Senate Democrats’ Economic Justice Act

How We Invest in Our Communities - Policy Summaries of Our Ten Investment Proposals

IMMEDIATE INVESTMENTS

1. Child Care is Essential Program: A disproportionately large share of Black and Latino workers do not have jobs that can facilitate telework and therefore need safe, quality, and affordable child care for their families. However, many of these communities disproportionately live in areas with a shortage of child care providers. Unfortunately due to the COVID-19 pandemic, the already fragile child care industry is on the brink of collapse, and without immediate action to help stabilize the market, the US could permanently lose 4.5 million child care slots. This proposal would provide stabilization grants to child care providers in communities across the country to ensure that providers can safely reopen and operate, and that working families have access to the child care they need. Additionally, the proposal would ensure that early childhood educators, a workforce disproportionately comprised of women of color, continue to receive wages and benefits throughout the pandemic, and enable child care providers to receive premium pay.

2. Expand and Improve Access to Community Health Care: Black communities and other communities of color have significantly less access to health care, including mental and behavioral health services. Lack of access to primary and mental and behavioral health care is particularly problematic in youth populations, where white youth are twice as likely to access school-provided behavioral services compared to Black youth. We propose a major investment in community-based behavioral health and social-service resources to address these inequities, with priorities including building timely access to treatment, care coordination services, integrating mental and behavioral health services into crisis response, peer support, anti-bias training, and support for community-based services, including community health centers (CHCs) and Certified Community Behavioral Health Clinics.

The COVID-19 pandemic has also made it clear that additional federal resources are needed to support and expand access to high quality primary care services. Programs that support the health care safety net, such as the CHC program, the National Health Service Corps, teaching health centers, and Nurse Corps, all play a vital role in providing care to vulnerable patients in underserved areas across the country. Our proposal for robust investments in these programs would strengthen the ability of CHCs and teaching health centers (THCs) to respond to the COVID-19 pandemic, as well as increase the number of available providers and trained personnel to practice in high need areas, including communities of color.

3. Federally Supported Jobs, Training, and At-risk Youth Initiatives: The COVID-19 recession has hit communities of color especially hard, with millions of jobs lost. This unprecedented spike in unemployment and the severity of this pandemic increases the demand for expanded workforce development services, including trainings, career navigation, and other services that prepare and connect dislocated workers with new jobs. This includes the need to quickly train and hire hundreds of thousands of contact tracers and...
immunization workers to contain the virus. Our proposal would ensure that many of these in-demand tracer and immunization jobs would go to individuals from within the communities they serve, including communities of color.

We would also invest in federal workforce development programs to put dislocated workers on a pathway to a new job. This includes increased funding for the state and local public workforce system, registered apprenticeship and aligned pre-apprenticeship training, youth employment and training, including for disconnected youth, adult education and transitional jobs programs like the Senior Community Service Employment Program, and reentry employment opportunities for formerly incarcerated individuals.

Supporting a diverse workforce requires equitable opportunities for individuals who participate in or seek to participate in education and training programs. We must ensure that the proper steps are taken to address biases that exist and that individuals who operate these programs have the tools necessary to challenge systematic barriers. To ensure historically underserved communities are reached, investment in registered apprenticeship and reentry employment programs would include services provided by national and regional nonprofit intermediaries with experience assisting such communities.

Services for at-risk youth of color continue to fall short of what is needed, and there is a large overrepresentation of people of color in welfare and child support programs. The Child Abuse Prevention and Treatment Act, which provides funding to address child abuse and neglect, must be reauthorized and strengthened in order to address these inequities. Additionally, our country’s child support structure is saddled with implicit racial biases, and it must be reformed in conjunction with providing additional funding and support for families through the Healthy Marriage and Responsible Fatherhood program.

Finally, we would invest in the Pandemic TANF Assistance Act, which ensures that states have a dedicated funding stream to provide cash assistance and in-kind support to struggling families during the pandemic.

4. Capital and Support for Small Businesses: We must break down the barriers that have limited underserved and underbanked communities from accessing necessary capital to grow and sustain its businesses, as we have seen with the Paycheck Protection Program (PPP). We propose enhanced equity investments, new resources and additional funds to community-focused lenders, like Community Development Financial Institutions (CDFIs), to build and supplement capital, liquidity and operational capacity to foster greater access to credit for minority-owned small businesses, potential homeowners and other underserved community-based borrowers.

