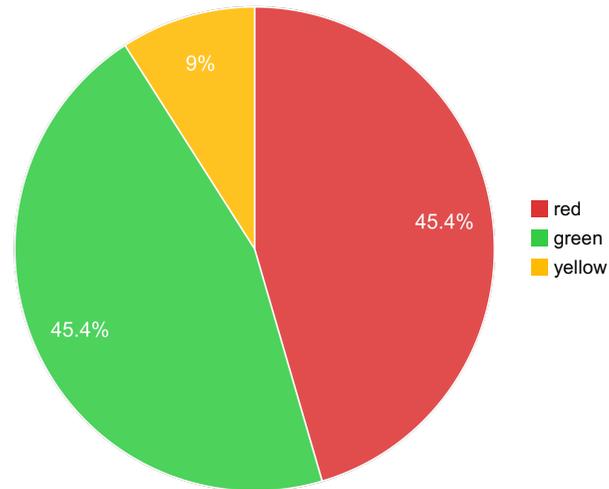
# Business Oregon

Annual Performance Progress Report

Reporting Year 2021

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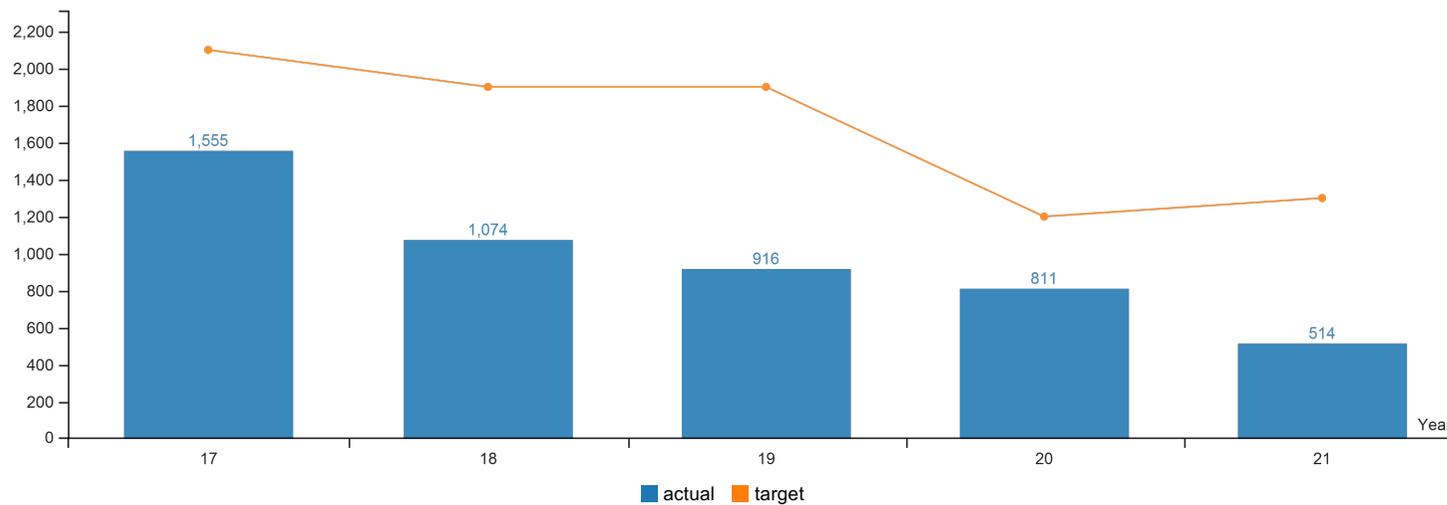
KPM #	Approved Key Performance Measures (KPMs)
1	Number of jobs created -
2	Number of jobs retained -
3	Personal income tax generated by the Department's investment in jobs -
4	New export sales of assisted clients -
5a	Total dollar amount of federal contracts awarded to Oregon Businesses receiving Government 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:	45.45%	9.09%	45.45%

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

\* Upward Trend = positive result



Report Year	2017	2018	2019	2020	2021
<b>Total jobs created</b>					
Actual	1,555	1,074	916	811	514
Target	2,100	1,900	1,900	1,200	1,300

#### How Are We Doing

Business Oregon funds supported the creation of 514 jobs in Oregon in FY 2021. This was 60 percent short of the FY 2021 target of 1,300 jobs created. The number of jobs created in FY 2021 was 297 less than jobs created in FY 2020, a decrease of 37 percent.

The 514 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 matching grants, VertueLab, Oregon Nanoscience & Microtechnologies Institute (ONAMI), and Oregon Translational Research & Development Institute (OTRADI).

