

Recovering from the Pandemic & Addressing Longstanding Equity Issues

Introduction

A merica has rarely encountered such challenging circumstances as the country faces today, amid a once-in-acentury public health emergency that has caused economic devastation for millions of people while touching every aspect of society. Meanwhile, tragic events have precipitated urgent cries for long-overdue responses to the systemic racism that has prevented the country from living up to its ideals.

In this moment of crisis, so many state and local leaders have stepped up to offer bold and creative ways to protect their communities from the immediate fall-out of the pandemic, while understanding that the goal of the recovery must not be to restore America to its pre-pandemic condition, but rather to emerge as a more just, prosperous, and secure nation than when the pandemic began. They are on the frontlines of making this goal a reality.

The NewDEAL Forum launched the Renewing America Task Force in the summer of 2020, recognizing the extraordinary opportunities to build back better by harnessing the outstanding leadership of policymakers across the country who are rising to today's challenges. For the past six months, the Task Force, led by five co-chairs representing diverse communities at various levels of government, has provided a platform for developing and sharing the best ideas for the nation's recovery. They have brought together policy experts and private sector leaders with officials who can lead the implementation of these ideas across the country.

Task Force sessions have addressed immediate and long-term challenges around issues critical to the economic recovery, including: affordable housing, access to high-quality child care, entrepreneurship, mass transit, high-speed internet, and the social safety net. On every topic, the Task Force has discussed specifically opportunities to remedy long-standing inequities that have discriminated against people of color.

The following report reflects the Task Force's key principles for dealing with each issue area, as well as specific guidance for state and local officials to address the impact of COVID-19 and make systemic change.

The NewDEAL Forum thanks the many state and local elected officials from the NewDEAL Leader network.for their contributions to these recommendations.

RENEWING AMERICA TASK FORCE CO-CHAIRS



KATE GALLEGO MAYOR, PHOENIX, AZ



GARLIN GILCHRIST II LIEUTENANT GOVERNOR, MICHIGAN



LEE HARRIS MAYOR,



BROOKE LIERMAN DELEGATE, BALTIMORE, MD



TOBIAS READ TREASURER, OREGON



About the NewDEAL Forum:

The NewDEAL Forum is a Washington-DC based non-profit organization which identifies and promotes innovative, future-oriented state and local pro-growth progressive policies that can improve the lives of all Americans. By facilitating the identification and spread of policy ideas, the NewDEAL Forum seeks to foster economic growth, reduce barriers to opportunity, and promote good government in communities, cities, and states throughout the country.

Section 1: Improving Access to Affordable Housing

Prior to the pandemic, the United States was already dealing with significant housing issues, including high rents, unattainable housing prices, and a lack of housing stock. These problems were especially acute for people of color: black households are twice as likely to rent as white households, and housing costs account for a heavier cost burden: Among Black Americans, 55% pay more than 30% of their income toward housing compared to 40% of white Americans. People of color are also subject to much higher rates of eviction, and tend to have fewer assets to withstand economic shocks.

While the pandemic has shattered unemployment records, the housing system has not been affected as deeply as anticipated thus far, in part as a result of temporary federal stimulus. According to data from the National Multifamily Housing Council, the number of households making a full or partial rent payment has been only 2-3 percentage points lower in comparison to 2019 collections. Homeowners and loan holders are making mortgage payments at rates similar to pre-pandemic levels.

But this data masks deeper problems: homeowners have more leeway to delay payment and benefit more from federal aid, but while 75% of white households own their home, only around 44% of Black and Latino households own their home. Black and Latino renters were more likely to miss rent payments than white renters.

While many states and municipalities acted swiftly to keep people in their homes as the public health emergency emerged, renters across the board are about to face a much harsher reality, as eviction moratoria end even as unemployment remains high. Instability in rent payments could also trigger larger problems, as the majority of rental housing owners are "mom and pop" operators, not large companies. State and local leaders across the country must take additional steps to stem the impact of the pandemic on housing and prevent Americans from falling into a deeper crisis.

Rebuilding a New Normal: Key Principles and Policy Goals

Guiding principle: Policymakers shouldn't simply strive to reach pre-pandemic status quo, but must prioritize solutions that address prior inequalities.

- To ease the burden on strained budgets, specifically focus state and local direct aid on those most in need and those who slip through the cracks of federal support programs:
 - ➤ Target aid to reach those in danger of missing rent payments or defaulting on loans or those most economically impacted by the pandemic, including minority groups who are experiencing historic unemployment highs.
 - ▶ Focus spending on the recently unemployed.
- Prioritize direct aid like rent assistance over continued eviction moratoria:
 - ▶ Distinguish between who applies and who receives the funds: the most effective rent assistance programs have renters apply and qualify, but funds are disbursed directly to landlords.
 - ▶ Provide further support for renters with automatic expungement of 2020 evictions, increased legal protections including legal representation for renters facing an eviction lawsuit, and eviction diversion programs.
 - ▶ Free up money locked into rental deposit system and reduce evictions by implementing low-cost alternatives to cash deposits.

- Support "mom and pop" landlords federal aid programs are largely helping households, and the widespread failure of smaller landlords could trigger a large-scale meltdown.
 - ▶ Delay property taxes or lower fees to reduce landlords' costs.
 - ▶ Tailor support to incentivize landlords to avoid evicting renters, or require that landlords who receive assistance agree to forestall evictions.
- Improve timely data collection, especially on evictions, but ensure that people are not penalized for being
 evicted in the past. Data must include breakdowns by race and other subgroups to give a clear picture of who is
 affected by increased evictions.
- Create a highly-targeted, housing-specific safety net for evicted tenants and others at risk of homelessness, and
 make funds spent work for a dual purpose by partnering with local under-occupied hotels to house those in
 need.
- Support the continued construction of affordable housing stock:
 - ▶ Increase funding available to support the creation or maintenance of affordable housing stock.
 - ▶ Ensure zoning and construction decisions take affordability into account.
 - ▶ Streamline permitting and other interactions between developers and government to reduce developer costs.
 - ▶ Incentivize developers to include affordable housing in projects by tying goals to property tax incentives, reduced fees, or public funding.
 - Lift regulatory barriers to non-traditional housing, like manufactured housing or tiny homes.
- Address underlying structural issues:
 - ▶ End restrictive & discriminatory zoning.
 - ▶ Provide support and resources for community-based organizations, counselors, and advocates.
 - ▶ Use neighborhood-level targeting for relief and resources to rebalance investments.
 - ▶ Address gaps in employment, income and wealth, and access to safety net programs, which contribute to housing issues and instability.

