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THE CORONAVIRUS CRISIS: PAVING THE WAY TO AN EQUITABLE RECOVERY

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING THE AFFECT OF THE CORONAVIRUS CRISIS AND THE IMPORTANCE OF A RECOVERY THAT SUPPORTS ALL AMERICANS

FEBRUARY 18, 2021

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C O N T E N T S

THURSDAY, FEBRUARY 18, 2021

WITNESSES

Additional Material Supplied for the Record

THE CORONAVIRUS CRISIS: PAVING THE WAY TO AN EQUITABLE RECOVERY

THURSDAY, FEBRUARY 18, 2021

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 11 a.m., via Webex, Hon. Sherrod Brown, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN SHERROD BROWN

Chairman BROWN. The hearing will come to order. The hearing is in the virtual format which we have done under Senator Toomey and under Senator Crapo a number of times in the past.

For those joining remotely, there are a few reminders. Once you start speaking, both for witnesses and Members, there will be a slight delay before you are displayed on the screen. Do not let that throw you. Just begin.

To minimize background noise, please click the mute button until it is your turn to speak or ask questions. That will help us. If there is a technology issue, we will move to the next Senator. Cameron Ricker is so good at this, so he will help you fix that. But we will move to the next Senator or witness until it is resolved just to keep things moving.

Each witness will have 5 minutes to speak for your statement, of course. For all Senators, the 5-minute clock still applies for your questions. You can see the 5-minute clock on the screen for most of you.

At 30 seconds remaining—and Chairman Crapo set this up; I think it is a good thing to do—you will hear a bell ring—you should each hear it; we will all hear it—to remind you your time is almost expired. Some people have trouble seeing the clock, so it will ring again when your time has expired.

And to simplify the speaking order process, Senator Toomey and I have agreed to go by seniority, not time of arrival, as we do in person, but go by seniority for this hearing. It will just be simpler.

So thank you for going through all that, and welcome to all of you to the hearing, Members and witnesses.

It should not be a surprise that our first hearing is about the coronavirus. It has affected every American's health and home and family and workplace. It has obviously affected the entire economy for nearly the last year.

On this and on all of the issues to come before this Committee, we are going to get to work for all the Americans who have not had much of a voice in Washington or in our economy.

Ohioans and working families all over the country know what that is like. They have too much experience watching the largest multinational corporations thrive, while too often our communities, our small businesses, our workers get left behind.

Long before the Great Recession, our trade and tax policy abandoned the industrial heartland and working-class towns and neighborhoods all over the country, frankly, too often with bipartisan support. Communities from the Mahoning Valley to the Mon Valley, from Newark, Ohio, to Newark, New Jersey, all watched factory after factory close, with no plan to rebuild our local economies. Entire neighborhoods and entire towns hollowed out.

People felt like their hard work no longer paid off. For Black and brown workers, it had never really paid off like it should. They were the first to be preyed on by shady mortgage lenders, the first to lose their jobs, the first to get foreclosed on.

Now they feel like they are watching history repeat itself.

My colleagues on this Committee have heard me say many times that this pandemic has been the "Great Revealer". It has laid bare what so many Americans already knew: that millions of workers have little economic security; they cannot get a foothold in this economy, no matter how hard they work.

So many families are one emergency away from draining what little savings they have, or turning to a payday lender, or getting evicted.

If the bus quits running after 10 o'clock and she cannot make it to her night shift, she loses her job. If the restaurant where he works cuts back his hours, he has to choose between paying the rent or paying the electric bill.

Last year, I was talking to a grocery worker in southwest Ohio who told me, "They call me 'essential,' but I feel expendable. They do not pay me much, they do not protect me at work."

It is not a coincidence that many of the workers corporations treat as expendable are Black and brown workers; so often they are women.

This pandemic has not just exposed racial disparities and income inequality and gender disparities. It has made them worse.

Black and brown Americans are more likely to work in frontline jobs that cannot be done remotely, where they are more likely to be exposed to the virus and the anxiety that they bring home with them. They are less likely to have paid leave, making them more likely to lose their job if they get sick or if their child gets sick.

They have less savings to fall back on because of generations of wealth inequality. Black small businesses have closed at twice the rate of white small businesses.

The system that has been making it harder for their work to pay off and putting their lives at risk for generations—long before this virus appeared.

And as for the toll this pandemic has taken on women, ask any mother how she is doing now. Millions of American women now have had three jobs for the last 11 months: they are full-time caregivers, they are teaching their children, they are doing the job they had before the pandemic. And notice, only one of those three jobs actually comes with a paycheck.

For 2.3 million women, they simply cannot do all three. They have been forced out of the workforce altogether. That is 2.3 million families scraping by with less, trying to figure out how they will pay the mortgage or pay for health insurance or pay for groceries this month.

It is always the same story. When the biggest corporations and the largest banks need help, their allies in Washington spring into action. But when the rest of the country needs investment and support, they pretend we cannot afford it.

Today, under new leadership on this Committee, we have a clear message: Those days are over.

We will not settle for less. Black and brown workers do not have to settle for a system that treats them and their lives as expendable. Mothers do not have to settle for doing three jobs with no help. Small businesses like are represented on this panel today do not have to settle for scraps while they watch corporate profits soar.

Ohio and the rest of the country do not have to settle for a Wall Street-first recovery.

We are the world's richest country with the world's largest economy. We have the resources to rise to meet the challenge for everyone.

That is what President Biden is doing with his rescue plan. It is what we will do on this Committee, starting today.

Our witnesses will make clear the importance of a recovery that supports all Americans. We will hear from the president of the Nation's largest transit workers union, who is working to keep his members safe amidst great difficulty.

We will hear from a small business owner who is struggling to keep his doors open and his workers on the job.

We will hear from a legal services lawyer from Columbus who has spent much of his time trying to help people stay in their homes.

We will hear from the mayor of an industrial town that has suffered disinvestment for decades, has been stereotyped by national pundits, and is now facing the same challenges as cities and towns and neighborhoods in all of our States.

These are the voices that have been ignored or shouted down, even ridiculed by corporate elites, their newspaper of record, and too many in Washington. That ends now.

We will get help to people—all people—to stay in their homes and pay their bills. We will keep the doors open at minority-owned businesses that entrepreneurs have worked their whole lives to build. We will keep our buses and trains running and keep those workers on the job.

It is about recovery, it is about rebuilding. It is about empowering all Americans—no matter who you are, no matter where you live, no matter what kind of work you do—it is about investing in all communities.

We will show the American people—all people—that for a change their Government is on their side. It is time to get to work.

Senator Toomey.

OPENING STATEMENT OF SENATOR PATRICK J. TOOMEY

Senator TOOMEY. Thank you, Chairman Brown.

Less than a month ago, President Biden made a call for unity, and he promised a COVID strategy "based on truth, not politics," "based on science, not denial." That is a quote. And it is what makes it so disappointing that our Democratic colleagues and the White House are pushing this $1.9 trillion spending bill. They are using a process that is designed to not find common ground, designed to be purely partisan. It is not informed by any objective measure of needs. The only organizing principle seems to be to spend as much money as possible and willfully ignore the adverse impacts of these policies.

Now, COVID had been an extraordinary crisis, no question about it, and Congress responded in an extraordinary way. When the Government shut down the economy because of COVID in March and April of last year, it produced a crisis that Congress responded to with, over the course of last year, five overwhelmingly bipartisan bills, almost $4 trillion in relief. One of these bills was signed into law less than 2 months ago. And now, and for some time now, the economy has been in a recovery mode.

In April, the unemployment rate was 14.8 percent. In January of this year, it is down to 6.3 percent, and 18 States have unemployment rates below 5 percent. GDP growth in the last two quarters has been extraordinary, and the consensus for this entire year is to have extremely strong economic growth, could be as much as 5 percent.

Now, there is certainly serious suffering occurring in those industries, among workers in the industries that have been hard hit: hospitality, travel, entertainment, leisure. But this bill is not targeted at them. This bill is a wasteful, not at all targeted, and largely unrelated to COVID bill. Just consider some of the items.

The so-called universal stimulus checks, the vast majority of the 160 million Americans that have received checks never experienced any loss of income. And under President Biden's plan, if they follow the eligibility criteria of the first two rounds, then there will be families with six-figure incomes, no loss of income, and they will receive another $10,000-plus in checks.

Extra unemployment insurance benefits will result in about half of all beneficiaries getting paid more not to work than they get paid to work. How does that respect the dignity of work?

A minimum wage increase to $15 that the CBO projects will cost 1.3 million to 3.7 million jobs and deny so many young people especially that first step on the economic ladder.

We have a witness today, Gianni Cracchiolo, and he is going to tell us firsthand the kind of impact on his employees of the $15 minimum wage he has been subject to.

State and local government, another terrible idea driven by apparently a desire to bail out fiscally irresponsible cities and States.

Consider this: In the aggregate, State and local governments for 2020 took in an all-time record amount of revenue.

Let me say this again: There was no huge collapse of revenue. In 2020, State and local governments set a new all-time record high for revenue. That does not count the $572 billion that we sent them anyway over the course of last year, and now we are told we need to send them another $350 billion on top of that.

Transit, $30 billion. Congress already provided $39 billion for transit of which $14 billion was appropriated just 2 months ago. We are now supposed to send yet another $30 billion.

Housing, $40 billion for housing assistance. We provided $40 billion in response to COVID and $25 billion for rental assistance, again, less than 2 months ago. And that is all, of course, on top of the $800 billion the Federal Government has provided in stimulus checks and unemployment insurance benefits to cover expenses like rents and mortgages.

So, Mr. Chairman, it is disappointing to me that the President's call for unity is starting to ring hollow. All five—all five—of the relief bills enacted to do were overwhelmingly bipartisan. There is a reason that this one is not, and it is because there is no rational economic justification for what is in it. This bill is not about COVID. It is not about an economic recovery. It is not about stimulus. It appears to be more about enacting a longstanding Democratic Party wish list.

The focus of Congress should be working to return the economy to the pre-COVID strength we had where we were at record low unemployment levels and there were more job openings than there were people looking for jobs. That is what we need to get back to.

One of the things that we should be insisting on is that schools reopen. The President says he is going to be guided by science. Well, the science is in. CDC research shows it is safe to reopen schools and it is necessary for the sake of our kids that we do so. These closures have been very harmful to student performance and well-being in a variety of ways.

So, Mr. Chairman, I think the focus should be on the actions that will help this economy recover instead of using the pandemic and the past economic crisis of early last year to justify partisan policy priorities.

Chairman BROWN. Thank you, Senator Toomey.

I will introduce the five witnesses, and then we will begin in the order of introduction, so I will start with Mr. Costa. After I introduce each of the five of you, Mr. Costa, your testimony will go first.

Mr. John Costa is international president, Amalgamated Transit Union. He joined Local 819 in his hometown of Newark, New Jersey, as a rail maintenance worker about 40 years ago. He was local president for three terms. Following heading the New Jersey ATU, in 2010 he became international vice president and international president in 2019. Welcome, President Costa. Thank you for pushing for better wages and safer working conditions for the transit workforce.

Mr. Jamael Tito Brown is the 51st mayor of the city of Youngstown, Ohio. Prior to becoming mayor, he was chief deputy treasurer overseeing day-to-day operations of the Mahoning County Treasurer's Office. He was director of the Human Relations Commission for the city of Youngstown. Last year, my entire staff, my personal office and Committee staff, met with Mayor Brown where he led a panel discussion about challenges facing Ohio cities, and we know that there are many of those. Welcome, Mayor. Nice to have you.

Mr. Jyoshu Tsushima has been staff attorney at the Legal Aid Society of Columbus, Ohio, with the housing team at the Legal Aid Society since December of 2016. Columbus is the 14th largest city in the country. Thousands of its residents are struggling to pay their rent, pay their mortgage, pay their electric bill. They opened an eviction court in the Columbus Convention Center. Mr. Tsushima is a strong advocate for educating tenants who have to face that court in understanding how housing relates to everything else in people's lives. Welcome, Mr. Tsushima. Nice to see you.

Mr. Douglas Holtz-Eakin is president of the American Action Forum. He served in a variety of policy positions inside and outside of Government: Chief Economist at the Council of Economic Advisers; Director of the nonpartisan Congressional Budget Office; the first time I ever interacted with him, he was director of domestic and economic policy for the McCain Presidential campaign; and a Commissioner on the Financial Crisis Inquiry Commission. Dr. Holtz-Eakin, I know we do not always see issues the same way, but I thank you always for your passionate defense, as the Ranking Member does, too, and we welcome you back to our Committee.

Last, a man whom I have never met, Mr. Gianni Cracchiolo is the manager of the family owned Sal & Jerry's Bakery in West Babylon, New York. Sal & Jerry's Bakery is a retail/wholesale bakery that supplies the public and distributors with Italian cookies, pastries, and bread. Welcome, Mr. Costa, to the Banking, Housing, and Urban Affairs Committee, and thank you for joining us and sharing your story, which is very important to us.

So, Mr. Costa, you can begin. Thank you.

You are on mute.

STATEMENT OF JOHN A. COSTA, INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION

Mr. COSTA. OK. Every time I hit it, he hits it. All right. It looks good.

Mr. Chairman, thank you for the opportunity to testify here today. I am ATU International President John Costa.

Transit workers have been true heroes during this pandemic. They put their lives on the line each day to keep America moving. On behalf of the entire transit industry and our riders, thank you for providing the funding necessary for transit to survive. Without the $39 billion in emergency aid, we would have come to a grinding halt.

The buses and trains have kept running, so grocery store workers keep the shelves stocked, child care workers keep our kids safe, and nurses keep us alive. You have also saved our members' jobs, and we are all sincerely grateful.

Of course, the down side of staying on the job as a bus operator is that you are continuously exposed to COVID. It is no surprise that thousands of transit workers have tested positive. We drive tin cans with bad air circulation. One hundred thirty-five ATU members have died from this virus. TWU has lost even more. Nearly 300 families will never be the same.

It did not have to be this way. With the proper precautions, transit service can be delivered safely. But the previous Administration let us down from the beginning. FTA told us that masks were not recommended. We pleaded with them to get PPE to the transit systems. They ignored us. So we went out and got gloves and masks ourselves.

We also asked for help on social distancing, contact tracing, and other protective measures. But FTA watered down the CDC guidelines. So each day, more of our members and passengers died.

We are still paying the price. President Biden was left with no plan to get shots into arms and no reserves. In my home State of New Jersey, transit purchased refrigerators to store the vaccines so our members can get the shot right onsite. But they have been empty for more than a month. So we wait for the shots, putting our lives on the line every day. And yesterday, another New Jersey transit operator, our member, passed away due to COVID–19.

In addition to driving a bus, our members are also "mask police." They get attacked for enforcing the rules and trying to stop the spread.

We had a baseball bat beating in California. We had a two-by-four attack in Texas, a bone-breaking sucker punch in New York. It is happening everywhere. President Biden's mask mandate is a great start. We just need help enforcing it.

Social distance on a bus is very hard to do. Passengers in many locations are allowed in the front row, too close for comfort, and we are now collecting fares. A lot of our buses have shields due to COVID. Most are better than nothing, but still leave a gap exposing us to attacks. Our maintenance and cleaning members do amazing jobs wiping down and cleaning the services and our buses. While ridership is way down, buses are still jammed in cities where people do not have a choice, not just places like Newark where I am from. It is the Midwest, the South. People have to go to work. They still have to come to work. And they do not have a car. Essential workers like health care workers, service job workers, grocery store workers, and people who clean buildings, mostly of color—Blacks lag behind whites in receiving the vaccine, and it is not just because many are suspicious of the Government. Access is a key factor, and transit plays a huge role. So transit systems across the country are now giving free rides to vaccination sites, and our members are proud to play a part in this effort.

But we cannot do this without funding. That is where you come in. Local funding and fare box revenue are way down. We are going to need Federal operations to assist for a long time. ATU joins APTA calling for an additional $39.3 billion in emergency funding. We appreciate the $30 billion in the new bill and hope it gets spread around the whole country. We need to continue to provide essential service in places like Pittsburgh, Providence, Charlestown, Boston, Baltimore, Nashville, Atlanta, and, of course, Youngstown. And I want to give a shout-out to ATU Local 272 and everywhere in between. Without us, transit-dependent people will suffer, and more will die due to this pandemic. We cannot leave anyone stranded.

Also, Congress should do the right thing and provide hazard pay for all frontline workers who have put their lives on the line during this pandemic. People call us "heroes," but at the table we are "zeros." We cannot change what has happened in the past. Our members and our passengers we have lost are not coming back.

But we continue to support for transit a strong Federal role in enforcing the safety measures and a seat at the table for workers to express their COVID concerns. We can work our way through these challenges and safely deliver the transit services that transit needs.

Thank you.

Chairman BROWN. Thank you very much, Mr. Costa.

Mayor Brown, welcome to the Committee.

STATEMENT OF JAMAEL TITO BROWN, MAYOR, YOUNGSTOWN, OHIO

Mr. BROWN. Thank you, Chairman Brown and Ranking Member Toomey, for inviting me to testify before the Senate Committee on Banking, Housing, and Urban Affairs. I am Jamael Tito Brown, the mayor of the city of Youngstown. We are a small city in the Midwest of a population of about 67,000.

This is the 44th year since the closure of steel mills in the city. As a legacy city, we have faced a history of corporate corruption and political corruption causing governmental mistrust among our community.

My Administration has had to overcome obstacles. Inadequate educational resources and a lack of livable wage jobs have always been historical problems in our community. A further hindrance in the efforts for recovery is the decline of the housing stock and transportation for those who need access to employment.

The current global pandemic has hit this community harder than ever. COVID–19 has been a great revealer of the health, social, economic, and racial disparities of our community. Small to medium-sized businesses are also feeling the impact of the pandemic, especially minority-owned businesses, many of whom did not have an established relationship with a banking institution prior to the pandemic.

The needs of the city of Youngstown are no different from other communities across the Nation. When a city is barely rebounding from 50 years of economic decline because of outside forces beyond our control, those rebounds have been further eviscerated by COVID–19. Whatever Federal assistance is provided must be a long-term coordinated strategy to get the resources we need to address the public health impact of COVID–19 and assure that housing, transportation, and small business efforts are included in a Federal rescue plan. If any component is ignored, the entire community structure will likely fail.

Our Ohio cities particularly have been hard hit by the economic downturn of this pandemic. This is because cities in Ohio rely on a municipal income tax as our primary source of revenue. This tax source is much more susceptible to economic conditions as opposed to more stable sales or property tax revenue streams.

Youngstown has seen this impact firsthand. We are the county seat of our county, Mahoning County. We have one of the highest unemployment rates in the State, ranking 75th out of 88 in the counties. When unemployment is up, tax revenue is down. These economic challenges have ripple effects all across our regional economy—from housing, to public transit, and the economic activity that sustains our small businesses.

In order to truly recover from the pandemic, relief has to happen in our neighborhoods and our community where they not only survive but they must thrive. Cities do not have an opportunity to flounder for another 50 years.

A Federal rescue plan must include assistance to help build back better legacy cities like Youngstown, Ohio. It should include, as outlined by President Biden: assistance for the production and distribution of COVID–19 vaccinations; rental assistance for families; transit assistance to keep buses running so essential workers can continue to work; direct revenue replacement for cities; and small business support so hardworking business owners can keep their workforce.

The relief should be flexible and free of bureaucratic red tape so that the pace of recovery is not stymied by Federal mandates. Transparency of local government spending should be a guiding mandate to reinforce accountability and build trust with communities.

Small cities need assistance. Small cities need assistance quickly. Small cities need assistance desperately. Local municipalities need direct revenue replacement like the $350 billion proposed by President Biden.

The impacts of COVID–19 are still affecting many of my citizens I represent. Families are still hurting. We need immediate relief during these difficult times. I urge you to think of this as part of a long-term sustainable recovery plan to build back and create thriving communities.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Mayor.

Mr. Tsushima, please proceed. Thank you.

STATEMENT OF JYOSHU TSUSHIMA, STAFF ATTORNEY, LEGAL AID SOCIETY OF COLUMBUS

Mr. TSUSHIMA. Chairman Brown, Ranking Member Toomey, and distinguished Members of this Committee, thank you for inviting me today to speak. My name is Jyoshu Tsushima, and I am a staff attorney at the Legal Aid Society of Columbus, an Ohio nonprofit that provides legal assistance to low- income clients.

I run our eviction prevention clinic, the Tenant Advocacy Project, where my team and I represent tenants in eviction trials at Franklin County Municipal Court.

Every morning, Monday through Friday, we watch tenants and landlords check into court. About 90 to 100 eviction trials are scheduled per day, all for 9 a.m., before one magistrate. Our court uses a "cattle call" system, where tenants, families, landlords, and attorneys wait in an atrium for cases to be called one at a time for trials that typically last only a few minutes. My team tries to help as many families as we can and scramble for solutions that will keep them housed, while partner agencies try to connect them with rental assistance. But this is not always enough, and many tenants still end up being evicted.

Even before the pandemic, over 54,000 low- and moderate-income households in central Ohio spent more than half of their income toward housing. When these renters lost their jobs or their hours were cut due to the pandemic, they were forced to rely on erratic spurts of stimulus checks, unemployment, and rental assistance, with little certainty about how much would come or when it would arrive.

Not everyone is guaranteed assistance because there just is not enough to go around. Even when assistance is available, many low-income people are just paying off old debts, leaving nothing to pay next month's rent. They are not hanging by a thread; they are constantly waiting for one to be thrown down to save them.

Being ill from COVID only makes it worse. Tenants cannot pay rent when they catch COVID and miss work. Tenants cannot even attend court when COVID puts them on a ventilator. We recently asked a landlord's attorney to reschedule a case until our hospitalized tenant was well enough to attend. The attorney refused and replied that, although unfortunate, they would still proceed with evicting the tenant because that is the right of the property owner and that is how it always has been.

Eviction moratoriums are effective in preventing these scenarios and the spread of COVID, but only if they are enforced. The moratoriums under the CARES Act and CDC have provided tremendous relief to many tenants. However, both moratoriums have had loopholes that have allowed devastating levels of evictions. The CARES Act moratorium had little oversight and delegated enforcement to the self-regulation of landlords. Current guidance for the CDC moratorium allows landlords to continue filing evictions.

If a tenant asks our court for protection under the CDC moratorium, the tenant must pass a "truthfulness" hearing to prove that they are truly poor enough to qualify. One of our clients lost his job due to the pandemic and was supporting himself and his two kids on $98 weekly unemployment checks. His landlord filed an eviction against him for failing to pay rent. At trial the landlord's attorney grilled him on why he could not spend any of his unemployment toward rent. Our client responded that it all went to food and utilities. The attorney then argued to the court that our client should have paid some of the unemployment toward rent. The court declined this argument and imposed the moratorium; however, the landlord then filed a new eviction against our client, claiming that he was now a holdover tenant.

This client was one of the lucky ones. Over 4,000 evictions were filed in our court between September and December of 2020. Less than 20 of them were actually halted by the moratorium.

Evictions and COVID are also hitting our Black communities the hardest. About 60 percent of our clients at eviction court are Black, while Black residents make up only 24 percent of Columbus' population. You are also twice as likely to die from COVID if you are Black than if you are white. None of my clients chose their race or to be born poor or to die more easily from COVID. The rest of us, however, have a choice in either taking action or being bystanders to the consequences of this pandemic.

We need more aggressive interventions, including reliable rental assistance and effective eviction moratoriums. An estimated 272,000 to 552,000 Ohio families are at risk of an eviction without such intervention, while 7 to 14 million households nationwide face the same peril.

These numbers do not even account for the millions of homeowners facing similar threats through foreclosures. Widespread displacement of these families will devastate our Nation for years to come. We must do more to ensure that everyone has a home, not just because it is right but because it is necessary.

Thank you, and I look forward to your questions.

Chairman BROWN. Thank you, Mr. Tsushima.

Dr. Holtz-Eakin, proceed. Thank you.

STATEMENT OF DOUGLAS HOLTZ-EAKIN, PRESIDENT, AMERICAN ACTION FORUM

Mr. HOLTZ-EAKIN. Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you for the privilege of being here today.

To date, the response of Congress to the COVID–19 recession has been remarkable. It has been appropriately times, appropriately scaled, and had the appropriate targeting and composition.

Unfortunately, the American Rescue Plan does not meet any of those criteria, at least not to my eye. It is not appropriately timed. This is not March of 2020 when the economy was falling at an annual rate of over 30 percent. Since then, recovery has begun. We had strong economic growth in the third and fourth quarters of 2020. The CBO projects that in 2021 the economy will grow at 4.6 percent. And current estimates are above that. The Federal Reserve Bank of New York has a Nowcast estimate for the first quarter of this year at 6.7 percent. The Federal Reserve Bank of Atlanta has its GDPNow of 9.5 percent. So this is not an economy that is in recession and needs stimulus. It is an economy that is growing rapidly and just received nearly $1 trillion of Federal support in December of last year. So the timing seems off.

It is not an appropriate scale. $1.9 trillion is just way too large, even given the advocates of the need for stimulus. The problem, according to the Congressional Budget Office, is that the economy is roughly $450 billion—in 2012 dollars, but roughly $450 billion below its potential because we have millions of people out of work, and this is a $1.9 trillion response to that problem. It is far too large. The theory of stimulus is that when there are multiplier effects, a dollar of Federal spending will deliver more than a dollar of additional economic activity and income. As I say in my written testimony, if you assume the multiplier is well less than one-half—the economy will overheat by the end of this year if we put $1.9 trillion in stimulus in. So the scale is all wrong.

We are not sure of some of the elements of the plan as well. The Ranking Member noted the housing assistance in this bill. Combining the housing assistance from December with the additional proposed in this bill would give you something that is roughly double the problem, as I estimated, and that ignores any income support those same individuals may have gotten through the unemployment insurance, the economic support payments, the checks that the households have received. So the scale seems wrong for the problem that we have.

The composition and the targeting is at odds with the basic idea. Certainly I do not think it should be thought of as stimulus. The real problem is the recession came from the disease. It is the coronavirus that is the problem. What we saw in March and April of 2020 is people stopped spending on services. They did not go out and engage in any service that would involve personal contact and, thus, the risk of infection and transmission. In particular, the affluent households in America dropped their spending dramatically. That spending has not returned, and there is nothing in this bill that would restore the spending of those affluent households. There is not a UI provision; there is not a check. There is not any of those elements that add up to $1.9 trillion that will solve that problem. That problem gets solved only by addressing the virus itself. We should support every effort on vaccination, on testing, on contact tracing, and on fighting the coronavirus, and that in the end will restore the economy, and these will not. That spending still remains missing in action.

