

How Oregon spent \$1.6B in federal COVID-19 relief funds

Remember that stimulus check you got last year?

Maybe you spent the \$1,200 – or more if you have kids – on rent, groceries or gas. Maybe you paid medical bills, splurged on takeout for your family or saved it for a post-pandemic vacation.

Your city and county and the state of Oregon got something similar: cash from the federal government. In March 2020, as the pandemic was taking hold, Congress approved \$2 trillion in spending to respond to the pandemic through the Coronavirus Aid, Relief and Economic Security, or CARES Act.

The state of Oregon received \$1.6 billion in relief funds meant to keep the wheels of state and local government turning, from the concrete slabs of Salem City Hall to the vast sagebrush expanses of Harney County.

While the state kept a portion, it also allowed local governments to seek reimbursement for money they were spending to deal with the pandemic.

In ordinary times, local governments are focused on running schools, paving roads and making sure the drinking water is safe. In extraordinary times such as these, they also are tasked with facing the health and economic consequences of the deadly pandemic.

Using relief funds authorized by the CARES Act, counties tracked the spread of COVID-19, provided protective gear like masks, handed out relief to businesses struggling to make ends meet and, eventually, helped to get lifesaving shots into arms.

The state did not require detailed accounting of that money but did make local governments sign contracts agreeing they were on the hook for paying the state back if they were ever found to have misspent money.

Records show, and state auditors also found, that local governments varied in how much detail they could provide of their spending, with some maintaining massive spreadsheets and others merely providing the summaries the U.S. Treasury required about how much they spent within certain categories.

When pressed about the state's decision not to require more detailed accounting last fall, a spokesperson for the agency in charge of reimbursement, Liz Merah, said "adding additional requirements to the submission process for local governments would slow down a process that is already working more efficiently than those of other states."

Data obtained by the Statesman Journal and The Register-Guard in Eugene shows the breadth of spending that the state and local governments said were pandemic-related. These relief funds went to every corner of the Willamette Valley. Local governments reported pandemic-related expenses ranging from gloves to laptop bags to plexiglass barriers.

Many local governments paid to keep critical workers on their payroll using relief funds. Lane County, for instance, spent about \$7 million to pay wages to its public health and safety workers and other workers whose jobs dealt with the impacts of the pandemic, like coordinating vaccine clinics.

The city of Turner spent \$600 to rent Aldersgate, a Christian youth camp, to hold City Council meetings because its City Hall was too small to accommodate the spacing required for social distancing.

Local governments also distributed protective gear to their workers, adapted them to work-from-home and tried to solve existing problems exacerbated by the pandemic, like patchy access to high-speed internet.

As governments across Oregon sought reimbursement from the state, state auditors stepped into the deluge. They picked out several dozen spending choices from local governments to get a

sense of whether the spending met the vague and changing federal guidelines.

In an October report, auditors said they didn't find much reason for concern, but they recommended the state require local entities to provide more detailed information about their spending and monitor local governments for "reimbursement accuracy and back-up documentation" based on risk.

State officials had sent a questionnaire to local governments asking about their accounting systems and past federal audits. State officials planned to assess how much risk there was of local governments spending in violation of federal guidance, but that plan did not involve further monitoring of local governments or their documents, auditors said in that report.

The state's top operations official said requiring more detail could delay the reimbursement process. She also said that between the small team handling relief funds, "the currently unknown number of high-risk subrecipients" and then-impending deadline when the funds had to be spent, when it came to monitoring the local governments, the agency "cannot commit to perform a task that is not mandated." (The deadline for spending, at the time late December of 2020, was later extended).

Instead, she said, the agency was focused on actions that were required — like conducting a risk assessment of local governments who received funds. It intended to use those results "primarily to educate its more than 330 subrecipients, as appropriate, of their responsibilities associated with expending federal awards."

Tracking the money

Auditors started looking at some of the spending last summer.

In October, they wrote to the state's head operations official, Katy Coba, describing their efforts to examine a narrow slice of the CARES Act spending to gauge whether these small governments spent it in line with federal guidelines.

At the time of the letter to Coba, the expenses had to be related to COVID-19, incurred on or after March 1, 2020, and had to be unplanned in the budget as of March 27, 2020 — the date the federal legislation authorizing the relief funding was passed.

The state auditors said their goal was to help the state and local governments "reduce the risk" of federal, state or local government auditors questioning how they spent the relief money.