Selected Examples from America's State, County, and City Governments

Tenant & Landlord Relief Policies

- **Nevada State Treasurer Zach Conine** is providing three months of payments for residential and commercial renters who are overdue on rent. Residential renters whose income is 120 percent or less of the county's average and whose financial need stems from the pandemic qualify, and payments are made directly to landlords.
- Shelby County, TN Mayor Lee Harris used \$2 million in CARES Act funding to create an eviction settlement fund to work with tenants and landlords to arrive at a fair settlement all can afford, with the fund contributing to the settlement cost. Tenants are provided with pro bono lawyers, as well as social services to prevent future evictions.
- New Castle County, DE County Executive Matt Meyer allocated \$500,000 to the state housing assistance program, which makes direct payments of up to \$1500 to landlords or utility companies.
- Salt Lake City, UT Mayor Erin Mendenhall has deferred business license fees for landlords who do not evict anyone between April 10 and three months following the end of the local state of emergency.
- Cincinnati, OH Councilmember P.G. Sittenfeld is working to require landlords to offer alternatives to traditional security deposits, such as low-cost renters insurance or modified security deposits.

Selected Examples, continued

Homeowner Relief

Homeowner relief has largely come directly from the federal government, but some state and local officials are taking steps to stave off a possible wave of foreclosures. **Oakland County, MI Treasurer Andy Meisner** suspended tax foreclosure for residents affected by the coronavirus emergency, and provided no-contact ways to pay taxes.

Housing Safety Net Programs

- In investing in sheltering methods to reduce spread of coronavirus, some officials are simultaneously bolstering local hotels hit hard by the dramatic reduction in travel. **Albuquerque**, **NM Mayor Tim Keller** offers motel vouchers for homeless individuals and families who need to isolate and can't be accommodated by shelters.
- Former Missouri Secretary of State Jason Kander and his fellow veterans leading Veterans Community Project are building communities of tiny homes in Kansas City, MO and Longmont, CO to house homeless veterans who are working to transition to permanent housing. The communities also provide residents with case managers and support teams to address the underlying causes of their homelessness and guide their progress.

Boosting Affordable Housing Stock

- Phoenix, AZ Mayor Kate Gallego's Housing Phoenix Plan will create or preserve 50,000 housing units by 2030 to address the shortage that is driving prices up as the city grows. The plan uses a variety of approaches, including zoning amendments to incentivize and prioritize affordable housing, redeveloping city-owned land, reducing development costs, and utilizing public-private partnerships.
- In **Oregon**, a 2019 law allows for the construction of duplexes and other multi-family dwellings in single-family zoned areas in larger cities, paving the way for denser development in places where housing supply drives up prices.
- Oxford, MS Mayor Robyn Tannehill formed a bipartisan coalition, including developers, corporations, advocacy groups, and community members, to work together and earn \$15 million in funding via federal tax credits to support the construction of 96 new homes at zero cost to local government.

Additional Resources

The Urban Institute: COVID-19 Rental Assistance Programs

Summary of evidence-based ideas for state and local rental assistance programs, including lessons learned from existing programs.

National Multifamily Housing Council: Housing Affordability Toolkit

Detailed information on constructing incentives to expand production of affordable housing.

The NewDEAL Forum thanks Columbia University's Dr. Christopher Mayer and the Urban Institute's Solomon Greene for their contributions to this section.

Section 2: Addressing the Child Care Crisis

With more than 12 million children under the age of 5 in some form of child care across the country, and around 1.5 million Americans directly employed in the child care profession, child care is essential to America's economy and future prosperity. The impact of high-quality programs is profound: quality early childhood education can close the achievement gap in kindergarten and beyond, while boosting future earnings and decreasing the likelihood of involvement with the criminal justice system.

Our country's child care crisis predates the pandemic. According to research from the Center for American Progress in 2019, more than half of the U.S. population was living in a "child care desert" -- a Census tract with more than three children under age 5 for every licensed child care slot. Average tuition for two children was nearly \$20,000 per year. In nearly every region child care represents families' biggest household expenditure.

The COVID-19 pandemic hit the child care industry hard as many providers closed during stay-at-home orders. Increased costs due to health guidelines like smaller class sizes and personal protective equipment (PPE) have made reopening difficult. Child Care Aware of America estimates that 30 to 50 percent of providers may close permanently, resulting in even more competition for ever-fewer spots in licensed care facilities. Minority parents, already hit hardest by the health impacts of the disease and the economic fallout, will also struggle the most to find affordable child care.

A lack of child care means Americans can't return to work: A <u>national survey of working parents</u> revealed that 13.3 percent of working parents had lost a job or reduced their hours because of a lack of child care, and many families currently relying on stopgap measures could face similar change in their employment. <u>Bipartisan Policy Center's survey of 1500 workers currently receiving unemployment benefits</u> found 60 percent of parents with no plans to return to work cited child care issues or school closures as the primary barrier to employment, while surveys of employers by the <u>U.S. Chamber of Commerce Foundation</u> revealed that 40% of employers are concerned that some of their employees will not fully return to work, with 79% of those employers identifying child care as a main factor.

Currently, federal assistance only reaches fewer than 1 in 10 eligible children in 43 states, and payment rates don't match with the cost of high-quality care, leaving a gap of at least \$7,000 a year in every state. The CARES Act included a significant investment in the child care sector, but more long-term aid is needed. Funding and policy changes at the state and local levels have a critical role to play, and leaders must emphasize the importance of child care access in reopening the economy while coordinating solutions that bridge gaps. States must also maximize the impact of federal investments by making structural changes that better support parents and providers alike.

Rebuilding a New Normal: Key Principles and Policy Goals

- Reframe child care as a community and economic issue, and a public good rather than a service that should be controlled by the market.
 - ▶ Child care challenges can result in significant losses for state economies and employers: four states studied in 2019 before the pandemic found child care issues resulted in \$479 million to \$3.79 billion in estimated annual losses to the states' economies.
 - ▶ The market incentivizes low-cost care, but high-quality care has long-term benefits to society: early learning initiatives are <u>estimated to return about \$8.60 for every \$1 spent</u>.
- Prioritize resources for children 3 and under -- historically, preschools have received a lot of investment, leaving licensed child care slots for younger children even more scarce.

