



GOVERNOR'S ECONOMIC RECOVERY COMMITTEE

CO-CHAIRS: JOSHUA BRODER, LAURIE LACHANCE

MAINE.GOV/FUTURE/ECONOMICRECOVERY

July 1, 2020

Dear Governor Mills,

As co-chairs of the Governor's Economic Recovery Committee (ERC), we wish to update you and the Administration on the ERC's work to date, preview the emerging themes we expect will shape our first formal report to you on July 15, and share some "quick start" recommendations our committee has identified that meet immediate needs of Maine's economy.

First off, we wish to thank you for the opportunity to lead this important work and this extraordinary assembly of economic experts, industry leaders, nonprofit leaders, workforce advocates, educators, innovators and many more who comprise the ERC. These 45 people (37 gubernatorial appointees, four legislative appointees, plus four designees from our Congressional delegation) have volunteered an enormous amount of time and talent since our work began just seven weeks ago.

In that short time, the ERC has held seven full public meetings and over 50 public meetings of subcommittees focused on vital sectors of Maine's economy. Each has worked diligently, thoughtfully and transparently to start developing the recommendations to meet our charge of helping to stabilize and support Maine's economy in the near-term, and sustain and grow our state over the longer-term, in the spirit of the Administration's 10-year economic plan.

Amidst all this work, one sobering truth has become clear: COVID-19's impact on Maine's economy is severe and ongoing. It also falls on some groups disproportionately. Many Maine workers, particularly in service industries and in communities of color, who were struggling with inequity prior to COVID-19 are now at even greater risk. They should be a foremost consideration for public support.

All of this means that time is of the essence in this unprecedented crisis. It is urgent that the State of Maine implement vital, equitable measures to support the health, safety and economic security of Maine people and businesses, as soon as possible.

Underscoring this urgency is the looming expiration of federal economic support programs, such as pandemic unemployment benefits and the Paycheck Protection Program (PPP). The ERC heard clearly that these programs, which have delivered billions of dollars to Maine workers and businesses, helped carry them through the historic economic shutdown to preserve public health.

However, the end of these programs represents an economic cliff for our state, and nation, for which there is no modern precedent or forecast. Unless further stimulus emerges at the federal level the effect on our state's people and businesses will be devastating.

The ERC recognizes Maine has received \$1.25 billion from the federal government for COVID-19 response, of which some \$270 million is committed to stabilizing the state's unemployment trust fund. We endorse this action. Had it not already been taken, we would have made it one of our urgent recommendations.

While we encourage the Administration to deploy the remainder of the federal funds swiftly, and where needed to help the largest number of Maine people, we must also acknowledge – based on what our committee has learned over the past weeks – that it is a mere fraction of what’s required for our economy. There is no avoiding that difficult choices lie ahead.

Given these limited resources and the significant need to act urgently and equitably, we have identified three major themes for economic stabilization, which emerged as priorities from multiple subcommittees. We will go into further detail in our July 15 report, but their urgency motivates us to bring them to your attention for sooner action where appropriate.

The subcommittees have also identified 17 separate “quick start” recommendations, based on their initial work. An outline of these themes and recommendations are enclosed with this letter. In the committee’s work after our July 15 report, our focus will shift from supporting and sustaining to investments in Maine’s recovery and future competitiveness.

All these recommendations recognize that COVID-19 public health, education, and prevention efforts are the underpinnings of any economic recovery. To that end, we call for continued support measures for businesses, organizations and people to procure Personal Protective Equipment (PPE) to protect their employees, customers and themselves, which has been a significant, unplanned burden.

In closing, we wish to thank all the people who have supported the ERC so far. From the more than 60 people and organizations who have presented to the committee and subcommittees, to all those who submitted public comment, and the myriad state staffers and interns who have kept this process moving, we’re proud to have synthesized such a vast amount of information to produce this work for you today.

Thank you for this opportunity to shape a path towards recovery for the state that we love!

The image shows two handwritten signatures in red ink. The first signature is a stylized, cursive 'J' followed by the name 'Laurie'. The second signature is a more traditional cursive script that reads 'Joshua B. Broder'.