There are other compositional issues. This is not targeted on those who have suffered any financial distress. It is a broad-based program. The composition of some of the elements I think are at odds with good economics. Raising the Federal bonus on unemployment insurance to $400 a week is simply too large, and extending it through the end of the summer when we expect the labor market to have been restored to functioning because of the vaccination efforts really will interfere with recovery and not support it.

There is nothing about raising the minimum wage to $15 an hour in the middle of this that will enhance recovery. It will damage the small businesses, a quarter of which have already shut their doors in America. And there are things in here that have nothing to do with COVID–19, with recovery from recession. It contains a bailout of the multi-employer pension plan that is a disappointment given the bipartisan efforts to do that in a sensible fashion. It contains expansions of the EITC and child credits, for example, that look like permanent policy. It might make sense, but it has nothing to do with COVID–19.

So I find this a disappointing effort. The Congress has done so well in responding to COVID–19 thus far, and I would encourage the Committee to look in another direction.

Thank you.

Chairman BROWN. Thank you, Dr. Holtz-Eakin.

Mr. Cracchiolo, welcome to our Committee. Thank you.

STATEMENT OF GIANNI CRACCHIOLO, MANAGER, SAL & JERRY'S BAKERY

Mr. CRACCHIOLO. Chairman Brown, Ranking Member Toomey, and distinguished Members of the Senate Banking Committee, thank you for the invitation to testify today.

I am Gianni Cracchiolo. My family owns Sal & Jerry's Bakery in New York. Sal & Jerry's Bakery is a retail and wholesale bakery that supplies the public with Italian baked goods. My father and his cousin, immigrants from Italy, founded Sal & Jerry's Bakery in 1983 in Bensonhurst, Brooklyn.

Our bakery was a staple in our community for nearly 40 years until we were, unfortunately, forced to close our doors in August of 2020. This bakery was our family's legacy, one filled with an entrepreneurial spirit, and rich with tradition, culture, and love. It was the quintessential American Dream for immigrants who came to this country to provide a better life for their families.

Minimum wage hikes and other State and Federal regulations acted as a silent killer that slowly chipped away at revenue and caused our bakery to perish. COVID–19 and the ensuing lockdowns were not the main cause of our closure, but were the straw that broke the camel's back. Coronavirus should not be used as the scapegoat by policymakers to further ignore the fact that small businesses are vanishing in this country due to Government regulations making it difficult to succeed.

The decline in growth and long-term viability of our bakery became evident during the first few years of minimum wage increases in New York. At our retail bakery, we had three tiers of wages. The first tier was our night bakers, who got paid a premium for shift differential. The second tier was day shift bakers, and the third tier was general laborers. General laborers are product packers, retail counter service, and maintenance workers. These were individuals who typically consist of working students, entry-level employees, and hourly staff. These individuals started at minimum wage as they began to learn the trade and advance in their roles.

As Tier 3 minimum wage employees' pay increased $1 per fiscal year, wages began creeping up to the Tier 2 wages, and this is where the problem started. You cannot justify the fact that working high school students or entry-level employees with no prior experience should be making the same wages as experienced staff. It is neither fair nor ethical. As years passed, my Tier 2 workers began to take notice of the minimum wage increases and demanded more pay to compensate for their experience and skill. It was soon a domino effect when the first-tier employees wanted raises. We found ourselves with our backs against a wall in a situation where all salaries needed to increase. This crippled us.

To put it into perspective, each year that the minimum wage increased $1, payroll for the year went up $40,000. Multiply that by the number of years it has gone up; we are now at $120,000 total. This chokehold was something that a small bakery could no longer withstand. I needed to make up for these increases, and the only way to do so was to pass it onto our consumers. How much is someone willing to pay for a loaf of bread or a pound of cookies? At some point, people who are used to paying a certain price for a loaf of bread are going to start to complain, and that is exactly what they did.

Customers began to shop for their baked goods at supermarkets and large box stores. These stores offered lower-quality versions of our products at a price point that customers were comfortable with. The corner bakery where they used to get their daily bread was now a luxury item only to be bought on special occasions and holidays. The big businesses benefited greatly from the minimum wage increases and continued to see their valuations explode. They garnered more customers, our customers, and replaced half of their minimum wage staff with electronic kiosks and part-time help. It was a win-win situation for big business.

To add insult to injury, in 2020 the CARES Act provided additional unemployment incentives to our employees exceeding their regular pay. We essentially lost our entire staff from March until

July because employees were making more money staying at home claiming unemployment than coming into work. Even though we received nominal assistance from the Paycheck Protection Program, we called on our employees to return to work, yet they did not. The Economic Injury Disaster Loan assistance we received did not even cover 1 month's expenses. It became impossible to retain my workforce, maintain productivity, and turn a profit. I had no choice but to close. The Federal Government provided more to help for people to stay home rather than help businesses stay open.

Small businesses create about 80 percent of the jobs in this country. They are the backbone of America. If small businesses continue to close their doors, this country will be harmed economically.

Thank you for the opportunity to share our experience, and I look forward to any questions.

Chairman BROWN. Mr. Cracchiolo, thank you for your testimony.

Let me start the questioning with Mr. Costa. I want to first express my condolences to the hundreds of transit workers across this country. I know 155 of your members have passed away from COVID, and I know hundreds of other transit workers in other unions, TWU and others, so we send our condolences for all of the sacrifice they make.

Talk, if you would, about transit systems and the dire need they face. In my State, the Governor's budget cuts transit dollars from $70 million down to $7 million. These cuts clearly would have an impact not just on the drivers but on the public that needs transit to get to work.

Explain why further resources are so essential to the transit systems, writ large, around the country, if you would, Mr. Costa.

Mr. COSTA. Yes, Mr. Chairman. Look, with the restaurants closed down, the bars closed down, the revenue is not there. The tax revenue is hurting the States and the cities, and the last bailout gave us the opportunity to keep the jobs, keep the buses on the road. And if we do not have another bailout, it is just going to go back to the way it was.

Right now, many of our authorities are waiting for this funding. They need this funding. They are holding back on their budgets to see what is coming out. If they do not get—and the reason I am saying "waiting," just because if they do not get what they are waiting on, it is layoffs, cuts in service, which will just hurt the economy, hurt the people that have to rely on transit, like we spoke before. So the need is there for more funding for transit, and it is needed badly and quickly.

My own State of New Jersey, they do not know whether they are going to lay off. Many other agencies are the same way.

Also, to keep the PPE and the buses safe, I mean, they need that money for that equipment, you know, the infection, the masks, the supplies are needed.

You know, it is funny. I listen to this, and when we are at war, nobody is debating on funding. You know, trillions are spent. But when it comes to war on our own turf here with this virus, we have this debate.

Americans need this. My family, you know, they have small businesses, too, and everybody has been hurting. And it is up to Government to help us here and keep our members safe and have no more of them dying. Also, vaccines are much needed, especially to my members every day out there moving the front lines.

Chairman BROWN. Thank you, Mr. Costa.

Mayor Brown, how has the pandemic revealed disparities in minority-owned businesses in Youngstown?

Mr. BROWN. It has been a great revealer. It has really exposed the underlying health issues that we talk about. But it really put a focus on those with underlying health issues in the minority community. They are dying at a greater rapid pace because of these underlying health issues. But it also is the issue of having access to health care, appropriate and better health care in their community, or the lack of good health care in the community has been the issue for us. So the health issue has been a major, major issue to deal with in our community.

Chairman BROWN. Thank you.

Mr. Tsushima, in the last minute and a half—and I am sorry to squeeze your time—I am guessing that most members of this Committee or at least most Members of the Senate do not know intimately people—maybe a couple of people, but generally do not know people who have been evicted. Describe what happens to your clients' lives when—first, the threat of eviction and then actually eviction, what happens to a family?

Mr. TSUSHIMA. Yes, Senator. It makes it very difficult for families to just be able to operate with any normal expectation. Kids cannot do their schooling because they are bouncing around between places that they end up moving out. You cannot even cook a hot meal anymore if you get evicted. It creates so much chaos for families when they are being threatened to be kicked out or they are actually evicted. And these sort of consequences just add years to actually recover on. If a kid—you know, children, when they actually have to leave school, it often puts them behind, and that has long-term consequences in the future for their ability to become employed or go to college. And there is a lot of statistical evidence tying that to negative health outcomes, increased rates of crime, and it is such a systemic impact just from [inaudible].

Chairman BROWN. Go ahead. I am sorry. Finish your sentence.

Mr. TSUSHIMA. I did.

Chairman BROWN. I am sorry. OK. Thank you.

Senator Toomey.

Senator TOOMEY. Thank you, Mr. Chairman. And I cannot see the clock, so maybe if we could make whatever adjustment. I think we have tried to do that in the past, so that would be helpful if it is possible.

Let me pose my first question to Dr. Holtz-Eakin. You know, the fact is in 2020 in the aggregate income did not collapse. Employee compensation was up 2 percent, wages and salaries up 2.2 percent. This is during the peak of the pandemic. The savings rate reached an all-time record high, and transfer payments were at an all-time record high.

So, Dr. Holtz-Eakin, let me just ask you this directly: Is it your view that the Federal Government's policies more than replaced the total lost income of American workers last year?

Mr. HOLTZ-EAKIN. Thank you. I was muted by the host. Sorry. Yes, we saw average income rise over 2020, and this is not an income-related recession. It is the virus itself which has inhibited economic activity.

Senator TOOMEY. Right. So if we do another round of stimulus checks, first, do you agree with my assessment that a majority of those checks end up going to people who never had any lost income, no interruption of income? And, second, is it your view that that is not constructive for the economy for the Government to be just arbitrarily sending money to people who have never had any lost income?

Mr. HOLTZ-EAKIN. Well, there is no targeting on lost income in this proposal, and the vast majority will go to people who have never had a day of interruption and are actually relatively affluent. So that does not make a lot of sense in these circumstances. And there is a risk. I think for me the big risk is that we will see that money flow into, first, savings accounts and then, well, maybe I can get a little more yield if I go into the stock market, and, you know, maybe I can do a little bit on my RobinHood app with some puts and calls. 21st century recessions have been preceded by financial volatility, and I worry about the implications of hundreds of billions of dollars sloshing around financial markets for no good reason.

Senator TOOMEY. Yeah, we are seeing some very strange things in various assets prices.

Let me ask about on the housing side the eviction moratorium and rental assistance. I would like to stress we have already allocated $1 trillion in direct assistance to individuals, and that is a big part of why in the aggregate household income is so high.

Let me ask you this: If landlords come to the conclusion that they will at least periodically be in a position where they have no enforcement mechanism on collecting rent, what is the likely effect on the supply of housing and the cost of housing in response to that reality?

Mr. HOLTZ-EAKIN. Being a landlord will be a bad business to be in, and they will exit, and we will have less in the way of housing supply, and it will be much more expensive. In urban areas historically, that is going in the wrong direction where affordable housing is at a premium.

Senator TOOMEY. So the short version is less supply and higher cost for low-income housing?

Mr. HOLTZ-EAKIN. Yes.

Senator TOOMEY. Let me ask a question of Mr. Cracchiolo. I want to be clear about something. When the unemployment benefits were increased to the point where most workers got paid more not to work than they got to work, did that create a difficulty for you in retaining your workforce?

Mr. CRACCHIOLO. Absolutely, and thank you for your question. It was difficult because when employees are getting paid more to stay home, why come back to work? And with the policy our Governor put in place, you had to accept these employees when they came back to work. You guaranteed their positions. It is difficult when you have to try to prove if an employee has contracted the virus or not. I was given no evidence, and when I contacted the Department of Labor—or they contacted me telling me which employees were collecting assistance, even after they had told me, I had been in contact with someone—well, they automatically get 2 weeks at home, and then in those 2 weeks they apply for the assistance, and they stayed home until July.

Senator TOOMEY. We are about to run out of time, so just very quickly, I just want to be clear. The minimum wage that you are subject to and if that were to be rolled out nationally, is it your view that that does not affect equally small and large businesses but, rather, puts the small businesses at a competitive disadvantage?

Mr. CRACCHIOLO. Absolutely, Senator. Small businesses cannot do the things that big businesses are able to do to compensate for those wage increases. One of those things is big businesses can put kiosks out, self-service stations, and customers can pick up and pay and not even be in contact with any employee at all at those big-box stores. Small businesses cannot do that, especially good service businesses. I find that that is going to be a very large gap in the future between small businesses and big business, and big business is going to benefit.

Senator TOOMEY. Thank you. I think I am out of time, so thank you very much.

Chairman BROWN. Thank you.

Senator Reed of Rhode Island.

Senator REED. Thank you very much, Mr. Chairman, and I thank the panelists.

Mr. Tsushima, thanks for your good work helping people, and I think we have all concluded that one of the best forms of PPE is safe, affordable housing. And we have looked in Rhode Island, and we discovered that among the homeless population, in dollars and cents, their annual Medicaid cost is about $14,000 compared to the average cost of about $8,200. So if you are on the street, you are costing everyone more money as well as exposing yourself to the COVID virus.

So can you just tell me, because you are so close to it, what are the real costs to families and communities if we do not do more to help them? I know there is discussion about income growth, et cetera, but that is not even across the population. Low-income people are not seeing some of the same benefits that higher-income people are in terms of income growth. But from your perspective, what is the impact if we do not act?

Mr. TSUSHIMA. Thank you, Senator Reed, for that question. The biggest consequences that we see is just instability with families and instability with communities. If you have a community that is suffering high rates of eviction and high rates of displacement, you see a lot of displacement that disrupts the community's ability to actually network and have members contribute to growing the community, looking at the problems that they have, and addressing them.

You know, if you are evicted, you do not even have the chance to be a neighbor with somebody, and those are things that are absolutely crucial with people organizing around the challenges that they are dealing with as a community. And what we see here in Columbus is a lot of the evictions are very concentrated in specific Zip codes, and they tend to be Black neighborhoods as well. And it affects so many different aspects of our society that it is very difficult to even figure out where to start.

One of the statistics that I saw recently was that Ohio experienced an increase of about 16 percent in child homelessness between 2015 and 2018. And those homeless children end up experiencing a lot of problems that are by no means their own fault, and it is something they are going to have to live with for the rest of their lives. They are not getting the good education they need. They are not getting the shelter they need. They are not getting the health care they need. And these are all things that create new barriers for them that they have to figure out how to overcome on their own in order to even have a fair chance at just being a resident of Columbus. These are things that we really should not expect, especially kids, that we should not be expecting people to have to figure out on their own.

I think Columbus has been one of the fastest-growing communities in the Nation. We certainly should have the resources to be able to address these problems. But I think oftentimes we have this mind-set that everyone is individually responsible for figuring out how to lift themselves by their own bootstraps, but a lot of these impoverished communities do not even have any bootstraps laying around.

So that is one small example of different problems that these families and communities are dealing with. I mean, I could go into, you know, how this affects employment when tenants do not even have stable housing to return to to rest after they have worked, or once they get evicted, they end up having to drive further away because they moved in with a family member across town. There are just so many different things that——

Senator REED. Thank you. Just a quick word. I want to thank John Costa and his colleagues. We are grateful for what you have done, particularly up here in Local 618 and Local 1363, and Nick DeCristofaro and Gil Mendonca are terrific leaders.

One issue we are pushing—I will just make the comment. I will not ask the question. Senator Collins and I introduced the Coronavirus Economic Relief for Transportation Services to help the private bus industry and school buses, which are critical parts of our economy—we helped the airlines. We hope we can help these transportation networks, too, but I just want to thank you and your colleagues for your great work. So thanks, John.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Reed.

I see the names on the screen, in seniority order, Senators Crapo and Rounds and Tillis. Are they actually here? If they would turn their cameras on. If not, Senator Daines of Montana is next. Senator Daines, welcome.

Senator DAINES. Thank you, Mr. Chairman. And I want to thank you for hosting this very important hearing today.

These last 12 months have been really tough, certainly for Montanans and for Americans across the country. Thankfully, however, I do think we are finally turning the corner. We see that through economic data. We see that through the COVID data. This is in no small part due to the five—five—bipartisan bills that Congress has passed this last year to help our country recover. And we have passed these five bipartisan relief bills, and it is just frustrating to see my colleagues on this side of the aisle trying to push forward a partisan $2 trillion bill instead of continuing to work across the aisle on a relief package, which we have done successfully over the course of last year five times, and target a package that really helps the folks that need it the most. And it has just been less than 2 months ago we passed a nearly $1 trillion relief bill of which only about 50 percent has been spent so far. Fifty percent.

Right now, we should be focusing our efforts tracking where that money is going, where more money might be needed, and also where it is not needed. Any future relief must be targeted to those that truly need it the most.

One part of the package that certainly is not needed is a proposal for $350 billion for State and local aid. I hope we have not become desensitized to the size of these numbers. Think about the overall discretionary budget of the Federal Government. The entire budget is $1.4 trillion. So this kind of shows the magnitude of what we are talking about here.

And, in fact, in 2020, we enacted approximately $360 billion in aid to State and local governments. I supported those packages that included that aid. However, when the State and local aid was passed, there were a lot of unknowns. The pandemic, of course, had just started. Now it has been about a year, and we do know that in 21 States, as the Ranking Member mentioned earlier, 21 States actually had revenue growth compared to 2019. In fact, California specifically is looking at a $25 billion surplus.

So what we do know now is that $350 billion more for State and local aid is not needed to help combat the pandemic. It is not needed to make up for lost revenue because of the virus. Revenues are up. What this new pot of hundreds of billions of dollars is actually doing is going to help States that, prior to the pandemic, like New York and Illinois, had fundamental fiscal problems, of course, prepandemic. And I do not believe Montanans should be footing the bill—Montana taxpayers—to help States get out of long-term financial problems.

The first question for Dr. Holtz-Eakin: Is there any way to justify sending an additional $350 billion to State and local governments?

Mr. HOLTZ-EAKIN. I do not think so. I would commend you to the work of Louise Sheiner at the Brookings Institution who has done a very detailed State-by-State analysis of the property taxes, income taxes, corporation income taxes, sales taxes, and other fees and does not come close to that number and, moreover, shows that the differences are very stark across States. And so if there is need for some State assistance, it should, like everything in this, be more targeted on places that generally have had a problem.

Senator DAINES. So I think something we all agree with is that we have got to ensure there is enough money for vaccines and vaccine distribution. You know, I worked for Procter & Gamble prior to coming to Congress. I used to work on FDA-regulated products, was part of helping to get that $10 billion passed back in March to allow parallel paths of FDA clinical trials with pushing the button on supply chain and manufacturing, so it shaved about 6 to 12 months off the timelines to get these vaccines available and, thankfully, we are now starting to see broader distribution.

So we have made great progress prioritizing vaccines. We have got a lot more work to do. But it is very concerning to me with this $2 trillion package, only about 1 percent of this package goes toward COVID–19 vaccines, and only about 5 percent is truly focused on the public health needs during the pandemic, and that is where—you know, if we are going to stop the pandemic, it is going to be through the vaccines. We should be doubling down on those efforts. Any additional relief package must be targeted, focused on ending the pandemic, which we will do with vaccines, not on extraneous policies that have nothing to do with the pandemic.

Dr. Holtz-Eakin, don't you think we should be prioritizing aid for vaccines and actually public health needs over these extraneous policies that have nothing to do with the pandemic?

Mr. HOLTZ-EAKIN. The public health mission is the top economic policy. There is no question that should be a priority. And the second priority should be relief, targeted relief, to those who have suffered great financial distress [inaudible].

Senator DAINES. One question for Mr. Cracchiolo. In your testimony, you state that small businesses create about 80 percent of the jobs in this country, and that is why I was grateful when we did the tax reform back in 2017, we focused on pass-throughs, these smaller businesses. They are the backbone of America. You stated if small businesses continue to close their doors, we will be harmed economically, and these have permanent long-term consequences. I think pretty much everyone on this Committee would agree with that statement.

You discuss in your testimony how paying employees more in unemployment than they make in their jobs is harmful for small businesses. If everyone who wants a vaccine can get a vaccine by this summer or even this year, but we are providing an extra $400 a week of Federal unemployment insurance through September, which oftentimes add up to more workers not being able to get to work, how difficult do you think it will be to hire workers in that situation?

Mr. CRACCHIOLO. Thank you for your question, Senator. I find that once employees have access to the vaccine, I do not believe it would be as difficult to hire or bring employees back into the workforce. Just to bring it back a little bit to what you mentioned, one of the things I agree with you most is tracking where the money is going. If we are able to track, as you said, where all this money is being spent and which companies are getting it, employees can benefit greatly because they will have access to that.

Senator DAINES. Thank you. I am out of time here. I appreciate it.

Mr. Chairman, thank you.

Chairman BROWN. Thank you, Senator Daines.

Senator Warren I believe is here, if she can turn her camera on. If not, I believe Senator Ossoff is here? Senator Ossoff from Georgia, your first hearing. Welcome.

Senator OSSOFF. Thank you, Mr. Chairman. Thank you. I appreciate it. Thank you to our witnesses for your testimony today.

I have to confess to being surprised to hearing some of the protests about this direct relief for the people. I think there is a reason that 80 percent of the American public supports this COVID relief legislation. And to address some statements made by a colleague earlier, working families in this country are not playing the stock market with this money. Working families in Georgia and across the country have had to bear extraordinary child care costs, have faced significant loss of employment, medical bills, already were in a precarious financial situation to begin with in many cases. And this is a bipartisan relief effort in that it has the overwhelming support of a vast majority of the American people, and I hope that colleagues on both sides of the aisle can come together, and instead of becoming bogged down in factional disputes, swiftly and in a united way move this legislation, this COVID relief legislation through the Senate.

I want to address a question to you, Mayor Brown, and ask you, and then I would like as well for Mr. Tsushima to address this as well: What are the forms of exploitation and abuse that those constituents you serve in your case, Mayor, and Mr. Tsushima, the legal aid clients that you serve are facing during this crisis?

Mr. BROWN. Senator, thank you so much for the question. I think I will start in the housing area. I spoke earlier about the city of Youngstown and facing a recovery of the economy. We have what we would consider predatory lenders from foreign investors that would invest in places like Youngstown, Ohio, where they are taking property sight unseen, but they are raising those dollars on the backs of the poor people that are paying two to three times as much in rent monthly than an average individual should have to do that.

We are finding also that they are entering into land contracts, and the contracts are not even binding or there are stipulations that if you miss a few payments, we have had to have several of our local advocate groups actually take them to court to fight for that.

So the predatory lending about the rent rate and then we have the issue of where they are giving them a land contract, and the one thing many of the people I represent here in the city of Youngstown want, they want to be homeowners. And when that contract is dangled in front of them and it is actually a false pretense, it causes some predatory lending practices here in the community I represent.

Senator OSSOFF. Thank you, Mayor.

Mr. Tsushima.

Mr. TSUSHIMA. Senator Ossoff, thank you for your question. I would fully agree with Mayor Brown's response, especially in the housing area. We see quite a bit of predatory housing in Columbus, and this has been a practice even before the pandemic. It is just something that has become a much more intense practice. And a lot of that is just due to tenants and homeowners are scrambling to find funds where they can.

For homeowners, a lot of homeowners who cannot pay their mortgage, cannot pay their taxes, they are looking for quick sources of income to pay things off. And sometimes they just do not know what the consequences of not paying their mortgage or taxes are. So what ends up happening is they get approached by somebody who recognizes that they are desperate and they will try to maybe buy the property for real cheap, you know, by making these sort of threats that give the homeowner an expectation that if they do not get the mortgage or the taxes paid immediately, then there is going to be criminal consequences or some other types of civil legal consequences that is going to take advantage of their desperation.

Senator OSSOFF. Thank you, Mr. Tsushima. And, Mr. Chairman, I yield back.

Chairman BROWN. The Senator from Tennessee for your first hearing on the Banking and Housing Committee, welcome. You are on mute.

Senator HAGERTY. Thank you, Mr. Chairman. Thank you, Ranking Member Toomey. I appreciate your holding this hearing today to make certain that the funds that we allocate to put this pandemic behind us are targeted to those who most need it.

I also want to applaud my colleague from Georgia for calling on a bipartisan approach to do this. The Congress has proven its ability to approach this pandemic on a bipartisan basis on a number of occasions before, and I think we have done a very good job. I would like to share one example, if I might.

In December of 2020, the Senate passed an additional $900 billion in COVID relief on a vote of 92–6. One of the things that this package did was to set up the Emergency Capital Investment Program, and under this program Treasury will provide up to $9 billion in leverageable Tier 1 capital directly to community development financial institutions and to minority depository institutions so that they can provide loans, grants, and forbearance for small businesses, for minority-owned businesses, and for consumers. This program was specifically targeted to those that may be disproportionately affected by the pandemic, especially those low-income and underserved communities.

However, as of this hearing, Treasury has not even had a chance to put this capital to work. This could make a significant difference. I raise this example because I believe we have got to continue to work to ensure that the trillions of dollars that Congress has approved on a bipartisan basis are being spent appropriately, expeditiously, and with the intended effect to help the American people. And we must ensure that any additional taxpayer funds are not duplicative of existing unused funds and that they are targeted to programs that are necessary to end the pandemic and to get our economy going again.

With that, I would like to direct my first question to Dr. Holtz-Eakin. Dr. Holtz-Eakin, thank you for your time for being here. What I would like to do is talk with you about the longer-term risks to our economy, including our financial stability, that come with untargeted, oversized stimulus of this nature. I would appreciate your comments on that.

Mr. HOLTZ-EAKIN. It is a concern to me. You know, the [inaudible] testimony suggests that even very small multipliers, one-half, the economy reaches potential in the fourth quarter of this year, and after that it is above potential. And I am not deeply concerned about goods price inflation at the moment. We have had very low inflation for a decade. Even this would not turn that around overnight. But I am worried about asset price inflation, that we have seen the saving rate jump dramatically in the aftermath of packages of this size, the CARES Act in particular. Where those funds go in financial markets I think becomes a concern if we repeat the exercise that close to full employment. So I think the biggest risk of doing too much is, in fact, a risk to financial stability.

Senator HAGERTY. Thank you.

I would like to direct my next question to Mr. Costa. Again, Mr. Costa, my condolences to your members who have suffered and lost their lives in this. I appreciate their frontline service. I wanted to ask you specifically about a letter that you drafted, February 1st, that came from your organization and others to Leaders Schumer and McConnell, to Speaker Pelosi and to Leader McCarthy. You noted that public transit agencies face a projected funding shortfall of $39.3 billion through 2023. How much of that shortfall in dollar terms is attributable to the pandemic versus pre existing shortfalls?