- Begin collecting state- and city-level data on child care availability, costs, and other metrics, or improve data collection to make it more easily reportable.
- Partner with Child Care Resource and Referral Agencies and other organizations to bridge gaps, connect families with care, and more efficiently distribute state grant money and other funds.
- Set an example by improving child care options or support for government employees:
 - ▷ Offer subsidies or support as an employer as an example for private companies.
 - Consider the creation of an in-house day care for government employees, either for the short-term duration of the pandemic or the long term.
- Support providers and the child care workforce directly, with assistance reopening during the pandemic and improving quality of care while keeping costs affordable:
 - > Support providers to cover higher costs associated with care due to health guidelines, such as grants for PPE, funding for COVID testing for staff, and other costs.
 - ▶ Partner with departments of health or other agencies to facilitate access to PPE purchasing for child care providers, who may be struggling to purchase PPE alongside more major players like school districts with more negotiating power.
 - ▶ Given the need for smaller classes and more space, identify other facilities that could be repurposed to provide capacity, like public schools or senior facilities.
 - ▶ Consider direct support for ongoing operations for providers serving middle-income families who don't qualify for federal subsidies but still cannot afford child care.
 - ▶ Fund or subsidize training programs, professional development, and other methods to improve teachers' quality of care or to lower barriers to entry into the market for new providers.
- Supplement federal support for families with targeted funding:
 - ▶ Ensure essential workers have access to care by making available additional provider funding tied to children of these workers.
 - ▶ Consider grants to close the gap between federal assistance programs and the cost of high-quality care.
 - ▶ Work with employers and the private sector to help them expand assistance for their own workers in tandem with government support for families.
 - ▶ Repurpose unused public spaces for cooperative virtual learning spaces where parents can send kids for supervised virtual learning activities once school begins.
- Make high-quality providers more accessible for low-income children, and incentivize providers with many low-income children to improve quality
 - ▶ Provide tuition subsidies for high-quality childcare options, and use means testing to make higher amounts available to lower income families.
 - ▶ Link the level of subsidies a provider can receive to the quality of care offered (measured by early childhood quality rating systems if available), while investing in support for providers to meet benchmarks.
- State governments should use flexibility around federal program payouts to improve how they reach parents and providers:
 - ▶ Consider structuring pay based on enrollment rather than attendance, to support providers where many children are still at home with remote workers.
 - ▶ Extend or recertify family eligibility.
 - ▶ Reduce parent copays.

Selected Examples from America's State, County, and City Governments

Setting an example with robust support for government employees:

In **Shelby County, TN, County Mayor Lee Harris** created the <u>Virtual Learning Academy</u>, which gives county employees the option to apply to work from home to support their child's virtual learning, or to send their child to socially-distanced virtual learning classrooms set up in two Shelby County government office locations.

Supporting providers:

- In Minnesota, a sweeping emergency child care grant package was implemented by the Governor and legislators, including **Senator Melisa Franzen**, in July to help providers bear the costs of implementing public health guidance as they reopened. The package, which came following three months of state support for providers during closures, provides a set amount of funding based on type of care for licensed providers with increased costs or lost revenue as a result of following public health guidance.
- Long Beach, CA Mayor Robert Garcia partnered with a local innovation agency to develop a platform to connect families in search of flexible home child care with vetted and qualified child care workers looking for jobs.
- New Mexico launched an <u>incentive pay plan</u>, often referred to as hazard pay, for child care professionals at facilities that remained open during the state of emergency from April to June.
- North Carolina gave child care staff access to the <u>mental health helpline</u> created to support first responders and health care workers.

Supporting families:

- **Nebraska Senator Kate Bolz** introduced a bill to raise qualifying family income to <u>expand access to federal child</u> <u>care assistance</u>, acknowledging that workers seeking to develop new skills and transition to better work can often put themselves out of eligibility for child care before they're fully able to cover all of their family's expenses.
- Richmond, VA Mayor Levar Stoney partnered with the local YMCA to organize emergency child care centers
 for the children of essential workers immediately following the shutdown, and is now working to repurpose
 school facilities for emergency child care use, allowing a larger number of children to be served in one site while
 maintaining space for distancing.
- Oregon has <u>waived copays for employment related child care subsidies</u> from March through the end of the Governor's state of emergency period to ensure that families in need of assistance can afford care.

Additional Resources

Center for American Progress: Child Care Desert Interactive Map Child Care Aware of America: The U.S. and the High Price of Child Care, 2019

The NewDEAL Forum thanks Center for Amerian Progress' Simon Workman and Child Care Aware of America's Lynette Fraga for their contributions to this section.

Section 3: Supporting Small Business & Entrepreneurs

Small business is often referred to as the engine of the American economy. In 2019, small businesses accounted for 99.9 percent of American businesses, and 47.3 percent of American workers were employed by these firms, with businesses with fewer than 100 employees contributing the largest share of small business employment. Entrepreneurs and startups are at the heart of this economic dynamism, but since the Great Recession, entrepreneurs have struggled to find access to capital to start new businesses at the same rates as before, and the startup rate has been sluggish, with more firms failing than launching each year in most metro areas. Notably in 2018, on net the economy added no additional firms for the first time in our nation's history.

The economic crisis caused by the coronavirus pandemic has hit everyone, but small businesses bore the brunt of the economic impact. A shocking majority of small businesses report being adversely affected by the pandemic, with one report putting the percentage at 75 percent and another putting it as high as 91 percent. The Census Bureau's Small Business Pulse Survey found that as of October 3, 2020, 44 percent of businesses nationwide believe it will be at least 6 months before their business returns to a normal level of operations. And for many businesses, there will be no return to normal: Yelp's September Economic Impact Report found that 60 percent of business closures since the crisis began have now become permanent, and that number is still trending upward. Federal relief has reached many businesses, but since programs like the Paycheck Protection Program (PPP) were built on top of the financial system, businesses and communities that have historically struggled for access to that system have been left out of support or received significantly delayed support. On average, it took 31 days for minority-owned businesses to receive PPP loans, a week longer than white-owned businesses. Sole proprietors of color experienced a three week delay in receiving their loans compared to white sole proprietors. Small businesses in general operate with small







cash buffers, making delay of loans a serious issue for all but particularly acute for minority businesses, who have some of the smallest cash buffers in addition to suffering longer delays in aid.