#### Factors Affecting Results

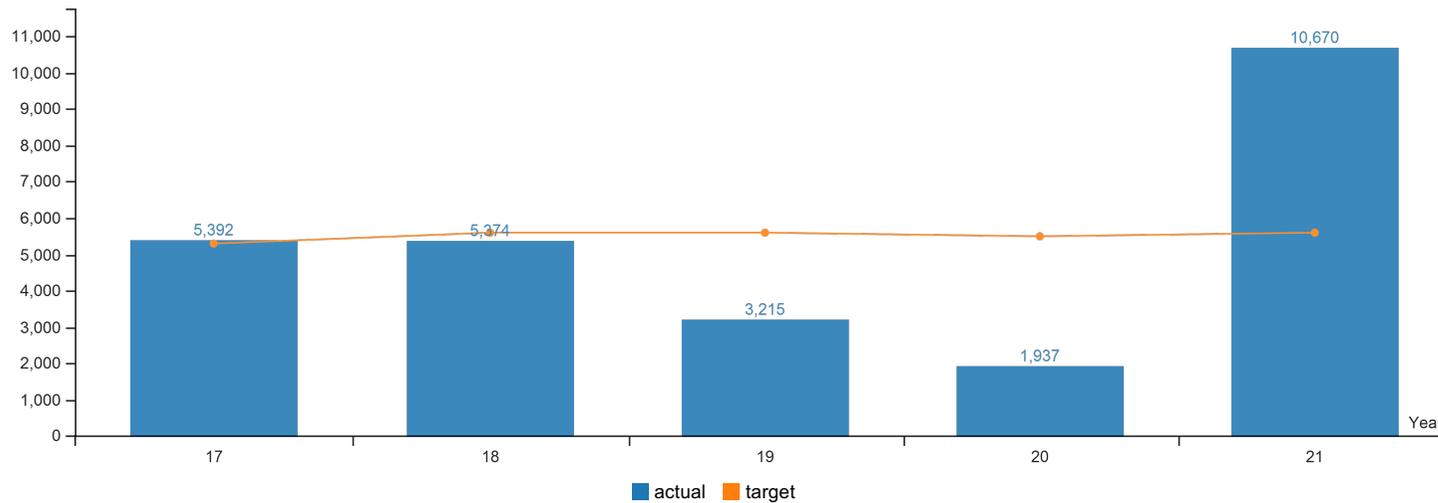
Jobs created has steadily declined since FY 2015, when jobs created was 2,214. Private sector employment in Oregon over this time increased by an annualized rate of just over 2 percent a year until 2020, as such, cyclical changes do not explain the decreasing trend in jobs created at the department during this time. Private sector employment in Oregon decreased 16 percent between February and April 2020 due to COVID-19 related shutdowns. The start of FY 2021 saw employment down 9 percent from its pre-pandemic peak. By the end of FY 2021, Oregon had recovered many of the jobs lost, but private sector employment was still down 5 percent from its pre-COVID-19 high. Part of the decrease in jobs created in FY 2021 can be attributed to cyclical job losses brought on by the COVID-19 pandemic.

The primary reason for declines in KPM 1 over the past five years, though, is reduced expenditures on direct job creation projects across all programs, followed by less jobs created per dollar spent from Strategic Reserve Fund projects. FY 2021 was no exception, with only a handful of job creation projects completed, but the COVID-19 pandemic and emergency response from the state and the

department was certainly a factor in the low amount of job creation projects, which typically dip leading into and during recessions. Recent increases of the agency's overall budget by the state of Oregon has not come from new investment in flexible job creation programs that impact this metric, but rather in infrastructure, broadband, and seismic rehabilitation programs.

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

\* Upward Trend = positive result



Report Year	2017	2018	2019	2020	2021
<b>Total Jobs Retained</b>					
Actual	5,392	5,374	3,215	1,937	10,670
Target	5,300	5,600	5,600	5,500	5,600

### How Are We Doing

Business Oregon funds supported the retention of 10,670 jobs in Oregon in FY 2021. This was 91 percent higher than the FY 2021 target of 5,600 jobs retained. The number of jobs retained in FY 2021 was 8,733 more than jobs retained in FY 2020, an increase of 451 percent.

The 10,670 jobs retained primarily reflect investments from the Strategic Reserve Fund, Business Expansion Program, business finance programs, Oregon Innovation Council (Oregon InC), and two emergency COVID-19 relief programs – Emergency Business Assistance Grants and Operational Cost Assistance. Current Oregon InC investments and programs included are SBIR/STTR matching grants, VertueLab, Oregon Nanoscience & Microtechnologies Institute (ONAMI), and Oregon Translational Research & Development Institute (OTRADI).

