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3 Principles for an Antiracist, Equitable State Response to COVID-19 — and a Stronger Recovery

By Erica Williams and Cortney Sanders

COVID-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 among Black people, highly disproportionate death rates — with people of color also overrepresented in jobs that are at higher infection risk now and in the jobs 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 also will 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:

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

Beyond the individual policy recommendations detailed below, states can make a broader commitment through steps such as an executive order or a special commission or task force to review their COVID-19 responses with equity in mind.

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

[1] Non-dominant groups and identities can include Black and brown people, Indigenous people, immigrants, low-wage workers who are often women and people of color, LGBTQ+ individuals, and families and individuals experiencing deep economic struggle, such as those who are homeless or face persistent barriers to work.

prosperity and in recession when state and local finances are in crisis. But in good times and bad, state (and federal) policy choices too often have excluded or done harm to those in non-dominant groups. (See text box for definitions of "non-dominant groups and identity" and other equity-related terms.) During the Great Recession, for example, states relied too heavily on cuts to services, which exacerbated unemployment and raised barriers to prosperity for low-income people and people of color. As revenues recovered post-recession, many states also pursued tax cuts that added to advantages enjoyed by wealthy (mostly white) households, worsening already large class and race 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 in budget shortfalls over three years, CBPP estimates.[2] In the face of these enormous challenges, adhering to the above 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.

Unprecedented Challenges Worsening Historical Inequities

States face rapidly rising costs as they seek to contain the virus and as more people turn to Medicaid, unemployment insurance (UI), and other forms of assistance to meet their basic needs. At the same time, states have far fewer resources to deal with the problem. Revenue projections for the current and coming fiscal year are plummeting, knocking state budgets far off kilter. In fact, states could face revenue shortfalls of $765 billion or more over the remainder of the current state fiscal year (which ends June 30 in most states) and the next two state fiscal years.[3] (See Figure 1.) The bulk of it will be concentrated in fiscal year 2021; at $370 billion, the revenue shortfall for that year will be larger than in the worst year of the state fiscal crisis caused by the Great Recession. And these estimates are for *state* budget shortfalls only; they don't reflect the additional shortfalls that *local* governments, territories, and tribal nations face.[4]

[2] Michael Leachman, "Projected State Shortfalls Grow as Economic Forecasts Worsen," CBPP, May 20, 2020, https://www.cbpp.org/blog/projected-state-shortfalls-grow-as-economic-forecasts-worsen.

[3] See also CBPP, "States Grappling With Hit to Tax Collections" updated May 20, 2020, https://www.cbpp.org/research/state-budget-and-tax/states-start-grappling-with-hit-to-tax-collections

[4] Leachman.

A Brief Definition of Equity-Related Terms

Policy is not race neutral. To the contrary, it is developed and implemented in a broader cultural context. Many longstanding policies that affect our ability to invest in people and communities to build shared prosperity were adopted within a culture in which the belief that white people are inherently superior to people of other racial groups was widely accepted and sometimes openly expressed. At times, in fact, white supremacy was an explicit policy goal.[a] But today's policies need not be explicitly race-based to worsen or extend longstanding racial inequities. Policies can have those effects if they ignore the history of governmental and private actions that enforced racial segregation and held back people of color or ignore the continuing impact of racial bias and other forms of discrimination that ultimately hold all of us back.

Below we define terms used in this report that help contextualize the need to advance social and racial justice, a priority often missing from state and local fiscal policymaking. We hope these definitions help policymakers and advocates name and think through the racial, ethnic, and gender impacts of policy decisions to make better-informed choices that can dismantle barriers to opportunity and build healthier, equitable communities and economies.

Antiracist policies: policies that actively seek to dismantle the racism embedded in our social, economic, and political systems and structures, which results in persistent racial inequities.[b]

Racial equity: what is achieved when racial and ethnic background no longer predict a group's social or economic well-being.

Structural racism: "the historical, cultural, institutional and interpersonal policies or practices that routinely advantage whites while producing cumulative and chronic adverse outcomes for people of color."[c]

Non-dominant groups and identities: groups of people that in a broader society have historically had fewer resources and less power and influence than another group of people, in ways that are institutionalized.[d]

People or communities of color: "Often the preferred collective term for referring to non-White racial groups.... It is important whenever possible to identify people through their own racial/ethnic group, as each has its own distinct experience and meaning and may be more appropriate."[e]

White supremacy: "The idea (ideology) that white people and the ideas, thoughts, beliefs, and actions of white people are superior to People of Color and their ideas, thoughts, beliefs, and actions…[and that are] ever present in our institutional and cultural assumptions that assign value…"f

a Michael Leachman *et al.*, "Advancing Racial Equity With State Tax Policy," CBPP, November 15, 2018, https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy.

b Ibram X. Kendi, *How to Be an Antiracist*, One World/Ballantine, 2019.

c Keith Lawrence and Terry Keleher, "Structural Racism," Race and Public Policy Conference, 2004, http://www.intergroupresources.com/rc/Definitions%20of%20Racism.pdf.

d University of Minnesota, "Communication in the Real World: An Introduction to Communication Studies," 2013, https://open.lib.umn.edu/communication/chapter/8-1-foundations-of-culture-and-identity/.