Mr. COSTA. Good question, Senator. Most of it is the pandemic. Ridership was down. If it was not for the bailout and putting bus service back on to keep the social distancing, the original ideas that the authorities were doing, they were having massive layoffs. They were going to cut service. They were going to cut many workers' jobs—thousands—and the first bailout had them, first of all, stop the layoffs and, second, keep the buses—keep the riders safe and our drivers safe because the service was cut.

So to answer your question, the pandemic, yes, was the biggest problem we had with revenue.

Senator HAGERTY. Could you explain then how the $39 billion that was already appropriated, actually $14 billion of that just in December, how has that impacted the shortfall?

Mr. COSTA. Well, that money was spent around. It was to keep the jobs there, to keep the service running, and also PPE, the equipment sanitized, new equipment parts brought in, filterized system, shields were brought in, millions and millions of masks were brought in, gloves, sanitizer. All that was money that was needed to keep us safe.

Senator HAGERTY. My time is up. Thank you.

Chairman BROWN. Senator Warren.

Senator WARREN. Thank you very much, Mr. Chairman. It feels so good to be able to call you that.

I wanted to talk today about essential workers. Essential workers are just that: essential. They are the people who are on the front lines. They are still showing up for work even as the death toll in the United States approaches half a million people. These are the people who are keeping our economy, our health care system, our education system going. Without them, it would all grind to a halt.

But this morning, millions of those essential workers woke up worried about contracting COVID–19 on the job. For nearly a year, the Federal Government has treated these workers as disposable. These essential workers are disproportionately Black and brown. More than 5 million essential workers do not have legal documentation, and many are hardly making enough money to get by.

The failure, in fact, the outright refusal of the past Administration to protect essential workers during this pandemic has been truly shameful, and that is going to change.

So, Mr. Costa, you represent transit workers—school bus drivers, subway workers, rail operators. The Biden administration has now committed to issuing enforceable health and safety standards for all workplaces.

Can you just say a word about why that is so important for the workers that you represent?

Mr. COSTA. Thank you, Senator. Thank you very much. Like I said in my statement, we pushed and pushed to get Federal guidelines, and in the last Administration did not get anything. As a matter of fact, it was watered down.

The Biden administration came in quickly; they reacted. The mask mandate for our drivers was huge. We appreciate that. The question about funding, we now are going to need the funding on how to bring that in without using our members as the mask police, as I spoke about the assaults that happen, and bad enough that we have members that are being killed over a $2 fare, you know, in the past—and I am sure you read about this, and I know you know about this. But now I do not need many of our members being beat up or killed over the debate or politics that they have on the bus on the face mask.

So the Administration's reaction is greatly appreciated. We appreciate that. But now our focus is how it is going to be applied, how we are going to enforce it, and who is going to do the enforcing. So, once again, the money will be needed, I believe, for those agencies to be helpful to institute this to save lives, not only for my members but the riding public. You know, if a driver is infected, there are 100 people on a bus or 50 people on a bus, you know, they can be infected also.

Senator WARREN. Right. Well, that is very important, and thank you. You know, health and safety standards are powerfully important. They are just one piece of the puzzle, though. I proposed an essential worker bill of rights outlining a full suite of rights and protections and benefits that I believe all essential workers deserve, and that includes things like hazard pay, paid leave, health care protection. Representative Ro Khanna and I are expanding it now to include priority access to vaccines.

But we also know that unions improve workplace health and safety and that union workers are more likely to have paid sick leave and employer-provided health insurance. Right now, only about one in every eight essential workers is currently covered by a union contract. So the essential workers bill of rights also includes protecting collective bargaining agreements and the right of workers to join unions.

Now, there is another piece to this as well. We need to ensure that America's workers, including those who have battled this deadly virus every day in their workplaces, are not earning poverty wages.

Mr. Costa, there are some who say that now is not the right time to increase the minimum wage. I would like to hear from you. Would raising the minimum wage help promote an equitable recovery from this crisis that workers are facing?

Mr. COSTA. Once again, Senator, thank you, and thank you for supporting everything you just said as far as heroes' pay and—yes, it would. I mean, we have been fighting for a minimum wage. I think every time we spread money around, the economy gets better, right? So this is America, right? Why aren't we taking care of our working families? To me, yes, a $15 minimum wage would help the economy, would help the livelihoods of many families, our minorities. We support it 100 percent, and we supported it from the beginning. As a matter of fact, we would support it even if you want to give more.

Senator WARREN. Thank you. And thank you, Mr. Chairman. You know, it is time to deliver for workers, and that means doing everything we can, including using budget reconciliation to raise the minimum wage to $15 an hour. I appreciate your being here, Mr. Costa, and thanks for having this hearing, Mr. Chairman.

Chairman BROWN. Thank you, Senator Warren.

I see the names of Senators Crapo and Tillis and Rounds on the screen. I do not know if any one of them is here or any other Republican member, so I will go to Senator Van Hollen of Maryland.

Senator VAN HOLLEN. Thank you, Mr. Chairman and Ranking Member Toomey, and let me just start by seconding and strongly endorsing the comments just made by Senator Warren with respect to the urgency of increasing the minimum wage. It would be phased in to $15 an hour over a period of time, hitting that level in 2025. So I hope we will work to get that done.

Mr. Costa, thank you for all that you and your workers are doing around the country, in Maryland, in Baltimore, the Washington area, and I look forward to working with you and the Chairman and others to make sure that we address all the important security and health concerns that you have raised. Your drivers have been right there on the front lines fighting the pandemic and, sadly, as you have testified, also having to fight, you know, people who want to use violence to challenge the social distancing rules.

I want to sort of broaden that lens a little bit because we had earlier introduced a bill to deal with transit worker safety, even apart from the challenges during the pandemic, you know, the Transit Worker and Pedestrian Protection Act, and thank you for your input on that. I wonder if you could just talk about the need to move forward with that legislation.

Mr. COSTA. Senator, long term we support Senator Van Hollen's Transit Worker and Pedestrian Act to stop this endless assault on our operators. So we want to thank you for that.

Unfortunately, it has been too long. It has not been passed. Not one more operator should be assaulted. You know, the industry needs to do something here with the design of a bus—we all know it. This is America. We are spending tons of money on equipment, and nobody has taken the fact that every day that I wake up, an operator is assaulted around the country and in Canada. This has to—this bill, I do not understand why it is taking so long. It is a bill that keeps our operators safe. It protects my operators. It protects the riding public. And if we do not fix the buses and make—and if the riders do not feel that it is safe, the industry is going to die; and if we do not have the industry, you are not going to build back the cities.

We need this bill to keep the agencies and put them in a position that they can help protect us and help the riding public to keep passengers coming and to bring them back.

Senator VAN HOLLEN. Well, thank you, and please thank your members. As you say, nobody should have to put their life at risk to do their job in transit, helping other people get to and from work, and that was true—that is true, of course, during the pandemic, but it was true before, and that is why we look forward to working with you to pass this legislation.

To Mayor Brown and Mr. Tsushima, I held a forum in Maryland the other day, a Zoom forum on the issue of affordable housing, especially focused on the housing emergency we are in right now, and, clearly, the eviction moratoriums have helped protect people. But there was an issue that was raised that appears to be a loophole, which is that, you know, people obviously have terms to their leases. Some people are month-to-month. And while the eviction moratorium prohibits somebody from being evicted because their nonpayment is related to hardships or loss of jobs and income because of the coronavirus, that protection is not there for people whose lease comes to an end, even though that may be the reason that it is not being extended as it normally would be as a matter of course. Can you speak to that a little bit and whether you have any ideas of how we can address that problem and whether it is something that you have encountered?

Mr. BROWN. Senator, I will just go and give you a sense of what is happening here in the city of Youngstown. We see the eviction issue—it goes hand in hand with the pandemic. I think I heard someone mention earlier that they could not see the connection. The connection for me is that individuals who are being evicted, now they have got to live with family or a friend and they are infected. Now they are taking that infection to another home so it becomes a big spreader.

The other issue is that we are not going to be in this pandemic all of our time. There is going to come a time when we are going to get on the other side of this pandemic. We need to make sure that we are prepared, that individuals need to have housing counseling. Renters need to understand their rights. But, also, there has got to be a better understanding of how do we figure out, now that we have come through this pandemic, because many of these workers do not—they are unemployed. We have got to figure out how to retrain the workforce. We have got to find and make sure that we have a good workforce development program for the workforce that is going to be there. And we have to make sure that this is a long-term and sustained plan. So the eviction is just one issue that is harming many, many of those in our community, and from the landlord side of the world, they need to be paid as well. But we have got to get through it together. There has got to be a bridge of the gap, and I think this is why I am so much of an advocate to make sure that we have assistance for those that rent to make sure that they are not evicted.

Senator VAN HOLLEN. Well, I appreciate that, and I am a strong proponent of the $25 billion rental assistance provision that was pushed very hard by Senator Brown and myself and others in December, and I support the increase in that proposed by President Biden. Just in ending here, on the issue of long-term unemployment, I am really glad you raised that. I am worried about it. We have 4 million long-term unemployed right now. I know that—and

I will follow up later. I know that Mr. Holtz-Eakin has also been very concerned about that. And so I see my time is up, but I look forward to circling back with all of you for your thoughts. Senator Wyden and I and Senator Baldwin have put forward some proposals on that. We look forward to working with you. It is going to be a big issue. As we defeat the virus, as the economy comes back, we are at risk of leaving millions behind if we do not do something more. So I will follow up. I see my time is up.

Chairman BROWN. Thank you, Senator Van Hollen. As we close the hearing, thank you to the witnesses. Senator Toomey has a request, I believe.

Senator TOOMEY. Thank you, Mr. Chairman. Yes, I would just like to make a unanimous request to insert into the record 17 letters that I received related to today's hearing. They come from Pennsylvania business owners and advocacy groups that are concerned about job losses resulting from a minimum wage increase, parents and community groups supporting the reopening of schools, and some think tank scholars who are worried about excessive Government spending.

Chairman BROWN. I thank the Ranking Member.

For those Senators on the Committee—I see Senator Hagerty is still on, and I assume a number of others whose pictures are not on the screen—who wish to submit questions, those questions are due 1 week from today. Please get questions you have for any or all of the five witnesses to the Committee staff by next Thursday. And then witnesses, we ask witnesses—you have 45 days to respond to any of those questions. And thank you again. I thank the witnesses, thank Senator Toomey. Thanks for sharing your stories and the experience of the workers you serve. You hear a lot of statistics about this pandemic. We too often become numb to the numbers. I thought the stories you tell about drivers and about people who are about to be evicted or small businesses really matter. Anyone who listened to real people realized that the 2001 corporate tax cuts were not a success story; neither were the 2017 corporate tax cuts. Ohioans know that. People around the country know that. We have tried that "corporations first" approach over and over. We know it does not work for people in Youngstown. It does not work for people driving or riding buses. It does not work for people who get their income from a paycheck, not a stock portfolio. We are done with that. And as some of the talk we have heard today about raising the minimum wage, I want to be clear to workers listening that when politicians are saying they simply do not want you to get a raise, they do not want you to have a wage you could live on and raise a family. I want to see more money in workers' pockets. I want to give more aid to small businesses that we heard today are struggling. We are done aiming low. I look forward to working with my colleagues to invest in the rest of the country so we can actually have a recovery that lifts all boats.

So thank you all for joining us. The hearing is adjourned.

[Whereupon, at 12:30 p.m., the hearing was adjourned.]

[Prepared statements, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN SHERROD BROWN

It should not be a surprise that our first hearing is about the coronavirus—it has affected every American's health, home, family, workplace, and the entire economy for nearly the last year.

On this and on all of the issues to come before this Committee, we are going to get to work for all the Americans who have not had much of a voice in Washington, or in our economy.

Ohioans and working families all over the country know what that's like.

They have too much experience watching the largest multinational corporations thrive, while our communities get left behind.

Long before the great recession, our trade and tax policy abandoned the industrial heartland and working class towns and neighborhoods all over the country, too often with bipartisan support.

Communities from the Mahoning Valley to the Mon Valley, from Newark, Ohio, to Newark, New Jersey, all watched factory after factory close, with no plan to rebuild our local economies. Entire neighborhoods and entire towns hollowed out.

People felt like their hard work no longer paid off. And for Black and brown workers, it had never truly paid off like it should. They were the first to be preyed on by shady mortgage lenders, the first to lose their jobs, and the first to get foreclosed on.

Now they feel like they're watching history repeat itself.

My colleagues on this Committee have heard me say many times that this pandemic has been the "Great Revealer." It's laid bare what so many Americans already knew: that millions of workers have little economic security, and they can't get a foothold in this economy, no matter how hard they work.

So many families are one emergency away from draining what little savings they have, or turning to a payday lender, or getting evicted.

If the bus quits running after 10 and she can't make it to her night shift, she loses her job. If the restaurant where he works cuts back his hours, he has to choose between paying the rent or paying the electric bill.

Last year, I was talking to a grocery worker in Ohio who told me, "they call me 'essential,' but I feel expendable. They don't pay me much, they don't protect me at work."

And it is not a coincidence that many of the workers corporations treat as expendable are Black and brown workers, and so often they are women.

This pandemic hasn't just exposed racial disparities and income inequality and gender disparities—it's made them worse.

Black and brown Americans are more likely to work in frontline jobs that can't be done remotely, where they're more likely to be exposed to the virus. They're less likely to have paid leave, making them more likely to lose their job if they get sick or their child gets sick.

They have less savings to fall back on, because of generations of wealth inequality. Black small businesses have closed at twice the rate of white small businesses.

The system that has been making it harder for their work to pay off, and putting their lives at risk for generations—long before this virus appeared.

And as for the toll this pandemic has taken on women, ask any mother how she's doing right now.

Millions of women have been doing three jobs for the last 11 months—they're full-time caregivers and teachers and doing the job they had before this pandemic. And notice, only one of those three jobs actually comes with a paycheck.

For 2.3 million women, they simply can't do all three—they've been forced out of the workforce altogether. And that means 2.3 million families are scraping by with less, trying to figure out how they'll pay the mortgage or pay for health insurance or pay for groceries this month.

It's always the same story—when the biggest banks and the largest corporations need help, their allies in Washington spring into action. But when the rest of the country needs investment and support, they pretend we can't afford it.

Today, under new leadership on this Committee, we have a clear message: Those days are over.

We will not settle for less.

Black and brown workers don't have to settle for a system that treats their lives as expendable. Mothers don't have to settle for doing three jobs, with no help. Small business owners don't have to settle for scraps, while they watch corporate profits soar.

Ohio and the rest of the country do not have to settle for a Wall Street-first recovery.

We are the world's richest country with the world's largest economy. We have the resources to rise to meet this challenge, for everyone.

That's what President Biden is doing, with his rescue plan. And it's what we will do on this Committee, starting today.

Our witnesses today will make clear the importance of a recovery that supports all Americans.

We will hear from the president of the Nation's largest transit workers union, who is working to keep his members safe while they ensure Americans can get to work or a doctor's appointment or the grocery store.

We will hear from a legal aid attorney who is on the front line in Columbus, working with renters to keep people in their homes during a pandemic.

We will hear from a small business owner who is struggling to keep his doors open and his workers on the job.

And we will hear from the mayor of an industrial town that has suffered disinvestment for decades, has been stereotyped by national pundits, and is now facing the same challenges as cities and towns and neighborhoods in all of our States.

These are the voices that have been ignored, shouted down, or even ridiculed by corporate elites, their newspaper of record, and too many in Washington. That ends now.

We will get help to people—all people—to stay in their homes, and pay their bills. We will keep the doors open at minority-owned businesses that entrepreneurs have worked their whole lives to build. We will keep our buses and our trains running, and keep those workers on the job.

This is about recovery, and it's about rebuilding. It's about empowering all Americans—no matter who you are, where you live, or what kind of work you do—and investing in all communities.

We will show the American people—all people—that their Government is on their side. It's time to get to work.

PREPARED STATEMENT OF JOHN A. COSTA

INTERNATIONAL PRESIDENT, AMALGAMATED TRANSIT UNION

FEBRUARY 18, 2021

Introduction

Mr. Chairman, the Amalgamated Transit Union (ATU) appreciates the opportunity to provide our views on how workers have sacrificed and suffered through the COVID–19 pandemic and the inequities that we have witnessed in public transit. The coronavirus has shown the world the true meaning of "essential" workers. We are the ones who people rely upon to survive when everything around us shuts down. Since the pandemic began, transit workers have put their own lives on the line, bravely reporting to work every day, driving transit riders in our communities to the doctor, the grocery store, and the pharmacy. We make sure that nurses and other hospital workers get to their jobs to care of our family members and friends who are suffering.

Grateful

On behalf of the entire public transit industry, both labor and management, and of course the people who rely on the services our members provide every day, I want to thank this Committee for leading the way in providing the resources necessary over the past year for transit to survive during the coronavirus pandemic. Without the $25 billion in the CARES Act and the additional $14 billion in the recently passed Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), the Nation would have come to a complete stop. Thanks to you, we've been able to keep the buses and trains running, making sure that grocery store workers keep the shelves stocked, child care workers keep our kids safe, and nurses keep us alive. You've also saved the jobs of hundreds of thousands of our members, the transit workers who move America, and we are all sincerely grateful. More than any time in the nearly 60-year history of the Federal Transit Program, Congress' unwavering and bipartisan support for public transit has not only kept critical transportation services running—you have saved lives.

Sacrifice

Of course, these days, the downside to staying on the job as a frontline worker—especially a transit bus operator—is that you are continuously exposed to the coronavirus, putting your life on the line every day. It's no surprise that nationwide, thousands of transit workers have tested positive for COVID–19. The buses we drive have major issues with air flow, air sterilization, and filters. When a bus is moving forward, it creates reversed airflow in the cabin, bringing unhealthy air into the driver's workstation. The buses have dangerous airflow with recycled and very poorly filtered air. Some jurisdictions have tried temporary measures, such as hanging shower curtains near the driver and separating us from the passengers, but transit worker deaths are still piling up.

Shift after shift, our brave members have reported for work, driving tin cans with bad air circulation down the road, and hundreds of transit workers have paid the ultimate price. As of today, 132 ATU members have died from the virus, and our sister union, the Transport Workers Union (TWU) has lost even more transit workers. Nearly 300 families will never be the same because of this cruel and horrible disease.

Failure

It didn't have to be this way. With the proper precautions, transit service can be delivered safely. Unfortunately, the previous Administration let us down from the beginning, and it cost us many, many lives. Incredibly, right from the start, the Federal Transit Administration (FTA) under Trump told us that masks were not recommended. And even when it became crystal clear that masks were our best and most cost-effective weapon against the virus on transit, the Administration did not act. Nine years ago, our union supported changes to the law giving FTA the power to enforce safety matters. Unfortunately, in 2020, the agency simply refused to use that authority. We pleaded with them to step up and get personal protective equipment (PPE) to the transit systems. They ignored us. So in many cases, it was actually our local unions that went out and helped the agencies secure PPE. Think about that. The workers and their unions were forced to go out on their own and search for and sometimes pay for the life-saving equipment because our Federal Government turned a blind eye. We also sent demands regarding social distancing, mask mandates, contact tracing, and several other protective measures for transit workers. But the previous Administration watered down the Centers for Disease Control (CDC) guidance, seriously scaling back or completely removing specific recommendations for transit systems:

- No specific guidance on necessary PPE;
- Lack of recommendations for testing transit workers and performing contact tracing;
- No guidance for strategic continuation of service to reduce overcrowding;
- Failure to offer specific guidance for effective sanitation and filtration of HVAC systems on transit vehicles;
- Scaled back recommendations for waiting to allow for air exchange before cleaning possibly contaminated work areas;
- Removed examples of physical barriers and partitions as effective measures to enforce social distancing and correct air flow recirculation issues; and
- Watered down protocols for responding to cases of potentially infected workers.

As a result, each day, more and more of our members died. While we will never know exactly how many passengers contracted the virus on the bus or the train due to the lack of Federal safety standards, or the number of family members they later infected, it is safe to say that many deaths could have been prevented with proper leadership.

Now, even after inauguration day, we are still paying the price. We found out on Day Two of the Biden Administration that the new President was reportedly left with no plan to administer the vaccine. It would not have mattered anyway, as we already heard that the reserves that the previous Administration were supposedly stockpiling were actually exhausted. Now, even in States that are following Federal vaccine recommendations, giving vaccine priority, in the second tier, to transit workers and other frontline workers, the fact is that supply does not even come close to meeting demand. In my home State, our employer, New Jersey Transit, did the right thing and purchased refrigerators to store the vaccines so our members can get the shot right on site. But those refrigerators have been empty for more than a month. Since there was no plan and no reserves, we wait for the shot, putting our lives on the line every day.

The Mask Police

In addition to driving a bus, ATU members also now serve as the "mask police." Far too often during these politically charged times, we have been brutally attacked for simply enforcing the rules and trying to stop the spread of the virus.

A baseball bat beating in California, a two-by-four attack on a bus in Texas, and a bone-breaking sucker punch in New York are just a few violent incidents that underscore another danger for transit workers in a coronavirus world—and they all happened in one month. Since the pandemic began, there have been hundreds of COVID-related violent encounters between bus drivers and angry passengers who refuse to wear masks or follow social distancing protocols.

At the beginning of the pandemic, transit systems were boarding from the back and waving fares. But regular fare collection and front door boarding resumed again in the summer, bringing passengers and drivers within a few feet of one another, exposing us to the virus and angry people.

When someone boards one of our buses without a mask, we are faced with a tough choice: say nothing and risk that an infected rider will spread the virus, or tell the passenger to put on a mask and risk a violent reaction. When you confront someone, it can escalate quickly. They could spit on you, throw something at you, or hurt another passenger. But what if that person is sick and contaminates everyone on this bus? And you could have prevented that?

Last May, a St. Louis man boarded a bus without a mask. After the female driver informed him that he could only ride the bus with a face covering on, the man fired a 9mm pistol at the driver. She was saved only by the polycarbonate shields that were installed as part of the COVID response. In Austin, TX, a man threatened a bus driver with broken scissors after being told to wear a mask. In Springfield, MA, a PVTA bus driver was assaulted after asking a passenger to wear a face covering. The suspect punched the woman driver in the back of the head and then assaulted another person who tried to help. Knoxville, TN police arrested a man who threatened a bus driver with a box cutter after she asked him to put on a face mask before boarding. In Staten Island, NY, a man was arrested on assault charges for throwing hot coffee onto an MTA bus driver's face when he was asked to put on a face covering.

In Boston, a teenager recently attacked an MBTA bus driver after he was asked to put a mask on or get off the bus. He then began coughing on the driver, claiming he had COVID and attacked the driver with a block that's put under the bus wheels when it is parked. In Florida, a homeless woman recently boarded a Miami bus and began coughing on passengers. The driver told her she needed to wear a mask. The woman then spat on the driver. Coughing on someone is not a laughing matter. When the pandemic first began back in March, ATU Member Jason Hargrove, from Detroit, posted a Facebook Live video complaining about one of his passengers who was openly coughing several times on his bus without covering her mouth. Eleven days later, Jason died of COVID–19. Jason loved his job and was proud to do it. He was always concerned about his passengers. He suffered too, as his temperature soared, his fingertips turned blue, and he couldn't breathe.

Once a passenger gets on the bus with a mask, it's just the beginning. While driving down the road, our members are constantly checking the mirror, making sure that riders are keeping their masks on. They often pull the face coverings off, and that's when the real tension begins. We are bus drivers, not police officers. We do not need political debates on board our vehicles, but that's the way things are right now. When people don't listen, we need to call in the issue to the company so they can send help.

We are thankful for President Biden's action to require masks on public transportation. TSA's Security Directive (SD) 1582/84-21-01 regarding face mask requirements, which supports enforcement of the CDC order, is long overdue. The SD requires transit systems to establish procedures to manage situations with persons who refuse to comply with the requirement to wear a mask. At a minimum, these procedures must ensure that if an individual refuses to comply, the agency must deny boarding, make best efforts to disembark the individual as soon as practicable or make best efforts to remove the individual. Of course, unlike the airlines, the issue is that we do not have armed TSA agents screening passengers before they get on the bus or the train. Therefore, the burden of enforcing this rule still falls upon our members, at least initially. We clearly need increased local law enforcement on our buses to carry this out.

Driving a Bus in a COVID World

We are frontline workers. That does not change, virus or no virus. Our job is to make sure that people can get where they need to go—the doctor, the pharmacy, the grocery store—safely. All of this has become quite challenging during the pandemic.

Social distancing on a bus is extremely hard to do. Passengers in many locations are allowed in the front row, which is too close for comfort for many of us, and we are once again collecting fares. In some cities, passengers are provided with masks if they do not have one, but our members often drive in the inner cities where homeless people are currently boarding the buses for free, and boxes of masks on the vehicle usually disappear quickly.

We come in early to complete the COVID preshift tasks, grabbing the spray bottle and wiping down the vehicles, especially the driver shields that have been installed in many locations since the pandemic started. Most shields are better than nothing, but still leave a gap exposing us to attacks.

As always, we must still touch wheelchairs to help disabled riders get on board, secure their wheelchairs, and help them exit. Anywhere we touch, the surface gets wiped down.

Transit Still in High Demand

Continued transit service is vital to lower-income essential workers who are keeping our hospitals, supermarkets, and pharmacies going. A recent study by Ohio State University [1] found that the COVID–19 pandemic had surprising effects on demand for transit in American cities. While demand for public transit dropped about 73 percent across the country after the pandemic hit, the reduction didn't impact all cities equally. Large cities saw demand fall further than cities in the Midwest and the South. Why? It has to do with the nature of jobs in different cities and who was actually using public transportation before the pandemic. In cities in the Midwest and the Deep South, most transit users have jobs where they still have to come in to work during the pandemic and don't have any other choice.

Essential workers are the core users of public transit in these cities. They include health care workers, people working service jobs, working in grocery stores, and people who clean and maintain buildings. The biggest factor was race. The larger the Black population in a city, the less decline in demand for transit.

Occupation also plays a large role. People who cannot work at home and rely on transit continue to use it. Many of the people with physical jobs who continue to use transit are Hispanic.

Vaccine Inequities and the Impact of Transit

The inequities don't end there. We know that America has seen large racial disparities in coronavirus cases, with Blacks, for example, accounting for a huge percentage of virus cases despite being only about 13 percent of the U.S. population. And when it comes to the vaccine, the numbers are also skewed. A racial gap has opened up in the Nation's COVID–19 vaccination drive, with Black Americans in many places lagging behind whites in receiving shots, and it's not just because many are suspicious of the Government. Access is a key factor, and transit plays a huge role.