With the startup rate already in crisis before the pandemic, entrepreneurs need support to help rebuild the small business sector and create new jobs in the face of major business closures and to turn the tide of a longer trend of depression in business creation. We must avoid the mistakes made in the wake of the Great Recession and offer support to both existing businesses and entrepreneurs looking to start new businesses to get Americans working again.

Rebuilding a New Normal: Key Principles and Policy Goals

Guiding principle: Make the goal of recovery to create higher-quality jobs and close racial gaps, rather than building back toward the pre-COVID status quo.

- Target limited city and state funding to fill in gaps left by federal support, with a special focus on minority-owned businesses or other businesses and entrepreneurs who have historically struggled to access capital:
 - ▶ Get diverse stakeholders involved to form recommendations that are timely and locally relevant, and to leverage local knowledge of the crisis' impact in your city or state and how aid is currently performing.
 - ▶ Prioritize preserving businesses: saving businesses is more efficient than waiting for new ones to open. Use local relief funds to support small businesses through grants and other tools, and target those funds based on local or regional needs and strengths.
 - ➤ Tap into the U.S. Treasury's <u>State Small Business Credit Initiative</u>, which offers funding to strengthen state programs to finance high-growth small businesses.
 - ▶ Use local and state procurement and spending to support local business growth.
- Offer support beyond direct financial assistance:
 - ▶ Provide assistance to help small businesses apply for federal relief, or instruction on how banks view their finances so that they can become more successful at applying for financing.
 - ⊳ Provide technical assistance for businesses to protect public health and move services online/operate remotely where possible.
 - ▶ Provide guidance and investment in people: workforce training, productivity optimization, and other employer needs to boost employee stability.
 - Connect entrepreneurs and business owners with a local <u>Small</u>

 <u>Business Development Center</u> (SBDC) to scale up these types of assistance. SBDCs provide no-cost business consulting and low-cost training for existing and new businesses, and are funded in part by the U.S. Small Business Administration.
 - ▶ Eliminate unnecessary licensing requirements to allow workers to move geographically or shift from one sector to another, making growth easier and more dynamic.
 - ▶ Create opportunities for businesses to share ideas with one another and boost the local business ecosystem.
 - ⊳ Relax local regulations to allow businesses to operate more flexibly to meet public health guidelines, such as expanding space available for outdoor dining.
- To drive the early recovery, ensure that entrepreneurship dollars are investing in the types of businesses that drive economic growth, such as tech startups and other businesses that are designed to grow quickly, and that these dollars are supporting an entrepreneurial ecosystem that reflects your city or state's diversity.
- Increase access to capital for entrepreneurs, especially those historically underserved by the banking and finance sectors:
 - ▶ Support local and community banks, which are typically better at distributing capital to diverse businesses, or credit unions.
 - ▶ Create or support community development financial institutions (CDFIs), which offer affordable lending for disadvantaged people and communities and which can identify viable businesses in minority communities.
 - ▶ Consider a "second chance" lending program.
 - ▶ Implement an Angel Investor Tax Credit to incentivize investing in small businesses.
- Advocate for future federal funding that is more flexible than the PPP, and that offers "second chance" lending for entrepreneurs who have had to shut their doors despite receiving aid in the initial round of federal support.



Selected Examples from America's State, County, and City Governments

Convene stakeholders:

- Lincoln, NE, Mayor Leirion Gaylor Baird's <u>Task Force on Economic Recovery</u> convenes representatives from all types of businesses in her city to formulate policy recommendations that will address current needs as well as prepare the local economy for future shocks. The task force's <u>recommendations</u> include a number of the best practices highlighted in this document, including business to business support, improved procurement, workforce training, and direct financial assistance.
- In Chattanooga, TN, Mayor Andy Berke has leveraged local stakeholders in a variety of ways. Bank CEOs have directed more funds to CDFIs; a local entrepreneurship nonprofit is creating <u>business resiliency kits</u> to help business owners benefit from others' experience and knowledge on overcoming hurdles; and leadership councils convene stakeholders to tackle other problems.

Target city and state funding:

- Shelby County, TN Mayor Lee Harris is providing microgrants for specific sectors of business. For instance, "Our Beautiful Comeback" microgrants serve close contact businesses like barber shops and hair salons, which have high costs associated with re-opening, and represent a sector of business with high rates of minority participation. Businesses may apply for up to \$2,000 to offset the increased operating costs associated with new public health guidelines, and the program's popularity led to an expansion that allows individual operators to apply for \$500 grants.
- Albuquerque Mayor Tim Keller's <u>Buy Local initiative</u> encourages the community to support local businesses, but also leverages government spending by challenging city agencies to increase the number of contracts awarded to local vendors.
- Oakland Mayor Libby Schaaf partnered with a nonprofit for the city's <u>Small Business Emergency Grant Program</u>, which targeted grants to the most vulnerable business owners. The program successfully disbursed \$1.375 million to 275 low-income and minority business owners, with 75 percent of recipients classified as "extremely low-income" or making less than 30 percent of area median income.
- Rhode Island Treasurer Seth Magaziner's <u>BankLOCAL progam</u> moves state deposits to local banks and credit unions to make capital more accessible and support institutions that are lending to small businesses. BankLOCAL matches small business loans, and has deposited more than \$37.5 million into local banks.

Offer support beyond direct financial assistance:

- San Antonio's Mayor Ron Nirenberg is planning a generational investment in workforce development in this unique moment of economic disruption. His SA: Ready to Work program, which voters will decide on during the November general election, would make a four-year investment in up to 40,000 displaced workers to train them for the post-COVID economy. Workers would exit the program ready for higher-wage, in-demand jobs, and be provided with wraparound services and grants to give them the chance at improving their employment. The program would also benefit high-value industries in San Antonio, such as aerospace, technology, and bioscience, and ideally attract more of these companies in the future by creating a workforce ready to fill employer needs.
- Montgomery, AL Mayor Steven Reed's Economic Impact Task Force created the Recover Together Small Business Hub, a "one-stop clearinghouse" to connect small and minority-owned business with resources and aid for navigating the COVID economic crisis. The public-private partnership combines counseling and case management with community outreach so those who need help are getting it.
- Nevada Treasurer Zach Conine is working to ensure small businesses are prepared to take advantage of aid that's
 offered by providing "navigators" to guide business owners through relief applications.



