

## Economic and Community Development

### ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

	1999-2001 Actuals	2001-03 Legislatively Adopted at Close of Session	2001-03 Legislatively Approved through Fifth Special Session	2003-05 Governor's Balanced
General Fund	\$3,648,325	\$2,742,315	\$2,476,670	\$2,128,104
Lottery Funds	69,202,195	96,395,808	81,191,948	102,792,756
Other Funds	11,910,323	42,034,033	44,222,055	36,518,942
Federal Funds	32,652,054	52,564,689	52,612,386	43,888,961
Other Funds (Nonlimited)	134,506,488	279,397,546	279,397,546	197,031,413
Federal Funds (Nonlimited)	0	0	0	0
<b>Total Funds</b>	<b>\$251,919,385</b>	<b>\$473,134,391</b>	<b>\$459,900,605</b>	<b>\$382,360,176</b>
Positions	146	149	143	132
Full-time Equivalent	144.76	149.00	143.5	131.33

### Overview

The mission of the Economic and Community Development Department (ECDD) is to assist Oregon businesses and governments to create economic opportunities and build quality communities throughout Oregon. The Department works to realize this mission via several mechanisms, including: providing grants and loans to communities for infrastructure improvements; allocating funds for regional and rural economic and community development planning and project financing; and administering funds for community assistance and small business assistance. The Department also offers technical assistance. A five-member Commission, appointed by the Governor, provides policy oversight to the Department.

In recent years the Department has focused on assistance to rural and distressed communities and small and emerging business, including those owned by women and minorities. However, it also assists Oregon businesses and industries in their efforts to remain competitive and successful. In the current economic environment, the Department will be challenged to attract new business to Oregon to help jumpstart its economic recovery. It will also be faced with helping to retain those Oregon businesses and industries that continue to struggle with their own survival. The Governor and the Department will continue to work with stakeholders in exploring the appropriate funding priorities for this agency.

In addition to the Department's core programs, the agency provides administrative support to the following:

- **Tourism Commission.** This Commission serves a key leadership role in developing the visitor industry in all regions of Oregon. It coordinates statewide marketing for the industry. A five-member Commission provides policy direction for the Commission's 10 staff positions. The Commission is funded primarily by Lottery Funds.

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- **Film and Video Office.** This office focuses on promoting the development of the film, video, and multimedia industry in Oregon. It recruits the industry to film features, movies, and television series in Oregon, and actively recruits related businesses to relocate to Oregon permanently. The 1995 Legislature made the Film and Video Office a semi-independent state agency. As such, the office has no state employee positions. Staff is under direction of a five-member Board appointed by the Governor. The Film and Video Office is funded by Lottery Funds.
- **Arts Commission.** The Commission provides leadership, funding, and services to Oregon artists, arts organizations, students, and communities. Nine citizen commissioners, appointed by the Governor, are responsible for policy and grant-making decisions. The Commission administers a number of programs, including evaluating the impact of arts on Oregon's economy and providing National Endowment for the Arts funding for programs in Oregon. It also assesses and maintains Oregon's existing public art and supports Oregon's efforts towards arts education. The General Fund provides significant support to this program.

### Balanced Budget

The Governor's balanced budget includes \$382.3 million total funds. This is a 16.9 percent decrease from the 2001-03 Legislatively Approved Budget through Fifth Special Session. This includes a 14.1 percent reduction in General Fund and a 26.6 percent increase in Lottery Funds. The increase in Lottery Funds is mostly due to debt service payments for outstanding Lottery Revenue Bonds. Lottery Funds expenditure limitation in other program units either decreased or remained largely unchanged. Other and Federal Funds categories also represent significant decreases from the current biennium.

The budget incorporates Lottery Funds reductions made by the Legislature in its 2002 Fifth Special Session. These reductions result in the elimination of 13 positions, thereby diminishing the Department's ability to manage infrastructure investment activity; reducing funds available for local and regional economic and community development projects; eliminating a tourism advertising accountability program; and reducing niche market development programs; reducing funds used to recruit film and video productions to Oregon; and severely diminishing grant funding capabilities for arts and arts education.

The balanced budget includes:

- Approximately \$16.2 million Lottery Funds, \$10.0 million Other Funds, and \$2.9 million Federal Funds for Program Services. This funding level supports 116.25 full-time equivalent positions.
- About \$28.6 million Lottery Funds, \$223.0 million Other Funds, and \$39.2 million Federal Funds for Community Development Program. The Commission, within the Governor's priorities, will allocate these funds to specific programs. Under past practice, Lottery funding would have provided support to the Strategic Reserve Fund, Industry Sector Outreach, Community Response and Assistance programs, Small and Emerging Business Assistance, and Regional and Rural investments.
- Approximately \$6.5 million Lottery Funds for Tourism, and \$1.0 million Lottery Funds for Film and Video. This essentially continues current funding levels for these programs.

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- About \$2.1 million General Fund, \$600,000 Other Funds, and \$1.7 million Federal Funds for the Arts Commission. While this is a substantial decrease in General Fund, a recent grant from the Ford Family Foundation has helped offset reductions that may have been necessary.
- The budget also includes \$50.6 million in Lottery Funds debt service for outstanding bonds (including issuance scheduled for Spring 2003).

The budget does not expand General Fund or Lottery funding for the Department. The absence of any additional funds results in no program expansion for international trade, business assistance, and telecommunications assistance. It also limits assistance for the arts. The budget excludes funding to support expansion of tourism promotion services statewide. Further, it does not include major initiatives that would have increased the level of Lottery revenue bonds the agency has available to fund loan programs and projects. The Governor's balanced budget reflects the position that requests for bonding or other debt financing should be considered in the context of economic recovery and long-term budget stability.

Typically the bulk of Other Funds in the Community Development Program would be used for statewide investments, primarily community infrastructure investments. However, the agency will work with stakeholders, including the business community, to ensure dollars spent on the economy are generating the maximum benefit. This may result in a different spending priority within this agency.

### Revenue

The Department's main source of state revenue is Lottery Funds. General Fund finances the Arts Commission. Federal revenue is primarily from the Community Development block Grant, the Safe Drinking Water Act, and other miscellaneous federal grants.

Loan repayments, bonding (Lottery and other), grants, and various Other Funds sources support the Community Development Program. These resources are expended under limited and Nonlimited expenditure authority. The Nonlimited authority is mainly for expenditures related to bonds and the revolving loan fund.