Additionally, we propose permanent authorization of the Minority Business Development Agency (MBDA) and making a significant investment in the MBDA’s programs to directly deploy resources into minority owned-business communities. We also propose creating an SBA office dedicated to the capital needs of underserved businesses and making permanent the 7(a) Community Advantage program to expand the participation of community-focused
lenders like CDFIs to increase lending from the regular 7(a) program to underserved businesses, as we have fought to do in PPP. SBA’s technical assistance programs must also be improved, including increasing support for intermediary organizations funded by the Program for Investment in Microentrepreneurs (PRIME) and creating new partnerships with community anchor institutions like HBCUs, MSIs, and TCU to create business incubators and accelerators for underserved businesses.

Finally, we propose tax incentives for certain small businesses. Between 2007 and 2017, minority-owned small businesses grew 10 times faster than the overall growth rate of U.S. small businesses. Businesses owned by women of color now account for 50 percent of all women-owned businesses. Unfortunately these businesses struggle to grow and face endemic barriers to accessing funding – white business owners start their businesses with an average of 3 times the working capital of black entrepreneurs. This disparity is acutely felt by women of color. Over the last decade, Latina and black women have raised only 0.32 percent and 0.0006 percent of venture capital funding respectively. We propose two tax incentives to shift the market and unlock the growth potential of these businesses. First, a credit to help these firms grow by hiring their first full-time employee. The credit would subsidize 25 percent of wages paid to an employee and would be creditable against the firm’s payroll tax liability. Second, an investor tax credit equal to up to 50 percent of a qualified debt or equity investment to drive third-party capital into the hands of business owners.

LONG-TERM INVESTMENTS AND POLICY

5. Down Payment for 21st Century Infrastructure Investment

- **K-12 Schools, Libraries, and Minority-Serving Institutions:** Our nation’s public K-12 schools, libraries, and minority-serving institutions (MSIs) are long overdue for federal infrastructure investment. Despite their use as anchors in communities for a range of services, on average, public K-12 school facilities are nearly 50 years old and their unmet maintenance, operation, and capital construction needs exceed approximately $46 billion a year. Due to the legacy of redlining, residential segregation, and the inequities inherent in our nation’s reliance on local levies to meet many school infrastructure needs, many school districts that serve predominately Black and Latino students struggle to raise the local capital funding required to make the necessary investments to improve and modernize their public schools. As a result, many students of color attend schools with significant health and safety issues, such as poor HVAC systems, damaged floors and ceilings, mold, lead, and more. Many libraries face similar challenges, particularly in low-income, underserved, and tribal communities. The same inequities and challenges exist at our nation’s MSIs, including historically black colleges and universities (HBCUs) and tribal colleges. According to the GAO, nearly half of all HBCU building space (defined as the campus’ gross enclosed square footage) nationwide are in need of repair or replacement, and HBCUs face backlogged repairs ranging up to $30 million at a single institution. Likewise, tribal colleges have a combined need of over $330 million in deferred maintenance and rehabilitation costs and over $550 million to complete tribal college master plans. Our plan will give these under-resourced communities a head start
on our national infrastructure renewal plan, including funding that will serve as a down payment to begin to rebuild and renovate America’s public K-12 schools, libraries, and MSIs, as well as a one-time cancellation of existing debt obligations under the HBCU capital financing program. We would also invest in tribally controlled schools and the Bureau of Indian Education facilities to address the ever growing maintenance and construction backlog in those facilities. Additionally, in order to develop a demographically diverse health care workforce, we propose investments for the establishment of new medical schools in underserved communities, including communities of color.

- **High-Speed Internet:** We need to invest boldly in direct federal support to finally close the digital divide by funding deployment of high-speed internet infrastructure to all areas of the country, with a focus on low-income communities, communities of color, and Native American communities, and promoting policy changes focused on adoption, affordability and pricing transparency. We support funding to be made available to a variety of entities, such as local and Tribal governments or cooperatives, which could deliver competition, lower prices and, more importantly, increase the willingness to serve underserved areas (such as a less profitable urban or suburban areas) across the country. Access to funding should require commitments to support good jobs and worker’s rights. The infrastructure program and policy changes must be designed so that they expand equity in high-speed broadband access for all Americans.