They also wanted to get their study done quickly so the entities could make use of the information and course correct if needed, state auditors said in an interview.

"Our review wasn't necessarily a guardrail or a point-the-finger toward the local government," said Andrew Love, audit manager on the project. "We're really there to provide assurance to the Legislature and provide some critiques into the methods for which we were dispersing the dollars."

In most cases, one of the main reasons for a government audit is to assure state leaders that local governments are spending money responsibly, according to Stephen Aikins, researcher and director of the Master of Public Administration program at the University of South Florida.

The scope of an audit — what auditors are asked to look at — and how much information auditors can get affect the results.

"Incomplete or undetailed data provided by the spending agency, as noted by the auditor, should be a red flag that warrants further probing," Aikins said. "Relying on incomplete data to do audit

work can result in inconclusive or misleading audit conclusions."

The state provided limited guidance and monitoring of local government spending of relief funds, auditors said. The state wasn't collecting detailed breakdowns of how funds were spent.

Oregon auditors sought to check whether the local governments could provide enough supporting information, like contracts, invoices and timesheets. They said they were able to get "clear and adequate" information from 22 of the 34 entities they sought records from.

Auditors were looking at cities, counties and special districts, such as park districts.

Auditors knew they also wanted to check out specific categories — for instance, it was apparent that payroll and leave expenses were a big share of the money local governments spent in the first round of reimbursement requests.

The Statesman Journal and The Register-Guard sought to analyze similar information in their records requests and also found this information was easier to obtain from some places than others.

In some cases, initially local governments provided high-level overviews of spending — totals they'd spent in each category.

Polk and Marion counties both took months to fulfill requests for detailed spending data. It took Lane County about six weeks to provide "diaries," or more detailed information about how it spent the relief funds, and charged \$50 for it.

When the information arrived, the differences were significant. Marion County provided reams of spending information in an Excel spreadsheet, free of charge, but eight months after the paper initially requested the information. A county lawyer cited "the wildfires and the ice storms" as reasons for the delay.

Polk County eventually sent dozens of pages of COVID-related transactions in a PDF, detailing roughly \$2.7 million in spending. The county's lawyer, Morgan Smith, noted in an email to the Statesman that the spending was all COVID-related, but not necessarily covered by relief funds as was requested.

"In order to isolate which of the purchases on this ledger were specific to (The Coronavirus Relief Fund), we would have to delve deeper into the paper trail which would take considerable staff time," Smith said.

While the provided information did detail specific transactions — how much money, for what and to whom — it largely didn't include information that would indicate whether Polk County got a good deal for taxpayer money, such as how much was purchased or why the purchase was needed.

Polk County said it would have provided more information about how taxpayer dollars were spent for an estimated fee of \$220.

But other entities, like the state's Department of Administrative Services and cities such as Stayton and Detroit, readily provided detailed information.

Head auditor Kip Memmott, in response to a lawmaker's question about relief money granted to arts venues, told state lawmakers during a December hearing that tracking money distributed by the state to third parties, or "sub-recipients," can be challenging.

"Things like pandemic funding and disaster relief funding, they're so important as we know, but they also, from an audit standpoint, are like a nightmare," Memmott said, "because they're big blocks of money coming into government control structures that are often, respectfully, weak or strained."

There's also a sense of immediate expectations for the money to have impact where it is needed — a "spend them

quick" urgency, Memmott said.

The auditors recommended three measures the state could take to better track the spending — two of which Coba declined to pursue.

Coba agreed with one recommendation: that her agency remind local governments to take measures to make sure their requests were accurate and hewed to federal guidance.

Relief went to public payrolls

In their October letter to Coba, the auditors said some transactions were at higher risk of being questioned by federal watchdogs.

For instance, one local government sought reimbursement to cover 100% of pay for its parks and recreation workers "with no separate time tracking and little documentation to support the duties performed."

Generally, auditors said, a significant share of the relief money helped pay for public workers' salaries and leave costs.

Through mid-September, auditors noticed that two-thirds of local government reimbursements were for spending on payroll and paid sick, family and medical leave for public workers.

When auditors wrote to Coba, the federal guidance had already changed several times. But at that point, it was generally acceptable as an "administrative convenience" to allow entities to pay public health and public safety workers without specific tracking of hours spent on COVID-19.

Some entities were more precise than others.

Stayton, for example, tried to track the time that employees were spending on pandemic-related work, said city manager Keith Campbell.