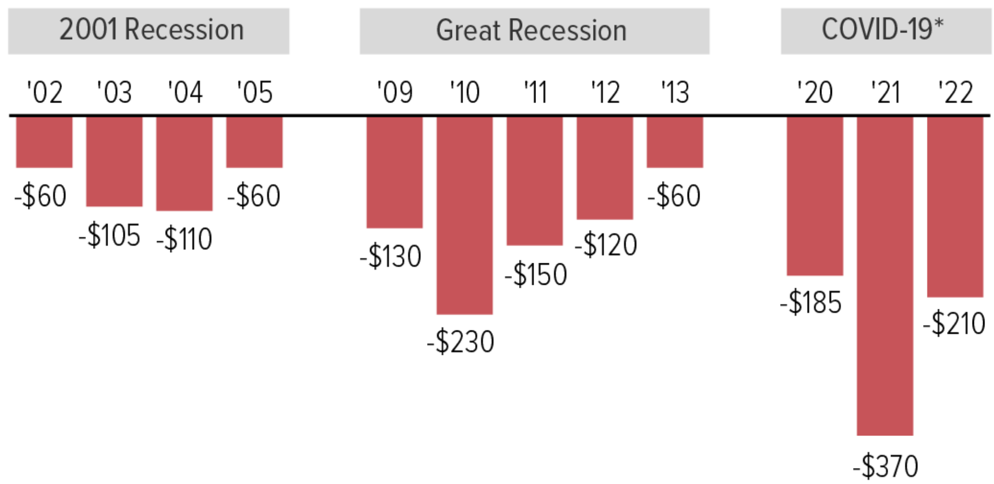
e Race Forward, "Race Reporting Guide," 2015, https://www.raceforward.org/reporting-guide.

f Dismantling Racism Works Book, "Racism Defined," http://www.dismantlingracism.org/racism-defined.html.

FIGURE 1

COVID-19 State Budget Shortfalls Could Be Largest on Record

Total state budget shortfall in each fiscal year, in billions of 2020 dollars



* Estimated based on CBPP calculations

Source: Pre 2014: CBPP survey; 2020 and following: CBPP calculations

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Losses of this scale could cause states to make short-sighted, inequitable decisions on where to concentrate budget cuts, especially given the requirement that they balance their operating budgets each year. Federal aid to state governments thus far[5] has failed to provide anywhere near the level of fiscal relief necessary to minimize public employee layoffs and cuts to key drivers of state budgets — K-12 schools and public systems of higher education, health care, and economic supports for families and communities. In April alone, states and localities furloughed or laid off nearly 1 million workers, a number that eclipses such losses following the Great Recession. (See Figure 2.) If states don't get the fiscal relief they need to restore those jobs, the situation will exacerbate already dismal economic conditions and could seriously weaken the nation's COVID-19 response.[6] In addition,

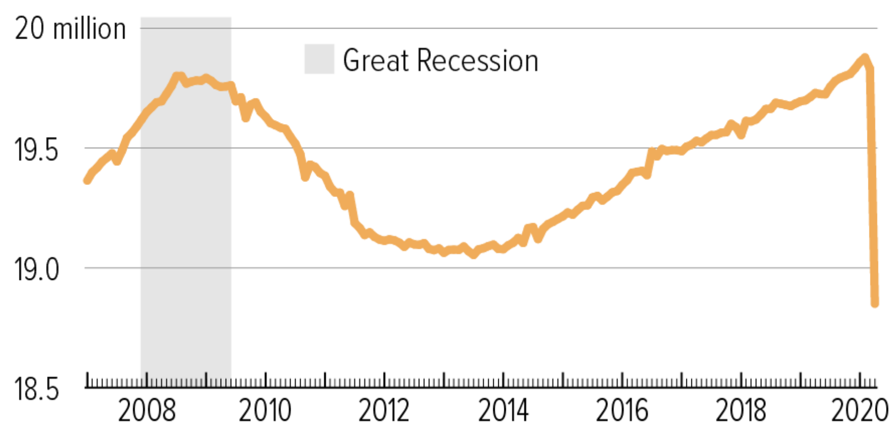
[5] As of this writing, the U.S. House of Representatives has passed the Heroes Act, which would provide substantial fiscal relief to state and local governments. For more information. See Robert Greenstein, "Pelosi Package Would Provide Essential Support for Economy, Relief to Households," CBPP, May 12, 2020, https://www.cbpp.org/press/statements/greenstein-pelosi-package-would-provide-essential-support-for-economy-relief-to.

[6] When states rely heavily on spending cuts, the result is layoffs for teachers and other public workers, the withdrawal of government contracts for local businesses, cuts in assistance for low-income families (which tend to quickly spend all income they receive to meet basic needs), and other reductions that worsen the economy's downturn. For example, in the last recession, states cut their spending by $290 billion, nearly three times as much as they raised in new taxes and fees. States and localities started laying off workers in summer 2008 and kept laying off workers for the next five years. By summer 2013 they had laid off nearly 750,000 people. These layoffs and other spending cuts deepened the recession and weakened the economy's recovery. Over the recovery's official first two years — June 2009 to June 2011 — the private sector added about 1.3 million jobs, but states and localities *cut* 450,000 jobs, substantially slowing the recovery's pace.