### Factors Affecting Results

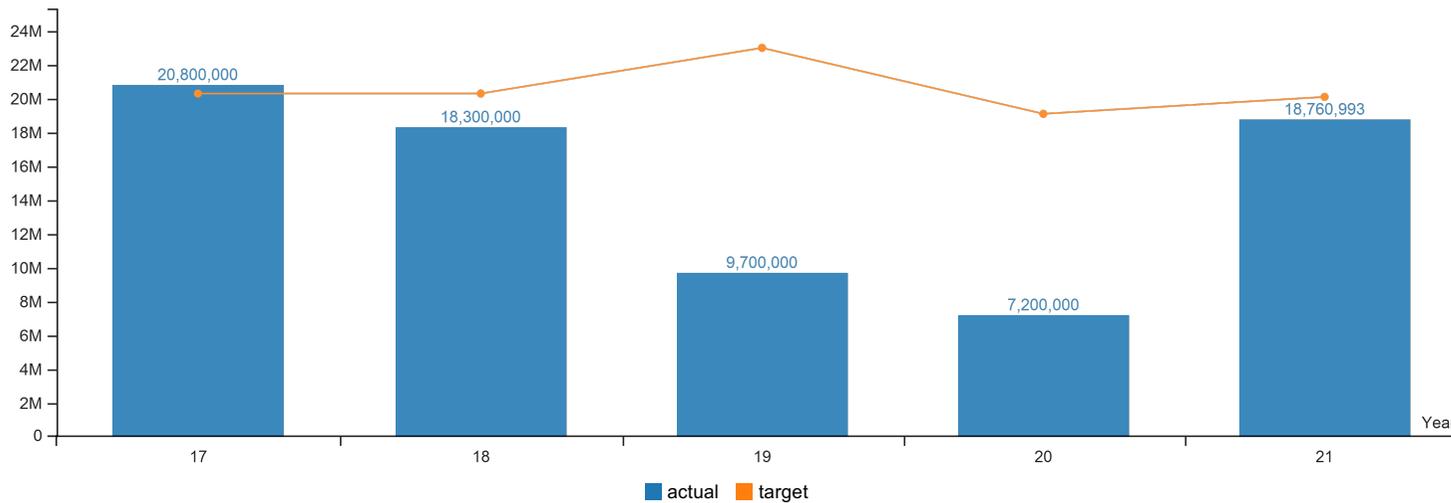
Jobs retained had been declining since FY 2015, when jobs retained was 6,677. Like KPM 1, this decrease was not the result of cyclical changes, as employment in Oregon grew at an annualized rate of over 2 percent until 2020. FY 2021 saw a dramatic increase in the number of jobs retained by the department due to two emergency COVID-19 relief programs administered in FY 2021 – 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. Of the 10,670 jobs retained in FY 2021, 9,389 jobs – 88 percent – were from these two programs.

Comparing FY 2021 to FY 2015, jobs retained is down across all department programs, after excluding the COVID-19 relief programs. Job retention decreased the most from Strategic Reserve Fund, with 800 jobs retained in FY 2021, down 4,832 jobs from FY 2015. The primary reason for declines in KPM 2 prior to FY 2021 is reduced expenditures on job retention projects across all programs, followed by less jobs retained per dollar spent from Strategic Reserve Fund projects. Recent increases of the agency's overall budget by the state of Oregon has not come from new investment in

flexible job creation programs that impact this metric, but rather in infrastructure, broadband, and seismic rehabilitation programs.

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	2017	2018	2019	2020	2021
<b>State Income Tax Revenue</b>					
Actual	\$20,800,000.00	\$18,300,000.00	\$9,700,000.00	\$7,200,000.00	\$18,760,993.00
Target	\$20,300,000.00	\$20,300,000.00	\$23,000,000.00	\$19,100,000.00	\$20,100,000.00

### How Are We Doing

In FY 2021, jobs created and retained by businesses funded by Business Oregon generated an estimated \$18.8 million in state personal income tax revenue. This was 7 percent less than the FY 2021 target of \$20.1 million. Estimated state personal income tax revenue from jobs created and retained in FY 2021 was \$11.6 million higher than FY 2020, an increase of 162 percent.

The \$18.8 million in state personal income tax revenue primarily reflects investments from Strategic Reserve Fund, Business Expansion Program, business finance programs, Oregon Innovation Council (Oregon Inc), and two emergency COVID-19 relief programs – Emergency Business Assistance grants and Operational Cost Assistance grants.

### Factors Affecting Results

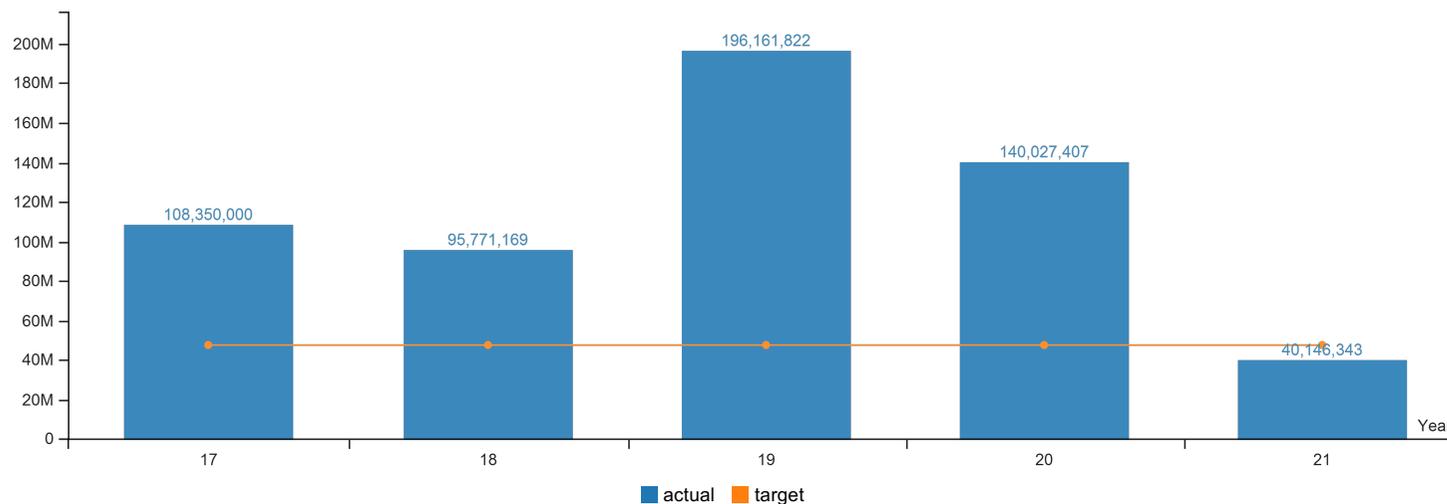
The combined jobs created and retained in FY 2021 were much higher than FY 2020, which led to higher personal income taxes generated in FY 2021. Personal income tax generated by the department had steadily declined since FY 2015, when personal income tax generated was \$29.5 million. Like KPMs 1 and 2, this decrease was not the result of cyclical changes, as employment in Oregon grew at an annualized rate of over 2 percent until 2020. FY 2021 saw a dramatic increase in the number of jobs retained by the department due to two emergency COVID-19 relief programs administered in FY 2021 – 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. As a result, personal income tax generated by the department in FY 2021 increased substantially from FY 2020.