"If I can show I was in a meeting with outside people, the (League of Oregon Cities), the White House did calls or other trainings, other things with groups or organizations that were specifically about COVID, here was a definitive time I could track," Campbell said. "I spend a lot of time reading about it, but I can't quantify that."

Auditors suggested the state make local governments submit more detailed information about their spending.

Coba didn't think that was necessary, saying "any potential benefit" didn't outweigh the time it would take. She said it could slow down the process of reimbursing local governments.

"Oregon has been able to get (relief money) out to local governments quicker than other states, using a process that invests local governments with shared responsibility over proper use and administration of (the relief funds)," Coba wrote to auditors.

She acknowledged that the approach "may not identify all local government errors," but said what auditors recommended wouldn't either.

Coba also disagreed with a recommendation the state monitor potentially risky spending in a more systematic way.

Keeping an eye on spending

February's report won't be the final time the state's auditors examine how federal relief funds were spent.

Every year, the state is required by the federal Single Audit Act to probe how it spends federal money.

Auditors' most recent yearly review of that spending, released in February, included the first few months of the pandemic. The state's financial auditors found nothing of concern with respect to the coronavirus relief funds.

In their next review of how the state spends federal funds, which will cover July 1, 2020, to June 30, 2021, financial auditors expect to examine a much larger amount of COVID-related spending.

Funds

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hires and existing county workers.

As of March, the county had asked for \$7.3 million in reimbursement related to

payroll — \$4.76 million for public health and safety employees and \$2.58 million for employees whose work was dedicated to addressing the impacts of COVID-19. The county spent another \$1.4 million on sick time and medical and family leave related to the pandemic.

All of the money spent on payroll

went toward "folks directly dedicated to responding" to the pandemic, Tintle said.

"We're a public service agency," he said, and the county provides that service through its employees.

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PPE

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state's emerging supply chain.

This proved challenging.

Marion County Fire District 1 needed N95 masks for its paramedics and firefighters but didn't have available extra funds, especially since its budget was slashed after a May 2020 operations levy was voted down.

"Twice we asked for PPE through Marion County Emergency Management, which was the state process, and received small amounts of PPE," fire chief Kyle McMann said.

As a result, the district resorted to using much of its more than \$85,000 in CARES Act funding for purchasing PPE, one of the purposes of the funding through the CARES Act.

McMann said the district purchased N95 masks, face shields, gowns and gloves with the money, the same items the state was buying in bulk.

Independence-based Polk County Fire District 1, which received over \$58,000 in federal CARES Act funds, distributed from the state, operates a mass casualty trailer loaded with supplies including personal protective equipment that was funded through a previous regional grant.

The district served as the distribution point for PPE for smaller fire districts in the county.

When supplies like N95 masks dwindled at other fire districts early in the pandemic, it distributed its surplus to the departments in need.

Stange, the Polk County Fire District 1 chief, said the district was offered PPE from the state fire marshal's office, but also purchased its own from its regular vendors when it could. If they could buy supplies of their own, the state promised, they would be reimbursed after the fact.

But when guidance from the state about medics wearing surgical masks when working with potentially ill patients was changed to require them to wear N95 masks, they had to pivot, Stange said.

"We were doing a lot of logistical adjustments to make sure we were in compliance," he said.

More than a year into the pandemic, the fire district has nearly refilled its reserves of equipment but hasn't got paid from CARES Act money through the state for all of it.

"We continue to track it to today. We don't know what will come from that. If we're offered reimbursement, that will be a huge benefit," Stange said.

Aumsville Rural Fire Protection District fire chief Roy Hari said the department made changes to its procedures based on the evolving CDC guidance for emergency responders.

Firefighters went from wearing a face mask on one in every 30 calls to wearing a mask on every call. At one point, the firefighters also wore medical gowns on every call.

The district, which receives ambulance service from Santiam Memorial Hospital in Stayton, stopped sending firefighters into a house on every call and instead let paramedics go into the house

to preserve the PPE.

Hari said the office of Marion County Emergency Management coordinated the flow of PPE from the state, though the department still used its existing supply chain to get more PPE. It paid for it with part of the over \$4,000 of CARES Act money it received from the state.

"We never had a problem where we said we're running short of anything," Hari said. "Between myself and the training captain here, we were ahead of the game enough and with the money from the CARES Act, we were able to never run short."

"If this would have snuck up on us and the government had not made funds available, this could have been a real problem for small departments like us."

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