U.S. Treasury guidance bars state, tribal, and local governments from using the $150 billion in the Coronavirus Relief Fund provided under the CARES Act, to close revenue shortfalls, limiting the options available to lawmakers to fund core services. Treasury should reverse this limitation, but more importantly federal policymakers should give states significantly more fiscal relief and continue it as long as economic conditions warrant, with the economic fallout likely to outlast the pandemic itself. Doing so would ensure that states are far better equipped to make the choices needed to produce an equitable recovery and long-term shared progress and opportunity.

FIGURE 2

April's 1 Million Furloughs, Layoffs Put Total State and Local Employment Lower Than After Great Recession



Note: Figures include Bureau of Labor Statistics' seasonal adjustment. Jobs decline in April 2020 with no seasonal adjustment is 945,000.

Source: Bureau of Labor Statistics

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The need for such principled choices has always existed. As a policy matter, we know that white supremacy and structural racism created — and perpetuate — disparities in power, resources, and opportunities in ways that systematically disadvantage communities of color and preserve the privilege of an elite, largely white class. For example, some current state tax policy rules that limit our ability to build resources and invest in shared opportunity — such as various property tax limits and supermajority requirements to raise revenue — hail directly in some states from an explicit desire during the post-Reconstruction period of the late 19th century to reinforce white supremacy by making it harder to raise taxes on white property owners.[7] As a result of these and other barriers, the wealthiest 10 percent of white households hold nearly two-thirds of the country's wealth, and other white households about another fifth, leaving only 13 percent for everyone else. (See Figure 3.) Disparities like these bring harm to all too many Black and brown people and limit their ability to provide for their families and see their communities thrive. They also undermine our collective well-being, preventing countless people from taking full advantage of their skills or accessing

[7] Michael Leachman *et al.*, "Advancing Racial Equity With State Tax Policy," CBPP, November 15, 2018, https://www.cbpp.org/research/state-budget-and-tax/advancing-racial-equity-with-state-tax-policy.

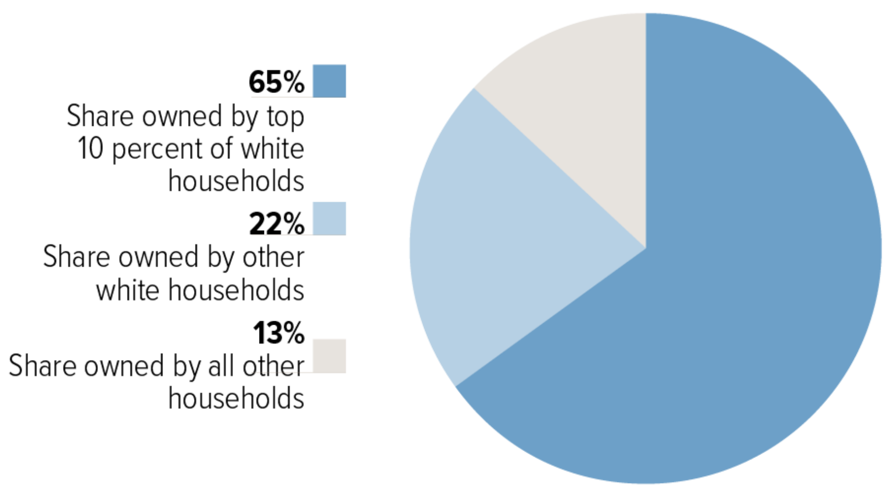
opportunities that would boost their economic contributions and make the economy stronger for everyone.

But the need for an equity focus is laid even more bare in this moment as the pandemic makes the effect of such policy choices increasingly clear.[8] Counties that are disproportionately Black, majority Latinx, majority Native American, or majority people of color have far more COVID-19 cases than disproportionately white counties, evidence shows.[9] People of color are also overrepresented in coronavirus-related hospitalizations, and in many places where disaggregated data are available, Black people are dramatically overrepresented among those who have died.[10]

FIGURE 3

Wealthiest 10 Percent of White Households Own Two-Thirds of U.S. Wealth

87 percent of wealth owned by white households



Source: Federal Reserve's Survey of Consumer Finances

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[8] Andre Perry, "Black Americans were forced into 'social distancing' long before the coronavirus," Brookings Institution, March 20, 2020, https://www.brookings.edu/blog/the-avenue/2020/03/20/black-americans-were-forced-into-social-distancing-long-before-the-coronavirus/.

[9] Jillian McGrath, Jim Kessler, and Akunna Cook, "Coronavirus is Decimating Racially Diverse Communities Large and Small," Third Way, April 27, 2020, https://www.thirdway.org/memo/coronavirus-is-decimating-racially-diverse-communities-large-and-small.