People in underserved communities often don't have vehicles and must rely on public transportation. Drive-up vaccination sites are of no use to these people. And we know that during the pandemic, many transit agencies have reduced their service or limited the number of passengers to provide for social distancing. The vaccine distribution has a huge transportation component.

Our members at Local 1309 in San Diego are now giving free rides to passengers to and from COVID–19 vaccine sites. We are pleased to play a key role in this partnership between the Metropolitan Transit System and North County Transit District. In South Florida (Locals 1267 and 1577), officials are calling for educational outreach in the Black community via avenues besides the typically used churches and supermarkets, which could include hair salons, laundromats, or public transit stations.

It's also not just a matter race: age plays a role as well. In Los Angeles, where our members at Local 1277 maintain the buses, we've heard about seniors having to take three buses to get to vaccine appointments. Transportation limitations should not slow down the vaccine rollout. Thankfully, the county is working out an agreement with regional transit operators to provide direct access to the vaccine sites.

More Transit Investment Needed

Even if the vaccine rollout improves drastically in the first half of this year and our economy comes back to life, transit will still be in need of emergency operating aid for the foreseeable future. Dedicated sales taxes from bars and restaurants have dried up, leaving transit agencies with no local source of operating assistance. Choice riders are understandably hesitant to get back on transit vehicles due to safety concerns. It will likely take years for ridership levels and fare box revenue to recover, and we will need significant levels of Federal operating aid to survive.

[1] *The Impacts of COVID–19 Pandemic on Public Transit Demand in the United States*. November 18, 2020, *https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0242476*.

As highlighted by the American Public Transportation Association (APTA), an independent economic analysis found that public transit agencies face a projected funding shortfall of nearly $40 billion through 2023. We therefore urge Congress to provide an additional $39.3 billion in emergency funding to help public transit agencies provide safe, reliable service as they continue to grapple with the financial burden caused by the COVID–19 pandemic. We are grateful for the $30 billion included in the budget reconciliation bill.

All transit systems have been hit hard by this pandemic, and ATU calls on Congress to ensure that the next bill provides funding for all FTA grantees. The December bill, with its formula providing up to 75 percent of 2018 operating costs between the CRRSAA and the CARES Act, did not result in distributing funding to every system.

This additional funding is needed to maintain critical service. Moreover, robust transit service is essential to our long-term economic recovery, particularly for low-income workers and communities of color. As discussed above, Congress threw a lifeline to transit agencies and our communities with the recent passage of the CRRSAA. In the weeks leading up to that bill, we were facing massive layoffs and staggering service cuts—as much as 40 percent in some areas. TransitCenter and the Center for Neighborhood Technology released a revealing study[2] which showed that in just ten regions, more than 3 million households and 1.4 million jobs would have lost access to frequent transit, with communities of color really feeling the impact. Second and third-shift workers would lose an affordable way to commute, and households without vehicles would have an even harder time meeting everyday needs.

For example, in Boston, where ATU Local 589 runs the "T," nearly 11,000 households without access to a private vehicle would lose access to frequent transit, impacting their ability to meet essential needs. In Cincinnati, where ATU Local 627 runs SORTA, frequent full-day service would cease to exist, stranding nearly 17,000 people, nearly half of whom are Black. The report highlights Patrick Jones, who rides two buses to get from his home in Cincinnati to reach his job as a forklift operator at the Coca-Cola distribution center across the river in Covington, KY. His typical commute, which takes about 1½ hours, has already increased by 10–20 minutes, as service changes have lengthened transfer times between buses in downtown Cincinnati. Clintisha Flemming, the report notes, a property owner in metro Atlanta (ATU Local 732), saw what happened when bus routes were changed due to COVID. "Ninety-five percent of my tenants use MARTA," she said. "The agency cut a bus route that served my building and now my tenants are scrambling to figure out how to get to work and access their doctor. Loss of public transit can change the trajectory of a person's life. This is life and death for some of my tenants."

Heroes

While many people have the luxury of working from home to avoid the coronavirus, some of us are not that fortunate. Over the past year, our "essential" workers have literally saved America—keeping the economy moving so that we can remain safe. Tragically, by putting themselves in harm's way, millions of these brave people have been infected with COVID–19, and hundreds of thousands have paid the ultimate price.

Now, it's time to recognize the sacrifices that frontline workers have made during this deadly pandemic with a small token of appreciation. ATU strongly supports hazard pay for frontline workers (including transit workers).

Our members are true heroes for millions of the Nation's transit-dependent individuals—mostly people of color—who patiently wait for the bus during these cold winter months because they have no other way to get to work, the grocery store, the doctor, and the pharmacy.

While transit workers are rightfully being called "heroes" during these horrific times, our members are finding that when they return to the bargaining table, they are being cast away as "zeros." Congress should provide pandemic premium pay for frontline workers now!

Conclusion

We cannot change what has happened in the past eleven months. Our hero members and the passengers that we've lost due to the failures of the Federal Government to keep us safe are not coming back. But moving forward, brighter days are ahead. President Biden's commonsense public transit mask mandate was a huge step in the right direction that will save lives. The vaccine should be more widely

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[2] "Stranded". TransitCenter, September 30, 2020, *https://transitcenter.org/wp-content/uploads/2020/09/stranded.pdf.*

available soon, and hopefully transit workers will get priority access. With continued Congressional support for public transit, a stronger Federal role in the enforcement of common sense safety measures, and a seat at the table for workers to express their COVID concerns, we can work our way through these challenges, safely deliver the transit services that Americans sorely need, and play an important role in our economic recovery.

PREPARED STATEMENT OF JAMAEL TITO BROWN

MAYOR, YOUNGSTOWN, OHIO

FEBRUARY 18, 2021

Thank you Chairman Brown and Ranking Member Toomey for inviting me to testify before the Senate Committee on Banking, Housing and Urban Affairs. I am Jamael Tito Brown the Mayor of the City of Youngstown, Ohio. We are a small city in the Midwest of a population of nearly 67,000.

This year marks 44 years since the closure of steel mills in the City of Youngstown. As a legacy city, we have faced a history of corporate corruption and political corruption causing governmental mistrust amongst our community. My Administration has had to overcome many obstacles. Inadequate educational resources and a lack of livable wage jobs have always been historical problems for our community. A further hindrance in our efforts for recovery is the decline of our housing stock and transportation for those who need access to employment.

The current global pandemic has hit our community harder than most. COVID–19 has been a great revealer of the health, social, economic and racial disparities of our community. Small to medium sized businesses are also feeling the impact of the pandemic, especially minority-owned businesses, many of whom did not have an established relationship with a banking institution prior to the pandemic.

The needs of the City of Youngstown are no different from other communities across the Nation. When a city is barely rebounding from 50 years of economic decline because of outside forces beyond our control, those rebounds have been further eviscerated by COVID–19. Whatever Federal assistance is provided must be a long-term coordinated strategy to get the resources we need to address the public health impact of COVID–19 and assure that housing, transportation, and small business efforts are included in a Federal rescue plan. If any component is ignored the entire community structure will likely fail.

Ohio cities in particular have been hard hit by the economic downturn brought on by the pandemic. This is because cities in Ohio rely on a municipal income tax as our primary source of revenue. This tax source is much more susceptible to economic conditions as opposed to more stable sales or property tax revenue streams.

Youngstown has seen this impact first-hand. We are the county seat and our county, Mahoning County, has one the highest unemployment rates in the State—ranking 75th out of Ohio's 88 counties. When unemployment is up, tax revenue is down and these economic challenges have ripple effects all across our regional economy—from housing, to public transit, and the economic activity that sustains our small businesses.

In order to truly recover from the pandemic, relief has to help our neighbors and our community to not only survive but also thrive so our city does not flounder for another 50 years.

A Federal rescue plan must include assistance to help build back better legacy cities like Youngstown, Ohio. It should include, as outlined by President Biden: assistance for the production and distribution of COVID–19 vaccines; rental assistance for families; transit assistance to keep buses running so essential workers can continue to get to work; and small business support so hardworking business owners can keep their workforce.

The relief effort should be flexible and free of bureaucratic red tape so that the pace of recovery is not stymied by Federal mandates. Transparency of local government spending should be a guiding mandate to reinforce accountability and build trust with our communities.

Small cities need assistance. Small cities need assistance quickly. Small cities need assistance desperately.

The impacts of COVID–19 are still affecting many of my citizens. Families are still hurting. We need immediate relief during these difficult times. I urge you to think of this as part of a long-term sustainable recovery plan to build back and create thriving communities.

PREPARED STATEMENT OF JYOSHU TSUSHIMA

STAFF ATTORNEY, LEGAL AID SOCIETY OF COLUMBUS

FEBRUARY 18, 2021

Thank you for inviting me to testify. My name is Jyoshu Tsushima, and I am a staff attorney at the Legal Aid Society of Columbus Ohio, a nonprofit that provides free legal assistance to low-income clients. Through our eviction prevention clinic, the Tenant Advocacy Project (TAP), my team and I represent tenants in eviction trials at Franklin County Municipal Court.

While the pandemic has wreaked havoc on our community, it has hit low-income communities the hardest. We are constantly reminded to stay home and social distance, but such safety measures are not available to families who are evicted.

Every morning, Monday through Friday, my team and I watch tenants and landlords check in for eviction court. About 90 to 100 trials are scheduled per day, all for 9 a.m., before one magistrate. Our court uses a "cattle call" system, where tenants, their families, landlords, and attorneys wait in an atrium for cases to be called one at a time. We try to help as many families as we can before cases get called. We quickly assess cases for legal defenses and scramble to seek solutions that will keep them housed. Other agencies are also at eviction court trying to connect tenants and landlords with rental assistance. Every morning is chaotic and so many tenants fall through the cracks, leaving court knowing they have to move their families elsewhere, in the dead of winter, in the middle of a pandemic.

The vast majority of tenants are facing eviction for falling behind on rent. Even before the pandemic hit, over 54,000 low- and moderate-income households in Central Ohio spent more than half of their income towards housing.[1] Many were survived by living paycheck to paycheck. When these renters lost their jobs, or their hours were cut due to the pandemic, they were forced to rely on erratic spurts of stimulus checks, unemployment, and rental assistance, with little certainty about how much would come or when it would arrive. At one point Columbus was so short on rental assistance that our distributor, IMPACT Community Action, only dispersed funds to tenants that were being evicted while others were told to reapply when funds were replenished. When funds were depleted after that, IMPACT ceased new applications altogether. And even when assistance arrives, it is mostly used to pay off debts that were already owed, leaving nothing to for next month's rent. So many of our clients live this cycle month-to-month. They are not hanging by a thread; they are constantly waiting for one to be thrown down to save them.

Because of this uncertainty and frequent shortages in financial assistance, tenants are terrified of falling behind on rent and losing their homes, and current law does not ease those fears. Landlords can legally refuse rent once it is late and choose to evict instead. Landlords are not required to work out payment plans to give tenants a chance to catch up. We have had tenants who cannot even attend court because they are hospitalized by COVID–19, and when we ask some landlords' attorneys to reschedule a case until the tenant is well enough to return, they decline and reply that, although unfortunate, they will still evict these tenants because that is the right of the property owner. When a landlord owns your home, being infected with COVID–19 does not stop an eviction. Neither does job loss, family death, mental illness, crippling accidents, nor any other misfortune.

Eviction moratoriums are effective in keeping people housed and preventing the spread of COVID–19.[2] However, enforcement of moratoriums under the CARES Act and CDC has been excruciatingly difficult. Under the CARES Act moratorium it was nearly impossible for attorneys to determine if rental properties met the requirement of having a federally backed mortgage since such information was not publicly available. Unrepresented tenants did not even know what the moratorium requirements were. Ultimately, enforcement was left to the self-regulation of landlords.

When the CDC announced its moratorium we were hopeful that it would be easier to enforce; however, too many tenants are slipping through the cracks due to several loopholes. Current CDC guidance allows landlords to challenge tenants' eligibility for the moratorium in court. Since there is no consequence to making such a challenge, many landlords and their attorneys advise tenants that they are not protected and will challenge the moratorium by filing an eviction, which is often enough to pressure tenants to move.

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[1] Affordable Housing Alliance Central Ohio, *The Columbus and Franklin County Affordable Housing Challenge: Needs, Resources, and Funding Models*, February 2017, *https://static1.squarespace.com/static/AHACO+Research+Report+FINAL+February+2017.pdf.*

[2] Leifhert et al., *Expiring Eviction Moratoriums and COVID–19 Incidence and Mortality*, *https://papers.ssrn.com/sol3/papers.cfm?abstract-id=3739576.*

In Columbus if a tenant seeks protection under the moratorium through our court, the tenant then has to attend a "truthfulness" hearing, where the landlord or their attorney quizzes the tenant on whether they are really poor enough to qualify. One of our clients lost his job due to the pandemic and was supporting himself and his two kids on $100 weekly unemployment checks. His landlord filed an eviction against him for failing to pay rent. At trial the landlords' attorney grilled him on why he couldn't spend any of his unemployment towards rent. Our client responded that it all went to food and utilities. The attorney argued to the court that since our client spent nothing on rent the CDC moratorium should not apply. The court declined this argument and stayed the eviction; however, the landlord filed a new eviction against our client, claiming he was a holdover tenant. Tenants are already scared and humiliated to be at court. To have to be cross-examined in open court on how they are trying to keep their children alive on $100 per week demeans them even further, and they cannot even be guaranteed that the moratorium will keep them safe. Over 4,000 evictions were filed in our court between September and December 2020. Less than 20 of these evictions were stayed under the moratorium.

Evictions and COVID–19 are also hitting our Black communities the hardest. While 60 percent of our clients at eviction court are Black, Black residents make up only 24 percent of Columbus' population. CDC's data shows that if you are Black then you are twice as likely to die from COVID–19 than if you are white.[3] In other words, a disproportionate number of Black tenants are being evicted, leading them to greater exposure of COVID–19 when they move into shelters or another family's home. None of my clients chose their race or choose to be born poor. None of them chose to suffer as they do. The rest of us, however, have a choice in either taking action or being bystanders to the consequences of this pandemic.

We need more aggressive intervention. That means adequate rental assistance that tenants and landlords can rely on, and effective eviction moratoriums to keep families housed. An estimated 272,000 to 552,000 of Ohio families are at risk of an eviction without such intervention, while 7 to 14 million households nationwide face the same peril.[4] These numbers do not even account for the millions of homeowners facing similar threats through foreclosures. When a family is displaced, those parents, those children, suffer innumerable ways. And the community as a whole suffers as well. We must do more to ensure everyone has a home, not just because it is right, but because it is necessary.

PREPARED STATEMENT OF DOUGLAS HOLTZ-EAKIN

PRESIDENT, AMERICAN ACTION FORUM

FEBRUARY 18, 2021

Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you for the privilege of appearing today to share my views on the American Rescue Plan ("the plan") and the sister legislation being prepared by Congress. I wish to make three main points:

- The architecture of the plan is largely divorced from the roots of the recession and headwinds to the recovery, and—at best—it will be costly, inefficient, and ineffective;
- The scale and composition of the plan is at odds with the stated goals for economic stimulus toward full employment; and
- A large number of the elements of the plan can only be understood as longstanding and permanent political objectives that are inappropriately advertised as a response to COVID–19.

The Roots of the Recession

In the 20th century, recessions were income-related events. In the prototypical recession, when inventories built up, production was throttled back, layoffs ensued, and household incomes fell. The resulting retrenchment in household spending exacerbated the original problem, and the downturn took hold. Eventually, the shelves became too bare, production ramped up, laid-off workers were recalled, and the dynamics took hold in reverse. Many of the familiar fiscal policies—unemployment in-

[3] Center for Disease Control and Prevention, *COVID–19 Hospitalization and Death by Race/Ethnicity*, *https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html.*

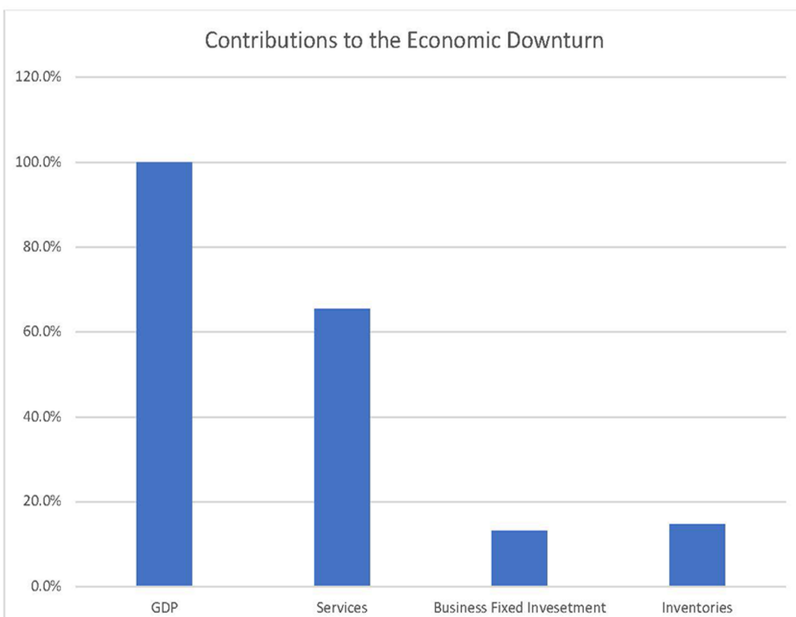
[4] *STOUT Data: Estimation of Households Experiencing Rental Shortfall and Potentially Facing Eviction* (8/19/20–11/23/20), *https://app.powerbi.com/view?r.*

surance, tax cuts, etc.—were designed to provide transfer income to lessen the depth of the recession and shorten its duration.

In the 21st century, recessions have been triggered by financial instability and wealth destruction that spilled over to the Main Street economy. The dot-com bubble burst lead to a mild recession early in the century and the 2007–2008 financial crisis spawned the Great Recession. The same tools were deployed, but with little success. Despite fiscal policy legislation in 2001, 2002, 2003, and 2005, the years after the dot-com recession were labelled the "jobless recovery." The painful aftermath of the Great Recession is familiar to all.

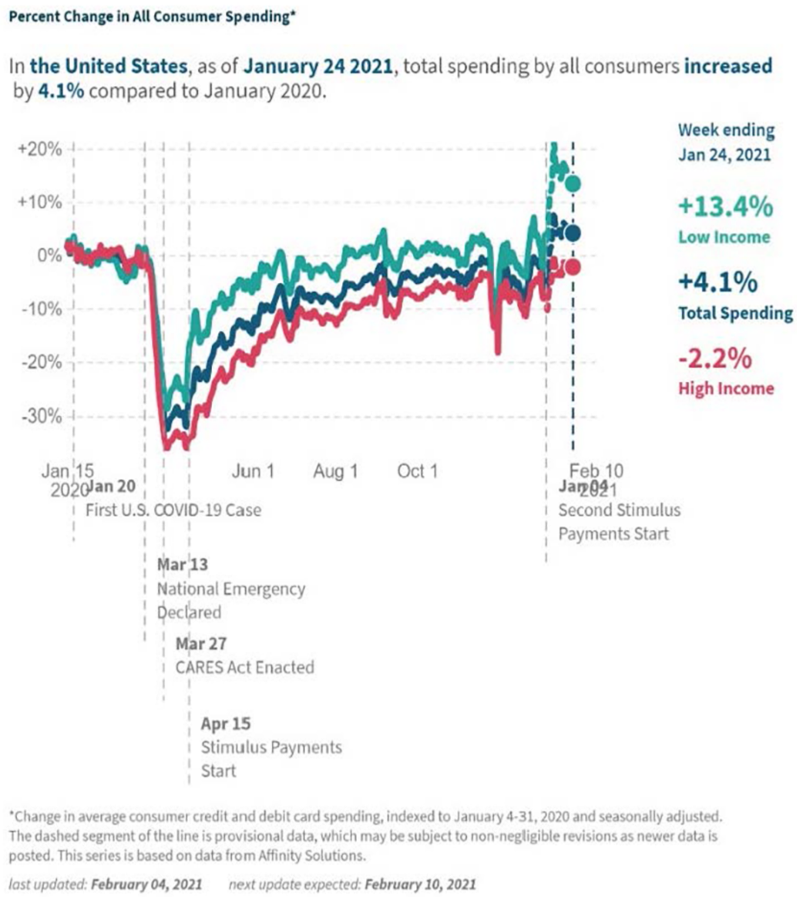
The COVID–19 recession is unique. Income has risen through 2020, with employee compensation up by 2.0 percent overall, wages and salaries up 2.2 percent, and the massive transfers in the Coronavirus Aid, Relief, and Economic Security (CARES) Act ensured that disposable income never fell below the level in Q4 of 2020. The recession is not an aggregate income event. Similarly, housing values have risen over 2020, equity markets are up strongly, and household wealth has been bolstered by the large amount of transfer income that has been saved. The recession is not a financial market and wealth event.

The COVID–19 is a household spending event ("consumption" in the jargon of economics). Between Q4 of 2019 and the trough in Q2 2020, real gross domestic product (GDP) fell precipitously by $1,951.5 billion or 10.1 percent. As shown in the chart (below), 65.5 percent of that decline can be traced to reduced household spending on services. This follows directly from the threat of the virus: consumption of personal services such as restaurant meals, hotels, concerts, haircuts, and the like involved personal contact and ran the risk of infection with the coronavirus.



The impact of the virus's threat is shown more clearly in the chart (below) reproduced from the Track the Recovery website. The chart displays a real-time estimate of total spending (blue), as well as spending by households in low-income (green) and high-income (red) zip codes. All three measures collapse in early March 2020. Of note, in part due to the large policy response, spending overall and in low-income areas is now above January 2020. Spending in high-income zip codes, however, has yet to recover and remains 2.2 percent below last year.

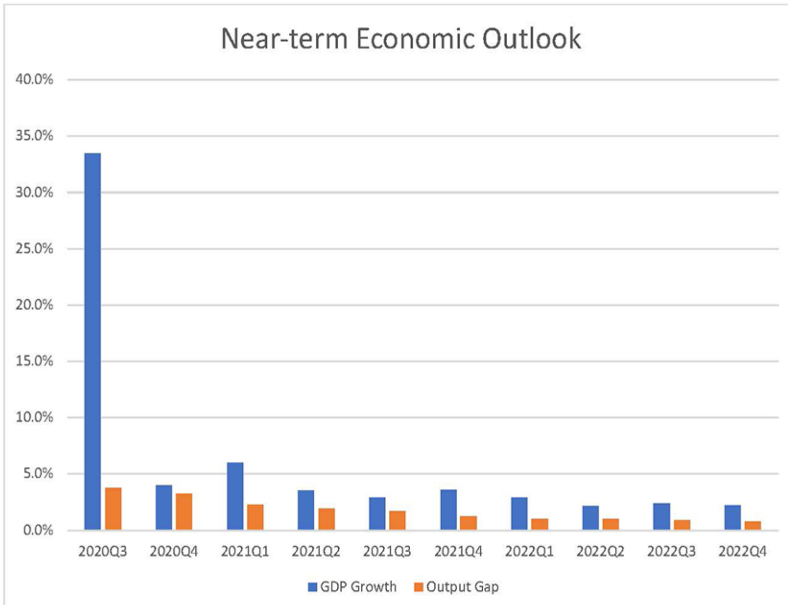
There are two lessons from these data. The first is that there is no real substitute for defeating the coronavirus. Only that will permit the full resumption of economic activity. Second, and as a corollary, none of the policies contemplated in the American Rescue Plan will stimulate the lost services spending of relatively affluent households.



The Near-Term Outlook

Following the precipitous decline in early 2020, the economy began to recover and is expected to continue to do so. The chart, below, documents recent quarterly growth rates of GDP and reproduces the recent economic projections of the Congressional Budget Office (CBO). [1] The blue bars represent the quarter-by-quarter growth rates of GDP (at an annual rate), while the orange bars measure the "output gap"—the difference between the actual level of GDP and the potential for GDP when economic resources are fully employed—as a percentage of potential GDP.

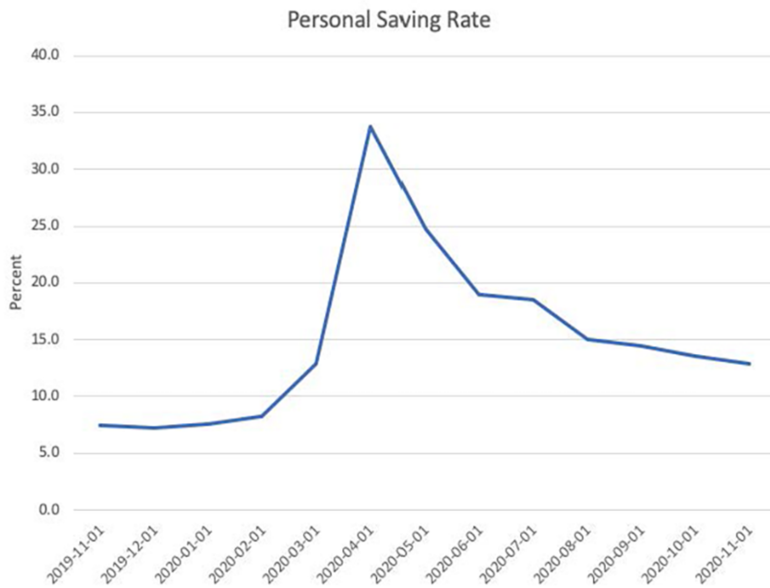
[1] I adjusted the CBO projection because the actual GDP for the fourth quarter of 2020 is below the CBO projection. I raised the growth rates of GDP in the first half of 2021 to reach the projected level in Q3 of 2021.



The chart carries two lessons. The first is that the economy is growing and growing rapidly (over 5 percent in the current quarter). Clearly, the economy is far from recession territory and certainly not a disaster. As a consequence, the output gap will fall below 2 percent by the middle of this year and below 1 percent by the end of 2022.

As discussed earlier, the key headwind to the economy is the reduced spending due to the interference of the coronavirus. The lesson is that controlling and eliminating the virus is the only route to rapid, sustained, economywide growth. Policies that hasten this development should be a priority. In addition, Congress recently passed $900 billion in support of the economy. This constitutes roughly 4 percent of GDP. If the funds for checks, unemployment insurance (UI), the Paycheck Protection Program, and other funds move into the economy over the next 6 months, this is support at an annual rate of 8 percent.

If recent history is any guide, much of these funds will be saved. Over the course of 2020, the saving rate skyrocketed from roughly 7.5 percent to nearly 35 percent in the aftermath of the CARES Act and remained nearly twice that through November.