Additional Resources

Brookings Metropolitan Policy Program: Metro Recovery Index Economic Innovation Group: data snapshots and other research

The NewDEAL Forum thanks Joseph Parilla from the Brookings Metropolitan Policy Program and Chris Slevin from the Economic Innovation Group for their contributions to this section.

Section 4: Making Transit Trustworthy & Accessible

System that gets residents where they need to go without burdensome delays, transfers, or high fares. Boosting transit usage is also a key factor in achieving cleaner air, less congestion on roads, and stronger economies with more opportunities for mobility. However, it has been difficult to achieve these goals in an efficient way, and people of color have born a disproportionate burden of the inefficiencies created by a system that has prioritized automobile traffic. Now, as the country recovers from the coronavirus pandemic, the problem of transit has become more complicated: How can we restore trust in the safety of taking transit? How can we fund improvements in transit in a time of extreme budget pressure? And how do leaders ensure that policy decisions made now address the long-term inefficiencies and inequalities that have impeded people's mobility?

The COVID-19 pandemic and ensuing shutdown changed how Americans work and live, and by extension how they travel, which has had an unprecedented effect on transit usage. In May 2020, Bloomberg CityLab reported that many



major metro area transit systems had seen 70 to 90 percent ridership losses since March, and research prepared for the American Public Transportation Association found that fare revenues were down nationally by 86 percent in April 2020 as compared to April 2019. TransitCenter estimated in April 2020 that transit agencies could face annual shortfalls of \$26-40 billion. As states and cities reopen, riders are wary of returning to public transit, given the necessity of spending time inside a train car or bus with strangers with little room to socially distance - a poll conducted by Northstar found half of respondents were concerned with transit's safety in the context of the pandemic.

As governments work to find a new normal for transit, questions of access remain. Since long before the pandemic, transit agencies and governments have lacked good data and sufficient funding to efficiently link the people who most need affordable transportation to their jobs and other destinations. Meanwhile, as Transportation for America Director Beth Osborne told our Task Force, politics have complicated efforts to stop inefficient programs and projects, leaving fewer resources for the best approaches to transportation policy. Now, governments are working with even tighter budgets, but Americans under similar financial pressures need affordable methods of transportation to reach their jobs. Essential workers are uniquely reliant on transit, representing 36 percent of regular transit ridership, and are also far more likely to be vulnerable to the economic and health impacts of the pandemic: Black and Latino workers are overrepresented in essential industries according to the BLS' Current Population Survey 2019; and many essential workers are earning less than the country's median wage. When essential workers are transit-dependent, it makes our economies transit-dependent, even for those not personally riding transit. In addition, an economic downturn could mean fewer people able to afford driving cars. That would only increase dependence on transit, and hurt the recovery if people can't physically get to available jobs.

In the short term, state and local governments must restore trust in transit's safety. In the long term, as North Carolina Department of Transportation Chief Deputy Secretary David Howard emphasized to the Task Force, governments should prioritize improvements in transit that restore or create access for vulnerable neighborhoods and populations, and remember that poorly-designed infrastructure projects can divide communities or perpetuate long-standing inequities. Limited funds require more efficient route planning to maximize benefits, and the immediate post-pandemic move away from cars to more pedestrian-friendly streets is one opportunity to make a permanent change that could boost local economies and increase transit ridership.

Rebuilding a New Normal: Key Principles and Policy Goals

- Take the overall transportation system into account: roadways and their design & placement; pedestrian access; bicycles, scooters, and other individual modes of transportation; buses; and trains.
 - ▶ Design or redesign transportation systems and roadways to benefit all types of users, not just vehicle users.
 - ▶ Ensure that planned roadways do not disconnect people from necessary transit options, like a highway that cuts off pedestrian and bike access to an otherwise convenient train station, and consider roadway updates or changes that re-establish access to existing transit.
 - ▶ Make dedicated space on roadways for buses.
 - Slow Streets and Vision Zero programs can make streets safer not just for pedestrians and alternative transportation, but also for transit.
- **Improve data collection** to measure not just movement and not just vehicles, but how people are using transit, and their access to work, businesses, and essential services.
 - ▶ Use data on transit use and infrastructure coupled with poverty or other indexes showing community inequity to map infrastructure needs and guide investment towards the neighborhoods that most need transit access.
 - ▶ Use GIS-based tools to evaluate transit effectiveness and how the system is connecting people to their jobs and services, looking at total time from front door to destination.
- Consider transportation in concert with land use decisions, and ensure that those decisions aren't creating barriers to transit goals or the types of transportation that residents prefer to use.
 - ▶ Residential and commercial construction should maximize travel via public transportation and walking/bike paths, cutting down on car trips and recognizing that highways cannot and should not be expanded indefinitely.
 - ▶ Prioritize collection and use of data about expected traffic impact when considering new residential and commercial development.
- Collaborate on innovative solutions to keep riders healthy and safe, and to make funding more effective by looking at transit needs across a metro area, county, or region:
 - ▶ States should also track any spread of COVID through mass transit, recognizing that a series of international studies have been "unable to tie any group of outbreaks to rail lines or city public transportation."
 - ▶ Use state or regional agencies to collect best practices from the area and help local systems implement solutions to effectively respond to COVID challenges.
 - ▶ Partner with local universities to understand developments in health protocols and learn about new tech solutions for making public spaces safe.
 - ▶ Work with other agencies and areas whose ridership or transit needs overlaps with your area to harmonize goals and make limited funding more effective.
- Regain riders' trust by creating a visibly safer environment:
 - ▶ Educate riders about safety measures and new expectations for riders, and provide help lines for updates or reports of noncompliance.
 - ▶ Consider ways to reduce contact and other exposure, like contactless pay for fares, clear curtains to separate areas or seats on buses and trains, and new ventilation systems.
 - ▶ Catch infections before they spread further by implementing low-cost instant result testing for transit staff, and contact tracing measures for riders where possible.

- **Prioritize equitable access**, as an easy means of connecting vulnerable communities to a wider array of jobs and economic opportunities with higher wages and pay.
 - ▶ Analyze transit and transportation metrics like vehicle ownership, commute times, cost burdens, job accessibility, and more through a lens of race and ethnicity. Research shows 60 percent of transit riders are people of color, and transit systems should guide investment to improve service for those communities, which have historically suffered from disconnection from city centers due to highways and other infrastructure.
 - ▶ Consider reducing or ending fares to restore low-income residents' ability to take transit in a time of increased financial instability.