Laurie Lachance, President, Thomas College
Joshua Broder, CEO, Tilson
Co-Chairs, Maine Economic Recovery Committee



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Urgent and Cross-sector Investments to Stabilize and Support Maine's Economy

EDUCATION SUPPORT

As well as a pre-condition to economic stability, the safe resumption of in-person instruction in Maine's PK-12 schools is foundational for the safety and wellbeing of all children in Maine, and an essential measure to allow families and employers to plan for the future. This is further magnified by feedback to the committee from communities that reveal inequities in the system are harming too many young students working in remote learning settings. A June 26 report by the American Academy of Pediatrics, [COVID-19 Planning Considerations: Guidance for School Re-entry](#), also strongly advocates for having students physically present in school, writing the "importance of in-person learning is well-documented, and there is already evidence of the negative impacts on children because of school closures in the spring of 2020."

Given this, the committee recommends:

- 1) Prioritize support for the safe reopening of PK-12 Schools by allocating significant funds.** A strong message that signals the safe resumption of schools as a top health, social, and economic recovery priority is urgent, alongside clear, evidence-based reopening guidelines developed by the Maine CDC, Maine DOE and education stakeholders to only do so if it is safe for students, teachers, and staff. PK-12 needs PPE, cleaning and sanitation supplies, additional staffing, additional classroom spaces and transportation (additional buses and drivers), and programs to protect and support teachers and staff who are more vulnerable to COVID-19. We understand very preliminary cost estimates for the safe reopening of PK-12 Maine schools could be as much as \$328 million, according to the Maine Department of Education, whereas [Massachusetts' just released program](#), estimated costs are approximately \$225/student, which if applied to Maine's approximately 180,000 students would be \$40.5 million. While Massachusetts and Maine are not direct comparisons, particularly given available funding sources, we urge immediate further work to solidify an amount, provide certainty to schools, and move that financial support into the schools quickly.
- 2) Strengthen supports for childcare providers.** Stabilization measures for childcare providers are needed to ensure ongoing economic viability, and community partnerships should address childcare gaps and needs, particularly for students in PK-5 age ranges, in the case of partial school closures. Funding for this measure is addressed in this memo only in part under direct economic relief, but the committee will be working to provide further definition to this recommendation in our July 15 report.
- 3) Support the safe reopening of higher education by publicly endorsing a clear set of guidelines.** Maine's higher education institutions, which are also significant economic and equity drivers and serve as a distributed set of workplaces throughout the state, are incurring unanticipated costs to adapt to the pandemic. The collective cost to the State's public and private colleges and universities is estimated at \$75 million in this fiscal year. The committee urges the Administration to publicly endorse [the guidelines for the safe reopening of Institutions of Higher Education](#) for in-person instruction and commit to work with institutions of higher education to make this possible. The committee will provide additional details on economic support in our July 15 report.

DIRECT ECONOMIC RELIEF

This theme has the most urgent timeline. For many Maine businesses and organizations unable to access current support programs, or whose needs are now greater than what they have received to date, an economic relief program from the state is a matter of survival.

This is especially true for sectors such as childcare, agriculture, tourism and hospitality, fisheries, and forest products, among many others. The impact is felt by seasonal small businesses for which traditional financing is challenging, and larger established businesses with decreased revenues due to declines in consumer spending or declining global markets. Many are businesses otherwise sustainable when the pandemic subsides – if they can make it that long.

We've heard persuasive arguments that offering additional debt support is not the right solution for these times, as this could impact an organization's existing bank covenants and reduce access to credit from financial institutions when they need it most. Therefore, the committee recommends:

- 1) **Develop and execute a \$300 million economic relief grant program through the Maine Department of Economic and Community Development (DECD) and the Finance Authority of Maine (FAME).** To address the severity of Maine's economic situation and move with urgency, the committee recommends a program similar to the economic relief measures enacted by New Hampshire. This program should start in July and distribute a vast majority of its funds by the end of August 31, and be administered largely through Maine's banks, credit unions, and community development financial institutions (CDFIs).

As co-chairs, we will work with the committee in the coming days to integrate DECD's feedback and provide further definition on this recommendation in advance of our July 15 report.

BROADBAND INVESTMENT

Maine has a \$600 million broadband investment deficit, [according to ConnectMaine](#), and for Mainers adapting to the pandemic, this is limiting their access to distance education, health, and remote work. In our work, broadband investment quickly emerged as a cross-cutting issue across all subcommittees.

