

THREE PRINCIPLES

FOR AN ANTIRACIST, EQUITABLE STATE RESPONSE
TO COVID-19 – AND A STRONGER RECOVERY

May 2020

CCOVID-19's effects have underscored the ways our nation's history of racism, bias, and discrimination are embedded in our health, social, and economic systems. People of color are experiencing disproportionately more infections and hospitalizations – and Black people, highly disproportionate death rates – with people of color also overrepresented in jobs with higher infection risks and those hardest hit economically. Shaping these outcomes are structural barriers like wealth and income disparities, inadequate access to health care, and racial discrimination built into the health system. States therefore have critical policy choices to make: they can repeat and exacerbate these inequities, which will also damage the economy, or they can set another course – toward antiracist, equitable, and inclusive communities and an economic recovery that extends to *all* people.



Three principles should guide state policymakers in these equity efforts:

- 1** Target aid to those most in need due to the COVID-19 and consequent economic crises.
- 2** Advance antiracist and equitable policies – both short- and long-term – to dismantle persistent racial, gender, and economic inequities and other barriers non-dominant groups face.
- 3** Protect state finances to preserve the foundations of long-term economic growth and opportunity.

States can also make a broader commitment through steps such as an executive order, special commission, or task force to review their COVID-19 responses with equity in mind.

HOW STATE FISCAL POLICY AND EQUITY ARE LINKED

State fiscal policy choices help determine whether someone's race or ethnicity, gender, income, place of birth, or ZIP code affects their ability to achieve their potential and live unburdened by the hardships that poverty, racism, discrimination, and bias cause. That is true both in times of relative prosperity and in a recession, when state and local finances are in crisis. But in good times and bad, state (and federal) policy choices have too often excluded or done harm to those in non-dominant groups.



During the Great Recession, for example, states made deep cuts to core public investments, including assistance to K-12 schools, public systems of higher education, infrastructure and transportation, and economic supports for struggling families and communities. As they did, they laid off teachers and other public employees and set back needed investments in people and communities, thereby slowing the recovery.

People of color felt many of the most harmful effects, in part because historical racism and modern-day discrimination mean they're already more likely to be living in under-resourced neighborhoods and with little wealth to draw on in hard times. For example, Black households' median net worth fell three times faster than white households' between 2005 and 2009, when housing values plummeted and the recession struck. And, as revenues recovered post-recession, many states pursued tax cuts that added to advantages enjoyed by wealthy (mostly white) households, worsening these already large class and racial inequities.

Today's pandemic-induced recession threatens to be far more challenging. We've already seen unprecedented employment loss in an extremely short time due to necessary social distancing and shelter-in-place measures, and the economic fallout could leave states with \$765 billion or more in budget shortfalls over three years. In the face of these enormous challenges, adhering to these three equity principles will help states avoid mistakes made in responding to the Great Recession. It will also help direct COVID-19 relief spending where it's most needed, minimize cuts to critical services and public-sector jobs that are key to shared prosperity, target what cuts are needed to unproductive areas of spending, and make other policy improvements that can break down longstanding barriers to opportunity so that states are better positioned for equitable progress when the crisis ends.

1 TARGET AID TO THOSE MOST IN NEED DUE TO HEALTH, ECONOMIC CRISES

States' immediate policy responses should prioritize supports for people and communities most in need due to the pandemic and accompanying economic crisis. They should target aid to essential workers and people who, due to a lack of public investment, economic inequality, and historic and current discrimination and bias, were experiencing health and economic insecurity even before the crisis began. That includes those with chronic health issues or without health insurance, people who experience homelessness, and others facing major barriers to work or struggling on low pay. States can:

- Serve people experiencing homelessness and freeze evictions
- Expand cash assistance under Temporary Assistance for Needy Families (TANF)
- Adopt Medicaid expansion and extend health care to people who are undocumented
- Enhance food assistance for struggling families and individuals
- Establish emergency child care services for essential workers
- Protect funding for schools and support students most in need
- Release youth from confinement and support re-entry into schools and communities while social distancing
- Require and fund COVID-19 data tracking to understand its disparate impacts

2

ADVANCE ANTIRACIST, EQUITABLE POLICIES TO DISMANTLE PERSISTENT INEQUITIES

States can use this moment to address inequities due to historical racism and various forms of ongoing bias and discrimination. Racism and other structural barriers to opportunity have created underlying social, economic, and health conditions that have left people of color, especially Black people, women, immigrants, and Indigenous people, particularly at risk of coronavirus infection and, in the case of Black people, death. Black unemployment has been roughly twice as high as white unemployment on average for decades, and it's not much better in the best of times than white unemployment is in the worst. States should push against this trend in various ways:

- Use state-funded rental assistance to serve people in need
- Make state unemployment insurance systems more inclusive
- Adopt state-level emergency and permanent paid leave policies
- Boost incomes through state Earned Income Tax Credits (EITCs)
- Invest in high-poverty school districts
- Invest in higher education for those from non-dominant groups
- Eliminate criminal legal fees and base fines on ability to pay
- Help tribal governments harmed by the pandemic



3

PROTECT STATE FINANCES TO PRESERVE LONG-TERM GROWTH AND ENSURE OPPORTUNITY

State budgets face severe and mounting pressure from the COVID-19 outbreak and the economic fallout, especially without substantial additional federal aid.

States should protect the foundations of strong economies and avoid deepening and lengthening the downturn by focusing more on revenue-raising measures that generate resources in progressive ways, to promote equity and minimize cuts to public education, health care, and economic supports for residents. They can:

- Draw fully and immediately on “rainy day” funds and other reserves
- Raise revenue, especially from profitable corporations and the wealthy
- Roll back economic development incentives and other tax breaks for profitable corporations
- Reform or repeal restrictions on local government revenue-raising





== *About us:* ==

The State Priorities Partnership shapes state policies that reduce poverty, advance equity, and promote inclusive economies that pave the way for widespread prosperity. It is coordinated by the Center on Budget and Policy Priorities.

For more information, email:
stateprioritiespartnership@cbpp.org