



June 26, 2020

The Honorable Lamar Alexander
Chairman, U.S. Senate Committee on Health,
Education, Labor and Pensions
United States Senate
428 Senate Dirksen Office Building
Washington, DC 20510

The Honorable Patty Murray
Ranking Member, U.S. Senate Committee on
Health, Education, Labor and Pensions
United States Senate
428 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Alexander and Ranking Member Murray,

The threats that Covid-19 poses to our economy are clear. While communities are still dealing with the immediate health impacts, businesses continue to shutter, and the first wave of federal money dries up. However, what is lagging and will be extremely important for local governments, in particular, is starting to plan for recovery *now*.

Without effective business-oriented recovery efforts, the impacts on businesses will be devastating. According to the Federal Emergency Management Agency (FEMA), **over 40 percent of businesses do not reopen after a disaster**. Of those businesses that do reopen, roughly **25 percent fail within one year**, and the Small Business Administration (SBA) estimates that **over 90 percent fail within two years** of a disaster event. We acknowledge that these numbers will vary by region. Further, it is unknown how closely the business impacts from this global crisis will match data from past, largely regional, disaster events. Regardless, business failures are expected and those will cause a ripple effect of unemployment and economic instability. Without planning for the second and third order disruptions to the economy, the impact the current recession will have on the economy will be exacerbated.

With balanced budget requirements for state and local governments, it is difficult to see how states will find the resources to pay for the recovery, let alone start planning for the next disaster, pandemic or otherwise. In Oregon, for example, the most recent revenue projection puts the state in a \$1.5 billion hole¹. Moreover, the Oregon Office of Economic Analysis has indicated that “the state remains in the deepest, or most severe recession on record, with employment data back to 1939².” To counter-act these clear threats to critical partners in the recovery, we encourage the support of a number of programs and policies for a more rapid recovery and a more resilient future. These are

1. Massive investments in testing and tracing;
2. Investments in coordination of the economic recovery by increasing support for
 - a. Regional Resiliency Coordination Bodies
 - b. Regional Business Recovery Centers
 - c. Economic Development Administration (EDA) University Centers for Economic Development
 - d. AmeriCorps

¹ <https://oregoneconomicanalysis.com/2020/06/10/covid-19-the-revenue-forecast-in-context/>

² <https://oregoneconomicanalysis.com/2020/06/19/may-2020-employment-a-happy-surprise/>

Increasing support for testing and tracing: A quicker, more sustainable economic recovery requires **massive** amounts of testing and **extensive** amounts of contact tracing, commensurate with the threat to human health and the economic disruption. Recovery economically (and socially) from Covid-19 without pre-vaccine or herd-immunity, is going to rest almost exclusively on our ability to have widespread testing and tracing in every American community. This is underscored by the fact that national daily infections are now approaching the highest levels observed in April and the fact that many states are re-evaluating their phased reopening plans.

In our state, Oregon, we are lagging far behind what national experts have expressed is necessary for testing and tracing. By our calculations (see our testing/tracing white paper: https://bit.ly/reopening_oregon), Oregon is currently conducting testing to meet about *five percent (5%) of what experts have indicated will be necessary* to safely reopen without a vaccine or herd immunity. *The levels of contract tracing only this week achieved the level of tracing the state should have in place in non-emergency times—or about fifty percent (50%) of the capacity needed in a pandemic.* Where we are seeing success in our state it is from multi-sector, collective action by parties coming together to move the dial towards achieving that goal. To accomplish this in Oregon alone, we see the need to invest up to \$800 million in the next year to reach the appropriate goals of testing and tracing. Put into context, while \$800 million is a large number, it is only 0.3% of Oregon's 2019 GDP.

Increasing support for region resiliency coordination bodies: No single organization can provide all the functions that are required to implement an economic development strategy. An entire ecosystem of organizations exists around economic development including federal agencies, state agencies, local governments, private sector, education, and nonprofits. As a result, what we are seeing at this point is a lot of well-intentioned but uncoordinated efforts to shore up struggling businesses and address economic hardship.

Consequently, beyond the needs surrounding testing and tracing, we see the biggest threat to economic recovery as the lack of coordination across the economic development ecosystem. The ability to link, leverage, and align scarce resources is vital before, during, and after any disaster. A large part of the challenge is that no playbook or set of tested strategies exist to respond to *this* crisis—we will need to develop the playbook as the crisis unfolds. We have laid out our recommended framework for recovery in a white paper (https://bit.ly/covidrecovery_framework) that established a few core principles to guide the efforts. Central to these is that there is a need for leadership to link organizations across states and regions. Better coordination will lead to better investments to support recovery in the short, medium, and long-terms. We are now experiencing how pandemics challenge all parts of our society. It is now clear that preparing for the next pandemic (or the threat of any disaster) means that public and private leadership needs a shared understanding of their regional economics and advance planning for how to respond and recover. Investing and supporting this leadership and coordination is vital for recovery from the Covid-19 pandemic and future disasters.

Increasing support for the Economic Development Administration University Centers. EDA University Centers (EDAUC) around the country have been critical partners in the effort to link, leverage, and align efforts around economic recovery from the Covid-19 pandemic, thanks in part to additional support from the CARES Act. By providing technical assistance to distressed communities throughout the state of Oregon, we have contributed to building communities that are more resilient to all types of shocks, The ability of EDAUCs' to link transdisciplinary academic research, resources, and expertise to distressed communities, particularly those in rural areas, is only limited by the support we are provided by the EDA. We would encourage a substantial and rapid expansion of those funds to EDAUC's nationwide.

Increased support for the AmeriCorps program. AmeriCorps can serve as an avenue to quickly build local capacity for recovery. The AmeriCorps program at the University of Oregon, Resource Assistance for Rural Environments (or RARE), is being used as an agile response mechanism to engage our rural Oregon

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communities. For more than 25 years, the University of Oregon's RARE program has placed more than 500 AmeriCorps volunteers, or members, with rural non-profit providers and local governments to help communities advance priorities important to rural communities. For Oregon's rural communities, we will dedicating seven members who enter the program this fall for a year of service to work exclusively on Covid-19 recovery—while the entire cohort of 31 members will spend a portion of their time and effort on recovery work. AmeriCorps is an exceptional way to allow people to give back in this time of need, and in fact, the philanthropic community even supports RARE this year, but the need in rural Oregon always exceeds our ability to meet it—and this is a situation similar programs around the country are facing as well. By providing more support from the federal government during a recession to AmeriCorps we can provide a timely, skilled workforce to communities that need it most while providing members a pathway (back) to employment.

We appreciate the opportunity to provide input to the Committee on Health, Education, Labor and Pensions. The recovery from the pandemic-induced recession requires collective action and a substantial federal investment. The recommendations we have laid out in this letter are some of the most important steps to take to assure we do not slide into further recession, or worse a depression. We have provided links in the text to two of the white papers we have authored that guide our current thinking on the pandemic. We would welcome a deeper discussion on our Covid-19 response and recovery analysis and planning, should you be interested.

Sincerely,

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