Maximize impact of limited funding:

- ▶ Prioritize a high-quality line that connects the heart of the city and population, recognizing people will use less high-quality services to get to the high quality line. A hub and spoke system can be a good blend of train and buses: Light rail is extremely expensive up front but operation costs are \$0.19 to the dollar versus bus operation.
- > Streamline bus routes a bus that requires riders to walk a few blocks in exchange for a more direct and rapid route is more cost-effective for the city and more useful for riders than a slow bus that winds through a neighborhood.
- ▶ Remember that not all transit projects are good bad programs that aren't expanding access or making regular movement easier don't need to receive additional funding.
- **Support rural transit systems**, which often cannot recover from a shock like COVID's impact on travel:
 - ▶ Consider an on-demand service to balance transit needs with low ridership and high cost of operation.

Selected Examples from America's State, County, and City Governments

Thinking about the transportation system as a whole:

- Phoenix's Transportation 2050 plan, approved by voters in 2015 with support from then-Mayor Greg Stanton and now-Mayor, then-Councilmember Kate Gallego, charts an expanded investment in bus services and light rail, complemented by street changes to increase non-vehicle access. The plan aims to improve transportation for residents who drive, bike, walk, and ride transit, and by 2050 will add 75 miles of Bus Rapid Transit and 42 miles of light rail to provide riders with a premium transit service for faster and more reliable travel, among other goals.
- In 2019, **Shelby County, TN Mayor Lee Harris** established the county's first dedicated funding stream for public transit projects. Prior to the change, public transit was funded and administered by the City of Memphis, with no funding from Shelby County government. The new dedicated funding is approximately \$1 million per year and can be used by the Memphis Area Transit Authority to pay for capital projects that improve air quality, mitigate congestion, or reduce wear-and-tear on infrastructure.

Prioritizing equity & access in transit:

- Rochester, NY Mayor Lovely Warren is overseeing a <u>transformation of the city's I-490 Inner Loop</u> that has severed neighborhoods from the city center and its economic growth. The project is removing the Inner Loop highway and replacing it with a boulevard, reconnecting neighborhoods and <u>replacing highway space with new housing and developments to anchor new growth.</u>
- Kansas City, MO Mayor Quinton Lucas is implementing a program to provide zero fare transit service for the metro area, a move expected to grow ridership by 20% in the next five years (pre-COVID projections). ZeroFare KC could save up to \$2100 a year for a single parent using buses to get to work and get children to school, and a pre-COVID study showed it could improve the regional economy by \$13-17.9 million. Research indicates that money saved on bus fare will go toward housing, medical expenses, retail, and insurance.

Prioritizing equity & access in transit, con't:

- Richmond, VA Mayor Levar Stoney established an Office of Equitable Transit and Mobility to look at the city's transit and mobility infrastructure as a whole and ensure it serves residents' multi-modal needs, while taking into account the need to improve service for historically-underserved populations. The office will rethink existing roads & infrastructure and guide design of future projects to benefit all types of transportation, and will also tackle projects like zero fares, Vision Zero safety work, and liaising with regional transportation agencies.
- West Sacramento, CA Mayor Christopher Cabaldon has partnered with Via since 2018 to offer <u>on-demand public transportation</u> to fill gaps in the transit system. This on-demand system has been especially important to fill the needs of senior citizens and others who struggle with mobility.

Collaborate to develop and implement innovative solutions:

- NC Transit Cares is a statewide initiative of North Carolina's Department of Transportation, intended to provide a platform to discuss problems facing the state's transit systems, identify successful local innovation strategies, and help local and regional agencies share and implement these ideas from other areas. Kicked off just before the shutdown prompted by the pandemic, the initiative quickly retooled to add COVID response as a key pillar of their work.
- During his time as a state representative, Oregon Treasurer Tobias Read championed a bill that paved the way for the West Coast Infrastructure Exchange, which allows Oregon, California, Washington, and British Columbia to plan, build, and finance public infrastructure through partnerships with each other and with others.

Rethinking streets:

- Cleveland began implementing <u>dedicated bus lanes in existing roadways</u> in 2008 to create a true bus rapid transit system, and saw a boom in ridership right away, with a 48 percent increase in the first year of operation. The investment is estimated to have a \$114 return for every dollar invested, and has been credited with \$6 billion in economic development.
- Due to decreased travel following the shutdown and the increased need for outdoor space for retail and restaurants, many cities have been experimenting with closing streets to create temporary plazas and walkable areas, which has helped many Americans see the value of streets beyond vehicle use. New York City Councilmember Keith Powers sponsored the legislation that paved the way for street dining in Manhattan.

Additional Resources

Transportation for America: Maps & tools American Public Transportation Association:
Research and technical resources

State Smart Transportation Initiative: Resources on multimodal access for healthy economies & sustainable, equitable communities

The NewDEAL Forum thanks Transportation for America's Beth Osborne and NewDEAL Alumnus North Carolina Department of Transportation's David Howard for their contributions to this section.

Section 5: Expanding Access to Broadband

The importance of access to broadband in the post-COVID era was the subject of extensive work by the <u>NewDEAL Forum Education Policy Group</u> and was included in that group's 2020 report <u>"Policy Proposals for Aligning the Future of Education with Workforce Opportunities"</u>. This section is largely borrowed from that report, and the Renewing America Task Force is grateful for their partnership.

The pandemic brought with it a pivot to virtual work and school wherever possible, and access to quality broadband has never been more essential to American life than it is now. Before the pandemic, only 17 percent of workers were working a full week from home -- as of July 2020, 44 percent are working remotely 5 or more days per week. Accessing many social services, including telehealth services, requires broadband as well, meaning adults without connectivity will struggle to access work as well as the help they need to navigate the crisis.



For students, the closure of school buildings in the spring of 2020 disrupted education systems nationwide, and effectively ended instruction for the millions of students who lack broadband or devices, while also having deleterious impacts on their families' access to economic opportunity, health care, and more. These students are disproportionately people of color, older Americans, people with disabilities, the foreign-born, and people who live in rural areas. According to a study by the Alliance for Excellent Education, 50 million students nationwide lack computers, home internet service, or both. That includes 16.9 million

children – including one of three Black, Latino, and American Indian/Alaska Native households – who do not have high-speed home internet access. In the spring of 2020, a majority of teachers surveyed said that <u>fewer than half of their students were attending</u> virtual classes regularly. Participation was worse in high-poverty communities, and the problem has persisted into the 2020-21 school year.