The bottom line? The economy has underlying strength, and a lot of fiscal support remains in the pipeline. If the virus vanished overnight, there would be no case for further action.

The Theory of Economic Stimulus and Its Appropriate Application

The American Rescue Plan—the Biden administration's $1.9 trillion proposal—is advertised as much-needed stimulus to reverse the course of the economy and restore growth. As noted above, the economy is not in recession and is expected to grow.

Moreover, recall that the "theory" of stimulus is that when the economy is below full employment, Government stimulus—tax cuts, checks, spending—will boost spending. This will, in turn, stimulate business activity, which will begin a virtuous cycle of additional income to workers, more spending, and more hiring. Because of the virtuous cycle, $1 of stimulus is expected to have (much) more than a $1 impact—the "multiplier effect."

That's the theory; it just has nothing to do with the current policy debate. First, there will be no stimulus as long as the virus stops households from spending freely. Further, even taking the stimulus theory at face value, the $1.9 trillion size of the package eclipses the economic need. As noted above, currently, real GDP is below potential GDP with the output gap somewhere in the vicinity of $450 billion (in 2012 dollars). The $1.9 trillion proposal is a bit over $1.6 trillion in 2012 dollars. Thus, the proposal is a stimulus of over three times the size of the output gap that is needed to get the economy back to potential.

Based on any reasonable economic theory of stimulus, $1.9 trillion is far too large. In the chart (below), I assume that the stimulus hits the economy in equal increments over the 7 quarters from Q2 2021 to Q4 2022. Moreover, I assume the "multiplier" impact of $1 of spending is a $0.50 increase in GDP—not much stimulus at all! As the chart indicates, the economy exceeds its potential by the final quarter of this year. From that point forward, the only result will be overheating that will lead to inflated asset prices, inflated prices for goods and services, and an increased risk of economic turmoil.

There is an alternative way to look at these efforts: as "relief" that replaces income to relieve the burden of the crisis, with no pretense that there will be "stimulus." From that perspective, the funds should be targeted on those in financial distress, but the latest proposal is far too broad. The request to send checks includes individuals even if they did not miss a day of work or a single paycheck. It would be better to target the long-term unemployed. Labor Department data indicate that nearly four million people have been unemployed for 27 weeks or longer. They each could receive a check for over $96,000 with only a fraction of the same pool of money. While that's not realistic, $2,000 more to the long-term unemployed would cost only $8 billion.

The Composition of the Plan

The second key aspect of the proposal is that its content has an internal contradiction. In broad terms, there are provisions to fight the coronavirus with more vaccines and testing, more than $1 trillion for households, and $440 billion for aid to communities and businesses. If the plans to fight the virus are successful, however, there will be no need for special monies to open schools, open child daycares, provide paid leave, support businesses, or stimulate household spending. Only if the vaccination plan is expected to fail does it make sense to provide large-scale support for the economy through the summer and into the fall. The sensible strategy is to robustly fund the Biden vaccination plan, check for success, and continue to take the pulse of the economy.

The third key feature is that some of the economics are very weak (at best). It makes no sense to increase to $400 the supplemental UI benefit. Setting the benefit at $300 was a tough compromise; there is the potential for great damage in raising it to $400. At the $400 level, 50 percent of workers nationwide may be able to make more on unemployment than at work, which can create a strong disincentive for them to return to work. Similarly, there is no rationale for extending the UI to the end of September (especially if one expects the labor market to be essentially unimpaired by the virus during the summer). Consider also the proposal to spend $40 billion on housing programs, which broadly includes $25 billion for rental assistance, $10 billion for homeowner assistance, and $5 billion for homelessness assistance.[2] [3] Conceptually, I find it difficult to reconcile the need for specific assistance on housing with the notion that Congress has provided hundreds of billions in stimulus checks and enhanced UI benefits to permit households to maintain their budgets—including rent and mortgages. Moreover, the funding is not temporary; it would be available to be disbursed for up to 5 years (until September 30, 2025); well past the expected duration of the COVID pandemic.[4]

This request comes on top of $40 billion already provided for housing programs in response to COVID,[5] including $25 billion in temporary emergency rental assistance funds Congress just provided in the $900B spending bill that became law in late December.[6] A total of $80 billion seems out of line with the actual need. The National Multifamily Housing Counsel's (NMHC) rent payment tracker has consistently shown from April 2020 through Jan. 2021 that by the 20th of the month 8–11 percent of renting households have not paid their rent and that by the end of the month 5–7 percent of renting households have not paid their rent.[7] Using the upper end of those ranges puts the price tag in the neighborhood of the National Council of State Housing Agencies that estimated renting households could owe $13–24B in unpaid rent by Jan. 2021.[8]

Another questionable design is the checks to households. The $600 checks provided in December will produce no real stimulus; raising them to $2,000 doubles down on a failed policy. If the checks are, instead, viewed as relief for those facing financial travail they need to be targeted on the long-term unemployed.

Raising the minimum wage to $15 per hour is the antithesis of "stimulus" and should therefore be excluded from the package. CBO's recent study finds that the proposed legislation would raise the number of unemployed by 1.4 million. Jobs would decline because "From 2021 to 2031, the cumulative pay of affected people would increase, on net, by $333 billion." Also, "That net increase would result from higher pay ($509 billion) for people who were employed at higher hourly wages

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[2] *https://docs.house.gov/meetings/BA/BA00/20210210/111179/HMTG-117-BA00-20210210-SD002.pdf*

[3] *https://docs.house.gov/meetings/BA/BA00/20210210/111179/HMTG-117-BA00-20210210-SD002.pdf*

[4] Sections 4201(j), Section 4207(a), Section 4206(a) of HFSC reconciliation bill, available at *https://docs.house.gov/meetings/BA/BA00/20210210/111179/HMTG-117-BA00-20210210-SD003.pdf.*

[5] *https://www.covidmoneytracker.org/*

[6] *https://home.treasury.gov/policy-issues/cares/emergency-rental-assistance-program*

[7] *https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/; https://www.nmhc.org/globalassets/research-insight/rent-payment-tracker/data-downloads/rent-paymenttracker-02092021.xlsx*

[8] *https://www.ncsha.org/resource/stout-rental-and-eviction-live-data/*

under the bill, offset by lower pay ($175 billion) because of reduced employment under the bill."

To date, the fiscal response to COVID–19 has been appropriately large, timely, and entirely temporary. The final thing to note is that many of these proposals have nothing to do with COVID–19 and are permanent or clearly intended to be: the grotesque bailout of the multiemployer pension system, as well as the expanded and advanceable child tax credit, the childcare tax credit, the expanded earned income tax credit, and the expanded and larger premium tax credits.

The bottom line is that the Biden American Rescue Plan is inconsistent with the current and projected strength of the economy, ignores economic support that is in the pipeline, spends over a trillion on problems that the vaccination program is intended to solve, and contains numerous extraneous proposals. Any legislative compromise that will pass Congress should have to be much better designed.

Thank you, and I look forward to your questions.

PREPARED STATEMENT OF GIANNI CRACCHIOLO

MANAGER, SAL & JERRY'S BAKERY

FEBRUARY 18, 2021

Chairman Brown, Ranking Member Toomey and distinguished Members of the Senate Banking Committee. Thank you for the invitation to testify today.

I am Gianni Cracchiolo. My family owns Sal & Jerry's Bakery in New York. Sal & Jerry's Bakery is a retail and wholesale bakery that supplies the public and distributors with Italian cookies, pastries, and breads. My father and his cousin, emigrants from Italy, founded Sal & Jerry's Bakery in 1983 in the Bensonhurst section of Brooklyn. In 2012, we expanded our business by opening a second location on Long Island that primarily supplies to distributors.

Our bakery in Brooklyn was a staple in our community for nearly 40 years until we were, unfortunately, forced to close our doors in August of 2020. This bakery was our family's legacy, one filled with an entrepreneurial spirit, and rich with tradition, culture, and love. It was the quintessential American Dream for immigrants who came to this country to provide a better life for their families.

Minimum wage hikes and other State and Federal regulations acted as a silent killer that slowly chipped away at revenue and caused our bakery in Brooklyn to perish. COVID–19 and the ensuing lockdowns were not the main cause of our closure but were the straw that broke the camel's back. Coronavirus should not be used as the scapegoat by policymakers to further ignore the fact that small businesses are vanishing in this country due to Government regulations making it difficult to succeed.

The decline in growth and long-term viability of our bakery became evident during the first few years of minimum wage increases in New York. At our retail bakery, we had three tiers of wages for our workforce. The 1st tier was our night bakers, who got paid a premium for shift differential. The 2nd tier was day shift bakers, and the 3rd tier was general laborers. General laborers are product packers, retail counter service, and maintenance workers. These were individuals who typically consist of working students, entry-level employees and hourly staff. These individuals started at minimum wage as they began to learn the trade and advance in their roles. Internal mobility was always an option we encouraged our staff to pursue at Sal & Jerry's Bakery.

As Tier 3 minimum wage employees' pay increased by $1.00 per fiscal year, wages began creeping up to the Tier 2 wages, and this was when the problem started. You cannot justify the fact that working high school students or entry-level employees with no prior experience should be making the same wages as the experienced staff. It is neither fair, nor ethical. As years passed, my Tier 2 workers began to take notice of the minimum wage increases and demanded more pay to compensate for their experience and skill. It was soon a domino effect when 1st Tier employees wanted raises. We found ourselves with our backs against a wall in a situation where all salaries needed to increase. This crippled us.

To put this into perspective, each year that the minimum wage increased $1.00, payroll for the year went up $40,000. Multiply that by the number of years it has gone up and we're now at $120,000 total. This choke-hold was something that a small bakery could no longer withstand. I needed to make up for these increases and the only way to do so was to pass it onto our consumers. How much is someone willing to pay for a loaf of bread or a pound of cookies? At some point, people who are used to paying a certain price for a loaf of bread are going to start to complain, and that is exactly what they did. Our customers weighed their options and sought out their baked goods elsewhere.

Customers began to shop for their baked goods at supermarkets and large box stores like Target and Walmart. These stores offered lower quality versions of our products at a price point that customers were comfortable with. The corner bakery where they used to get their daily bread was now a luxury item only to be bought for special occasions and holidays. The big businesses benefited greatly from the minimum wage increases and continued to see their valuations explode. They garnered more customers, our customers, and replaced half of their minimum wage staff with electronic kiosks and part-time help. It was a win/win situation for big business. The minimum wage increases continue to make it difficult for small businesses to retain their employees. On numerous occasions, I have had dishwashers walk out on us within the first 2 weeks of employment. A dishwasher is an entry-level stepping stone role for most restaurants, bakeries, and food service businesses. It's not the most glamourous job, but someone has to do it. Let me ask you this . . . if you had a choice to work as a dishwasher and clean mixing bowls, pots, pans, trays, floors, etc. for $15/hr or work at a supermarket stocking shelves for the same wages, which would you choose? This goes for all entry-level jobs. All entry-level positions no matter what company you work for is now on an even playing field no matter how easy or hard the positions. For me to keep my head above water, I would have to pay them so well that they would stay. Meaning I would have to sell bread for $20.00/loaf and hope to sell enough to cover payroll each week.

To add insult to injury, in 2020 the CARES Act provided additional unemployment incentives to our employees exceeding their regular pay. We essentially lost our entire staff from March until July, because employees were making more money staying at home claiming unemployment than coming into work. Even though we received nominal assistance from the Paycheck Protection Program (PPP), we called on our employees to return to work, yet they did not comply. The Economic Injury Disaster Loan (EIDL) assistance received did not even cover 1 month's expenses. It became impossible to retain my workforce, maintain productivity, and turn a profit. I had no choice but to close. The Federal Government, provided more to help for people to stay home rather than help businesses stay open.

Small businesses create about 80 percent of the jobs in this country. They are the backbone of America. If small businesses continue to close their doors, this country will be harmed economically.

Substantial minimum wage increases can be very damaging to small businesses and you must compare the margin of profit vs. corporate companies. Big businesses can afford these wage increases, we cannot. Overall, 92 percent of small businesses oppose raising the minimum wage according to an NFIB member ballot, because this will result in unintended consequences like layoffs and bankruptcy. This will be the beginning of the end for entrepreneurs and start-ups and we could say goodbye to Main Street America as we know it.

Thank you for the opportunity to share our experience and I look forward to any questions.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR HAGERTY FROM JOHN A. COSTA

Q.1. A letter dated February 1, 2021, from Amalgamated Transit Union; American Public Transportation Association, Transportation Trades Department, AFL–CIO; Transport Workers Union of America; and International Association of Sheet Metal, Air, Rail, and Transportation Workers—Transportation Division; noted that public transit agencies face a projected funding shortfall of $39.3 billion through 2023. During the hearing on February 18, 2021, you noted that "most of" the $39.3 billion potential shortfall that public transit agencies might face through 2023 is due to the pandemic. Is there a way to quantify "most of"?

A.1. Response not received in time for publication.

Q.2. Describe the financial situation of Amalgamated Transit Union members' pension funds and how potential shortfalls might be addressed without Federal transit assistance.

A.2. Response not received in time for publication.

RESPONSES TO WRITTEN QUESTIONS OF CHAIRMAN BROWN FROM JYOSHU TSUSHIMA

Q.1. I'd like to give you a chance to respond to Senator Van Hollen's question regarding situations he'd heard about in his State in which renters were losing their homes not because they were being evicted mid-lease, but because the landlord chose not to renew their lease.

Is this a situation you are seeing in your work with renters in Ohio?

In your experience does a tenant's inability to pay rent in the previous months play a role in these situations?

A.1. Yes to both questions. Ohio, like many other States, allows landlords to terminate a lease without reason once the lease expires, even if the tenant offers rent or wishes to renew the lease. Many Ohio families' tenancies have been terminated during the pandemic because of this, and no protections have been created yet to prevent no-cause lease terminations during the pandemic.

The CDC eviction moratorium does not explicitly prohibit no-cause lease terminations and has left it to individual courts to interpret. Consequentially, when a tenant falls behind on rent and happens to have an expired lease, landlords often evict the tenant for "holding over" past the expiration date of the lease instead of filing an eviction for not paying rent. By claiming holdover, landlords can circumvent the CDC eviction moratorium since the CDC eviction moratorium is only applicable to tenants who fall behind on rent, even when landlords are clearly terminating tenancies because tenants are falling behind on rent. Even in our own court we see evictions stopped by the moratorium when the landlord initially evicts a tenant for falling behind on rent, only to have the landlord file a new eviction immediately after to claim the tenant is holding over.

This is occurring even when tenants can catch up on their rent or are eligible for rental assistance. Simply falling behind on rent is enough for many landlords to terminate tenancies in order to replace tenants who are vulnerable to the disruptiveness of the pandemic with tenants who are more economically resilient. In other words, a seamless undisrupted flow of rent is often given more value than the well-being of the renters paying it.

Nearly every renter is vulnerable to no-cause lease terminations since the vast majority of renters' leases expire after 1 year. This pandemic has already lasted more than a year and is poised to be an endemic disease, creating great uncertainty about when and how tenants can return to a normal work life and pay rent without disruptions. Leases signed in March 2020 are now expiring and every month another month's worth of leases will expire. The lack of protections against no-cause lease terminations has put hundreds of thousands of Ohioan households and millions of American households at risk of losing their homes.

Many tenants are facing displacement from no-cause lease terminations even when they never had problems paying rent. In cities like Columbus, Ohio, which have a high demand for housing, many real estate investors prioritize acquiring and developing rental properties to attract higher paying tenants, consequentially forcing many poorer tenants to relocate in the middle of the pandemic and compete for whatever scarce affordable housing remains.

The reality is that poor families are being forced out of their homes regardless of whether they are paying rent because landlords have a virtually absolute legal right to terminate tenancies without explanation, despite the funding available to help tenants catch up on rent or the increased risks of spreading COVID–19 when families become homeless.

Q.2. Last year I introduced a bill called the Eviction Crisis Act (S. 3030) with Senators Bennet, Portman, and Young.

Do you think this legislation would be beneficial in helping inform policymakers and the public about eviction trends across the country, as well as offering other protections to renters who are facing or have faced eviction?

A.2. The Eviction Crisis Act (ECA) would address some of the most fundamental problems in this country's eviction crisis by focusing on establishing landlord–tenant focused community courts, increasing data collection and analysis, and developing programs to prevent housing instability during a crisis.

Landlord–Tenant Focused Community Courts

Establishing and developing landlord–tenant focused community courts, or "housing courts," is one of the most effective steps a community can take to prevent evictions and maintain stable housing and is a crucial piece to the ECA as a whole. Housing courts provide a centralized location for agencies to connect with tenants to address the broad range of issues that lead to evictions by connecting tenants with legal assistance, financial assistance, healthcare providers, and even potential employers.

Lack of understanding the legal process is one of the most significant causes of evictions that can be corrected with housing courts that provide tenants access to housing attorneys. Most tenants have minimal understanding of housing law, and often carry mistaken beliefs of what the law is, which leads to decisions that cause evictions. One of my clients, who had been paying rent to her landlord for 30 years, withheld rent when her landlord failed to repair a leaky roof after several years of complaints. Mold permeated her home as rainwater ran through the ceilings, forcing my client to close her home daycare business that she had run for nearly 20 years. Legally, because my client withheld rent, her landlord was entitled to evict her despite his failure to make repairs. This is a common mistake made by Ohioan tenants that can be avoided when tenants are provided access to housing attorneys at housing courts.

Integrating financial assistance agencies with housing courts also strongly promotes collaboration between landlords and tenants to maintain housing. Such agencies are often coupled with social services that address underlying causes of tenants falling behind on rent to make sure tenants are less likely to fall behind on rent in the future.

Perhaps one of the greatest benefits in having a designated housing court is that agencies can collaborate with each other to create and execute plans to help tenants access safe and stable housing, instead of asking tenants and landlords to individually piecemeal assistance from several disjointed agencies across the service area. Housing courts with well-integrated services can also alleviate overworked court systems by diverting landlords and tenants towards solutions that do not require judicial intervention.

Maintaining housing courts also allows magistrates and judges to develop their expertise in housing law and local housing issues, which is necessary for the ever-growing complexities and changes in housing law. Different housing laws exist for private rentals, mobile homes, hotels, rooming houses, land contracts, work for rent leases, Section 8 vouchers, elderly housing, and so on. Proper evaluation in housing cases often requires experience, research, and an established network of housing law colleagues to provide feedback. Like any profession, housing law is a practice that develops with focus, effort, and time, which is precisely what designated housing courts are designed for.

Data Collection

Data on evictions is often scarce, especially when it comes to understanding and measuring risk factors for evictions. Before 2017, hardly any data was available in Franklin County to accurately describe basic demographics of the 18,000+ households that faced eviction every year. Although we could extrapolate from anecdotal observations, we could anything about evicted households with precision.

To address this gap my team started gathering data to measure tenant demographics, how effective housing attorneys were in preventing evictions, which landlords were more likely to evict, and other factors that affect eviction practices. This data has been helpful in not only managing our own housing stability programs but has also been useful for our community partners in identifying which communities and groups of people most need help and what kind of help they need. While our small-scale data collection efforts have demonstrated its usefulness, we are only left to wonder what else could be measured if we had better resources, such as assistance from statisticians, economists, or other data specialist professions.

A national effort to collect data would produce invaluable insights on housing and evictions in the United States. Courts and communities around the country have implemented a wide range of programs to prevent evictions. Eviction data would help measure the performance of these programs to identify what approaches are effective in reducing evictions and which programs could use development.

Crisis Assistance Programs

Focused crisis-assistance programs are needed to address nonlegal problems that are common among impoverished households, such as barriers and instability with health, education, employment, and other social determinants. Legal assistance, financial assistance, and good court outcomes are necessary but incomplete solutions for many families seeking stable housing. As an attorney I cannot provide therapy to my mentally disabled clients, which is why we hired a social worker to assist them with accessing mental health service providers. Tenants are diverse in their backgrounds and needs, so we are unable to develop singular cookie-cutter solutions to maintain their housing. Dedicated crisis assistance programs would be far more effective in assisting tenants with nonlegal challenges that cannot be addressed through the legal process.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR SINEMA FROM JYOSHU TSUSHIMA

Q.1. Arizona struggled to allocate the rental assistance dollars provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Much of the backlog seems to have been attributed to onerous requirements at the State level, which require renters to go to great lengths and provide excessive paperwork to prove financial damage due to the coronavirus outbreak. While it is vital we prevent fraud in all Federal coronavirus relief programs, we also need the relief to get to Americans who are hurting.

In your opinion, how can Congress better engineer or help streamline rental assistance programs so that dollars get to those in need in a timely manner?

A.1. One suggestion is to develop and offer a standardized system for applications, triaging, and distribution that grantees can adopt and implement. If possible, also develop standardized software or web services for processing applications and maintaining data. Not every community has preestablished logistics to distribute rental assistance or to meet the increased demands for rental assistance. Creating these systems can be time consuming and cumbersome. Offering a standardized system could streamline establishment of new distribution systems and provide solutions to common distribution problems that grantees have not developed solutions for.

Grantees could also benefit from sample triage models, especially when funds cannot meet demand or when funds fluctuate. Without triage models, grantees are left to develop and experiment with triaging that takes time to implement and adapt current systems to.

A process should be developed for taking and waitlisting rental assistance applications even after funds are depleted to help measure demand. Even if applicants do not qualify for assistance, it would be extremely useful to know how many households are seeking rental assistance and how much rent they are seeking. A waitlisting system could also expedite application processing ahead of time before funds are replenished.

It would also be useful if all grantees reported how long it takes to distribute funds, from date of application to date of payment, to help identify what logistics have been effective and what common barriers are encountered. Such reporting and evaluation could provide useful insights for improving a standardized system.

Q.2. In addition to excessive paperwork, what other types of barriers are you seeing renters experience when applying for rental assistance?

A.2. We are constantly running into communication problems between rental assistance providers, tenants, and landlords. Occasionally landlords miss emails from agencies and do not supply the necessary documentation to complete an application, or tenants do not understand what their next steps are.

Another problem is that some landlords refuse to work with rental assistance providers, leaving many tenants helpless when providers require cooperation from landlords before distributing funds.

As mentioned earlier, there is no clear waitlisting process. Instead, tenants are told to wait until funds are available again before attempting to apply, leading many tenants to resubmit applications.

Another barrier is the constantly changing criteria and processes for rental applications. These unpredictabilities are difficult to plan around for tenants and the people helping them navigate the process. As attorneys, my team cannot always rely on the timelines advised by our providers in order to draft reliable payment plans for our clients. It also makes it more difficult for our clients to plan their immediate finances as they build back towards financial stability.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD

LETTER SUBMITTED BY COALITION OF GROUPS, ACTIVISTS, AND LEGISLATORS

Coalition of Groups, Activists, and Legislators Oppose $15 Federal Minimum Wage

February 17, 2021

The Honorable Sherrod Brown
Chairman, Senate Banking Committee
503 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member, Senate Banking Committee
248 Russell Senate Office Building
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey,

On behalf of millions of taxpayers across the country, we urge you to reject proposals to increase the federal minimum wage at a time of unprecedented economic calamity, including President Joe Biden's push to raise the minimum wage to $15/hour, more than doubling the current minimum wage of $7.25/hour.

President Biden's recent $1.9 trillion "American Rescue Plan" calls on Congress to more than double the federal minimum wage to $15/hour and eliminate the "tipped" minimum wage for servers. The Biden proposal likely mirrors legislation passed by the House in 2019 and reintroduced in 2021, the *Raise the Wage Act*, which increases the minimum wage to $15 by 2025, indexes it to inflation, and repeals the tipped minimum wage for servers.

A $15 minimum wage would substantially raise the cost of labor at a time when small businesses are already struggling to keep the lights on. Small businesses with thin margins would be forced to pass the costs onto consumers, which could lead to a decline in businesses, a loss of revenue, and layoffs. Businesses that have closed temporarily due to the pandemic may decide not to reopen at all in the face of a higher minimum wage, and many employers will forgo hiring new workers because they cannot afford them.

These concerns are not hypothetical. According to the nonpartisan Congressional Budget Office (CBO), the *Raise the Wage Act* would eliminate up to 1 million jobs by 2023 and up to 3.3 million jobs by 2029. A more modest estimate still shows 1.2 million lost jobs by 2026. Another CBO estimate shows that a $15 minimum wage could cost as many as 3.7 million American jobs.
Even workers who retain their jobs will be worse off under a nationwide $15 minimum wage. Some will lose non-wage benefits such as free parking or meals, and others will have their hours reduced. Workers may not earn any more money under the higher wage, but will face fewer opportunities to work and less benefits when they do.

Workers employed by small businesses and in restaurants, retail, and hospitality would be disproportionately harmed, as would younger workers beginning their careers, minorities, and those in states with lower relative costs of living. For example, a recent study found that the *Raise the Wage Act* would kill over 108,000 jobs in Ohio, 106,000 jobs in Georgia, and 12,000 jobs in West Virginia. States like Maine and Montana would also lose thousands of jobs.

While some workers would see higher wages due to this government mandate, the CBO estimates the number of workers losing their job could greatly exceed the number of workers that would be pulled out of poverty. CBO also estimates a $9 billion reduction in family income and an increase in prices for all consumers.

President Biden's minimum wage hike would also harm tipped workers at a time when the restaurant industry is rapidly collapsing, with over 10,000 restaurants closing their doors in the last three months alone. In recent years, servers and bartenders in several states and localities—including Maine, Virginia, and Washington, DC—have successfully rallied against proposals to change the tipped wage system. If President Biden succeeds in eliminating the tipped wage, one in three tipped workers could lose their jobs.

The Coronavirus pandemic has caused unprecedented hardship to American businesses and workers. Government-mandated lockdowns shuttered hundreds of thousands of businesses, kicking millions of Americans out of work. Over 60 percent of business closures from the pandemic are now permanent.

Congress has taken steps to assist struggling businesses as they navigate the COVID-19 crisis and economic restrictions. As leaders continue to debate the best policies to help in economic recovery, a $15 minimum wage is one policy that should be off the table.

Imposing a drastic minimum wage hike during a pandemic-induced recession – which would kill millions of American jobs and eliminate thousands of small businesses – flies in the face of Congress's stated goal of supporting small businesses and workers. While this drastic increase in labor costs would be disastrous in normal times, the impact would be even worse during a global pandemic.

If Congress is serious about supporting small businesses and a strong economy, lawmakers should reject any and all efforts to impose a nationwide $15 minimum wage. Doing so would eliminate millions of American jobs, kill thousands of small businesses, and prolong the economic misery that COVID-19 has caused our country.

