

Lawmakers deadlock on federal funds for PPE

by Peter Wong, Pamplin Media Group
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— Oregon lawmakers approved \$94 million more to expand coronavirus testing and contact

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funds to eliminate a projected shortfall of more than \$1 billion in tax collections for the current two-year budget.

The E-Board, which meets between sessions, approved spending of some of the money remaining in the state's \$1.4 billion share of federal aid from the CARES Act. Because of their populations, Portland, Multnomah County and Washington County got direct aid totaling almost \$280 million.

The \$2 trillion CARES Act requires that aid be spent on pandemic-related expenses, not to offset budget shortfalls.

The Association of Oregon Counties and League of Oregon Cities, backed by business groups, argued that lawmakers should have carved out as much as \$624 million from Oregon's \$1.4 billion for their share of federal aid under U.S. Treasury guidelines.

The guidelines were not mandatory, however, and the E-Board decided in April on a different spending plan.

"I think it's a trend of overarching, overreaching state control," House Republican Leader Christine Drazan of Canby said.

Of \$200 million already set aside for local government pandemic expenses, the state reports that \$76.4 million has been or is about to be reimbursed for their spending through June 30, leaving \$123.6 million unspent.

Cities and counties said in their joint letter they would be willing to settle for \$200 million more.

The letter said: "We ask that the additional \$200 million in local share be distributed to local governments and that those local governments be able to spend those funds based on the particular needs in their individual communities for the full range of uses allowed under U.S. Treasury guidance."

state government — which says it can do it more efficiently and with greater purchasing power — or with local governments and community-based organizations.

“It’s a paternalistic attitude by the state toward the counties,” Sen. Betsy Johnson, D-Scappoose, said.

But Senate President Peter Courtney, D-Salem, said, “There may not be as much freedom for them to do with this money, even if the counties got it directly, as they want to use it.”

Sen. Arnie Roblan, D-Coos Bay, said it might have been better back in April for lawmakers to carve out a larger share of its aid for local governments and community organizations. But he said an outbreak of the COVID-19 coronavirus in Lincoln County — within his district — changed his mind.

“I said this county cannot deal with this on its own,” Roblan said. “It took a while, but the state got involved, got the contact tracing going and other things happening and spent a lot of money. Had we given out the money to each of the counties, as we planned originally, they would not have had enough money to have done what they needed to do.”

Lincoln County has been removed from the state’s watch list for coronavirus infection rates.

Katy Coba, the state’s chief operating officer and director of the Department of Administrative Services, told lawmakers that the state has ordered protective equipment worth about \$100 million to be stockpiled at a warehouse in Wilsonville. Of the proposed \$105 million in spending, \$94.5 million was reserved for equipment for distribution to Oregon’s 36 counties and \$10.5 for the nine federally recognized tribes.

“Somebody is going to be on the hook for \$100 million,” House Speaker Tina Kotek, D-Portland, said.

In the end, the senators on the E-Board deadlocked 5-5 — one senator left the virtual meeting before it ended — and representatives voted 6-2 in favor, with one absent. The motion failed because approval requires majorities from both chambers.

On earlier votes, the E-Board split along party lines to approve \$94.2 million more for expanded testing and contact tracing — \$20.7 million for the state Public Health Laboratory, the rest to counties, tribes and community organizations — and \$45 million for the Oregon Health Authority to set up an effort aimed at racial disparities in the pandemic. Johnson joined Republicans in opposition to the second item, saying that more of the money should go to coordinated-care organizations that oversee spending for low-income people covered by the Oregon Health Plan.

According to a webpage maintained by Multnomah County, Hispanic people account for 11% of the population in four metro counties (excluding Clark County, Washington) but 37% of COVID-19 cases, and Black people 5% of the population and 7% of cases. White people account for 72% of the population but just 37% of the cases. Figures are as of Aug. 4.

Leadership team changing at People's Bank



Lindsey Trautman, new chief financial officer of People's Bank, Ken Trautman, current chief executive officer for People's Bank and Julia Beattie, new president of People's Bank, talk in a conference room of Friday. (Jamie Lusch / Mail Tribune)

Could your workplace still function if three of its top leaders were taken out by COVID-19?

Ken Trautman, chief executive officer of Medford-headquartered People's Bank, decided to find out.

He laid out the scenario for his team.

He was dead. The chief financial officer was dead. The chief operating officer was in a coma, hanging onto life with the help of a ventilator.

People's Bank employees buckled down and came through the 10-day real world exercise with flying colors. Trautman said one of the hardest parts was remembering to keep his mouth shut

,” he said.