The impact on achievement gaps cannot be overstated: In April 2020, <u>NWEA</u> estimated that students would lose 30% of their learning gains in reading and 50% in math from the spring COVID-related school closures alone. States are starting to confirm, and worsen, those projections: <u>Tennessee</u> reported that early data from fall 2020 suggests a 50% decrease in reading proficiency and 65% decrease in math for third grade students. Achievement gaps will continue to widen.

Students and workers who do not have high-speed connections are at a significant disadvantage, with long-term consequences for economic opportunity and mobility. While the federal government plays a leading role in funding expanded access to broadband, state and local policymakers have opportunities to address this challenge.

Rebuilding a New Normal: Key Principles and Policy Goals

Guiding principle: Identify gaps in broadband availability more accurately, and ensure that families and individuals are connected, both by infrastructure and by affordability of access.

- "Crowdsource" data on broadband availability:
 - ▶ The FCC currently considers an entire census block to have broadband access even if only a single home or business actually has service. State and local leaders can create maps for their jurisdictions that have a much more accurate representation of where broadband is, and is not, available.
- Establish a student right to broadband access, devices, and technical support:
 - ▶ Create a student entitlement to internet access and devices necessary to participate in virtual instruction for example, though a "digital student bill of rights" and provide school districts with the support and funding necessary for implementation.
 - ▶ Consider requiring tracking of which students and families have internet access and how they get online so resources are targeted better.
- Ensure that state funding supports both "last-mile" and "middle-mile" deployment, prioritizing unserved areas.
 - Most states have some funding for broadband expansion. But "middle-mile" deployment installations (which brings broadband to the community) must be combined with "last-mile" deployment (bringing broadband to individual homes and businesses). State and local policymakers should oversee effective use of existing funds and allocate additional funds to the highest need areas.



- Provide students with the tools for distance learning:
 - ▶ Urge districts to ensure all students have access to a "digital backpack", which should include a device and broadband internet (through a wireless hotspot or fixed connection at home). Just as schools ensure that students have textbooks, they must also be sure students can learn virtually.
 - ▶ Look at creative deployment of Wi-Fi-equipped school buses (e.g. in parking lots of housing developments).
- Educate families on the benefits of internet access to increase adoption:
 - ▶ Training on the benefits of connectivity will encourage families who might never have had Internet access, or have only had access via a cellphone, to take advantage of low-cost programs that will get them online.





Selected Examples from America's State, County, and City Governments

Improving data on availability:

West Virginia's <u>Broadband Enhancement Council</u>, established in 2016, works to expand access to broadband throughout the state, with a special emphasis on underserved areas. This has required mapping at the sub-census-block level. A state-level mapping and data collection program has enabled the state to make more targeted investments of where to invest in broadband deployment.

Middle-mile and last-mile deployment:

Colorado's <u>Broadband Fund</u> was created to extend broadband service to unserved areas of the state, with a focus on both middle-mile deployment (bringing broadband to rural communities) and last-mile development (access to individual homes and businesses). Since 2016, the Board has awarded \$34.1 million in grants to 43 projects, serving more than 17,000 households. The fund repurposes money from an assessment placed on all telecommunications service providers operating in Colorado.

Training and digital literacy:

■ Tennessee's <u>Training Opportunities for the Public</u> program, administered by the Tennessee State Library and Archives, provides up to \$20,000 for local libraries to improve digital literacy through training and access to technology.

Connectivity and devices for students:

- Philadelphia's PHLConnectED is a public-private partnership that connects up to 35,000 students and their families with two years of high-speed internet access at no charge. The program includes three components: (1) providing the households of K-12 students with wired, high-speed internet from Comcast's Internet Essentials program (or a wireless hotspot for families who are housing insecure); (2) ensuring that K-12 public students have access to the devices they need to participate in virtual instruction (such as laptops and tablets); and (3) offering outreach, digital navigation, and digital skills training to students and families with the greatest need. Comcast, along with other business and civic leaders, have partnered with the Philadelphia School District to make this program possible.
- In **Chicago**, a program called <u>Chicago Connected</u> provides free high-speed internet to about 100,000 Chicago Public School students by leveraging philanthropic and federal COVID-19 relief funds.

Additional Resources

NewDEAL Forum Education Policy Group: "Policy Proposals for Aligning the Future of Education with Workforce Opportunities"

Section 6: Modernizing the Safety Net

The pandemic has forced attention on the shortcomings of our nation's safety net, creating opportunities to reimagine and strengthen that system as policymakers focus on rethinking and rebuilding our economy. With the continued advances of automation, the rise of the gig economy, and the increasing cost of living, workers will need a robust safety net to ensure that they can care for their families and have the security to retrain and adapt to the job market.

While some jobs have recovered and unemployment filings have dropped since the summer, Americans filing for unemployment in the last week of 2020 remained stable and high at 787,000, with another 161,000 applying for special assistance for self-employed or freelance workers. These benefits may not offer enough help. The Washington Post reported that shoplifting of essential supplies - food, hygienic products, baby needs - is on the rise as a growing number of Americans turn to stealing to survive. There are also worrying signs that any economic recovery we have achieved is already faltering, with private employers shedding jobs in December for the first time since April. America's need for short- and long-term assistance remains great, and our social safety net may not be up to the challenge.

As Oregon Treasurer Tobias Read noted at a NewDEAL event on the safety net, we cannot let the restoration of a previous status quo be the limit of our ambitions. The total rupture caused by the pandemic is grave but is also a unique opportunity to update and remake our safety net with a long-term eye to ensuring that American workers and families are supported for success. While partnership with the federal government is necessary for the safety net to meet the challenges we face, state and local governments can and should be on the frontlines of key changes while creating national models for the best solutions.

Rebuilding a New Normal: Key Principles and Policy Goals

Guiding principle: Use this time of disruption and great need to address long-standing issues in our safety net, where possible, rather than simply expanding what already exists.