Therefore, the committee recommends:

- 1) **Build on ConnectMaine's broadband mapping data** by adding students who have been identified as being unconnected, as well as other gaps identified by the state, and prioritizing those areas for broadband support.
- 2) **Fund ConnectMaine's Broadband Action Plan with \$60 million**, which is 30 percent of the state's proposed share under the plan, as a quick start that lays the groundwork for potential federal matching funds. We expect the subcommittee to provide further guidance on additional initiatives around work priorities, data collection and quality, and funding, as well as input from the whole ERC committee in the July 15 report.

The pandemic has also seized up debt and equity markets, effectively stopping large projects and significant capital investment in Maine's most innovative and productive sectors. Subcommittees have indicated support for significant funding to the Maine Technology Institute to support and enhance the Maine Technology Access Fund (MTAF), which we expect will be a recommendation in our July 15 report.



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“Quick Start” Recommendations

Brief Descriptions from ERC Subcommittees, with footnotes

Subcommittee recommendations generally received strong support from the committee as a whole, and all of them are included here without exception. Where at least one committee member signaled strong opposition to recommendation, we included a footnote to that effect. There is also one recommendation that falls outside our committee mandate to address the economic recovery outside of the public health response. To honor the hard work of our Hospitality, Tourism and Retail subcommittee, we pass along its call for regional quarantine parity even as we acknowledge this topic is not in our charge and belongs in the realm of public health experts. While the majority of committee members signaled support for this recommendation, it also received the highest number of strongly unfavorable responses of any single idea, and even as we submit this report, conditions in the pandemic nationally as a whole have degraded significantly leading many states to slow reopening and implement more stringent controls.

Education and Workforce

PreK-12 Schools Safe Return to In-person Instruction as Scheduled in the Fall

Developing, supporting, and implementing plans to safely return to in-person instruction in the fall should be the state's top economic recovery priority, publicly endorse the reopening guidelines developed by the DOE and education stakeholders, and commit funds to help schools safely meet this ambitious target if it is safe to do so.

Encouraging Institutions of Higher Education to Safely Open for In-person Instruction in the Fall

Maine's public and private colleges and universities have joined forces to work collectively on a framework document that provides guidelines for the safe reopening of IHEs. They need the Governor's public endorsement of those guidelines as well as public commitment for the administration to work with IHEs to make this possible. This includes technical and financial support to make a safe reopening more likely.

Healthcare, Nonprofits, Childcare & Support Services

Medical Care Campaign

The HNCSS Subcommittee recommends the State educate the public about the safety of healthcare settings and the importance of continued participation in medical appointments, preventive healthcare, and chronic condition management by issuing a press release, drafting an op-ed, and/or developing a PR media strategy.

Care for School Age Children

The HNCSS Subcommittee recommends that the Department of Education encourage school districts to connect with parents to better understand the need for childcare as a result of part-time classroom instruction and to work with community partners to address gaps in childcare.¹

o ¹ Comment in Strong Opposition:

- One committee member expressed concern that this recommendation lacked sufficient justification and did not provide enough detail to successfully implement the program with a \$25 million quick start investment.

Hospitality, Tourism and Retail

Align Tourism Policies with Neighboring States

The hospitality, tourism, and retail subcommittee recommends that state officials work with extreme urgency to find solutions that align our policies on out-of-state visitors more closely with our peers in the Northeast. This recommendation urges state officials to place a priority on worker safety, visitor safety and metric-based formulas to manage risk. The recommendation recognizes the fluid nature of health risks related to the virus and responds with a request for a data-driven, regional approach to address out-of-state travel. ²

Support Mechanism to Provide Relief

The hospitality, tourism, and retail subcommittee recommends immediate efforts to design and implement a support mechanism specifically for these three sectors and related businesses. The extent of damage to Maine's summer tourism season will determine the scale of the support that is immediately needed. A business support program should be simple, easily accessible, potentially grant based, and be sized to provide meaningful economic relief to otherwise viable businesses in these industries.