Lower personal income taxes generated by the department since FY 2015 – excluding those generated by COVID-19 relief programs – 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 2021 was also much lower since the COVID-19 relief programs were targeted to businesses in industries that happen to pay low wages (such as restaurants, salons, bars, etc.) especially compared to higher paying traded sectors that

are normally the focus of the department's programs. 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 2021.

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

\* Upward Trend = positive result



Report Year	2017	2018	2019	2020	2021
<b>New export sales of assisted clients (in millions of dollars)</b>					
Actual	\$108,350,000.00	\$95,771,169.00	\$196,161,822.00	\$140,027,407.00	\$40,146,343.00
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

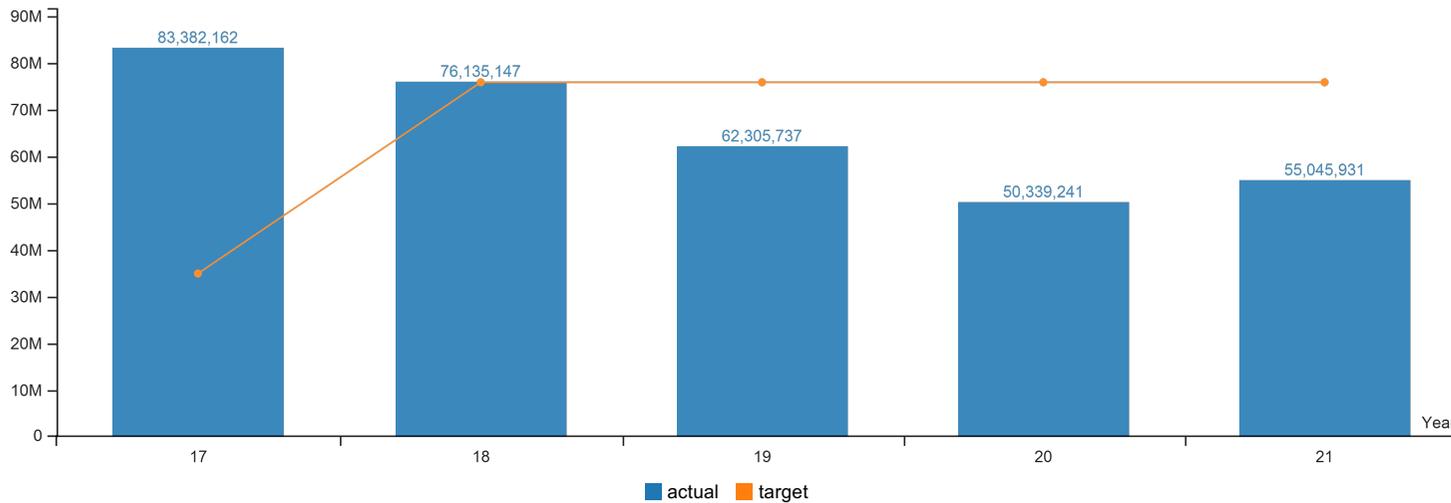
Documented new export sales for FY 2020 is \$ 40,146,343, short of the KPM target. Export sales include immediate and expected sales reported by Oregon businesses supported with both technical and financial assistance from Business Oregon. Business Oregon leverages both state and federal funds to achieve export sales goals by supporting trade events and opportunities for Oregon small business exporters in target industry groups. Our federal partners include the Small Business Administration, ExIm Bank, and the Softwood Export Council. Sales revenue resulting from these partnerships are reflected in this measure. The state-funded Oregon Trade Promotion Program funds were swept early in the pandemic for other emergency uses, so there are no sales to report for this program this fiscal year.

#### Factors Affecting Results

The global pandemic continues to have huge impacts on global trade. New export sales for Oregon's small businesses have been tougher to materialize this fiscal year. Supply chain issues, inflated freight costs, stalled trade agreements, and lack of business travel for international sales trips have hindered momentum — and ultimately sales — for Oregon small businesses. Business Oregon export programs have pivoted to digital channels encouraging Oregon small businesses to further develop digital strategies, including: websites with SEO, internationalization, translation, re-design, e-commerce, social media, and video production. Business Oregon held seminars and trainings on these topics, and participation is increasing. Business Oregon's global team has been down 50% in staff most of the 2021 fiscal year, making outreach and small business recruiting more challenging. The agency will hire more employees soon and if travel resumes in 2022, both will help agency-reported export sales get back pre-pandemic levels.