- Simplify and centralize social safety net data so that changes made in one system are reflected across all systems, making it easier to serve those in need and simplifying their ability to access services.
- In the short term, prioritize benefits programs that address hunger -- students and workers can't be successful when they are hungry.
- Advocate for increased direct federal funding to cities and states around building the safety net.
 - ▶ Emphasize Community Development Block Grants as a tool that helps governments restore the dignity of work and put people to work in their own communities with decent wages.
 - ▶ Recommend ways the federal government can make the design of funding more effective to tackle local or state challenges.
 - ▶ Urge the federal government to invest in a "Marshall Plan" for regions left behind by the changing economy. Cities that are doing well often rely on dollars from foundations or institutions, while others without those funding opportunities flounder. The federal government must be intentional about investing in these communities falling through the cracks.
 - ▶ Urge Congress to ease onerous compliance requirements for welfare program eligibility, which hinders many eligible workers in need from applying for aid.
 - ➤ Call for funding targeted at addressing issues in state social agencies that hinder existing programs from working as they should, such as inadequate staffing or old technology and systems.
- Advocate for or incentivize a fair wage at businesses in your city or state, large or small.

- Use innovations in financial access and education to make it easier for families and individuals to save and prepare for an uncertain future, and to access credit and banking services.
 - ▶ Provide free opportunities for financial education, potentially tied to programs to boost savings.
 - ▶ Explore alternative credit scoring tools that use social capital in a community to measure an individual's creditworthiness.
 - ▶ Support retirement savings by increasing access to savings plans, and making saving an opt-out system.
 - ▶ Facilitate short-term savings by adding "sidecar" accounts onto state retirement plans, providing workers with a way to create a cushion for emergencies.
- Pilot portable benefits programs to ensure that all workers -- including independent contractors and non-traditional workers -- have access to benefits like health care, workers compensation, and retirement savings. Key elements for establishing portable benefits programs include:
 - ▶ Establishing an entity (governed by the state or by an authorized non-profit) to provide benefits outside of the traditional employment relationship
 - ▶ Ensuring benefits include workers compensation, at a minimum, and then using remaining funds to give workers flexibility to choose from a range of the additional benefits through already-established qualified providers
 - ▶ Funding benefits primarily through payments by contracting entities (including online platforms and other entities that heavily rely on contractors) or by user fees not (predominantly) by contributions from workers
 - ▶ Defining clearly the workers to whom the benefits apply and the implications of policies for worker classification decisions under state law
 - ⊳ Supplementing benefits funds with government resources and/or programs, if necessary, to make health insurance, paid time off, and/or retirement savings available to all eligible workers
- Permanently expand and improve unemployment compensation, such as by:
 - ▶ Allowing independent contractors with steady earnings to opt into state UI plans
 - ▶ Reforming state-defined eligibility calculations that discourage/penalize non-traditional work:
 - Adopt alternative base periods and remove waiting weeks for benefits
 - Allow recipients to seek part-time work
 - Encourage workforce boards/job centers to train recipients for and connect them to non-traditional work opportunities
 - ➤ Creating a job-seekers' allowance for low-middle income independent contractors, new labor market entrants, and other workers ineligible for traditional UI
 - ▶ Reimagining UI as a tool to help retrain workers by offering eligible unemployed workers benefits like the following:
 - Training grants for certified short-term programs for in-demand occupations
 - Moving vouchers to help defray the cost of relocating to pursue better jobs
 - Bonuses if workers land a new job before income support expires
- In the midst of the pandemic-induced crisis of women leaving the workforce, recognize the importance of stronger paid family leave policies so that all parents and caregivers, especially women, are not forced to choose between providing important care for people they love and keeping the job they need to support their families

- Treat housing investments as essential and as an investment in Americans' ability to stay healthy and to stay
 employed, as changing norms of work due to the pandemic have led to many activities taking place from the
 home.
 - ▶ <u>See Section 1 on housing</u> for more detailed principles to address housing issues.
 - ▶ Evaluate the return on investment for housing projects not just on the immediate returns in rent or other income, but also on the impact housing stability can have on people over a longer period of time.
 - ▶ Encourage or incentivize developers to explore using new materials for housing construction to keep costs low but quality and safety high.
 - ▶ Stave off evictions for vulnerable families by implementing right to counsel programs, ensuring that tenants are protected regardless of economic status. Right to counsel programs also remove burdens on courts by streamlining the system.
 - ▶ Consider rent escrow programs, which allow renters to pay their regular rent into an escrow account inaccessible to the landlord unless the unit is kept in a fit and habitable condition. Rent escrow avoids evictions but ensures that tenants can still use rent payment as a lever to demand proper upkeep on their homes.

Selected Examples from America's State, County, and City Governments

Supporting financial education and savings:

- Oregon Treasurer Tobias Read's Oregon Saves program, which he championed as a state representative and now oversees its implementation as treasurer, is the nation's first state-level automatic enrollment retirement program for people who don't have access to retirement plans through their work. Employers can sign up with no fees to facilitate the program, and workers can carry their accounts even if they change jobs.
- St. Louis Treasurer Tishaura Jones' <u>College Kids savings accounts for kindergarteners</u> includes free financial education courses available for parents, and incentivizes attendance by tying them to additional deposits from the city into the child's savings account.

Piloting portable benefits programs:

- **New Jersey Senator Troy Singleton** has crafted a proposal to require contractors who facilitate services by 50 or more workers each year to contribute to a fund to provide benefits for those workers:
 - ▶ Contractors would contribute the lesser of 25% of the fee collected, or \$6/hour
 - ▶ Benefits must include worker's compensation insurance, and may include: health insurance, paid time off, retirement, and other benefits
 - ▶ Benefit providers must be non-profit entities and at least one-half of the board members must be workers or their representatives
 - ▶ Would not apply to workers represented by existing collective bargaining agreements

Addressing housing instability:

- See the Task Force's deeper dive on housing in Section 1 for a number of examples from around the country.
- In Maryland, renters can ask the court to <u>establish a rent escrow account</u> if their landlord is failing to keep their unit habitable. Once the account is established, the tenant can stay up to date on payments and cannot be evicted for non-payment of rent, but landlords may not receive payment until repairs have been made.



Additional Resources

Center for American Progress: Proposal for Job Seekers Allowance

Detailed policy brief on measures to improve American support for unemployed workers and working families

The NewDEAL Forum thanks Laurel Blatchford, Managing Director at Blue Meridian Partners, and NewDEAL Leaders Oregon Treasurer Tobias Read & Dayton Mayor Nan Whaley for their contributions to this section.