[10] See Centers for Disease Control and Prevention, "COVID-19 in Racial and Ethnic Minority Groups," updated April 22, 2020, https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/racial-ethnic-minorities.html; Michigan.gov, "Coronavirus: Michigan Data," accessed May 12, 2020, https://www.michigan.gov/coronavirus/0,9753,7-406-98163_98173---,00.html; Illinois Department of Public Health, "COVID-19 Statistics," accessed May 12, 2020, http://www.dph.illinois.gov/covid19/covid19-statistics; Louisiana Department of Health, "COVID-19," accessed May 12, 2020, http://ldh.la.gov/coronavirus/; and District of Columbia Office of Mayor Muriel Bowser, https://coronavirus.dc.gov/, accessed May 12, 2020.

Such disproportionate health outcomes are due in significant part to structural factors like inadequate access to health care, racial discrimination built into the health system,[11] and the social and economic legacies of the nation's racist past, particularly its history of oppression of Black people. In addition, the crisis' unprecedented unemployment levels are hitting hardest in lower-wage industries within which women and people of color, including immigrants, are overrepresented such as the retail and hospitality industries, restaurants, and child care. Some 24 percent of both Black and Latinx people are in service industry jobs, compared to 16 percent of white people.[12] In addition, workers in these industries who continue to be employed are at higher risk of contracting COVID-19 because their jobs generally don't allow them to shelter in place at home.[13]

States have critical choices to make that can do much to reverse these inequities. Three principles can guide them in their efforts.

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,[14] 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.** States can provide additional aid to shelters and create new spaces for sheltering such as in hotels and recreation centers; fund medical respite care for people leaving the hospital with no place to live; offer emergency rental assistance and utility payments; and freeze evictions across the board, now and as long as economic

[11] For an overview of this issue, see Martha Hostetter and Sarah Klein, "In Focus: Reducing Racial Disparities in Health Care by Confronting Racism," Commonwealth Fund, September 27, 2018, https://www.commonwealthfund.org/publications/newsletter-article/2018/sep/focus-reducing-racial-disparities-health-care-confronting. For a review of studies on discrimination and bias in health care systems, see William J. Hall *et al.*, "Implicit Racial/Ethnic Bias Among Health Care Professionals and Its Influence on Health Care Outcomes: A Systematic Review," *American Journal of Public Health*, Vol. 105, No. 12, E60–E76, https://doi.org/10.2105/AJPH.2015.302903.

[12] U.S. Bureau of Labor Statistics, "Labor force characteristics by race and ethnicity, 2018," BLS Reports, October 2019, https://www.bls.gov/opub/reports/race-and-ethnicity/2018/home.htm; Hye Jin Rho, Hayley Brown, and Shawn Fremstad, "A Basic Demographic Profile of Workers in Frontline Workers," Center for Economic and Policy Research, April 7, 2020, https://cepr.net/a-basic-demographic-profile-of-workers-in-frontline-industries/; and Chad Stone, "People Already Facing Opportunity Barriers Hit Hardest by Massive April Job Losses," CBPP, May 12, 2020, https://www.cbpp.org/blog/people-already-facing-opportunity-barriers-hit-hardest-by-massive-april-job-losses.

[13] American Civil Liberties Union of Massachusetts, "Data Show COVID-19 Is Hitting Essential Workers and People of Color Hardest," Data for Justice Project, April 8, 2020, https://www.aclum.org/en/publications/data-show-covid-19-hitting-essential-workers-and-people-color-hardest.

[14] LaDonna Pavetti and Peggy Bailey, "Boost Safety Net to Help People With Fewest Resources Pay for Basics During Crisis," CBPP, April 29, 2020, https://www.cbpp.org/research/poverty-and-inequality/boost-safety-net-to-help-people-with-fewest-resources-pay-for-basics.

conditions demand (while providing some compensation to owners) to prevent more people from losing their housing or living doubled-up with other people or families.[15]

- **Expand cash assistance under Temporary Assistance for Needy Families (TANF)**. To help families with persistent barriers to work, states can increase cash grants, lift TANF's income thresholds to expand eligibility, and eliminate restrictions to assistance such as work requirements and time limits. States also can create their own subsidized jobs or work-share programs that provide much-needed income and can ultimately lead to longer-term benefits such as unsubsidized employment, higher earnings, improved educational outcomes for participants' children, and fewer interactions with the criminal justice system.
- **Adopt Medicaid expansion and extend health care to people who are undocumented.** The 15 states that have yet to take up the Affordable Care Act's Medicaid expansion should do so now to ensure over 4 million people across the country have health coverage during the COVID-19 crisis and its aftermath.[16] States also can provide emergency Medicaid for undocumented immigrants who have COVID-19-related health conditions. And states can go further by implementing state-funded health programs to provide health coverage to people ineligible for Medicaid, like certain immigrants. Making health coverage accessible to as many residents as possible is crucial to keeping people healthy and safe and containing the spread of the virus.
- **Enhance food assistance for struggling families and individuals.** Under the Families First Coronavirus Response Act, states can employ a range of strategies to meet the much-increased demand for SNAP (food stamp) benefits. For example, to sustain proper nutrition and relieve financial strain as children are fed at home, states can request permission to provide school meal replacement benefits directly to families with children whose schools have closed due to the health crisis.
- **Establish emergency child care services for essential workers**, such as health care workers, grocery store staff, and child care workers themselves, during the COVID-19 crisis. States also should stabilize care providers, using the full flexibility of the $3.5 billion that the Coronavirus Aid, Relief, and Economic Security (CARES) Act provides in Child Care Development Block Grant funding, to ensure providers can quickly return to or expand operations when the health crisis has subsided.[17]
- **Protect funding for schools and support students most in need.** For example, states should ensure broadband access for K-12 and college students facing obstacles accessing required remote learning. That includes those unable to afford internet services or those in rural areas — including students living on tribal reservations — where those services are now