Sincerely,

Grover Norquist
President, Americans for Tax Reform

James L. Martin
Founder/Chairman, 60 Plus Association

Saulius "Saul" Anuzis
President, 60 Plus Association

Bethany Marcum
CEO, Alaska Policy Forum

Phil Kerpen
President, American Commitment

Brent Wm. Gardner
Chief Government Affairs Officer, Americans for Prosperity

Lisa B. Nelson
CEO, American Legislative Exchange Council

Michael Bowman
President, ALEC Action

Scot Mussi
President, Arizona Free Enterprise Club

Cindy Johansen
Chair, Aroostook County Republicans

Ryan Ellis
President, Center for a Free Economy

Andrew F. Quinlan
President, Center for Freedom and Prosperity

Jeffrey Mazzella
President, Center for Individual Freedom

Chuck Muth
President, Citizen Outreach (Nevada)

David McIntosh
President, Club for Growth

Iain Murray
Vice President, Competitive Enterprise Institute

Matthew Kandrach
President, Consumer Action for a Strong Economy

Tom Schatz
President, Council for Citizens Against Government Waste

Katie McAuliffe
Executive Director, Digital Liberty

Michael Saltsman
Managing Director, Employment Policies Institute

Adam Brandon
President, FreedomWorks

Jessica Anderson
Executive Director, Heritage Action for America

Mario H. Lopez
President, Hispanic Leadership Fund

Ben Murrey
Fiscal Policy Center Director, Independence Institute

Carrie Lukas
President, Independent Women's Forum

Heather Higgins
CEO, Independent Women's Voice

Andrew Langer
President, Institute for Liberty

Dr. J. Robert McClure
President and CEO, The James Madison Institute

Alfredo Ortiz
President and CEO, Job Creators Network

Seton Motley
President, Less Government

Michael D. LaFaive
Senior Director of the Morey Fiscal Policy Initiative, Mackinac Center for Public Policy

Paul R. LePage
Governor of Maine, 2011-2019

Mary Adams
Chair, Maine Center-Right Coalition

Laurie Belsito
Legislative Director, Massachusetts Fiscal Alliance

Jameson Taylor, Ph.D.
Senior Vice President of Policy, Mississippi Center for Public Policy

Tim Jones
Chair, Missouri Center-Right Coalition
Fmr. Speaker, Missouri House of Representatives

Sue Vinton
Majority Leader, Montana House of Representatives

Rhonda Knudsen
State Representative, Montana

Seth Berglee
State Representative, Montana

Jeremy Trebas
State Representative, Montana

Barry Usher
State Representative, Montana

Ryan Osmundson
State Senator, Montana

Greg Hertz
State Senator, Montana

Carl Glimm
State Senator, Montana

Pete Sepp
President, National Taxpayers Union

The Honorable Bill O'Brien
Co-chair, New Hampshire Center Right Coalition

State Representative Keith Erf
New Hampshire, Hillsborough District 2

Doug Kellogg
Executive Director, Ohioans for Tax Reform

Brandon Dutcher
Senior Vice President, Oklahoma Council of Public Affairs

Tom Hebert
Executive Director, Open Competition Center

Rich Holt
National Council Advisory Member, Project 21

Lorenzo Montanari
Executive Director, Property Rights Alliance

Eli Lehrer
President, R Street

Mike Stenhouse
CEO, Rhode Island Center for Freedom & Prosperity

Bette Grande
CEO, Roughrider Policy Center (North Dakota)

James Setterlund
Executive Director, Shareholder Advocacy Forum

Karen Kerrigan
President & CEO, Small Business & Entrepreneurship Council

David Miller
Southwest Ohio Center Right

David Williams
President, Taxpayers Protection Alliance

Vance Ginn
Chief Economist, Texas Public Policy Foundation

Christian N. Braunlich
President, Thomas Jefferson Institute for Public Policy

LETTER SUBMITTED BY NATIONAL TAXPAYERS UNION

NATIONAL TAXPAYERS UNION

February 17, 2021

Statement for the Record
On behalf of: **National Taxpayers Union**
Before the: **Senate Committee on Banking, Housing, and Urban Affairs**

The Honorable Sherrod Brown
Chairman
Senate Committee on Banking, Housing, and Urban Affairs
Washington, D.C. 20510

The Honorable Patrick Toomey
Ranking Member
Senate Committee on Banking, Housing, and Urban Affairs
Washington, D.C. 20510

Dear Chairman Brown, Ranking Member Toomey, and Members of the Committee,

On behalf of the National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our views regarding the upcoming hearing titled "The Coronavirus Crisis: Paving the Way to An Equitable Recovery." While we appreciate the Committee's attention to this critical matter, we have concerns about certain policies, such as the $15 minimum wage, that could prolong this difficult period for many workers and small business owners.

The Coronavirus pandemic is the most significant public health crisis the United States has faced in more than one hundred years. As the title of the hearing suggests, you will be exploring ways to achieve equal outcomes for the economy as we begin to recover from the pandemic. In our view, the best and only option to achieve an equitable recovery is to allow businesses and schools to open safely, and get people back to work. In order for that to occur, the federal government, in conjunction with private market actors, must deliver vaccinations into the arms of people as quickly as possible. Once our country reaches herd immunity, Americans can get back to the lives they were living before the pandemic occurred. That means engaging in commercial and economic activities that enable our small businesses and job creators to thrive and succeed.

Since the pandemic began in March 2020, the federal government has taken a leading role in providing relief to struggling people, businesses, renters, and state and local governments. Over the course of four different relief packages, Congress has spent trillions of dollars to help shore up those adversely affected. Despite being known for our opposition to spending money that increases the deficit, NTU was proud to support most of the federal government's actions during this crisis.

However, lawmakers are currently in the process of rushing through a partisan pandemic stimulus package - a significant departure from previous packages that garnered overwhelming bipartisan support. The so-called

"American Rescue Plan" is a $1.9 trillion package stuffed with bailouts and spending unrelated to the pandemic that fails to adequately target those most affected by the pandemic. NTU has made it clear through multiple Vote Alerts and Committee Markup Memos that we oppose the package soon to be on the House floor in its current form.

One core tenet of the American Rescue Plan that some believe will be able to lead to an "equitable recovery" is a $15 minimum wage. Under this plan, the minimum wage would gradually increase from the current rate of $7.25 to $15 over the course of four years. While NTU supports efforts to increase wages for low-income workers, a government-mandated $15 wage floor could be extremely disastrous for millions of small business owners and even workers. The only "equitable" thing about a $15 minimum wage will be the level of poverty that will result should this wage go into effect.

Economists generally agree on very few things, but 74 percent in a recent survey opposed a $15 hourly federal minimum wage. According to the Congressional Budget Office, raising the minimum wage to $15 per hour would result in 900,000 Americans being lifted out of poverty but would also result in 1.4 million Americans losing their jobs. In our view, that is hardly an "equitable" trade.

Numerous studies confirm the trend of negative economic consequences associated with minimum wage increases. At a micro level, when Seattle sharply increased its minimum wage, the University of Washington found the number of hours worked in low-wage jobs decreased by nine percent, costing workers approximately $125 per month. Faced with rising labor costs, employers were forced to cut hours and seek out alternatives, such as automation, to compensate for the increased wages. Further, a 2017 Harvard University study found that higher minimum wages in California's Bay Area have resulted in an increase in overall restaurant closures.

Additionally, such a significant wage floor ignores the cost of living differences between the different regions of our country. A minimum wage of $15 an hour may be more feasible in a city with a high cost of living, but in rural areas a minimum wage at that level would force small businesses into layoffs and shutdowns. Setting the minimum wage for the entire country based on the economic circumstances of the most expensive places to live in the United States is profoundly unequal.

Attempts to apply a one-size-fits-all starting wage across the country, including rural counties and less affluent neighborhoods in big cities, will disproportionately hit these communities harder.

Further, government-mandated price controls never seem to work and often have adverse impacts. One unintended effect of higher labor costs is the incentive for some larger businesses, like fast food chains or grocery stores, to automate some jobs currently held by actual workers. For these types of businesses, which usually have greater access to capital, it may make more sense to invest in self checkouts or automated cashier kiosks. Unfortunately, small businesses typically do not have the same level of capital to invest in automation. That means higher wages will balloon labor costs, forcing many "mom and pop" shops to lay off employees, slash workers' hours, delay hiring additional workers, raise prices on consumers, or close their doors for good. As we've seen in other states these aren't just theoretical arguments, but an economic reality.

A better approach to boosting wages is to double down on successful efforts to get government out of the way – mainly through tax reforms and deregulation. As we saw with the 2017 reform law, businesses will pass along their savings to workers, either by providing bonuses, raising wages, or hiring new workers. Allowing businesses to keep more of what they earn will allow them to put more money into workers' pockets – and competition for workers will raise wages more than government mandates ever could. Less government, not more, will lead to greater prosperity for all workers regardless of income and skill levels.

Thank you for holding this hearing and your consideration of our views. We are not yet through the challenges COVID-19 presents to the public and to the economy, but a fiscally responsible approach that utilizes existing resources and prudently reforms the manner in which they can be spent would be best for all taxpayers - both in the present and in the future.

Sincerely,

Thomas Aiello
Policy and Government Affairs Manager

LETTER SUBMITTED BY NATIONALS RESTAURANT ASSOCIATION

NATIONAL RESTAURANT ASSOCIATION

February 17, 2021

The Honorable Sherrod Brown
Chairman
Senate Committee on Banking,
Housing, and Urban Affairs
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member
Senate Committee on Banking,
Housing, and Urban Affairs
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey:

As you prepare for tomorrow's hearing – *The Coronavirus Crisis: Paving the Way to An Equitable Recovery* – it is critical to consider our industry's concerns with the potential inclusion of the *Raise the Wage Act* into a reconciliation bill. At a time when over 110,000 restaurants have closed and 2.5 million servers and employees have lost their jobs, increasing labor costs will push more employees off payrolls, raise menu prices, and force additional restaurants to close. Moreover, eliminating the tip credit will hurt millions of servers who rely on the current system where they earn between $19-$25 an hour with tips.

The National Restaurant Association has just completed a nationwide survey of our membership – ranging from quick-service restaurants to full-service restaurants, both chains and independents. We asked what impact the initial 2021 increase in the federal minimum wage and tip credit would have on their ability to recover from the coronavirus pandemic. The results are alarming:

- **82% say it will have a negative impact on their ability to recover this year;**
- **98% will have to raise menu prices;**
- **84% will likely cut jobs and employee hours from normal levels; and**
- **65% will add equipment or technology that reduces the need for employees.**

It is crystal-clear that the restaurant industry and our workforce will suffer from a fast-tracked wage increase and elimination of the tip credit. Restaurant jobs will be vital to every local community recovering from the pandemic, but the *Raise the Wage Act* will negate the stimulative impact of a worthy plan. We share your view that a national discussion on wage issues for working Americans is needed – but the *Raise the Wage Act* is the wrong bill at the wrong time for our nation's restaurants.

Attached, please find the National Restaurant Association's *Raise the Wage Act* and tip credit policy briefs; our wage impact survey; and our *Raise the Wage Act* infographic.

Sincerely,

Sean Kennedy
Executive Vice President, Public Affairs

Enhancing the quality of life for all we serve

Restaurant.org | @WeRRestaurants
2055 L Street NW, Suite 700, Washington, DC 20036 | (202) 331-5900 | (800) 424-5156

LETTER SUBMITTED BY AMERICANS FOR PROSPERITY

AMERICANS FOR PROSPERITY

The Honorable Sherrod Brown
Chairman
Senate Committee on Banking,
Housing, and Urban Affairs
Washington, D.C. 20510

The Honorable Pat Toomey
Ranking Member
Senate Committee on Banking,
Housing, and Urban Affairs
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Toomey,

On behalf of Americans for Prosperity and the thousands of American individuals, families, and business owners it represents, I write in strong opposition to proposals to raise the federal minimum wage, including the $15 minimum wage provision currently under consideration within the COVID reconciliation package.

COVID-19 brought the economy to a halt and wreaked havoc on the lives and livelihoods of millions of Americans. As Washington considers its response to the pandemic, AFP will prioritize reforms to protect public health and save lives, get our economy going again and save livelihoods, and help our country recover stronger.

To that end, AFP opposes raising the minimum wage as this would harm our nation's economic recovery following the pandemic. Doubling the minimum wage would impose massive costs on small businesses already struggling to succeed and make it harder for them to hire employees at a time when millions are out of work. A 2021 CBO report on a federal minimum wage of $15 an hour conservatively estimated 1.4 million jobs would be lost. These job losses would most adversely impact industries already harmed the most by the pandemic in fields such as hospitality and food services, which pay an average hourly wage below $15, which represents a 700 percent wage hike for employees who work off tips. Imposing a $15 wage requirement will likely impede the economic recovery and hiring in these industries.

A one-size-fits all mandatory federal minimum wage increase also fails to take into consideration differences in regional, state, and municipal economies. A minimum wage increase in West Virginia is not the same as a minimum wage increase in New York City.

Mandates such as minimum wages deny people the ability to generate income as well as to gain the skills and experience needed to climb the economic ladder to successful, fulfilling careers. Nearly half of minimum wage earners are under 25 years of age, and most get raises above the minimum wage within one year. If the federal government enacts a drastic increase in the minimum wage, businesses will respond by eliminating positions, cutting hours, and looking for new ways to implement labor-saving technology.

There are better ways to help workers than pricing them out of the labor market. Instead of raising the minimum wage, we should consider more constructive alternatives like occupational licensing reform, expanding flexible work, and other regulatory reforms to barriers that stand in the way of people entering the workforce and thriving. These are solutions that will set workers up for future success and higher wages.

Members within both parties have spoken out forcefully against the $15 minimum wage proposal in recent weeks. I urge Congress to reject one-size-fits all government policies that erect barriers preventing people from realizing their potential by reducing employment opportunities and raising costs for consumers.

Sincerely,

Brent Gardner

Chief Government Affairs Officer

Americans for Prosperity

LETTER SUBMITTED BY REBECCA BODENHEIMER

February 17, 2021

The Honorable Sherrod Brown
Chairman
Senate Banking Committee
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking Committee
Washington, DC 20510

Dear Senators Brown and Toomey,

My name is Rebecca Bodenheimer and I am the mother of two children, including a third grader who attends school in the Oakland Unified School District. As a parent and Californian, and a member of Open Schools California, a coalition of over 90 local parent groups from across the state, I'm writing to implore you to take stronger action to ensure that schools across the country are reopened immediately.

All kids—regardless of their race, income level, or geography—should have access to an adequate, in-person education, and right now that's not happening. California and the entire west coast are way behind the rest of the country in terms of school reopening—according to the Burbio K-12 School Opening tracker, only 10.6% of public schools are currently open in California for in-person instruction or hybrid learning. Compare this to similarly large and diverse states, namely Texas and Florida, where 89% and 99%, respectively, of schools are open.

The public school districts that are open in California are predominantly in wealthy communities: in the Bay Area, 100% of public school districts with a median income of at least $200,000 are open for in-person or hybrid education. Meanwhile, only 12% are open where the median income is $100,000 or less. Large, urban school districts like San Francisco, Los Angeles, and Oakland are made up disproportionately of students of color, and they are rapidly falling behind their wealthier peers—both those in private school and those in well-funded, small suburban public schools. **Put simply, school reopening is the equity issue of our time.**

The harms of prolonged school closure far outweigh the risks of COVID-19 transmission within K-12 schools.

We know that educational disparities are widening quickly, and that distance learning isn't an adequate substitute for in-person learning. A recent study by the independent research center

Policy Analysis for California Education found there's been significant learning loss in both English Language Arts and math. Not only did low-income students have substantially more learning loss across grades than higher income peers, but in some grades higher income students' learning has actually accelerated in the past year! The study's researchers conclude, "Average learning loss estimates mask the reality that some students in California are suffering much more during this time than are others. Without aggressive and bold actions, these students may never catch up."

While California's public school students are in a particularly perilous position, this dynamic is currently playing out in other states and counties where schools are largely closed. **This is a national emergency that requires bold action by federal politicians, as well as local and state leaders.**

Even more important than learning loss is the emotional harm prolonged school closure is having on kids. Countless public health experts and physicians believe keeping schools closed poses a major risk to kids' health and well-being. There has been an alarming increase in child mental health emergencies, an uptick in student suicides, potentially hundreds of thousands of cases of unreported child abuse, and many more children going hungry in the past year. In addition, many students with disabilities are not receiving the services districts are legally and constitutionally mandated to provide.

As for my own son, he hates remote learning and every day is a struggle to get him logged onto Zoom for his classes. He feels bored and unengaged, and because he has ADHD, he finds it very hard to focus during remote learning. Having a computer at his fingertips means he's always tempted to click over to YouTube or Roblox while he's supposed to be learning. Worst of all, he feels isolated and hates that he can't be in school with his friends. He has frequent melt-downs and is often angry or defiant. This is a completely unsustainable and unhealthy situation for both me and him.

These are all the risks associated with prolonged school closures. Now weigh this long list of harms against the very small risks of schools being open during the pandemic, and the insanity of our current situation becomes evident.

Various CDC studies have found that schools don't tend to contribute to community spread of the virus, and that in-school transmission is rare. Brown University economist Emily Oster has collected data from thousands of schools across the country, and has long argued schools can safely reopen with mitigation measures in place. The New York Times, NPR, the San Francisco Chronicle, the Washington Post, the Atlantic, and many other publications have all echoed Oster's findings.

While Open Schools California is in favor of teachers being prioritized for vaccination, the recently released CDC guidelines state that teacher vaccinations are not a prerequisite for reopening, and shouldn't be a barrier. If, however, teachers are offered a vaccination, we believe they must agree to return to the classroom immediately once they're provided access, rather than insist kids get vaccinated as well—as some unions have implied. As you well know, K-12 teachers around the country have been teaching in-person without a vaccine for months — and I can't recall any major COVID-19 outbreaks.

The public health community has reached consensus that keeping schools closed poses a much bigger risk to kids' health and wellbeing than reopening them. Now, Congress and President Biden must act forcefully to ensure that students in all cities and states across the country are provided access to in-person education.

Thank you for your time.

Sincerely,

Rebecca Bodenheimer

Rebecca Bodenheimer, PhD
Member of Open Schools California
Oakland, California

LETTER SUBMITTED BY RORY COOPER

February 17, 2021

The Honorable Sherrod Brown
Chairman
Senate Banking Committee
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking Committee
Washington, DC 20510

Dear Senators Brown and Toomey;

My name is Rory Cooper and I am the father of three elementary school students in Fairfax County, Virginia. My children are in fifth grade, second grade and Kindergarten. They currently go to school in different corners of our home, supported by tutors when we can or "pods" when possible.

The current debate over school openings has been maddening. Proponents of keeping children out of schools are ignoring science, pediatric and public health guidance while demonizing parents who want common sense to prevail. And the children are paying the price.

Across this country we are seeing significant and alarming spikes in pediatric mental health problems, like suicide, depression, and anxiety. Children are falling so far behind academically that many districts like mine are redefining failing in order to not lose funding tied to performance. Children are suffering socially and physically. My son does not really know any of his Kindergarten classmates, as they are just boxes on a screen.

When Fairfax County Public Schools (FCPS) announced that teachers would receive the priority vaccinations that were demanded by the unions, we rejoiced. It meant that schools would soon open again. And then we had the rug pulled out from under us when we discovered that the union and their school board had further demands that they only outlined after jumping ahead of at-risk groups still waiting for the vaccine.

This was only the latest in a series of inept actions taken by a generally careless school board. Previously, we had several "Return to School" dates that were canceled at the last minute because of teacher union threats and opening metrics that were arbitrary and unaccountable.

Our "remote learning" in the Spring of 2020 was a constant technological disaster. Communication over the summer was confusing and erratic, with constant bait-and-switch tactics and a refusal to listen to parent surveys which showed strong support for a return.

You may think that we live in an underfunded district, but in fact FCPS is one of the ten best funded school districts in America. You may also believe this is due to us living in an area of increased COVID-19 community transmission, but dozens of private and parochial schools in our community have been operating five days a week all year with almost no disruption.

The truth is, we simply have a school board that is too risk averse managing a school system that is too large with a teacher's union that has too much influence. Kids are thriving just down the street from us, and the private waitlists have grown with parents fleeing FCPS. In fact, FCPS has already had nearly 20,000 students disenroll this year after parents simply said 'enough.'

President Biden's rhetoric on the campaign trail was encouraging. Biden said: "*President Trump may not think this is a national emergency, but I think going back to school for millions of children and the impacts on their families and the community is a national emergency. I believe that's what it is.*"

Biden went on to say: "*We're all seeing the results. Millions of students are now starting the new school year in the same way they finished the last one, at home. At home. Parents are doing their best, but more and more they're finding themselves at wit's end struggling to balance work and childcare and educational duties or worrying about their lost paycheck and how they'll make ends meet while trying to keep their kids on track with remote learning.*"

This is all true. Which is why it has been so disheartening to see Biden regress and retreat on this issue. Biden's White House team has lowered expectations to the point that his current objectives for opening were met before he was inaugurated.

As of February 16, 2021, Biden's goal is to have a majority of school districts in America open five days a week. This is an improvement on the White House position of a week prior when the goal was one day a week.

According to school data aggregator Burbio, two-thirds of schools in America are already open on at least a hybrid basis, i.e. two days a week with smaller class sizes. Forty percent are open five days a week. The crisis is occurring in districts where unions have more sway, largely in our major metropolitan areas, like where I happen to live.

So, Biden's goal is essentially met. It's convenient to take credit for the success of schools ignoring federal guidance but it is not honest. This system is creating a tragic case of haves and have nots. Inequality is skyrocketing. Between states that are getting their kids back and those who are not. Between wealthy families that can employ tutors and support and those who cannot. Between students who can flexibly learn and those with learning disabilities like ADHD.

President Biden's plan for reopening is based on several strawmen:

Funding: As recently as February 17, 2021 the White House said that a return to school in 2021 is based on his request for an additional $128 billion from Congress being approved. In 2020, Congress authorized $68 billion for K-12 COVID mitigation and roughly $64 billion of it remains unspent according to the U.S. Department of Education.

According to the Congressional Budget Office, only 4% of the additional $128 billion requested by President Biden is earmarked for 2021. Most of it would be spent between 2023 and 2026. A funding problem does not exist and it's dishonest to say this is holding back school openings this year. Congress should not pay an out-year ransom for schools to reopen in the fall.

Class Size: The Center for Disease Control (CDC) and union leaders wrote new guidance which embraces the "six-foot rule." This essentially means if a classroom can't accommodate kids being that far from one another, then the class size must be reduced. That means children go "hybrid," i.e. two days a week cycling in and out. My children will move to this model in the spring and continue to have the three-day weekends they've had for a year in FCPS.

Now, this was the *pre-vaccine* plan. The hybrid approach was meant to open schools last fall which many did. But in places like Fairfax County, the school board just delayed it and delayed it until it inexplicably became the *post-vaccine* plan.

Experts agree that COVID-19 poses a far lesser risk to children, especially those in K-8 age ranges. And we know that a vaccine for children could be years off, if ever. With teachers receiving vaccinations over the coming months, there is no logical reason to continue employing this pre-vaccine model. Full class sizes with teachers in the classroom is safe and necessary now.

FCPS is hiring nearly 1,000 monitors to serve as in-room supervision while teachers who have been vaccinated continue to refuse in-person instruction. Thousands of children will continue school on a laptop but with an 18-year-old babysitter in the room. Parents don't get notice either. They'll find out on the first day back if their child has a teacher. This is unacceptable.

Community Transmission: The new Biden guidance pegs openings to community transmission. In a recent New York Times panel of 175 pediatric disease experts, 80% said that "schools should not base reopening decisions on infection data in the county at large; they should focus on virus cases inside the school." 99% of America is in a red zone, which means nearly all kids are affected. The obvious truth is that if children are low-risk, and teachers are in line for vaccinations, there is no logical reason to peg openings to community transmission.

The Fairfax Education Association (FEA union) has demanded zero transmission in the community for two weeks before a full reopening. This metric may not be achieved for years. That's the same as calling for an end to public schooling altogether.

Ventilation: As noted above, there remains tens of billions of dollars from 2020 congressional allocations remaining for school improvements like ventilation. Clearly the demand side is the issue. Updating ventilation and school infrastructure is fine, but we cannot delay openings for it. School districts have not demonstrated any sense of urgency around this, and a year into the pandemic is not the time to hit the start button.

Teachers, Staff and Buildings: There have been similar calls for money to be spent on employing more teachers, more staff and building more buildings. This has become a project in wish-casting rather than a serious attempt to end this ongoing childhood crisis. None of this is happening in 2021, and everyone knows it.

If schools being open were the threat unions and some political leaders say they are, they would be calling for all open schools to close. But they are not. Which gives the entire game away. This is all to provide cover for failing districts like Fairfax County, and not to support public health or lessen our national COVID-19 pandemic. Most districts are ignoring federal guidance and thank God that they are, for their students' sake.

Most parents are willing to accept a lot of tradeoffs for schools to open. Masks? Definitely. Reduced services? Sure. Keeping kids in cohorts in their classroom? So long as this doesn't mean hybrid-learning, yes. Using available rapid COVID-19 tests to monitor school communities? That makes total sense. And if you want your kids to remain at home, go for it.

But we have two ongoing crises in America, and we are only paying attention to the one affecting adults. It's time for adults to be less selfish and focus on the needs of our kids.

Heroes like first responders, frontline healthcare workers, grocery store employees, sanitation workers, delivery drivers, and others have been working full time for twelve months with reasonable protections to ensure America keeps moving. Teachers should not be the exception.

My children's teachers are wonderful. They want to be back in the classroom. We were able to self-select in with them for that very reason. They're doing the best they can. But special interests are speaking on their behalf and that is the problem. This is about being pro-child.

We cannot continue to tolerate this national emergency or find new excuses to prolong it. Children need to be in the classroom immediately. Last November, Dr. Anthony Fauci said: "If you look at the data, the spread among children and from children is not really very big at all, not like one would have suspected." Months later and we're still not heeding the science.

Parents want their kids to go to school in-person five days a week. Empty promises won't solve this crisis, but real and immediate action will. Open the schools.

Rory Cooper
Fairfax County, Virginia

LETTER SUBMITTED BY DANI RITCHIE

2/18/2021

The Honorable Sherrod Brown
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

My name is Dani Ritchie. I am a salon owner and part-time restaurant worker from Slippery Rock, PA. I am writing today out of deep concern over a proposal in the COVID relief package that would eliminate the tip credit, thus raising the tipped minimum wage in my home state by 430 percent.