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	2017	2018	2019	2020	2021
<b>Total amounts of federal contracts awarded</b>					
Actual	\$83,382,162.00	\$76,135,147.00	\$62,305,737.00	\$50,339,241.00	\$55,045,931.00
Target	\$35,000,000.00	\$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 2021 was \$55,045,931, lower than the KPM target, but an increase from fiscal year 2020. The GCAP program also exceeded its contractual obligations to Business Oregon of \$100 million secured in federal contracts during the 2019-21 biennium (contracts secured totaled \$105.3 million). Business Oregon, through its partnership with the Organization for Economic Initiative's GCAP program, 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.

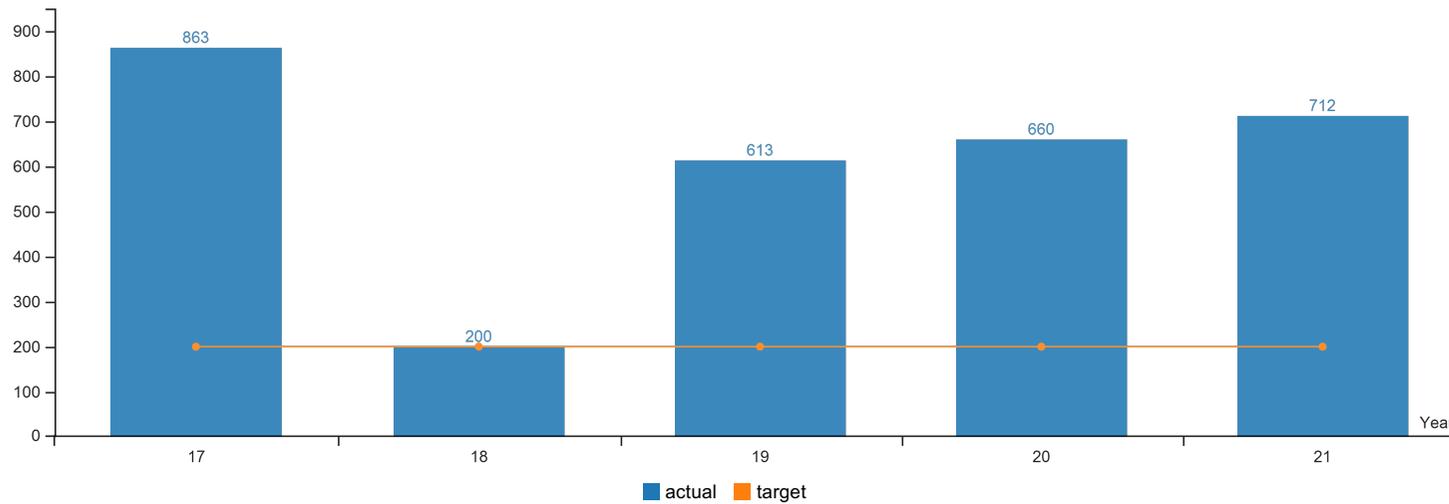
#### Factors Affecting Results

While the number of contracts (KPM #5b) has exceeded the target, contract values have been smaller generally. COVID-19 may have also had a negative impact on the ability for firms to perform and secure larger federal contracts.

Of note, this is a pass-through program not run by Business Oregon staff, and a tiny slice of Business Oregon's budget, with funding going to Organization for Economic Initiatives. The agency has proposed deleting this metric in future Annual Performance Reporting.

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	2017	2018	2019	2020	2021
<b>Total Number of Federal Contracts Awarded through services provided by GCAP</b>					
Actual	863	200	613	660	712
Target	200	200	200	200	200

#### How Are We Doing

Oregon small businesses using the Government Contract Assistance Program (GCAP) received 712 federal contracts in fiscal year 2021, an increase from 2020 and well above the target of 200.

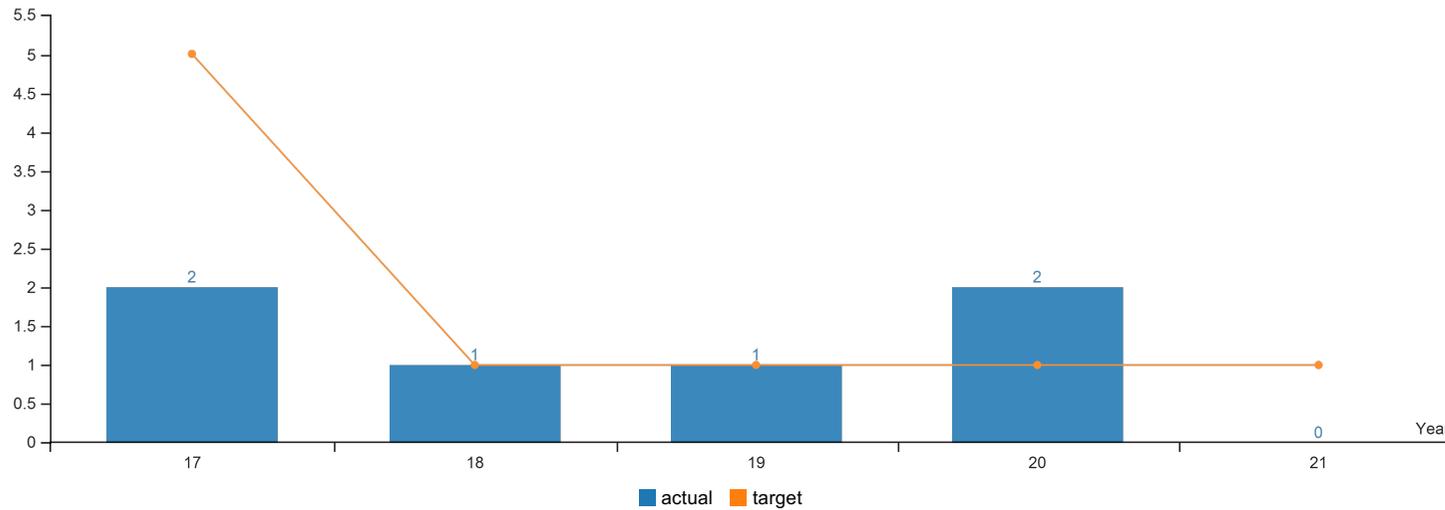
Business Oregon, through its partnership with the Organization for Economic Initiative's Government Contract Assistance Program (GCAP), assists start-ups and small firms seeking to grow their businesses through government contracting opportunities. The organization has more than 25 years of experience 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 has been strong demand for the program, as more firms in Oregon see value in securing federal contracts. GCAP receives performance data on contracts awarded 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. Of note, this is a pass-through program not run by Business Oregon staff, and a tiny slice of Business Oregon's budget, with funding going to Organization for Economic Initiatives. The agency has proposed deleting this metric in future Annual Performance Reporting.