Saving of Unspent Tourism Funds

The hospitality, tourism, and retail subcommittee recommends that any unspent funds from FY20 from the Maine Office of Tourism budget not be swept to the general fund.³

Infrastructure

Form a team to inventory broadband challenges and support ConnectMaine grants with CARES Act funds

The Infrastructure subcommittee recommends the creation of a team tasked with taking an inventory of the broadband challenges of state agencies' staff and constituencies to gain a more detailed picture of Maine's connectivity issues. Using this assessment and additional CARES Act funding, ConnectMaine will scale up its planning and deployment grant-making program. ⁴

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- ² Comments in Strong Opposition:
 - One committee member felt that this recommendation was outside of the scope of the ERC and expressed concern that this recommendation posed a serious public health risk.
 - One committee member expressed concern that this recommendation posed a serious public health risk and noted the particular impact this would have on the State's ability to advertise Maine as a "safe" place to live and work.
 - One committee member expressed concern that this recommendation posed a serious public health risk and noted the increasing number of COVID-19 cases across the country as support for empowering the State government to make nimble decision related to public health.
 - ³ Comment in Strong Opposition:
 - The committee member who expressed strong opposition did not leave a comment.
 - ⁴ Comment in Strong Opposition:
 - One committee member expressed concern that the development plan was being promoted before the development of a map that identified areas of greatest need. The Committee Member recommends developing the map first.



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Garner support for the two bonds on the ballot for July 14

The Infrastructure subcommittee recommends that the Governor and legislators use the bully pulpit to express the importance of the transportation and broadband bonds for investment in Maine's infrastructure and future.

Streamline and expedite permitting and inspections

The Infrastructure subcommittee recommends that the Governor work with the Department of Environmental Protection and stakeholders to identify bottlenecks in streamlining permits, as well as to provide resources and guidance to expedite both municipal and state inspections. Subcontractors will need to be hired to mitigate delays due to agency backlogs as a result of COVID-19.

Innovation

Ramp up the Governor's Bully Pulpit and Maine Office of Tourism outreach to position Maine as a great state to live and to work remotely

The Innovation Subcommittee recommends that agencies and stakeholder organizations should market Maine as a safe place to work, live, attend school, start innovative businesses, and visit based on implementation of safety measures, infrastructure investments, and improvement of these measures for all. All marketing efforts should include diversity as a key metric.

Reliable, affordable, high-speed internet to collaborative workspaces

The Innovation Subcommittee recommends that the State develop policies to subsidize installation of high speed, reliable, and affordable fiber to collaborative workspaces—especially in rural regions and urban digital deserts.

Two administrative innovations regarding existing requirements and use of federal funding through the Maine Department of Labor

Tap federal tax dollars from the Workforce Innovation and Opportunity Act and re-focus the state's Rapid Response team to proactively identify and reach business owners on the verge of closing their businesses and support employee buyout of the businesses instead, where feasible.

Allow laid off workers who are receiving Unemployment Insurance payments to work on starting a business or purchasing a business, with wraparound assistance from SBDC, etc., as an allowable form of the job search requirement, once the latter is reinstated. Include emphasis on business succession opportunities for matching retiring owners with those who want to start businesses.⁵

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- ⁵ Comment in Strong Opposition:
 - One committee member expressed concern that this recommendation did not account for appropriate tests and metrics that should be used to determine how these proposed amendments to the MDOL unemployment insurance can be used, and by whom.

Manufacturing and Natural Resources-Based Industries

DMR Virtual Hearings

The MNR Subcommittee recommends that the Governor support and provide assistance to the Department of Marine Resources to move their public hearings to a virtual format to allow them to proceed with the aquaculture lease application approval process.

Re-Establish Trade Flow with Canada

The MNR Subcommittee recommends that Governor Mills work with neighboring Canadian provinces to ensure that the heritage industries that depend on a free flow of materials and goods across the border can resume that processing in full.

Reopening Childcare and Educational Facilities

The MNR Subcommittee recommends that, while following the available science and data, a comprehensive plan for safely reopening childcare and dependent care, PK-12, and higher education facilities be timely developed and communicated. Safe operation of these facilities is essential to returning the workforce to the workplace and allowing businesses and individuals to plan accordingly.

Direct Support to Producers

The MNR Subcommittee recommends that Governor Mills support proposals for providing direct assistance funds to Maine food producers and help connect the supply of products to the local demand through community food programs and food banks. Agriculture, fisheries, and aquaculture are critical industries for Maine's economic viability, and are important pillars supporting Maine's circular economy—emphasizing the importance of local consumption of local goods. Because of the seasonal but interconnected nature of these industries, early investments in planting and preparations make these industries particularly vulnerable if their target markets no longer exist, as is the case now.