In college, I started working at a brewery in Slippery Rock. I could pick up extra shifts when I was low on cash, and my flexible schedule allowed me to go to school while still making an income. Over the past 15 years, it has enabled me to achieve my dream of opening my very own business.

When I decided to pursue beauty school, I was able to use the money I'd saved up to pay for classes. I never even imagined I could open my own business at the time but, thanks to my steady income of tips, I saved enough to open my own hair salon. I didn't even need to get a loan.

Unfortunately, stories like mine have been drowned out by interest groups that are fighting to eliminate the tipping system in favor of a flat wage. They falsely claim that tipped workers earn less than minimum wage. Under current law, we are required to earn at least minimum wage. The tipping system and the tipped wage allow us to earn far more than that.

This proposal would change all of that. It would put countless restaurants, and restaurant jobs, at risk of elimination. Thousands of restaurant workers nationwide--from Maine to New Mexico, from Virginia to New York, from Michigan to Washington, DC--have already rallied against these harmful proposals. It is frankly shocking to me that such a proposal would be included in a legislative package that is supposed to *alleviate* hardship for restaurants and restaurant workers.

I owe so much of my personal success to the restaurants, and the tipped wage system, in my state. Tipped workers are not asking for you to change it! All we ask is that legislators consider what actual tipped workers want before voting away our livelihoods.

Sincerely,

Dani Ritchie

LETTER SUBMITTED BY FREEDOMWORKS

February 17, 2021

The Honorable Sherrod Brown
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs

Re: "The Coronavirus Crisis: Paving the Way to An Equitable Recovery"

Dear Chairman Brown and Ranking Member Toomey:

On behalf of FreedomWorks and the millions of activists we represent nationwide, thank you for holding this hearing as our nation continues to seek the best path for recovery from COVID-19.

Please find below my new op-ed outlining the severe unintended economic consequences of increasing the federal minimum wage to $15 per hour. This piece was originally published in RealClearMarkets on Wednesday, February 17, 2021 and can be found online as well here.

Let me know if you have any further questions on FreedomWorks' position surrounding the minimum wage or recovery more broadly. I am reachable at sanderson@freedomworks.org.

Respectfully,

Sarah Anderson
Director of Policy
FreedomWorks

A Minimum Wage Increase Robs Many of the Chance to Get a Job
By Sarah Anderson

The Congressional Budget Office has released a new report on the budgetary and economic impact of President Joe Biden and congressional Democrats' Raise the Wage Act. Supporters of the Raise the Wage Act have framed it as giving low-income workers a pay raise, but they're ignoring the actual impact increasing the minimum wage will have on those very same workers.

The goal of the Raise the Wage Act is to gradually increase the federal minimum wage to $15 per hour by 2025 from the current $7.25 per house. After 2026, the minimum wage will be indexed to median wages. Tipped workers would also see an increase in the minimum wage to

$14.95 per hour by 2026 from $2.13 and equal to the standard minimum wage.

President Biden and congressional Democrats have said that increasing the minimum wage will lift many Americans out of poverty while ignoring the fact that there will be people who are hurt in the process. Just because a policy idea sounds good doesn't mean it won't have a serious negative impact.

A new report from the Congressional Budget Office (CBO) highlights the destructive impact of the Raise the Wage Act. The report finds that total employment will fall by 1.4 million workers in 2025 and that half of those workers will be out of the labor force. "Young, less educated people," the report notes, "would account for a disproportionate share of those reductions in employment." Essentially, this means that the Raise the Wage Act will hurt the very people it's intended to help.

The reduction in employment, by the way, is the average estimate. The high-end estimate is 2.7 million workers out of a job.

Because of the increased cost of labor, at least some employers would turn to innovation and automation. Americans are already seeing this on almost a daily basis as grocery stores and restaurants turn to self-checkout kiosks. The CBO report backs up the argument that more automation would be the result of a minimum increase to $15 per hour, noting, "Some employers would...respond to a higher minimum wage by shifting toward those substitutes and reducing their employment of low-wage workers."

Some Democrats like Rep. Ilhan Omar (D-Minn.) are already running to embrace a data point in the CBO report. The report noted raising the minimum wage to $15 per hour would "lift 900,000 out of poverty." This is a classic example of cherry-picking data. The report does show that poverty would be reduced by 900,000, but, again, 1.4 million workers would find themselves out of a job.

Democrats don't much care about federal spending considering the embrace of the unicorns and fairy dust of Modern Monetary Theory. However, the CBO report shows that increasing the minimum wage would increase federal outlays for healthcare because more people would enroll in Medicaid as a direct result of being out of a job because of the increase in the minimum wage to $15 per hour. Spending for unemployment benefits would also rise because of the number of workers losing their jobs. Because interest rates would rise, spending on servicing the national debt would also go up. All told, the Raise the Wage Act would increase the budget deficit by $54 billion.

Consumers would feel the impact of a $15 per hour minimum wage. "Higher wages would increase the cost to employers of producing goods and services. Employers would pass some of those increased costs on to consumers in the form of higher prices, and those higher prices, in turn, would lead consumers to purchase fewer goods and services," the report explains.

"Employers would consequently produce fewer goods and services, and as a result, they would tend to reduce their employment of workers at all wage levels."

At a time when investment in the economy by businesses and investors is sorely needed to recover from the pandemic and get more people back to work, the CBO explains that increasing the minimum wage to $15 per hour will reduce investment. As the report notes, "Some businesses would invest in capital goods to replace workers. Other businesses...would be discouraged from constructing new buildings or buying new machines if they anticipated having fewer employees to use them."

The Raise the Wage Act will imperil the American dream for many who are just entering the workforce hoping to gain experience to move onto bigger and better things in their lives. We can't rebuild the economy based on the platitudes of bad policy. We have to let businesses invest and expand without burdening them with mandates that will hurt workers and consumers.

Sarah Anderson is the director of policy at FreedomWorks.

LETTER SUBMITTED BY HERITAGE ACTION FOR AMERICA

HERITAGE ACTION FOR AMERICA

The Honorable Sherrod Brown
Chairman, Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Toomey,

On behalf of two million Heritage Action members, we are writing to express our opposition to the proposed doubling of the minimum wage. As business owners and employees operating in a pandemic, our members are extremely concerned that raising the minimum wage will lead directly to lost jobs, increased prices for their customers, and closed businesses.

The most immediate effect of doubling the minimum wage from $7.25 to $15.00 would be an explosion in labor costs that will ultimately cost jobs and harm more than it would help. While there would be an initial cost of increasing entry-level positions to $15, our members would also be under pressure to increase wages for employees with more experience, all without a corresponding increase in revenue.

How can businesses make up this gap during a pandemic? As Rachel Greszler of The Heritage Foundation points out, "Grocery store profit margins average 1% to 3% while restaurants average 2% to 6%, and according to payscale.com, the average income for a small business owner is $69,000." Because of these tight margins, many business owners would be forced to reduce hours, lay off employees, increase the use of automation, or outsource the job to a far-flung corner of the globe. In fact, the Congressional Budget Office (CBO) recently published a report which found that increasing the minimum wage would result in the loss of 1.4 to 2.7 million jobs. As the pandemic drags on and revenues stagnate, the clobbering effect of a minimum wage increase and the pressure to find new revenue will only get worse.

The alternative to firing hard-working employees would be to raise prices on customers walking in the door -- another bleak option during the pandemic. The increased costs could include everything from groceries to child care. In fact, Rachel Greszler points out that "...a $15 federal minimum wage would raise the cost of childcare by an average of 21 percent across the U.S., adding $3,728 per year in childcare costs for a family with two children." This and other price increases would place an unprecedented burden on our members and the American economy.

As lockdowns and restrictions on business operations continue, these adjustments become even more challenging. Many businesses already ravaged by the pandemic will have no alternative but to close as customers can't afford higher prices and have no way to grow revenue. Rather than increasing the minimum wage, our elected leaders should focus on policies to lower the cost of doing business in America by reducing regulations and lifting lockdown restrictions. On behalf of our two million Heritage Action members, we urge Senators to reject this job-killing proposal.

Jessica Anderson
Executive Director
Heritage Action for America

STATEMENT SUBMITTED BY THE HERITAGE FOUNDATION

The Heritage Foundation
LEADERSHIP FOR AMERICA

214 Massachusetts Avenue, NE • Washington DC 20002 • (202) 546-4400 • heritage.org

CONGRESSIONAL STATEMENT FOR THE RECORD

The Coronavirus Crisis: Paving the Way to An Equitable Recovery

Statement for the Record
to the
The Committee on Banking, Housing, and Urban Affairs
United States Senate

Thursday, February 18, 2021

David R. Burton
David A. Ditch
Rachel Greszler
Joel Griffith
Elizabeth Hanke
Adam N. Michel

We would like to express our thanks to Chairman Brown, Ranking Member Toomey, and other members of the committee for the opportunity to provide this statement for the record. The views we express in this statement are our own and should not be construed as representing any official position of The Heritage Foundation. The primary purpose of this short statement is two-fold. First, it discusses aspects of previous COVID relief legislation that were problematic and should be reevaluated by Congress. Second, it provides a brief analysis of various proposals for future COVID relief.

Unemployment Insurance

Additional and extended unemployment insurance is premature, problematic, unnecessary, and subject to widespread fraud and abuse. The recovery is well underway—unemployment is lower now than it was for 5 ½ years from 2008 to 2014 — and vaccine distribution will provide a further boost. It is unknown if unemployment will still be high in September, but what is known is that allowing society to safely reopen is the key to reducing unemployment: in December, the 10 states with the fewest restrictions in place[1] averaged 4.7 percent unemployment—while the 10 states with the most restrictions averaged 7.1 percent unemployment.[2] State and local governments that choose to impose excessive lockdowns that cause high unemployment should be responsible for providing additional unemployment insurance benefits.

Already, the $300 unemployment benefit boost and the Biden Administration's unemployment policies have hurt people. For example, the home health aides that a Utah man relies on to get out of bed each day did not show up two days in a row. The health aide company apologized, explaining that many workers did not show up to work after the Biden Administration signaled that they could collect unemployment insurance if they cited health concerns in their refusal to work. Moreover, there has been widespread fraud — criminal enterprises costing taxpayers billions of dollars — and extreme abuse and misuse. For example, the most recent unemployment insurance claims data shows that there are about three times as many workers claiming Pandemic Unemployment Assistance (PUA) benefits as there are unemployed workers. PUA benefits are only supposed to be for contract-based or part-time workers who don't qualify for traditional unemployment benefits.[3]

PPP Loans to Companies That Suffered No Reverses

PPP loans and the associated grants should only be provided to businesses and not-for-profit organizations to support employee salaries and pay other expenses if the employers have suffered financial reverses due to the pandemic. Firms that are doing nearly as well or even profiting from the pandemic should not receive grants. PPP grants should be limited to firms that have seen their gross receipts decline by some specified amount (e.g. 20-25 percent) and the

[1] Adam McCann, "States with the Fewest Coronavirus Restrictions," WalletHub, January 26, 2021, https://wallethub.com/edu/states-coronavirus-restrictions/73818 (accessed February 4, 2021).
[2] U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Data Series, December 2020, https://www.bls.gov/web/laus/laumstrk.htm (accessed February 4, 2021).
[3] The February 11 Initial Unemployment Insurance Claims report (https://www.dol.gov/ui/data.pdf) showed a total of 1.227 million continuing PUA claims for Pennsylvania for the week of January 23. The state's labor force was 6.283 million in December of 2020, while 419,700 people, or 6.7 percent, were reported as unemployed (https://www.bls.gov/news.release/laus.t01.htm).

amount of the loan forgiven should be scaled accounting for the degree that a business' sales or profitability has declined.

Unsustainable Labor Market Plans

The Biden Administration's coronavirus recovery plan weakens economic growth and puts workers and firms at risk. Some of the Administration's plans include a $1400 stimulus check, increasing child tax credits, raising the weekly unemployment benefits, and increasing the minimum wage to $15 per hour. These proposals are harmful to Americans and provide a disincentive to work. As an alternative, the recovery plan should encourage job growth and provide Americans an incentive to return to work. In addition, increasing the minimum wage through the Raise the Wage Act of 2021 is especially harmful to American workers and firms. According to a report from the Congressional Budget Office, raising the minimum wage to $15 per hour will force employers to replace low-wage employees with technology, increase production costs, and pass higher costs onto consumers.[4] This will force an estimated 1.4 million workers from the workforce and prolong economic recovery. It will have a particularly adverse impact on young and low-skilled workers by impeding their ability to prove themselves and get the work experience necessary to be better compensated. Raising the minimum wage should be achieved through increased production and specialization – not artificially through government mandate. Firms cannot support such large increases in wages. This will ultimately cause firms to lay-off employees or permanently shut-down or raise prices to consumers.

Deficit spending

An additional $1.9 trillion in spending would add over $14,000 per household to the national debt, which must be repaid with interest. A financially responsible middle-class household would carefully weigh the merits of a debt-financed $14,000 expenditure, and legislators should treat taxpayer dollars with the same level of respect and consideration. Exacerbating the rapid accumulation of debt will impose costs and risks on Americans for years to come.

Favors for Big Business, Big Labor and Government

The COVID-19 package includes funds for mass transit, airlines, and private-sector pension plans. These three bailouts have a combined cost of at least $147 billion, and possibly over $300 billion in the long-term, all to provide special treatment for labor unions.

In addition, the package includes $130 billion for education, ostensibly to spur the rapid re-opening of schools. To the frustration of taxpayers, parents, and school leaders, CBO estimates that most of the education spending occurs over a year from now, undermining the stated rationale. CBO notes that the education spending would be spread across several years and that almost none would be spent in time for fall (2021-22) re-opening. In reality, these funds are being requested at the behest of teachers unions, many of which are harming the nations' children by placing unrealistic and unscientific demands on returning to in-person education.

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[4] The Budgetary Effects of the Raise the Wage Act of 2021, Congressional Budget Office, February 2021 https://www.cbo.gov/system/files/2021-02/56975-Minimum-Wage.pdf.

Minimum Wage.

Minimum wages are a local issue. A one-size-fits-all $15 federal minimum wage would not work for the majority of America and would set off a cascade of unintended consequences. At a cost to employers of over $36,000 per year, a $15 minimum wage would cut off the bottom rung of the income ladder for tens of millions of Americans (26 million American adults lack a high school diploma) and impose potentially life-long consequences on younger individuals who will have few opportunities to get their foot in the door as many small businesses will close their doors and larger companies will likely automate or outsource low-wage jobs. A $15 minimum wage will cause all Americans to pay higher prices, but low- and middle-income families would be the hardest hit. A Heritage Foundation report found that a $15 minimum wage would increase childcare prices by an average of 21 percent across the U.S., including over $6,000 per year cost increases for families with two children living in Indiana and Iowa.[5] Government mandates can't create additional income—the can only redistribute it, and as the Congressional Budget Office concluded, that redistribution would result in a smaller economy and lower family incomes.[6] Instead of mandates that reduce productivity, policymakers should seek real and lasting wage gains that come from workers' creating more value, such as the reduced regulations and taxes that freed up resources for businesses to invest in workers and contributed to a 14.6 percent increase in the incomes of the lowest 10th percentile of workers from 2016 to 2019.

Union Pension Bailouts

Multiemployer, or union pension plans have promised $673 billion more in pension benefits than they have set aside to pay, leaving the more than 10 million workers and retirees on track to receive 42 cents on the dollar in promised pensions.[7] This is wrong and congress must fix the rules so that private employers and private unions cannot make pension promises and then fail to keep them. Distributing nearly $90 billion in taxpayer dollars to a small subset (roughly 10 percent) of the 1,300 massively underfunded multiemployer pension plans will only kick the can down the road, increase the ultimate taxpayer costs, and open the door to massive pension bailouts that could cost each household in America $52,000.[8]

Congress's job is to apply the law equally—not to enact legislation that picks winners and losers. Allowing insolvent union pension plans to shift their tabs to taxpayers—including increasing current pension benefits and reducing current employers' contributions—creates a competitive disadvantage for non-union employers who cannot use taxpayer dollars to fund their workers' retirements. Moreover, the proposal actively harms workers in non-union pension plans by

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[5]Rachel Greszler, "The Impact of a $15 Federal Minimum Wage on the Cost of Childcare," Heritage Foundation Backgrounder No. 3584, February 11, 2021, http://report.heritage.org/bg3584.

[6] "The Effects on Employment and Family Income of Increasing the Federal Minimum Wage," Congressional Budget Office July 2019, https://www.cbo.gov/system/files/2019-07/CBO-55410-MinimumWage2019.pdf and "The Budgetary Effects of the Raise the Wage Act of 2021," Congressional Budget Office, February 2021, https://www.cbo.gov/system/files/2021-02/56975-Minimum-Wage.pdf.

[7] "Data Book, 2018 Data Tables," Table M-9 Aggregate Funding of PBGC-Insured Plans (1980-2017), Pension Benefit Guaranty Corporation https://www.pbgc.gov/sites/default/files/2018_pension_data_tables.pdf.

[8] Rachel Greszler, "Pension Bailouts Could Raise the National Debt by $7 Trillion," *The Daily Signal*, November 7, 2019, https://www.dailysignal.com/2019/11/07/pension-bailouts-could-raise-the-national-debt-by-7-trillion/ .

allowing employers to paper over existing shortfalls and to reduce their future pension contributions as part of an unscrupulous budget tactic that shortchanges workers' retirement contributions, increases tax receipts and reduces the apparent cost of the union pension bailout. Congress needs to reform multiemployer pensions so that unions and employers can't make promises they can't keep. Bailout proposals do not take a single step in that direction and instead encourage more of the same reckless behavior that will ultimately harm workers and taxpayers.[9]

Rental Aid: Disproportionate and Unnecessary

Based on 43 million renter households,[10] the data suggest an increase in monthly delinquencies of between 0.9 and 1.3 million each month compared to before the pandemic. A $30 billion aid package, ostensibly to cover costs associated with this slight rise, amounts to between $23,000 and $33,000 over the course of one year for *each* of these delinquent units. This aid is grossly disproportionate to the apparent increase in renters unable or unwilling to make their payments.

Delinquencies do not appear to have substantially increased since the start of this extended period of COVID-19 shutdowns. The latest Census Bureau Household Pulse Survey tracking the impact of COVID-19 on financial health indicates that 21 percent of renters failed to pay rent in December.[11] This is up only slightly from the 18 percent in the month of March 2020—just as the impact from the pandemic began.[12]

Data from the National Multifamily Housing Council, which tracks more than 11 million professionally managed apartment units, likewise shows only a minimal deterioration in rental payments year over year.[13] In December, 93.8 percent of units had made a rental payment by the end of the month. This was down just slightly from 95.9 percent in December 2019, prior to the pandemic.

Rather than the federal government providing $30 billion of additional borrowed funds, state or local governments wishing to provide rental relief should do so through transparent, democratically implemented assistance. Consider Pittsburgh with 330,000 renter households.[14] A surge in delinquencies of 3 percentage points represents 9,900 additional delinquent rental units. With a median two-bedroom apartment rental in Pittsburgh of $1046 monthly, a program covering half of the rental costs for an entire year on these units would cost the city $62

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[9] Rachel Greszler, "Reform Underfunded Multiemployer Pension Plans. Don't Make Taxpayers Bail Them Out," *The Daily Signal*, November 27, 2018, https://www.dailysignal.com/2018/11/27/reform-underfunded-multiemployer-pension-plans-dont-make-taxpayers-bail-them-out/.

[10] "America's Rental Housing 2017," Joint Center for Housing Studies of Harvard University https://www.jchs.harvard.edu/sites/default/files/02_harvard_jchs_americas_rental_housing_2017.pdf.

[11] "Week 22 Household Pulse Survey: January 6–January 18," U.S. Census Bureau, January 27, 2021, https://www.census.gov/data/tables/2021/demo/hhp/hhp22.html.

[12] "Week 2 Household Pulse Survey: May 7–May 12," U.S. Census Bureau, May 20, 2020, https://www.census.gov/data/tables/2020/demo/hhp/hhp2.html.

[13] "NMHC Rent Payment Tracker," National Multifamily Housing Council https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/.

[14] "Comprehensive Housing Market Analysis," U.S. Department of Housing and Urban Development, Office of Policy Department and Research, July 1, 2016, https://www.huduser.gov/portal/publications/pdf/PittsburghPA-comp-17.pdf.

million, just over 8 percent of the city's 2020 annual operating budget.[15][16] That spending comes with its own downsides, but at least allows residents to hold politicians accountable for the economic damage of the shutdowns.

The Reopening—Rather than more Government Spending—is Fueling the Economic Rebound

Nationally, economic growth in last year's third quarter smashed all prior records — growing at a stunning 33.4% annual pace.[17] Record growth occurred even as government transfer payments and Paycheck Protection Program expenditures dropped by 20% in the quarter.[18] The historic economic rebound this summer proves that those properly informed of the actual risks of the virus and the appropriate mitigation measures are enthusiastically participating in this reopening.

The Federal Reserve State Coincident Indexes—an approximation of state GDP—vividly illustrates how variant the economic recovery is among states.[19] This index suggests economic output at the end of 2020 was actually greater than pre-pandemic output in Utah, Missouri, Idaho, Nebraska, Alaska, South Dakota, Mississippi, and Georgia—notably states without crushing, long-lasting shutdowns. The economies in Michigan, Rhode Island, Massachusetts all remain more than 10% smaller. Meanwhile, states like New York, Hawaii, and Illinois remain mired in severe recessions. Only this month did Gov. Mario Cuomo (D-NY) and Chicago Mayor Lori Lightfoot (D-IL) admit that their shutdowns of the service sectors may need to be relaxed. Unemployment in parts of California and New Jersey exceeds 15 percent while in numerous reopened communities unemployment is less than 3 percent.[20]

Additional State and Local Government Aid Is Unnecessary

The federal response to the COVID-19 pandemic has already provided $360 billion to state and local governments in direct aid to cover costs of coronavirus spread and containment, support for education systems, childcare for frontline workers, and subsidies for mass transit systems.[21] The proposal currently being considered would provide an additional $350 billion in unrestricted

[15] "Apartment List National Rent Report," Apartment List, January 27, 2021, https://www.apartmentlist.com/research/national-rent-data .
[16] "2020 Operating Budget & Five Year Plan," City of Pittsburgh, December 17, 2019, https://apps.pittsburghpa.gov/redtail/images/8055_Operating_Budget_as_approved__by_Council_12-17-19(3).pdf.
[17] U.S. Bureau of Economic Analysis, National Economic Accounts, Table 1, January 28, 2021, https://www.bea.gov/sites/default/files/2021-01/gdp4q20_adv.xlsx.
[18] U.S. Bureau of Economic Analysis, Effects of Selected Federal Pandemic Response Programs on Personal Income, https://www.bea.gov/sites/default/files/2020-10/effects-of-selected-federal-pandemic-response-programs-on-personal-income-2020q3-adv.xlsx.
[19] Federal Reserve Bank of Philadelphia, State Coincident Indexes, https://www.philadelphiafed.org/-/media/frbp/assets/surveys-and-data/coincident/coincident-revised.xls.
[20] U.S. Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, preliminary for December 2020, https://www.bls.gov/web/metro/laummtrk.htm.
[21] This funding is in addition to the nearly $800 billion provided to state and local governments in the base fiscal year 2020 budget. "COVID Money Tracker," Committee for a Responsible Federal Budget, January 25, 2021, https://www.covidmoneytracker.org/; Office of Management and Budget, Table 12.3 - Total Outlays For Grants To State And Local Governments By Function, Agency, And Program: 1940 – 2021, https://www.whitehouse.gov/omb/historical-tables/.

funding. The aid Congress has already authorized is almost eight times the most pessimistic state-only revenue declines from the first six months of the pandemic.[22] Even for some of the hardest-hit states—such as Alaska, North Dakota, and Hawaii— that rely on hard-hit revenue sources from natural resources or tourism, federal aid to date exceeds declines in revenues.

Any way you look at the most recent data, state revenues have performed much better than most predictions from early in the pandemic, and existing aid more than covers any losses. According to the most recent data released by the Census Bureau through the end of September 2020, state and local combined revenues increased by $20 billion, compared with the same 12-month period in 2019. State-only revenues over the same period declined by $24 billion, or about 2.2 percent, because states tend to rely more heavily on more volatile taxes, such as corporate and personal income taxes, instead of property taxes. In fiscal year 2020 (through June 2020), more than half of states reported higher revenues than the previous year.[23] From April through September, state and local combined revenues were only down 3.6 percent ($27 billion) during the height of the economic disruptions. State-only revenues over the same six months declined by $47 billion, or about 8 percent.[24] Instead of aiding the recovery and encouraging responsible budgeting, additional federal bailouts would likely delay economic recovery, cause blatant inequities, and result in higher costs for everyone.[25]

Third Round of Stimulus Payments, Poorly Targeted.

The first two rounds of stimulus checks were not a good use of taxpayer dollars, and a third-round would be similarly wasteful. The first $1,200 check and the second $600 check cost a total of $458 billion. The House Democrats' plan would send a third $1,400 check to most Americans at a $422 billion cost.[26] Sending checks out to a majority of Americans, regardless of work status, is poorly targeted. Instead, relief should be targeted to those who are actually in need.[27] The fact that the savings rate surged from a pre-crisis average of about 6 percent to 34 percent in April and an average of 18 percent since then suggests that many households do not face income shortfalls and will not spend additional stimulus checks immediately.[28] Others are using the

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[22] Adam N. Michel, "Congress Is Right Not to Pass Bailouts for States and Cities," The Heritage Foundation, December 23, 2020, https://www.heritage.org/budget-and-spending/commentary/congress-right-not-pass-bailouts-states-and-cities.

[23] John Bresnahan, Anna Palmer, and Jake Sherman, "The Top," Punchbowl New, February 1, 2021, https://email.punchbowl.news/t/ViewEmail/t/46FCCD1F323CE2532540EF23F30FEDED/580D97D77977A56022947492D9797BBC .

[24] Census Bureau, "2020 Quarterly Summary of State & Local Tax Revenue Tables," Table 1 and Table 2, Q3, 2020, https://www.census.gov/data/tables/2020/econ/qtax/historical.Q3.html.

[25] Adam N. Michel, "State Bailouts Create Poor Incentives, Do Not Fix Underlying Problems," Heritage Foundation Backgrounder No. 3488, April 17, 2020, https://www.heritage.org/budget-and-spending/report/state-bailouts-create-poor-incentives-do-not-fix-underlying-problems.

