

## Item 11: Oregon Business Development Department

### Rural Hospital Stabilization Grants

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**Analyst:** Steve Bender

**Request:** Establish a \$50,000,000 Other Funds expenditure limitation 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, to establish a grant program for stabilizing rural Type A and Type B Hospital operations.

**Description:** Many small and rural hospitals in Oregon face budget shortfalls owing to the economic conditions arising from actions to reduce the number and severity of COVID-19 infections. Specifically, non-emergency procedures, which provide revenues to the hospitals, were suspended to address the COVID-19 pandemic. These procedures are expected to be rescheduled at a later date, but the suspension has created cash flow problems for the hospitals.

Most small and rural hospitals are eligible to apply for federal assistance under the CARES Act Paycheck Protection Program to manage this cash flow problem. This request, however, would provide additional support from federal revenues for Oregon's thirty-three rural Type A and Type B Hospitals. Funds would be provided from the state's distribution of CARES Act Coronavirus Relief Fund (CRF) monies. The Department of Administrative Services would transfer \$50 million of CRF funds to the Oregon Business Development Department (OBDD) for this program. OBDD would then distribute the funds to rural hospitals as Other Funds expenditures. CRF funds are restricted to necessary expenditures incurred due to the public health emergency with respect to COVID-19 during the period from March 1, 2020 through December 30, 2020.

OBDD would distribute up to \$50 million in grants to rural hospitals to help them cover payroll costs, retain critical employees, and stabilize finances.

**Recommendation:** The Co-Chairs of the Emergency Board recommend approval of establishing a \$50,000,000 Other Funds expenditure limitation for the Oregon Business Development Department (OBDD), for funding from the Coronavirus Relief Fund received by the Department of Administrative Services and transferred to OBDD for business, innovation and trade, for a grant program for stabilizing rural Type A and Type B Hospital operations.