- **Quality Affordable Housing & Community Development Investment:** We must make investments that will help to address America’s affordable housing crisis and the historic racial disparities in our communities. Rising housing costs have left millions of families and individuals struggling to pay for rent, let alone save for a down payment and access a home; and these burdens have fallen most heavily on Black and Latino individuals. Therefore, we support investment programs that will facilitate the preservation and creation of millions of affordable homes for low-income renters and homeowners as well as greater investment in neighborhoods and communities that are struggling to maintain legacy infrastructure, address vacant and abandoned properties and the lack of essential amenities. Such funding would also be provided to community-led efforts to further help right the wrongs of historic injustices in federal policies like redlining as well as displacement and lost opportunity with the construction of interstate highways through communities of color. These funds could be used by states, localities, and community organizations for community and economic development needs like capacity building, technical assistance, comprehensive community planning and renewal initiatives, and the removal of highways that divided communities. Reinstatement of critical fair housing rules and protections - including the 2015 Affirmatively Furthering Fair Housing rule and the Disparate Impact rule - is also key to addressing inequities in housing access. We must also reverse the OCC’s flawed Community Reinvestment Act rule and expand bank lending and investments in communities that are too often neglected by the financial system.
- Environmental Justice:
  - Drinking Water and Clean Water Infrastructure Investments, and Toxics Remediation: We must make investments to protect the health and future of our children by addressing drinking water needs and preventing exposure to hazardous toxic chemicals including PFAS, PFOA and lead. Children in low-income families, residents of older homes, and Black children are significantly more likely to lack access to adequate, safe and reliable water resources. In fact, children in frontline communities are three times more likely to have unsafe blood lead levels from unnecessary exposure to lead contamination in drinking water sources. We must also invest in new and revitalized water and wastewater infrastructure, including resiliency measures, in frontline communities. Environmental Justice Communities are disproportionately affected by polluted and unclean water with American Indian and Alaska Native communities lacking access to clean water more than any other group. In addition, we must address closed, abandoned, or underutilized industrial sites and other sources of legacy pollution and assist with remediation and reclamation of those sites. Communities of color, Indigenous communities, and disadvantaged-communities are more likely to be located near toxic sites especially vulnerable to the effects of climate change.

  - Safer, Healthier Community Streets: We must address the disparity in health and safety impacts of our built environment on people of color. Black and Latino individuals, and people walking in low-income communities, are disproportionately represented in the numbers of pedestrians killed in fatal traffic crashes. Black and Latino individuals also have the highest rates of asthma, which is exacerbated by transportation emissions and the scarcity of street trees in communities of color. Investing in street trees, which calm traffic and reduce the incidence of asthma, and in sidewalks, which are critical to Black households that are three times more likely to not have access to a car compared to white households, will help improve the health and safety of communities of color.

  - Clean Air and Climate Change: More often than not, communities of color, Indigenous communities, and disadvantaged-communities are located downstream and downwind from dangerous air pollution and in areas that are most affected by climate change effects. Reducing black carbon emissions, which is a deadly air pollutant and potent greenhouse gas, can help clean the air and help address climate change. A majority of today’s black carbon pollution comes from engines and heaters that were built last century and do not meet clean air standards. Investing in cleaning up diesel engines, ports and wood heaters in communities of color, Indigenous communities, and disadvantaged-communities would not only provide cleaner air for communities struggling to breathe, but would also provide new manufacturing economic opportunities across the country. In light of recent reports linking extreme COVID-19 responses to air pollution, we should better monitor air pollution, especially at our most at risk schools. At the same time, EPA’s unnecessary actions to
undermine the Mercury and Air Toxics Standards (MATS) rule takes this country backward in terms of clean air. We should ensure the MATS rule stays in place and continues to protect all communities.

6. **Expanding Home Ownership and Building Wealth in Communities of Color with a $15,000 Down Payment Tax Credit:** In order to build long-term wealth for minority families, we must expand access to home ownership. This proposal would help families buy their first homes by establishing a new tax credit valued at up to $15,000. This credit would be refundable for low-income taxpayers and advanceable, making the assistance available at the time of home purchase.

