

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.

Key Principles and Policy Goals, continued

- ▷ 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

Key Principles and Policy Goals, continued

- 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.
 - ▷ [See the Task Force's earlier release focusing on housing](#) 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 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'** [College Kids savings accounts for kindergarteners](#) 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

Selected Examples, continued

Addressing housing instability:

- See the [Task Force's earlier release focusing on housing](#) for a number of examples from around the country.
- In **Maryland**, renters can ask the court to [establish a rent escrow account](#) 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

NewDEAL Forum

Renewing America Task Force:

“Improving Access to Affordable Housing”

Previous release by this task force focusing on housing policy principles and goals

Center for American Progress:

Proposal for Job Seekers Allowance

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



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