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[15] National Alliance to End Homelessness, "A Framework for COVID-19 Homelessness Response: Responding to the Intersecting Crises of Homelessness and COVID-19," https://endhomelessness.org/a-framework-for-covid-19-homelessness-response-responding-to-the-intersecting-crises-of-homelessness-and-covid-19/.

[16] Jessica Schubel, "States Can Quickly Expand Medicaid to Provide Coverage and Financial Security to Millions," CBPP, updated April 30, 2020, https://www.cbpp.org/research/health/states-can-quickly-expand-medicaid-to-provide-coverage-and-financial-security-to.

[17] Christine Johnson-Staub, "COVID-19 and State Child Care Assistance Programs: Immediate Considerations for State CCDF lead Agencies," CLASP, updated April 9, 2020, https://www.clasp.org/publications/fact-sheet/covid-19-and-state-child-care-assistance-programs-immediate-considerations.

unavailable.[18] States also need to protect services for English language learners, children with disabilities, and children from economically struggling families[19] and take steps to help them make up any lost ground due to necessary school closures.

- **Release youth from confinement and support re-entry into schools and communities while social distancing.**[20] States should downsize their juvenile facilities by releasing youth with low-level offenses or technical probation violations and encourage courts to prioritize cases for pre-adjudication to ensure youth are not detained longer than necessary. States should also dedicate funds to help youth exiting confinement meet basic needs such as food, medical supplies, and educational resources as part of their transition back into the community. For the thousands of youth who remain in facilities, states and localities should continue operating educational programing with online learning and should avoid disruption in mental health services and visitation from families or community partners by providing free online and telephone communication.
- **Require and fund COVID-19 data tracking to understand its disparate impacts.** State health departments should track data in ways that follow best practices and are comparable across jurisdictions, so that we understand the crisis' impacts across race, ethnicity, and other identities.[21] Understanding its disparate impacts is a critical step in determining the policy responses that can address the underlying factors that have led to inequitable health outcomes.

2: Advance Long-Term 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 tribal nations, particularly at risk of coronavirus infection and, in the case of Black people, death.[22] Black unemployment is roughly twice as high as white unemployment, on average over time, and it's not much better in the best of times than white unemployment is in the worst of times.[23] States should push against this trend in various ways:

- **Use state-funded rental assistance to serve people in need**. This is especially important for people at greater risk of homelessness or who face additional barriers to receiving federal rental assistance, such as people leaving jail or prison, people with substance use disorders,

[18] Anne Stauffer and Kathryn de Wit, "How States Support Broadband Projects," Pew Charitable Trusts, July 31, 2019, https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2019/07/how-states-support-broadband-projects.

[19] Michael Griffith, "COVID-19 and School Funding: What to Expect and What You Can Do," Learning Policy Institute, April 22, 2020, https://learningpolicyinstitute.org/blog/covid-19-and-school-funding-what-expect-and-what-you-can-do.

[20] Bill McBride, "COVID-19 Responses in the Juvenile Justice System," National Governors Association, March 30, 2020, https://www.nga.org/wp-content/uploads/2020/04/Memorandum_COVID-19-Responses-in-the-Juvenile-Justice-System.pdf.

[21] Alexis Madrigal, "Tracking Race and Ethnicity in the COVID-19 Pandemic," COVID Tracking Project, April 15, 2020, https://covidtracking.com/blog/tracking-race-and-ethnicity.

[22] Pavetti and Bailey.

[23] CBPP, "Chart Book: Tracking the Post-Great Recession Economy," updated May 15, 2020, https://www.cbpp.org/research/economy/chart-book-tracking-the-post-great-recession-economy.

people with mental health conditions, and immigrant families not eligible for other rental assistance. Some states and localities have already invested in their own rental assistance programs.[24] States can strengthen and expand those programs, using new federal relief funds to deliver rental assistance to those who need it most.