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

\* Upward Trend = positive result



Report Year	2017	2018	2019	2020	2021
<b>Number of new industrial sites certified</b>					
Actual	2	1	1	2	0
Target	5	1	1	1	1

#### How Are We Doing

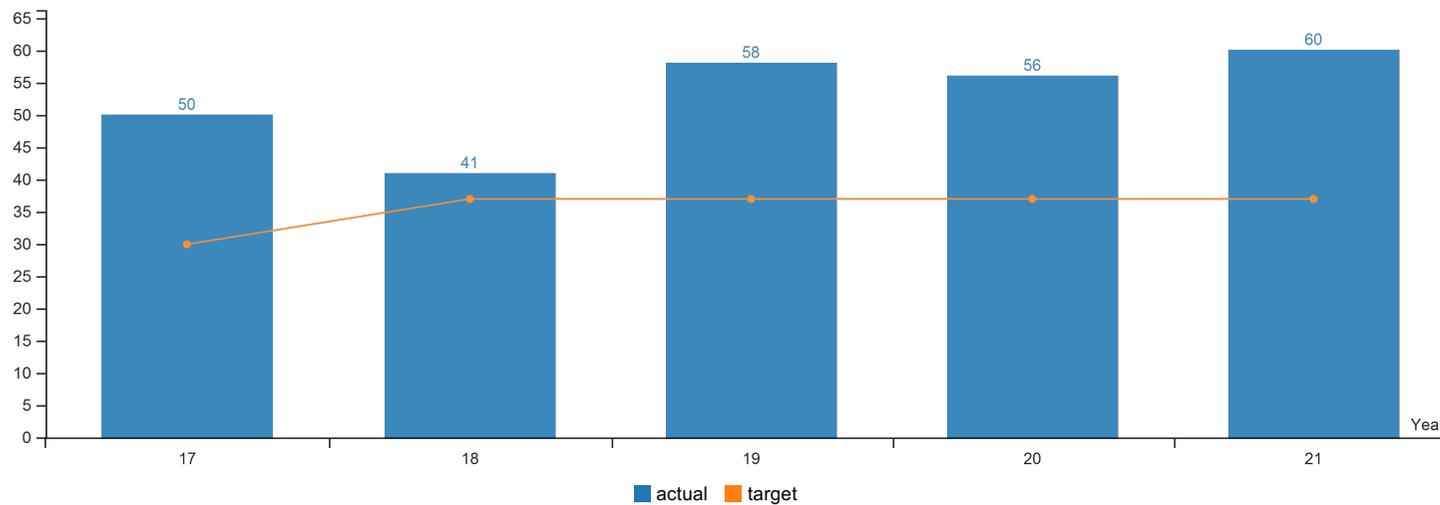
The department did not certify any industrial sites this year, though pre-certification was issued for 29 acres at the Salem Municipal Airport on April 26, 2021. Pre-Certified Shovel Ready is a designation approved when a site cannot achieve full Certified Shovel Ready status because one or more known constraints prevent the third party verifier from demonstrating that the subject site is developable within 180-days or less.

#### Factors Affecting Results

The industrial site certification program that represents this metric is no longer funded in the agency budget, and the current metric target is only 'one'. The agency has proposed deleting this metric in future Annual Performance Reporting.

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	2017	2018	2019	2020	2021
<b>Number of community capital projects assisted for planning</b>					
Actual	50	41	58	56	60
Target	30	37	37	37	37

