Advancing a Robust & Equitable Response to COVID-19

HIGHLIGHT OF THE BUDGET & TAX CENTER’S WORK
Overview of our format

• All participants are on mute by default.
• We are recording the presentation and will share it with all registered guests within 24 hours following the presentation.
• We will be pivoting to Q&A about halfway through the hour – please enter your questions in the chat box.
• If you have further questions about today’s presentation, please contact kim_marie@ncjustice.org.
Agenda

Where we are now
Rick Glazier, Executive Director

The work of the Budget & Tax Center in COVID-19 Response
Alexandra Forter Sirota, Director

Q&A - 20 MINUTES
Kim-Marie McLellan, Deputy Director of Gifts and Endowments
We think big.

We know details matter.

We partner & collaborate.
Overview

NC can’t lose another decade

Length and severity of recession will depend on policy actions taken

Targeted and inclusive policies are crucial in the response

Building the will to act requires broad-based engagement and strategic communication
Recessions are harder on people of color

HEADLINE UNEMPLOYMENT RATE OVER LAST TWO RECESSIONS
Black workers are at greater risk from COVID-19 than their white peers.

More likely to have
- Preexisting health conditions
- Limited access to health care

More likely to live in
- Multi-generation households
- Dense housing

More likely to work
- In front-line industries
- Without health insurance
- Without paid sick days
- Without the ability to work at home

Learn more: go.epi.org/covidrace
Source: Economic Policy Institute
Public institutions must deliver anti-racist outcomes
Current economic and fiscal projections remain uncertain. Policy choices that support **people first** can deliver certainty and stronger recovery.
The End of Economic Expansion

Longest Economic Expansion on Record Ended by COVID-19

Length of expansions in months

<table>
<thead>
<tr>
<th>Expansion Period</th>
<th>Length</th>
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<tbody>
<tr>
<td>2009-’20</td>
<td>128*</td>
</tr>
<tr>
<td>2001-’07</td>
<td>72</td>
</tr>
<tr>
<td>1991-’01</td>
<td>120</td>
</tr>
<tr>
<td>1982-’90</td>
<td>93</td>
</tr>
<tr>
<td>1980-’81</td>
<td>12</td>
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<tr>
<td>1975-’80</td>
<td>60</td>
</tr>
<tr>
<td>1970-’73</td>
<td>36</td>
</tr>
<tr>
<td>1961-’69</td>
<td>105</td>
</tr>
<tr>
<td>1958-’60</td>
<td>24</td>
</tr>
<tr>
<td>1954-’57</td>
<td>39</td>
</tr>
<tr>
<td>1949-’53</td>
<td>42</td>
</tr>
<tr>
<td>1945-’48</td>
<td>36</td>
</tr>
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*Through February 2020
Source: National Bureau of Economic Research
Unemployment Insurance initial claims unprecedented, underrepresent harm
Economic harm and length of recession still being quantified

Deeper initial losses of work and wages than originally projected

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Risks of permanent closures of small businesses heightened
- Data from FEMA during natural disasters suggest 40 percent of businesses won't re-open
- Survey data in NC of child care providers suggest 1 in 3 would not be able to re-open without public support.
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Projected GDP Losses Due to COVID-19 Far Larger Than Losses in Great Recession

Percentage difference between potential and actual GDP

- **Great Recession**: GDP loss after the end of 2007
- **Pandemic**: Actual GDP loss after end of 2019
- **Pandemic**: Projected GDP loss


Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

Note: GDP = Gross Domestic Product.
Source: CBPP analysis of Congressional Budget Office data and Bureau of Economic Analysis data.
NC revenue losses estimated at $4.2 b.

FY 2019-20
$1.6 billion (6.6%)

FY 2020-21
$2.6 billion (9.9%)
$2 Billion in federal funds remain for N.C.

Amount passed by NCGA, $1,575,988,029, 44%

Remaining state Coronavirus Relief Funds, $2,009,011,971, 56%

Source: NC Budget & Tax Center analysis of HB 1043
Federal Fourth COVID-19 Package

- Aid to state and local governments
- 15% Increase in SNAP benefits for all North Carolinians who use SNAP
- Extension of UI programs
- Rent assistance and inclusive cash assistance
- Increase in federal share of Medicaid costs
Smart public policies will matter to the economic recovery

- Providing additional weeks of unemployment insurance, raising weekly benefit level
- Increasing access to food assistance
- Providing cash assistance to people facing economic insecurity
- Implementing a subsidized jobs program for low-income workers
- Increasing housing assistance to prevent a sharp rise in evictions and homelessness
- Ensuring budget stabilization through a combination of federal and new state dollars that maintains public services
Unmet needs & gaps in existing response

- Nearly 1 million North Carolinians have filed Unemployment Insurance claims to date
- Over 100,000 more people received food assistance in April
- An estimated 723,000 have lost employer-sponsored health insurance
- At least 1 in 5 work in occupations that put them at greater risk of contracting COVID-19
- One-third of child care providers say they will have trouble re-opening
Connecting the dots to address the gaps

**Administrative policy**—hazard pay for early childhood workers, increases in TANF and SNAP benefit levels, flexibility in application and recertifications

**Legislative policy**—cash assistance, remove barriers to food assistance and long-term systemic changes to anti-poverty programs
Local direct cash assistance for those left out of CARES Act

More than 670,000 North Carolinians missing out
More than 370,000 dependents aged 17 or older claimed on their parents' tax returns.
$563 million in cash to North Carolina households at risk
Healthy people build a healthy economy.
Discussion
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