- **Make state UI systems more inclusive.** Many state UI systems exclude certain workers with low wages and part-time or contingent schedules, including many laid off due to the pandemic. These workers are disproportionately women and people of color. Congress expanded federal UI to many traditionally ineligible workers — independent contractors, self-employed people, and those with limited work histories or who have to quit their jobs for compelling family reasons — with the creation of an additional Pandemic Unemployment Assistance program. Unfortunately, largely due to outdated state UI infrastructure, states have been slow to implement this expansion. States should make every effort to expedite this assistance, and they should reform their UI systems to expand eligibility to as many workers as possible before temporary federal expansions of UI end. States should also consider ways to assist immigrants who are undocumented and who have been laid off due to the virus but are ineligible for existing federal and state benefits.[25]
- **Adopt state-level emergency and permanent paid leave policies.** Such policies should be responsive to workers' heightened caregiving responsibilities during the pandemic. In addition, once the health crisis has ended, state policies should make leave accessible to workers who are least likely to have paid leave through their employers, which includes many women, people of color, and immigrants.[26] Implementing robust and expansive paid leave policies in the states will help address current need and help protect workers who need to take leave from losing their jobs in future crises.
- **Boost incomes through state earned income tax credits (EITCs).** States can adopt and expand their own versions of the federal EITC,[27] including by increasing the credits' size and extending them to workers without Social Security numbers, largely immigrants who are undocumented. These credits help address the disparate racial impact of regressive taxes like sales taxes by boosting the after-tax incomes of low-wage households struggling to make ends meet. And while state and federal EITCs serve a larger number of white households than of households in any other racial or ethnic group (because there are more white households in the United States), they serve a larger *proportion* of people of color. The federal EITC in

[24] Anna Bailey, Peggy Bailey, and Douglas Rice, "Innovative Approaches to Providing Rental Assistance: States and Localities Seek To Support Health and Human Services Goals," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Cityscape: A Journal of Policy Development and Research*, Vol. 20, No. 2, 2018, https://www.huduser.gov/portal/periodicals/cityscpe/vol20num2/ch4.pdf.

[25] National Immigration Law Center, "State and Local Advocacy for an Immigrant-Inclusive Response to the COVID-19 Crisis," April 2020, https://www.nilc.org/resources-covid19-crisis-and-consequences/covid-19-shared-crisis-shared-solutions/#relief.

[26] Pronita Gupta and Tanya Goldman, "Low Job Quality Leaves Workers and Our Economy More Vulnerable to the Next Recession," Center for Law and Social Policy, September 2019, https://www.clasp.org/sites/default/files/publications/2019/09/2019_nextrecession.pdf.

[27] Erica Williams, Samantha Waxman, and Juliette Legendre, "States Can Adopt or Expand Earned Income Tax Credits to Build a Stronger Future Economy," CBPP, updated March 9, 2020, https://www.cbpp.org/research/state-budget-and-tax/states-can-adopt-or-expand-earned-income-tax-credits-to-build-a.

particular benefits 9 million women of color. (See Table 1.) EITCs also have a disproportionate impact in reducing poverty rates among households of color.

TABLE 1

Women (Filers and Spouses) Benefiting From Federal EITC

	Women Benefiting From the EITC	Average EITC Benefit	Share of Women in Racial and Ethnic Group Receiving the EITC
White, non-Latina	7,380,000	$1,600	9%
Latina	4,040,000	$2,100	21%
Black, non-Latina	3,260,000	$2,200	21%
Asian and Pacific Islander, non-Latina	970,000	$1,400	12%
Native American, non-Latina	220,000	$2,300	23%
Other, non-Latina	270,000	$2,100	17%
Total	16,140,000	$1,900	13%

Source: CBPP estimates based on March 2018 Current Population Survey data.

- **Invest in high-poverty school districts**. States can do so by protecting these districts from budget cuts and improving school funding formulas to better target dollars to children of color and those in lower-income households now and when revenues recover.[28] In many states, state and local funding for K-12 education delivers more dollars to wealthier districts than to poorer ones, and in other states, makes little to no distinction between wealthy and poor districts.[29] This is the case even as children in poorer neighborhoods and children in communities of color need more resources to combat the effects of racism and economic hardship on their educational outcomes. School districts with children from lower-income households often coordinate with broader community resources to provide essential supports like mental health services, food, health care, and after-school care. Increasing investment in schools in high-poverty neighborhoods can afford families greater access to these service "hubs," whereas most students from wealthier (often white) households can already afford these services.[30]
- **Invest in higher education for those from non-dominant groups.** States should hold down college tuition for low-income students and prioritize funding for regional colleges and universities that educate more students from lower-income areas, including rural areas, and students of color. States can also prioritize need-based student aid above merit-based programs, which can direct resources to college students from privileged backgrounds — typically white students and students from high-income and wealthier communities. States deeply cut higher education funding and sharply raised tuition over the past decade, especially

[28] Griffith.

[29] Danielle Farrie, Robert Kim, and David G. Sciarra, "Making the Grade 2019," Education Law Center, https://edlawcenter.org/assets/Making-the-Grade/Making%20the%20Grade%202019.pdf.

[30] Michael B. Horn, Julia Freeland, and Stuart M. Butler, "Schools as Community Hubs: Integrating Support Services to Drive Educational Outcomes," Brookings Institution, September 2015, https://www.brookings.edu/wp-content/uploads/2016/06/Horn-Freeland-Paper-FINAL.pdf.

burdening students of color. The net price of a four-year institution of higher education now equals 40 percent or more of the median household income for Latinx and Black households in many states, much higher than for the median white household.[31] (See Figure 4.)