7. **A New Renters Tax Credit and Expand the Low-Income Housing Tax Credit:** Due to disparities in income, wealth, and access to homeownership, Black and Latino households more likely to be renters, and more likely to be cost burdened by rent, than their white counterparts. This proposal would establish a new tax credit program, administered by the states, designed to lower rent and utility costs for low-income families to no more than 30 percent of their income. The credits would be allocated by the states to qualifying properties that have capped rent at 30 percent of the renter’s income in return for reducing the rent to that level. Additionally, to ensure access to more affordable housing units through the Low-Income Housing Tax Credit (LIHTC) program, the proposal would increase the value of the LIHTC by modifying the formula for the 4 percent credit on new housing properties. This modification is estimated to result in 126,000 additional new affordable homes financed over the next decade.

8. **Expand Medicaid Coverage:** People of color continue to face barriers to affordable health care with people of color nearly twice as likely to be uninsured than their white counterparts. In addition, in non-expansion states, Black adults are twice as likely as white and Latino uninsured adults to fall into the coverage gap. We propose changes to Medicaid to ensure that the program is available to all who need it through the SAME Act to incent Medicaid expansion in the remaining non-expansion states.

9. **Address Maternal Mortality and Health:** Our goal is to end the stark reality of higher maternal mortality rates for Black and Indigenous individuals. For example, Black and American Indian and Alaskan Native individuals are 2-3 times more likely to die from pregnancy-related causes than their white counterparts. However, the majority of these deaths are preventable. We need to invest in improved access to comprehensive coverage and care and enhanced, culturally-competent training, including anti-bias training, for providers to reverse this disturbing trend.

10. **10-20-30 Anti-Poverty Initiative and Opportunities in Hiring and Contracting:** We propose more strategically targeting federal resources to where they are needed most, ensuring that families and communities that have long been left behind are given a fair shot. Through the use of a 10-20-30 formula, federal economic and community development programs would be required to award a minimum of ten percent of funds of particular programs to communities with “persistent” poverty, defined as a county where the poverty
level has been 20 percent or higher over the past thirty years. This proposal expands this formula to also include census tracts with poverty rates currently exceeding 20 percent so that federal investment reaches all high-need communities, helping to address neighborhood-level poverty and providing critical support to communities still struggling from more recent economic downturns.

Additionally, investment in the nation’s infrastructure should create a pathway for disadvantaged workers to secure high-quality jobs, especially in areas experiencing high unemployment from the economic crisis. When awarding federal infrastructure funds, we propose requiring priority consideration of projects that use local hiring programs. This would provide job opportunities to disadvantaged workers and individuals historically underrepresented in infrastructure sectors, including people of color. These hiring programs will partner with labor unions, community-based organizations, and training providers to provide support services and access to pre-apprenticeship and registered apprenticeship training to place participants in infrastructure jobs. Expanded opportunity for contracts and subcontracts for disadvantaged businesses, including minority-owned businesses, will also be encouraged in federally-funded infrastructure projects.

How We Pay for Our Proposal – Reprogramming Federal Funding For Corporations to Make Needed Investments in Communities of Color

Congress took unprecedented action in passing the CARES Act in March 2020 to provide emergency resources and support to individuals and businesses in an effort to stabilize the U.S. economy in the wake of the COVID-19 pandemic. However, over three months after enactment, the Treasury Department and Federal Reserve’s attempt to provide emergency lending to a significant segment of the economy, as was specifically laid out in the bill, has been woefully underutilized. And more than half of the $500 billion in lending authority given to the Administration has not been disbursed or allocated, with many experts signaling that the demand for lending through these facilities may not exist at levels sufficient to utilize all of the funding.

Section 4003 of the CARES Act provides the U.S. Treasury with the authority to allocate $500 billion in specific ways. It gives Treasury $46 billion to facilitate specific sectoral lending, mostly within aviation—$29 billion for air carriers and air cargo, and $17 billion for “businesses critical to maintaining national security.” Treasury enjoys substantial autonomy in determining the amount and terms of this sectoral lending. The remaining $454 billion has a single purpose for Treasury to use it: “investments in programs or facilities established by” the Federal Reserve.

The Senate Democrats’ new proposal would not rescind existing funding already allocated to facilitate lending through the Federal Reserve’s established 13(3) programs, including the $75 billion allocated to the Main Street Lending Facility. However, $200 billion would be reprogrammed from the remaining unallocated portion of Section 4003 funding provided by Congress in the CARES Act.