### How Are We Doing

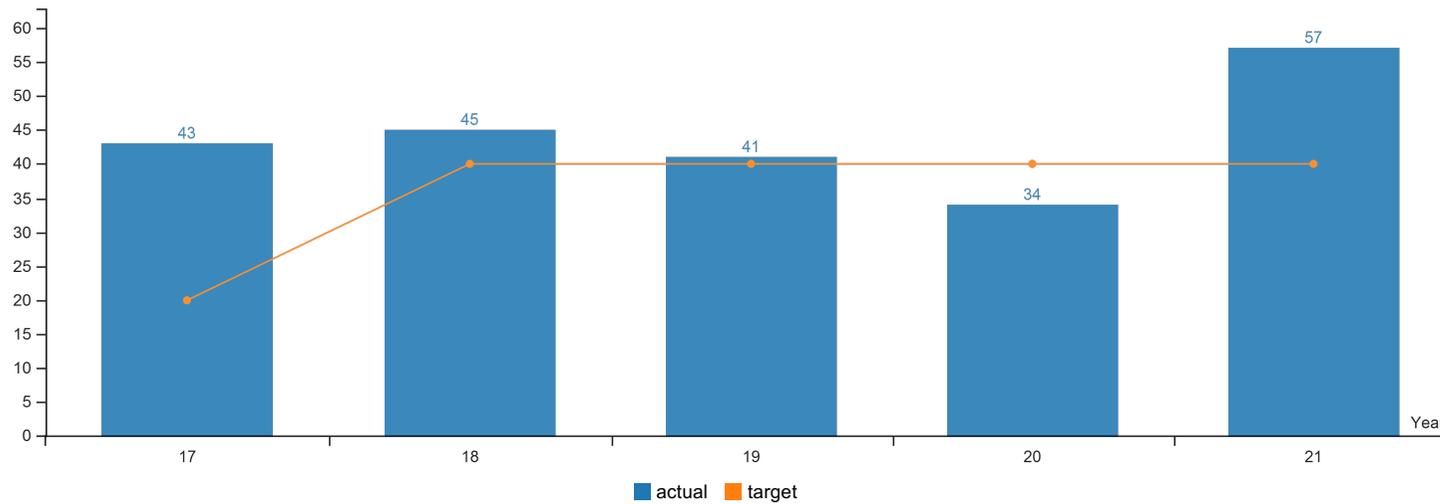
Business Oregon awarded funds for 60 planning projects, exceeding the target of 37. The 60 projects represent approximately \$3.4 million in planning funds. This measure includes planning projects associated with Business Oregon's Special Public Works Fund, Water/Wastewater Fund, ports funding programs, 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 such as wastewater treatment, safe drinking water, and community facilities.

### Factors Affecting Results

Communities across Oregon continue to face aging infrastructure, keeping demand for planning projects high. Many plans did not expect the level of growth communities have seen in the past 10 years, with expected future population growth putting pressure to plan accordingly now. The 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	2017	2018	2019	2020	2021
<b>Number of community capital projects that address water quality and environmental health issues</b>					
Actual	43	45	41	34	57
Target	20	40	40	40	40

#### How Are We Doing

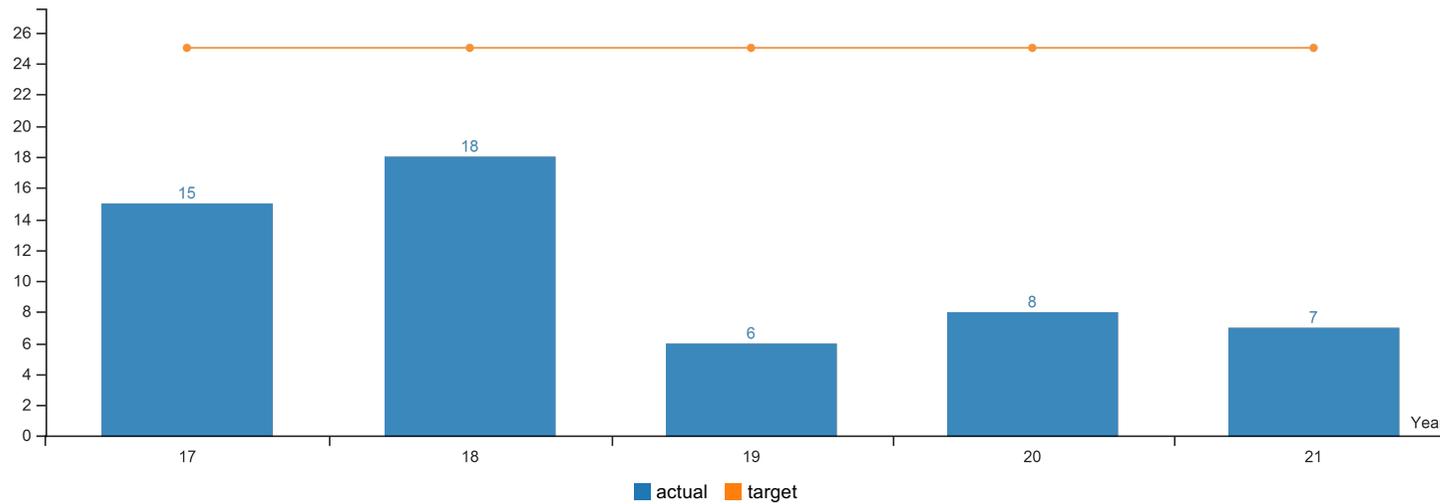
Business Oregon exceeded the target, awarding 57 projects with an investment total of approximately \$36 million. With the number of planning projects exceeding targets in the last few years (KPM #7), this may have had a positive impact on the number of capital projects we see now for KPM #8.

#### 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 has continued to use its Bond Bank authority, and had a bond issuance 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.