- **Eliminate criminal legal fees and base fines on ability to pay.** In the midst of the pandemic, states and localities should discharge all outstanding fines, fees, and court debt or at least stop penalizing and jailing individuals for unpaid fines and fees.[32] In addition, states should go further in reforming or eliminating laws that have led to extremely high rates of incarceration, especially harmed Black and brown communities, and left those in detention facilities at greater risk of infection. States should also stop suspending driver's licenses for unpaid fees and fines.
- **Help tribal governments harmed by the pandemic.** Many tribal governments lack an adequate tax base and use revenue from tribal enterprises and member-owned businesses to fund government operations and services. The economic downturn has hit many of these sectors — such as tourism and conferences, gaming and hotels, and energy development — particularly hard.[33] American Indian and Alaska Natives are more vulnerable to health complications associated with the virus, in part because the federal government has failed to meet its trust and treaty obligations to adequately fund tribal health services and other supports. The federal government should provide additional aid, but states can also help by providing aid to tribal colleges and universities in their state; investing in rural, tribal, and urban Indian health centers; and expanding access to broadband to ensure access to telehealth and remote work and education.[34]

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[31] The net price of attending a public four-year institution is the published tuition and fees, room and board, and books and supplies minus the average aid received for a student. For a full explanation of the data, see Michael Mitchell, Michael Leachman, and Matt Saenz, "State Higher Education Funding Cuts Have Pushed Costs to Students, Worsened Inequality," CBPP, October 24, 2019, https://www.cbpp.org/research/state-budget-and-tax/state-higher-education-funding-cuts-have-pushed-costs-to-students.

[32] Fines & Fees Justice Center, "COVID-19 Crisis: FFJC Policy Recommendations and Policy Tracker," May 6, 2020, https://finesandfeesjusticecenter.org/articles/ffjc-policy-recommendations-for-the-covid-19-crisis/.

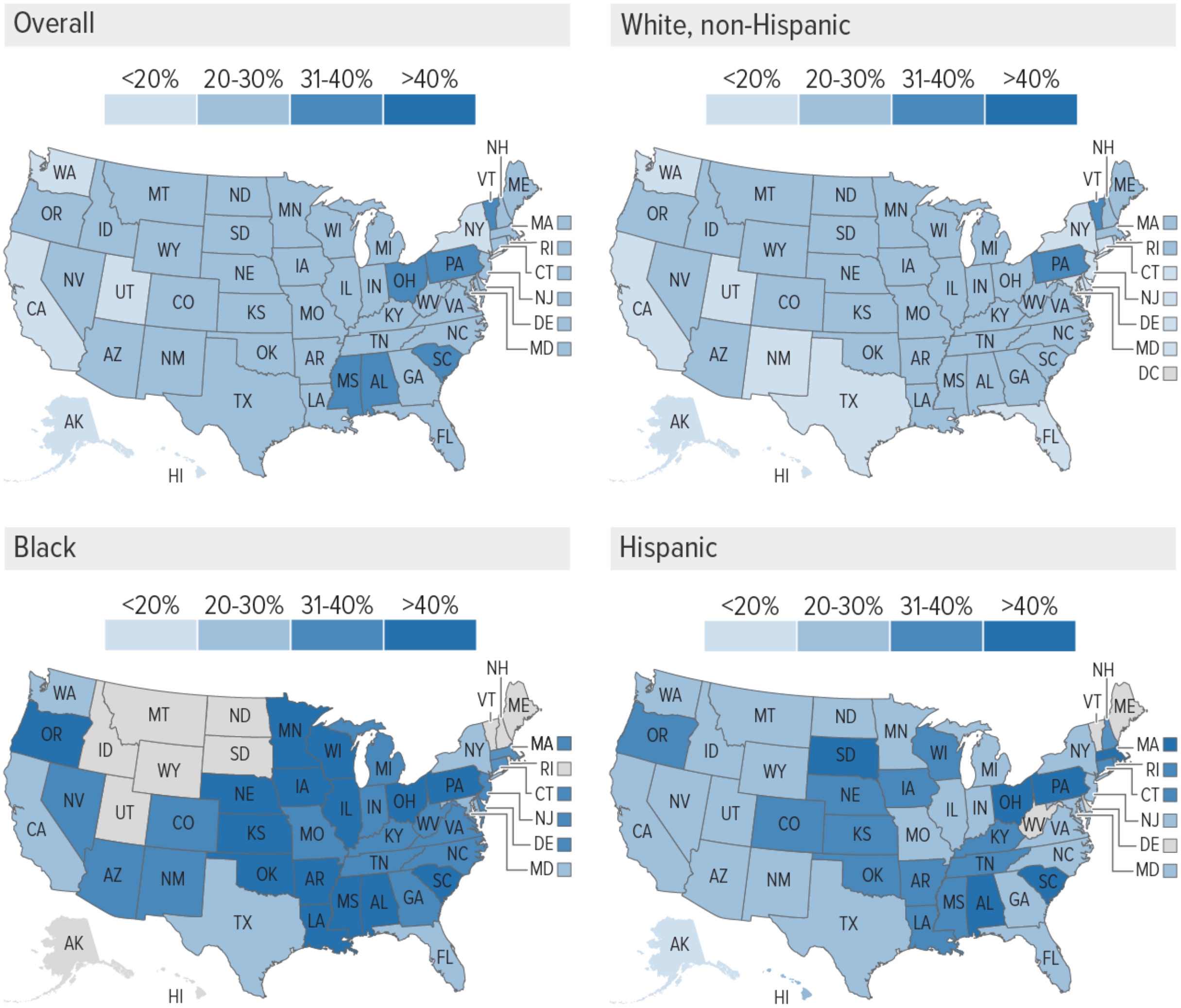
[33] Joshuah Marshall, "Tribal Nations — Highly Vulnerable to COVID-19 — Need More Federal Relief," CBPP, April 1, 2020, https://www.cbpp.org/blog/tribal-nations-highly-vulnerable-to-covid-19-need-more-federal-relief.