[26] "Description of the Budget Reconciliation Legislative Recommendations Relating to Prompting Economic Security," Joint Committee on Taxation, February 8, 2021, https://www.jct.gov/publications/2021/jcx-5-21/.

[27] Rachel Greszler and John Fleming, "4 Charts Show Why Temporary, Targeted Support Beats Checks to Everyone," *The Daily Signal*, March 27, 2020, https://www.dailysignal.com/2020/03/27/4-charts-show-why-temporary-targeted-support-beats-checks-to-everyone/.

[28] U.S. Bureau of Economic Analysis, Personal Saving Rate [PSAVERT], retrieved from FRED, Federal Reserve Bank of St. Louis, February 2, 2021 https://fred.stlouisfed.org/series/PSAVERT.

funds to pay down debts. Through the first three quarters of 2020, Americans repaid a record-high $119 billion in credit card debt.[29]

Checks from the government simply do not result in the economic benefits their supporters often claim. The Great Recession reinforced the sobering lesson that governments cannot spend their way into prosperity. At best, stimulus measures are ineffective. At worst, they can delay the recovery, increase the risk of inflation, and prolong financial hardship as Congress needlessly adds to the national debt.[30]

[29] Alina Comoreanu, "Credit Card Debt Study," WalletHub, Dec 8, 2020, https://wallethub.com/edu/cc/credit-card-debt-study/24400 (accessed February 2, 2021).
[30] Adam N. Michel, "The False Promise of Stimulus Spending: Lessons from the Great Recession," Heritage Foundation *Backgrounder* No. 3493, May 6, 2020, https://www.heritage.org/markets-and-finance/report/the-false-promise-stimulus-spending-lessons-the-great-recession.

LETTER SUBMITTED BY LINDSEY HOLTZMAN

February 17th, 2021

The Honorable Sherrod Brown
Chairman
Senate Banking Committee
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking Committee
Washington, DC 20510

Dear Senators Brown and Toomey,

I was recently asked to write about my personal experiences related to virtual learning; particularly the challenges and hardships that my daughter and family have faced because of school closures in our region.

This year, we enrolled our oldest child in kindergarten. Our school district gave all families the option to send their child to school for in person learning or keep their child at home for virtual learning (known in our district as "all remote access"). If we opted to send our daughter for in person learning, she would do so Monday through Thursday and would do virtual learning from home every Friday to allow for deep cleaning at her school. We chose in person learning. We felt that she would benefit greatly for a number of reasons (listed below).

- She is a very social person and thrives in social settings. She would have the opportunity to establish relationships with other children her age. Knowing that this was her first introduction to school, this factor was of great importance in helping to make our decision.

- Despite concerns about COVID-19, my husband and I both felt strongly that the best way to learn is the classroom. This would allow our daughter to interact directly with her teacher, freely ask questions and receive hands on learning.

- We thought it was incredibly important for our daughter to establish a little more independence. Allowing her the opportunity to go to school every day and ride on the bus would provide her new freedoms that we knew she was ready to experience.

- My husband and I both work full time and have been working from home since March 2020. We also have a two year old son who is at home with us full time. The thought of trying to juggle our jobs plus our son and our daughter's schooling sounded nearly impossible to accomplish.

For us, the benefits of sending her to school in person far outweighed the risks that came along with COVID-19.

As we started off the school year, we saw our daughter really flourish; she was making new friends and had established a great relationship with her teacher. She was excited to go out into the world every day and spread her wings. Every Friday, we ventured into virtual learning and the schedule that had been created by the district was manageable for working parents. She had a Microsoft Teams meeting in the morning with her teacher that lasted about 45 minutes and was provided online work that needed to be completed before 3:00 p.m.

Right before Thanksgiving, we were told that, due to rising cases of COVID-19, the school would be closing for in person learning and would reopen at some point in January; contingent upon the number of cases in our district. Following this announcement, we were sent a virtual learning schedule that we were instructed to follow Monday through Thursday.

After reviewing the virtual schedule, I immediately felt overwhelmed. (In our household, my husband's job was much more demanding than mine, so at the start of the pandemic, I became the full-time babysitter for our two year old son and would also be the main person taking on the role of monitoring our daughter's schooling.) The virtual schedule set forth by the district essentially followed the exact same schedule that my daughter had during her time of in person learning. (The schedule is outlined below.)

8:40 a.m. – Log-In to Microsoft Teams
8:50 a.m. – Morning Announcements
9:00 a.m. – 10:25 a.m. – Morning Meeting & Phonics
10:25 a.m. – 11:05 a.m. – Social and Emotional Learning
11:10 a.m. – 11:40 a.m. – Lunch
11:45 a.m. – 12:40 p.m. – Read Aloud and Writing Workshop
12:40 pm. – 1:00 p.m. – Recess
1:00 p.m. – 1:15 p.m. – Special Small Groups
2:20 p.m. – 3:00 p.m. – Math

All classes were held as Microsoft Teams meetings and there were very few breaks throughout the day. Kids were expected to sit in front of their Ipads for all meetings (some lasting longer than an hour and some held back to back) with their cameras on to be considered "present". If they did not follow this instruction, they were marked "absent". Every day, there was homework in every subject and it was due each day by 4:00 p.m. Parents were expected to sit close by to make sure that their child was paying attention and participating. They were also required to listen to all lessons to ensure that they were up to speed with what their child was learning so that they would be able to adequately help with homework.

As the parent of a kindergartner, I found these expectations ridiculous to place on such a young child. As a working parent, I felt that the intense school schedule was completely unrealistic to abide by. I called her teacher and expressed my frustrations and asked if there was the option for my daughter to participate in her schooling asynchronously. This would allow me a bit more flexibility with managing my job and taking care of my two year old. While her teacher completely agreed that the schedule set forth was unrealistic and might not work for everyone, ultimately her hands were tied. She encouraged me to express my concerns to the principal.

After a lengthy conversation with the principal, nothing changed. He told me that it was difficult to please every family and their needs and that they would be monitoring how things with the schedule went. He also said that if I was hoping for asynchronous learning, I should consider enrolling my daughter in the district's cyber school. This option was out of the question. She had just started to become comfortable with her teacher and had made friends. Pulling her out of this environment would be even more to her detriment than having her participate in virtual learning. It was essentially like having to choose the lesser of two evils.

The struggles and stressors that followed during the months of virtual learning were experienced by everyone in our family. Outlined below are just a few of the hardships that we faced.

- Despite the incredible work done by her teacher and the fact that my daughter is mature and responsible for her age, there were still so many distractions that came from virtual learning which resulted in a lack of truly learning and absorbing information. Many times, my daughter became antsy having to sit in front of a screen for so many hours during the day. She struggled with freely being able to interact with her teacher and there were so many times when she would get frustrated with the school work she had to do.

- As a result of having to follow my daughter's schedule, pay attention to her classes, ensure that she was logged in at the right time for her meetings and work with her on getting her school work complete, my job suffered immensely. Given the lack of flexibility from the school district, I was forced to make her school work the top priority. This resulted in dealing with a significant amount of stress in other areas of my life that were falling by the wayside. I was unable to be the best version of myself for my job or anyone in my family because I felt like I was drowning.

- Technology was sometimes difficult to work with. There were meetings that would be interrupted because of internet issues. At times, the teacher would not be able to see my daughter on camera or vice versa. There were other moments when my daughter was forced to sit through a class where the image of the teacher was blurry and hard to look at. There were times when we were not able to log in or we got kicked out of meetings. All of these things created a lot of frustration for my daughter, myself and (I am sure) her teacher.

- My husband was struggling to maintain focus within his job because of the constant interruptions from our son. While I was trying to take care of our daughter and her schooling and keep up with my job, there were times when my focus was not on him.

Any amount of stress within a household can be felt by everyone. Ultimately, this resulted in tensions being high and a negative environment for all of us to be living in. I began to see more fighting between my kids and both of them acting out and misbehaving. My husband and I were both strained and our tolerance was low for one another and for our children. I gradually became more and more depressed and very emotional and I saw those same things reflected in my daughter. She was struggling with having her independence taken away, not being able to socialize with her friends, being forced to sit in front of an IPad every day and be stuck in a stressful environment.

Things finally began to "normalize" toward the end of January when we were informed that in person learning would resume. Since that time, we have had inclement weather almost every week. Instead of granting the kids snow days, the district has instructed children to have a full virtual learning day. Since we are currently working from home, we are fortunate that we can accommodate making this quick shift. For parents who are working outside the house, I am sure that having to quickly shift to virtual learning is incredibly difficult. In this pandemic world that we live in, it seems that there are no longer breaks. Gone are snow days and instead, parents have to scramble to accommodate virtual learning. If they can't, their child will be marked absent for the day.

In my personal opinion, I strongly feel that there has to be another solution to this entire situation. There has to be an alternative option, understanding and flexibility for full time working parents who have school age children because the expectations set forth in our school district are practically unrealistic to meet. It breaks my heart that my daughter's first year of school has been filled with so many difficulties and stressors. As a parent, I have grappled with moments where I have felt like I am failing her. I know I am not alone in this and that there are many other parents dealing with these same issues.

Thank you for the opportunity to share my experience. I hope that it serves as a true testament for the many other parents who have shared in these same struggles and it reminds them that they are not alone in this crazy journey we've been forced to take!

Despite the hardships, I know this past year has brought about so many moments of positive growth for my family. I am so hopeful for brighter days ahead and look forward to what the future holds!

Sincerely,
Lindsey Holtzman
Harrisburg, Pennsylvania

LETTER SUBMITTED BY IAAPA

IAAPA
The Global Association for the Attractions Industry

February 16, 2021

Dear Chairman Brown and Ranking Member Toomey,

IAAPA, the Global Association for the Attractions Industry, is the largest international trade association for permanently situated amusement facilities and attractions. IAAPA represents more than 5,000 facility, supplier, and individual members. Member facilities include amusement and theme parks, waterparks, attractions, family entertainment centers, arcades, zoos, aquariums, museums, science centers, and resorts. The attractions industry generates approximately $51.6 billion in direct economic impact in the U.S. and employs over 1.2 million people.

In the wake of the COVID-19 pandemic, the attractions industry has faced its greatest crisis since World War II. Mandated closures and capacity limitations have resulted in a decline in employment of more than 40%. In states which have prevented the reopening of parks and attractions, the decline has been more than 60%. This is not the time to increase the minimum wage and eliminate the youth wage.

Doubling the minimum wage over the course of the next four years and repealing the youth minimum wage will be very challenging for businesses, particularly the many small businesses in the industry, that have been shuttered, face increased costs associated with pandemic-related capital and operating investments, still face capacity limitations, and for whom timing of the recovery is uncertain. A very high percentage of employees working in the industry are temporary and part-time workers, many are either young people for whom their summer or after-school position in the industry is their first job or individuals supplementing their income. The industry prides itself on its ability to provide flexibility to those supplementing their income and training to first-time job holders and young employees. As noted in the 2015 study, "Holding a summer job is a rite of passage in American adolescence, a first rung towards adulthood and self-sufficiency." This same study showed that summer youth employment has the potential to benefit high school students' educational outcomes and employment trajectories, especially for low-income youth.[1] At a young age, young people working in the industry can be promoted to supervisory positions.

Doubling the federal minimum wage and eliminating the youth wage will change the employment landscape and inevitably decrease opportunities to those who benefit the most from them. The cost of living and employment needs vary substantially by state and locality. More than half of all states have proactively increased their state

[1] Making Summer Matter: the Impact of Youth Employment on Academic Performance, Jacob Leos-Urbel et al. August 2015

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minimum wage. Any increase to minimum wage should be locality-specific where differences in the cost-of living can be taken into account rather than a blanket federal increase which will inevitably result in less opportunities available for the very people for whom the benefit of working is the greatest.

On behalf of the attractions industry, I urge you to vote against increasing the federal and youth minimum wage at this time.

For any questions, please contact me at (703) 299-5755 or escheffer@iaapa.org.

Sincerely,

Erika Scheffer

Director, North America Advocacy

LETTER SUBMITTED BY INTERNATIONAL FRANCHISE ASSOCIATION

February 17, 2021

The Honorable Sherrod Brown
Chairman
Senate Banking Committee
Washington, DC 20510

The Honorable Pat Toomey
Ranking Member
Senate Banking Committee
Washington, DC 20510

Dear Senators Brown and Toomey,

On behalf of the International Franchise Association (IFA), the world's oldest and largest organization representing franchising worldwide, I write on behalf of the nation's franchise community to respectfully oppose more than doubling the federal minimum wage as part of legislation to address the health and economic challenges of the COVID-19 pandemic.

Before COVID-19, franchising accounted for 733,000 franchise establishments that employed more than 7.6 million Americans and contributed $674.4 billion of economic output to the U.S. economy. In our view, increasing labor costs while tens of thousands of small franchise businesses have closed permanently due to the pandemic and many thousands more struggle to maintain operations and keep their employees on payroll is the wrong policy prescription at this time. Furthermore, while the Paycheck Protection Program has provided a temporary lifeline to keep small franchise businesses afloat and employees connected to payrolls during the pandemic, the program has no extension beyond March 31st in the current proposal being debated in Congress. Increasing the minimum wage to $15 while shuttering this program is a particularly baffling juxtaposition of policy solutions.

We respectfully request that Congress reconsider both the extent and timing of increases in the federal minimum wage. Furthermore, we urge lawmakers to consider extending programs such as the PPP beyond its March 31 shutdown, which has been vital to keeping employees connected to businesses who continue to face significant revenue challenges amid state & local shutdowns or capacity restrictions. We stand committed to working with you on bipartisan solutions that enhance entrepreneurship, wage growth and job creation as we rebuild the economy from the COVID-19 pandemic. Thank you for considering our views.

Sincerely,

Matt Haller
Senior Vice President of Government Relations & Public Affairs
International Franchise Association

LETTER SUBMITTED BY KNOEBELS

Knoebels
Make New Memories the Old-Fashioned Way.

Park - (570) 672-2572
Crystal Pool - (570) 672-2441
Park Campground - (570) 672-9555
Alamo Restaurant - (570) 672-2031
info@knoebels.com

February 17, 2021

The Honorable Pat Toomey
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Senator Toomey,

Thank you for planning to bring up the unintended consequences of a minimum raise hike in the next meeting of the Senate Banking, Housing, and Urban Affairs Committee. Your attention to this is greatly appreciated.

Knoebels is the largest free-admission amusement resort in the country, with the #1 wood coaster, the #1 carousel , and the best park food in the world, according to the Golden Ticket Awards, which are the amusement park industry's version of the Oscars. We are a premiere family destination, normally attracting around 1.5 million visitors per year. However, this would all be in jeopardy if the minimum wage proposal is passed as written.

We attract many high-school aged employees as their first job, since our summer season runs counter to the school calendar. Consequently, a full 1/3 of our 2,300 summertime employees are below the age of 18, with hourly wages ranging from $7.25 to $9.25.

Running an analysis of the proposed minimum wage increase displays the significant and unsustainable impact to our business. Below is a chart of these increased labor costs, including our two restaurants with table service on our property.

Proposed Increases in Minimum Wage	Increase of labor cost over previous year	Cumulative Increase
Year 1: $9.50 / $4.95	18.37%	18.37%
Year 2: $11.00 / $6.95	9.49%	29.6%
Year 3: $12.50 / $8.95	8.76%	40.96%
Year 4: $14.00 / $10.95	8.13%	52.42%
Year 5: $15.00 / $12.95	5.09%	60.17%

Please be aware that the amusement industry is already hurting. Our park typically has 130 days of revenue to pay for 365 days of costs. Governor Wolf's order took away 46 of them, with the rest of the year only permitting a maximum of 50% and no more than 250 in any discrete location. This ended 99% of our group outings, a core part of our business, and limited the rides and attractions we could open.

Like many other businesses affected, we invested in PPE, hand sanitizer stations, additional training for our staff, and new signage throughout our facility. We were also burdened by low

Make New Memories the Old-Fashioned Way.

Park - (570) 672-2572
Crystal Pool - (570) 672-2441
Park Campground - (570) 672-9555
Alamo Restaurant - (570) 672-2031
info@knoebels.com

staffing as many either didn't think such a short season was worth working or believed working in such an environment to be too dangerous. Many amusement parks in Pennsylvania closed early to avoid further hemorrhaging. To ask for a wage increase before we could begin to recover is rubbing salt in our wounds.

If faced with this wage hike, we would immediately need to cut costs by reducing the number of people we employ and the number of hours they could work. We would also need to significantly reduce investment in our park. Knoebels relies on over one thousand manufacturers and suppliers and their incomes would be reduced as a result, likely causing them to reduce jobs and hours as well.

Over the long term, I fear these increases may put Knoebels out of business. As one of the primary economic engines in our area, thousands of other jobs rely on us. Our guests fill local hotels and campgrounds, eat at local restaurants, and purchase gas and items at local stores. It would leave an enormous hole in our area, increasing unemployment, welfare, and poverty over a wide section of central Pennsylvania.

Providing a seasonal wage for our business is not the answer. We need to compete in the same labor market with the few other businesses that will be able to sustain the increases in minimum wage. We will not be able to attract any employees if we are not on par with other local offers.

Our area has been prospering over the last decade without government tampering with the minimum wage. Although I am sure it is well intentioned, the free market should be the final arbiter of wage increases.

Thank you for your consideration.

Sincerely,

Rick Knoebel
Co-owner / co-manager
Knoebels Amusement Resort

LETTER SUBMITTED BY FOUNDATION FOR GOVERNMENT ACCOUNTABILITY

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February 16, 2021

Chairman Brown
Ranking Member Toomey
United States Senate
Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: COVID-19 Response Policies Have Deepened the Crisis and Made Recovery Harder

Americans have been disheartened by federal policies during the pandemic that have deepened the crisis and made the road to recovery more difficult. Two policies stand out—destructive unemployment bonuses and handcuffs on state Medicaid programs.

Congressional action prolonged high unemployment rates and contributed to a nationwide increase in unemployment fraud.

In the context of a pandemic, unemployment programs will only serve their purpose if they fit the needs of the broader economy. As businesses adapt and states open their economies at various rates, unemployment benefits must match those changing circumstances. Instead, congressional relief aimed at COVID-19 did not take differences between states into account and dragged down the economic recovery by discouraging work.

Congress's $600 unemployment bonus was applied everywhere and was 24-times larger than the bonus created to address the Great Recession.[i] This bonus nearly tripled unemployment benefits, resulting in annualized salaries of about $50,000.[ii] More than two-thirds of unemployed individuals received more from unemployment benefits than they would have earned working.[iii]

The result was predictable. Even when state and local economies reopened and businesses tried to staff back up, getting workers to come back became one of the biggest challenges. It wasn't the disease keeping them away, it was the disincentive to work. The federal government's unemployment bonus created radically distorted incentives and delayed a sustainable recovery.

Americans don't need to be told about this dynamic. They have felt the consequences first-hand.

Jennine and Dave Dayler, small business owners in Brookfield, Wisconsin, summarized the sentiments of their former workers: "We're really sorry, but we're making more on unemployment." [iv] And the Daylers weren't alone. Tennessee furniture store owner David Berggren said, "I think the federal government set us up to fail with the [CARES] legislation." [v]

This widespread and well-understood dynamic explains why 67 percent of voters support having businesses report people who refuse to return to work. [vi]

But the bonus did more than discourage work. It encouraged fraud. At a time when state budgets and unemployment trust funds were incredibly vulnerable, federal policies supercharged fraud. And the struggling small businesses that pay into the state unemployment trust funds paid the price.

During a time when legitimate claims had to wait, individuals stood ready to take advantage of the system's openness. One amateur rapper allegedly stole $1.2 million in benefits. [vii] Claims were filed using the names of state office holders. [viii]

Federal policy also profited sophisticated criminal organizations at the expense of state trust funds. For example, a Nigerian fraud ring named Scattered Canary took hundreds of millions of unemployment dollars from Washington state. [ix] Pennsylvania discovered $200 million of benefits going to incarcerated individuals. [x] All told, these schemes and scams stole billions from hard working Americans, with fraud totaling more than all the benefits paid out the year prior. [xi]

Future unemployment bonuses will carry the same risks and consequences. With a $400 bonus, low-wage workers would receive an average wage replacement of 142 percent, deepening work disincentives. [xii]

It's time for unemployment programs to do what they were designed to do, which is to provide a temporary bridge to self-sufficiency and get Americans back to work. That is the road to recovery.

Maintenance of Effort handcuffs placed on state Medicaid programs continue to drive budgetary crises.

In 2020, Congress offered states a Faustian bargain in their largest single budget line-item: Medicaid. Under so-called Maintenance of Effort (MOE) provisions in the Families First Coronavirus Response Act (FFCRA), states received a boost of six percent in federal matching funds.

In exchange, states were prohibited from making substantive changes to Medicaid and barred from removing almost any individual from the program regardless of eligibility. [xiii]

These Medicaid handcuffs continue to be a major roadblock to recovery.

Most disheartening for states is that these *restrictions* apply to the population of able-bodied adults made eligible by Medicaid expansion under the Affordable Care Act, but the increased *funding* does not. Additional funding only applies to the traditional Medicaid population.

As states have reopened their economies and able-bodied adults go back to work, they often become ineligible. Yet, states cannot remove them from Medicaid and do not receive any additional funding for this population.

Initial reports from states indicate that significant portions of their Medicaid rolls are now populated by ineligible individuals. Preliminary data suggests that more than 3.6 million Americans across just 13 states are locked into Medicaid due to the MOE handcuffs.[xiv]

For example, in Idaho, roughly seven percent of their total Medicaid enrollment should have been removed from the program in 2020 due to ineligibility, but weren't.[xv] Similarly, in Kansas, approximately 25 percent of their total Medicaid enrollment should have been subject to Medicaid redeterminations, but haven't been.[xvi]

This is fraud by design.

And it has had disastrous impacts on state budgets. Even before the pandemic, Medicaid spending had grown to be take up more than a quarter of the budget in 32 states, up from just five states in 2000.[xvii] Spending on other critical priorities like education, infrastructure, and public safety have only become more threatened by Medicaid's continued growth.[xviii]

But it is even more disastrous for the truly needy—individuals with disabilities, children, and seniors—who rely on Medicaid to be sustainable.

As a result, states cannot fully recover until these handcuffs come off.

Very truly yours,

Tarren Bragdon

Tarren R Bragdon

President and Chief Executive Officer
Foundation for Government Accountability

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[xiv] Data analysis based on public records requests on Medicaid enrollment conducted by the author.
[xv] Ibid.
[xvi] Ibid.
[xvii] Nicholas Horton, "The Medicaid pac-man: How Medicaid is consuming state budgets," Foundation for Government Accountability (October, 2019) https://thefga.org/research/medicaid-pac-man/
[xviii] Ibid.

LETTER SUBMITTED BY PHILADELPHIA CHILDREN'S ALLIANCE

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February 17, 2021

Senator Patrick Toomey
248 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Toomey,

There are two specific issues that have me concerned when large numbers of kids are not in school- especially when their families live under the stress of social isolation and poverty.

Social support: Schools are critical for the social support that they provide to kids and their parents. Free meals where kids come together to eat, school-based health care, exposure to other children and adults, opportunities for personal growth, etc. are all lost when children are confined to learning virtually. If we want to maintain a reasonable and practical level of protective factors for kids and families, they need to engage in a school setting in person, not virtual. Today's schools are more than just teachers and guidance counselors. Many contain the patchwork of family friendly assistance that parents find especially practical and non-judgmental.

Abuse issues: If kids are experiencing chronic neglect or even physical or sexual abuse in their homes, they need to have another caring and responsible adult who will assure that the child receives the right level of assessment and services to ensure their safety. Equally as important, that outside perspective can help a family get the services they need to be self-sufficient. All of the existing data shows that school systems play a critical role in both of these functions.

When I worked at Casey Family Programs and was developing family support centers in different parts of the country, we had a catch phrase that captured this whole issue- Safe Children, Strong Families, Supportive Communities. Without the network of a strong family and supportive community, kids run the risk of neglect at a minimum and serious maltreatment at worst. In addition, parents who find themselves overwhelmed by family, social and//or economic circumstances need a caring and reliable network. A school setting can be the intersection of safety, stability, support and services for a child and their family- ideally when children are in a school building.

The educational system is a critical part of support in many school districts. We cannot afford to deprive children or their parents of any of these essential building blocks for an enhanced level of well-being.

Respectfully submitted,

Paul Di Lorenzo

Paul DiLorenzo, ACSW, MLSP
Interim Executive Director
Philadelphia Children's Alliance
267-254-0902

LETTER SUBMITTED BY TAXPAYERS PROTECTION ALLIANCE

TAXPAYERS PROTECTION ALLIANCE

February 17, 2021

The Honorable Senators Sherrod Brown and Pat Toomey
U.S. Senate Committee on Banking, Housing and Urban Affairs
538 Dirksen Senate Office Building
Washington, DC, 20510

Re: Reject raising the minimum wage to $15/hour

Dear Chairman Brown and Ranking Member Toomey,

On behalf of millions of taxpayers and consumers across the country, the Taxpayers Protection Alliance (TPA) urges you to reject raising the minimum wage to $15/hour. We hope you will use your time and platform during the Banking Committee hearing to expose the pitfalls of such a measure.

The coronavirus pandemic and associated lockdowns have decimated America's economy and its small business community. Given the economic damage that's already been incurred, we cannot afford to further burden our nation with counterproductive policies that come in the name of aid and recovery.

The Congressional Budget Office (CBO) acknowledges the potentially damaging effects of a minimum wage hike at this juncture. CBO projects an additional 1.4 million jobs lost on top of what the lockdowns have already lost. It also projects an added cumulative budget deficit of $54 billion. As our nation has spent at record levels, it is time to show restraint to ensure we have a stable fiscal future once all this is brought to a merciful end.

While well intentioned, a minimum wage hike will disproportionately impact small businesses. Small businesses will be forced to lay off workers or close down. CBO estimates hundreds of billions in new personnel costs for businesses as a result of a $15 minimum wage. Those small businesses that have been able to survive lockdowns should not be subjected this potentially destructive measure.

A wage hike will also hurt low-skilled, inexperienced workers. Businesses, at a lower wage, can afford to take a chance on younger, more vulnerable workers. However, at $15/hour, the risk will be too great and it will leave so many without viable opportunities. This is an abandonment of so many wage workers across our nation.

The hearing on coronavirus recovery is an excellent opportunity to craft bipartisan solutions on the path forward out of this crisis. We hope – as do the millions we represent – that such a path does not include a $15/hour minimum wage. While the pandemic and lockdowns may subside, the economic damage from this measure will last far beyond this era of history.

Sincerely,

David Williams
President