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	2017	2018	2019	2020	2021
<b>Number of community capital projects that assist with future economic and community development</b>					
Actual	15	18	6	8	7
Target	25	25	25	25	25

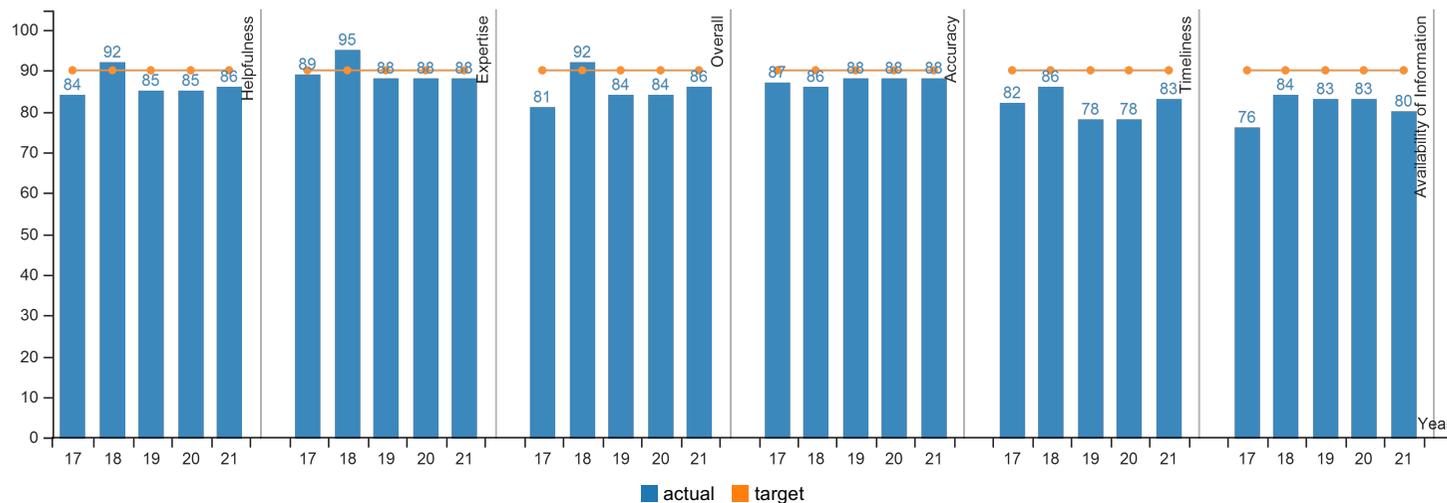
#### How Are We Doing

Business Oregon completed seven projects out of a target of 25, totaling approximately \$27.8 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. As communities struggle with the economic impacts of COVID-19 as well as wildfire damage becoming more prevalent and common, we expect continued prioritization of essential water and wastewater utility investment for at least several more years.

#### 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 and safety, and assist with future economic and community development. Such projects will be instrumental to economic recovery efforts as the threat and resulting economic impacts 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	2017	2018	2019	2020	2021
<b>Helpfulness</b>					
Actual	84%	92%	85%	85%	86%
Target	90%	90%	90%	90%	90%
<b>Expertise</b>					
Actual	89%	95%	88%	88%	88%
Target	90%	90%	90%	90%	90%
<b>Overall</b>					
Actual	81%	92%	84%	84%	86%
Target	90%	90%	90%	90%	90%
<b>Accuracy</b>					
Actual	87%	86%	88%	88%	88%
Target	90%	90%	90%	90%	90%
<b>Timeliness</b>					
Actual	82%	86%	78%	78%	83%
Target	90%	90%	90%	90%	90%
<b>Availability of Information</b>					
Actual	76%	84%	83%	83%	80%
Target	90%	90%	90%	90%	90%

How Are We Doing

Overall satisfaction with agency services was 86 percent in fiscal year 2021, up from the previous year but below the target of 90%. The fiscal year 2021 survey was emailed to approximately 5,300 external customers using 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. It should be noted that most agency Customer Satisfaction surveys are conducted every two years (thus identical annual numbers for most years in the table above).

A total of 538 surveys were completed in April – June, 2021 for a response rate of 10 percent. In terms of the number of surveys completed and the survey response rate, these were the highest response figures ever for KPM 10. Respondents reported using the following agency programs (percentages do not add up to 100% as some customers use multiple programs):

- Business Development, Global Trade, Infrastructure, and Innovation and Entrepreneurship (55%)
- COVID-19 Pandemic Relief Assistance Programs (54%)
- Arts (39%)
- COBID (34%)

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 - 83% (vs. 78% in 2020; 82% average from 2016-2019)
- Helpfulness - 86% (vs. 85% in 2020; 86% average from 2016-2019)
- Expertise - 88% (vs. 88% in 2020; 90% average from 2016-2019)
- Availability of information - 80% (vs. 83% in 2020; 80% average from 2016-2019)
- Information accuracy - 88% (vs. 88% in 2020; 87% from 2016-2019)
- Overall satisfaction with department services - 86% (vs. 84% in 2020; 85% from 2016-2019)

#### **Factors Affecting Results**

The 2021 Customer Satisfaction survey built on the 2019 approach of mining more robust contact lists via Salesforce, which resulted in a better sample, response rate, and total number of completed surveys. The 2021 sample was bolstered by additional clients receiving COVID-19 pandemic-related assistance who also completed the survey. Additionally, Business Oregon sent more survey reminders than in past years, which likely assisted in encouraging more customers to open and complete the survey.