[34] Christine A. Nelson and Joanna R. Frye, "Tribal College and University Funding: Tribal Sovereignty at the Intersection of Federal, State, and Local Funding," American Council on Education/Center for Policy Research and Strategy, May 2016, https://www.acenet.edu/Documents/Tribal-College-and-University-Funding.pdf.

FIGURE 4

Public College Less Affordable for Black, Hispanic Students

Net cost for four-year college as a share of median household income, 2017



Sources: American Community Survey 1-Year Estimates (Table B19013) and NCES Integrated Postsecondary Education Data System

Notes: Results are not included where the standard error associated with the median income is more than 10 percent of the estimated median income. For Black households in all states with non-suppressed results, and Hispanic households in all such states except Hawaii and Montana, the median income for that group is statistically different from that of non-Hispanic white households. Note that suppression and statistical significance tests are tied to median income, not average net cost as a share of (estimated) median income. Some people in the "Black" category may also identify as "Hispanic," so these categories are not necessarily exclusive.

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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. Without substantial additional federal aid, states likely will cut services, and what they choose to cut will have significant effects on equity. 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. While these policy choices made life harder for many people across racial categories, people of color felt many of the most harmful effects, in part because historical racism and modern-day discrimination often leave them with little wealth to draw on in hard times and living in neighborhoods where schools and other public infrastructure are already weak and because they are disproportionately affected by the criminal justice system. 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.[35]

This time, states can 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, in order 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.** This will help stave off deep cuts and minimize public-sector job losses. People of color are especially likely to lose their jobs when states cut funding for public supports. Rainy day funds were designed to minimize cuts to services in adverse economic times, and while states generally do put these funds to use, they don't always draw them down as much as they should when the economy turns down. In some cases, this is due to short-sighted limitations on using the funds or requirements to replenish them when the economy is still weak from a prior recession. States should reform these policies and act quickly to do so.
- **Raise revenue, especially from profitable corporations and the wealthy.** Past policy decisions have produced state and local tax systems that ask the least — as a share of income — of wealthy, mostly white households, thereby extending and expanding wealth and income disparities often built or aggravated by racism. States have a choice during downturns: cut services, often in ways that harm families most in need, or raise revenue. That's a racialized choice, given the country's history and ongoing biases. Moreover, tax increases are a particularly good option for states needing to close budget shortfalls in bad economic times, especially when those measures target the wealthy, whose consumption is least affected by economic downturns. States also should remove revenue-raising barriers, such as supermajority vote requirements, that were born from historical racism and allow a small group of lawmakers to slow or block tax measures even when they have majority support.
- **Roll back economic development incentives and other tax breaks for profitable corporations.** Economic development incentives cost states about $45 billion per year, in

[35] Chris Famighetti and Darrick Hamilton, "The Great Recession, Education & Home Ownership," Kirwan Institute, June 2019, http://kirwaninstitute.osu.edu/wp-content/uploads/2019/07/GreatRecessionHousingEducation.pdf.

aggregate, despite evidence that they are largely ineffective. Other tax breaks often reward companies for business activity in which they would have engaged anyway or have a low "bang for the buck." Rolling back ineffective breaks to improve economic supports for people in hard-hit communities of color would also improve racial equity, and the corporations that benefit the most from these breaks typically are owned by mostly wealthy and white shareholders.[36]

- **Reform or repeal restrictions on local government revenue-raising.** The pandemic is sharply increasing costs and reducing revenue not just for states but also for localities, making it much harder for them to provide basic community services like schools, parks, and clean water. States can remove unnecessarily strict barriers to raising revenue at the local level, such as property tax limitations that expand racial income gaps by providing disproportionate savings to white homeowners. Such individuals are more likely than Black or Latinx people to own expensive homes, in part because past government policies segregated people of color in lower-value areas.[37]

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[36] Lisa J Dettling *et al.*, "Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances," Federal Reserve Board, September 27, 2017, https://www.federalreserve.gov/econres/notes/feds-notes/recent-trends-in-wealth-holding-by-race-and-ethnicity-evidence-from-the-survey-of-consumer-finances-20170927.htm.

[37] Iris J. Lav and Michael Leachman, "State Limits on Property Taxes Hamstring Local Services and Should Be Relaxed or Repealed," CBPP, July 18, 2018, https://www.cbpp.org/research/state-budget-and-tax/state-limits-on-property-taxes-hamstring-local-services-and-should-be.