WATCH

89°

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To lead People’s Bank during the exercise, the board of directors picked Julia Beattie to serve as the acting chief executive officer.

“That’s where we got to see her leadership style,” said Trautman.

With her intelligence, experience and talent, Trautman said it was natural to pick Beattie.

She was recently promoted to be president of the locally owned, locally managed chain of banks that stretches from Grants Pass to Klamath Falls. Trautman plans to retire in about three years from the bank he co-founded and opened in 1998. Beattie will be working alongside him as he prepares to move into retirement.

The transition is part of a wave of leadership changes underway at the bank.

Trautman, Chief Operating Officer Jeri Reno and Chief Credit Officer John Boyd are making plans to retire, and Chief Financial Officer Russ Milburn has already retired.

Lindsey Trautman, who has been with People’s Bank since 2005, was recently promoted to the chief financial officer position. She is Ken Trautman’s daughter-in-law.

Ken Trautman said People’s Bank didn’t set out to pass the torch to a female-led leadership team. The bank just picked the best candidates for the president and chief financial officer positions, and they happened to be women.

Lindsey Trautman said Beattie, the new president, has great leadership skills and is passionate about her customers.

“She’s a leader at heart,” Lindsey Trautman said. “She’s not afraid to speak out and make tough decisions.”

Lindsey Trautman said the COVID-19 pandemic caused People’s Bank to look more closely at its succession plan to make sure it has strong leaders available to keep the bank afloat.

"It may have been challenging to test the succession plan in the midst of PPP and COVID-19, but things never happen at a good time. People have to be ready to take the helm," Lindsey Trautman said. "You can see how people react under stress."

Ken Trautman said the pandemic has taught People's Bank it must think in broader terms about what challenges and disasters might strike.

"This is an uncertain world," he said.

From its inception in the late 1990s, the bank has faced a wave of challenges.

With mergers and acquisitions leading to the loss of locally owned and controlled banks, Ken Trautman teamed with Mike Sickles to found People's Bank. Sickles retired a decade later, but Ken Trautman kept on, building the bank into a Southern Oregon chain with \$494 million in assets.

Beattie, whose banking career started in 1991, joined People's Bank in 2013.

"A lot of community banks have gone away. We're the last standing community bank headquartered in Southern Oregon," she said.

Beattie said the banking industry has changed dramatically since her career began. People were still writing a lot of checks and coming inside banks to do business with bank tellers. Banks had to adapt to an increasingly digital world.

The Great Recession was a major challenge for People's Bank, which specializes in commercial loans. When the housing bubble burst, builders who had taken out construction and development loans faced financial disaster.

"A lot of banks went down during the Great Recession, but People's Bank survived," Beattie said. "It had some bumps and bruises, but we're stronger today as a result of those experiences."

Banks and other financial institutions are tasked with processing and administering forgivable Paycheck Protection Program loans funded by the federal government. The COVID-19 relief loans are a lifeline to help keep businesses and nonprofit organizations afloat and their workers employed.

People's Bank employees worked around the clock to process a flood of loan applications from local businesses. The bank hired eight college students who were related to bank employees, then stationed them near their relatives to help work on the applications while limiting the potential spread of COVID-19, Beattie said.

People's Bank typically makes 100 loans a year, Ken Trautman said.

Employees' marathon work sessions to process more than 1,000 loans in a few months led to more than \$93.5 million of federal aid being funneled to struggling local businesses.

In the beginning of the Paycheck Protection Program, Ken Trautman said the bank noticed hardly any loan applications coming in from Latino-owned businesses, even though they make up 13% of businesses in the area. The bank teamed up with a radio station for Spanish-language messages and a certified public accounting firm with bilingual employees to boost the number of loan applications from Latino business owners.

Ken Trautman said the bank wanted to do its best to make sure the entire Southern Oregon community would be covered by the Paycheck Protection Program.

Beattie said Ken Trautman was adamant with the team that they fully embrace the intent of the program and process as many loans as possible.

"It was a big, big challenge, but it was also a tremendous opportunity," she said.

Beattie said that for a banker, Ken Trautman has always had an unusual mix of personality traits. He's cautious and fiscally conservative like a banker, but also has the forward-thinking mindset of an entrepreneur looking to capitalize on risk, she said.

As for the future of People's Bank, it's on a trajectory to keep increasing its assets, which will allow it to serve even bigger clients. With no community banks north of Redding, the chain could expand into Northern California. The bank could also spread into Northern Oregon, Ken Trautman said.

"It's going to be an exciting time — but full of change," he said.

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