

Item 1: Oregon Business Development Department /

Department of Administrative Services

COVID-19 Emergency Business Assistance

Analyst: Steve Bender

Request: Increase the Federal Funds expenditure limitation for the Department of Administrative Services initially established at the April 23, 2020, meeting of the Emergency Board by \$25,600,000, from funding made available to states through the Coronavirus Relief Fund (CRF) for various COVID-19 response activities, programs, and services; including by \$23,100,000 for transfer to the Oregon Business Development Department and by \$2,500,000 for payment to the Pacific States Marine Fisheries Commission. Establish an Other Funds expenditure limitation of \$23,100,000 for the Oregon Business Development Department for funding from the CRF received by the Department of Administrative Services and transferred to the Oregon Business Development Department for business, innovation and trade, and establish five limited-duration positions (1.05 FTE), for providing financial assistance to small businesses affected by economic conditions associated with the COVID-19 pandemic and for administration of agency programs financed by the CRF.

Description: Many small businesses in Oregon face cash flow shortfalls due to the economic conditions arising from efforts to reduce the number and severity of COVID-19 infections. Some businesses were closed by executive emergency orders, while others have voluntarily closed, reduced operations to address health and economic concerns, or face ongoing financial challenges from the resultant economic conditions.

The requested Emergency Board action would provide an additional \$22.5 million to the Oregon Business Development Department (OBDD) to supplement \$10 million of General Fund and Other Funds that the Emergency Board approved in April 2020 for an emergency small business assistance program, plus \$600,000 for the direct costs of administrating all six CRF-supported programs established for the Department by the Emergency Board.

The Emergency Board action in April established the Emergency Business Assistance Grant Fund program in OBDD. This program supports small businesses with no more than 25 employees that have not received support under the Paycheck Protection Program or other provisions of the federal CARES Act. OBDD contracts with Community Development Financial Institutions (CDFIs) and economic development districts (EDDs) to distribute support to eligible businesses, and offers a 1:1 match to leverage business assistance funds operated by tribal and local governments for the purpose of providing comparable COVID-19-related business assistance. Businesses apply directly to the CDFIs and EDDs, or to the tribal or local government assistance programs, for grants or loans to help meet costs incurred during the current emergency.

OBDD would distribute an additional \$5 million to leverage local business assistance funds and an additional \$17.5 million to CDFIs and EDDs. OBDD is directed to amend contracts with local business assistance funds by August 15, 2020 to allow distribution of the \$5 million, and to amend contracts with CDFIs and EDDs by September 30, 2020 to allow distribution of the remaining \$17.5 million. Eligibility requirements are modified for the additional funding. The additional funds could be distributed to businesses that received support from the CARES Act's Paycheck Protection Program or

the Economic Injury Disaster Loan program, although business awards must be reduced by the amounts received from those programs. Venues and cultural organizations that receive funds under the Statewide Business and Cultural Support program established by Item #2 on the July 14, 2020 Emergency Board meeting agenda, however, are ineligible.

Businesses that received grants from any earlier rounds of the Emergency Small Business Assistance Program are eligible to receive additional grants, as long as the total amount received by any business from all rounds does not exceed \$50,000. OBDD may distribute funds to local government business assistance programs without the conditions on geographic coverage that applied to previous funding rounds. CDFIs and EDDs would be allowed to retain up to 5% of grant amounts for direct administrative costs. Only 25% of the awards could be made to existing CDFI and EDD clients, unless OBDD grants a waiver of this restriction on a case-by-case basis.

In addition to \$22.5 million for emergency business assistance awards, \$600,000 is provided to address OBDD's administrative costs directly associated with the six CRF programs approved by the Emergency Board. The \$600,000 supports the establishment of five limited-duration positions (1.05 FTE), including two Procurement Contract Specialist 3 positions, two Operations and Program Analyst 4 positions, and one Program Analyst 3. These positions will expire on December 30, 2020 and are needed for efficient operations of the programs, which are charged with distributing over \$132 million of CRF funds to hospitals and business entities. The administrative funds would also cover costs of existing staff whose work responsibilities have been redirected to operating the COVID-related programs, and pay for attorney general charges, professional services, and other supplies.

An additional \$2.5 million of CRF funds would be distributed directly by the Department of Administrative Services (DAS) to the Pacific States Marine Fisheries Commission (PSMFC) for support to the fisheries industry. PSMFC would distribute the funds as supplemental payments to recipients of other federal CARES Act funds distributed directly to the PSMFC by the U.S. Department of Commerce. PSMFC will receive approximately \$16 million directly from the federal government under a separate provision of the CARES Act that provides assistance to Tribal, subsistence, commercial, and charter fishery participants affected by COVID-19. These payments will be distributed under a federally-approved spending plan developed by the Oregon Department of Fish and Wildlife (ODFW). The CRF funds would be distributed under this same plan, however, federal restrictions on the allowable uses of the two fund sources may not always be consistent. DAS and ODFW will need to work to ensure that CRF funds are distributed only for federally-approved uses.

All support will be provided from the state's distribution of CARES Act Coronavirus Relief Fund (CRF) monies. DAS will transfer \$23.1 million of CRF funds to OBDD for this program and distribute an additional \$2.5 million of CRF funds directly. CRF funds are restricted to necessary expenditures incurred due to the public health emergency related to COVID-19 during the period from March 1, 2020 through December 30, 2020.

Recommendation: The Co-Chairs of the Emergency Board recommend approval of increasing the Federal Funds expenditure limitation for the Department of Administrative Services initially established at the April 23, 2020 meeting of the Emergency Board by \$25,600,000, from funding made available to states through the Coronavirus Relief Fund for various COVID-19 response activities, programs, and services; including by \$23,100,000 for transfer to the Oregon Business Development Department and by \$2,500,000 for payment to the Pacific States Marine Fisheries Commission. The Co-Chairs also recommend approval of establishing an Other Funds expenditure

limitation of \$23,100,000 for the Oregon Business Development Department for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to the Oregon Business Development Department for business, innovation and trade, and establishing five limited-duration positions (1.05 FTE), for providing financial assistance to small businesses affected by economic conditions associated with the COVID-19 pandemic and for administration of agency programs financed by the Coronavirus Relief Fund.